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CABINET OF MINISTERS OF THE REPUBLIC OF LATVIA

.....2010
Riga

Regulation No.
(prot. No. __, ____ §)

Regulations of the Open Tender “Use of Renewable Energy Resources in Transport Sector” for Projects Financed by the Climate Change Financial Instrument

Issued pursuant to
Section 10, Paragraph three, Clause 1 of
the Law On Participation of the Republic of Latvia
in the Flexible Mechanisms of the Kyoto Protocol

I. General Provisions

1. These Regulations prescribe the regulations of the open tender “Use of Renewable Energy Resources in Transport Sector” (hereinafter – tender) for the projects financed by the climate change financial instrument (hereinafter – financial instrument), evaluation criteria and the procedures for project application, examination, approval and granting of financing.

2. The objective of the tender is the reduction of greenhouse gas emission by means of ensuring adjustment of vehicles for the use of energy produced from renewable energy resources, including:

2.1. supporting adjustment of road vehicles for the use of fuel produced from renewable energy resources instead of fuel of fossil origin;

2.2. supporting provision of accessibility of fuel produced from renewable energy resources for road vehicles by installing filling stations for fuel produced from renewable energy resources, however, financing for this activity shall not exceed 20% of the total financing of the financial instrument.

3. The authority responsible for organization of the tender shall be the Ministry of the Environment (hereinafter – responsible authority). Supervision of project implementation shall be performed by State limited liability company “Environmental Investment Fund” (hereinafter – Environmental Investment Fund).

4. The financing available within the framework of the tender shall be LVL 3 522 621. The financing shall be formed by the financial instrument.

5. Financing within the framework of this tender shall be granted:

5.1. for the activity referred to in Sub-paragraph 2.1. of these Regulations – in compliance with the Commission Regulation (EC) No. [800/2008](#) of 6 August 2008, declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General Block Exemption Regulation) (hereinafter – Commission Regulation No. [800/2008](#)) (Official Journal of the European Union, 9 August 2008, No. L214/3). Article 19 of the Regulation No. [800/2008](#) shall be applied for the purpose of determining the aid;

5.2. for the activity referred to in Sub-paragraph 2.2. of these Regulations – in compliance with *de minimis* aid in accordance with the Commission Regulation (EC) No. [1998/2006](#) of 15 December 2006 on application of Articles 87 and 88 of the Treaty to *de minimis* aid (hereinafter – Commission Regulation No. [1998/2006](#)), taking into consideration regulatory enactments, which regulate the procedures of accounting for and granting of *de minimis* and other aid of restricted amount.

6. Activities provided for in the projects approved within the framework of the tender shall be implemented until 1 May 2012.

7. The efficiency indicator for reduction of greenhouse gas emission (hereinafter – efficiency indicator) and the investment efficiency indicator, which characterize the reduction of carbon dioxide emission in relation to the financing requested for the project, shall be calculated according to Annex No. 1 to these Regulations. The efficiency indicator to be achieved within the project shall not be below 100 t CO₂/per year, but the investment efficiency indicator shall not exceed 1000 lats/tCO₂ per year.

8. Within the framework of the tender adjustment of road vehicles for use of the following fuels produced from renewable energy resources shall be supported:

- 8.1. pure rapeseed oil;
- 8.2. biogas produced from organic household waste;
- 8.3. biogas produced from manure water or waste water sludge;
- 8.4. biogas produced from dry manure;
- 8.5. rapeseed bio diesel;
- 8.6. bio ethanol.

9. Within the framework of the tender installation of production equipments of fuel of biological origin shall not be supported.

10. If the submitter of project application (hereinafter – project applicant), who has entered into a contract on implementation of the project with the responsible authority and Environmental Investment Fund (hereinafter – beneficiary) establishes that it is impossible to implement the activities provided for in the project until 1 May 2012, then not later than until 1 April 2012 the beneficiary may request to the responsible authority the extension of project contract. In this case the beneficiary shall submit to the responsible authority an application specifying conditions that hinder implementation of the project contract. If the responsible authority recognizes the conditions mentioned in the application as substantiated, the beneficiary, the responsible authority and Environmental Investment Fund shall enter into a written agreement on amendments to the project contract extending the project contract for not longer than until 1 December 2012. Amendments to the project contract pertaining to extension thereof may be effectuated only once.

11. The preparation, entering into, amending and termination of project contracts financed by the financial instrument, examination of project implementation reports and the procedures for project implementation control is prescribed in the Cabinet of Ministers Regulations of 25 June 2009 No. 644 “Procedures for Implementation of Projects Financed by the Climate Change Financial Instrument, the Submission and Examination of Reports Thereof”.

12. The project shall be implemented within the territory of the Republic of Latvia.

II. Requirements for Project Applicant

13. A project applicant may apply for the receipt of financing within the framework of the tender if:

13.1. project applicant is an enterprise registered in the Republic of Latvia;

13.2. project application has been submitted to the responsible authority within the set term and it has been signed by the responsible official;

13.3. project applicant has provided true information in the project application and Annexes thereto;

13.4. regarding the eligible costs financed by the financial instrument, project applicant has not received or does not intend to receive co-financing from other financial instruments within the framework of other financial programmes, European Union or foreign financial aid resources;

13.5. during the course of assessment of the project application the project applicant has not attempted to obtain any restricted access information at its disposal or to affect the assessment of project applications, including the commission for assessment of project applications, the responsible authority or other officials and experts involved in the tender assessment.

14. The enterprise shall fall within the category of micro, small or medium-sized enterprise in compliance to the conditions provided for in Annex No. 1 to the Commission Regulation No. 800/2008 for micro, small or medium-sized enterprise or the category of large enterprise in compliance to Article 2, Paragraph 8 of the Commission Regulation No. 800/2008.

15. A project applicant shall be entitled to submit one project application.

16. A project applicant shall implement the project independently or in cooperation with one or several project cooperation partners, taking into account the following conditions:

16.1. a cooperation partner within the project may be both – the owner or user of the vehicle, or the financial partner, who participates in the financing of the project;

16.2. project applicant and cooperation partner shall conclude a written agreement on cooperation in the implementation of the project prior to entering into the project contract.

17. The financing for implementation of a project may not be applied for, if a project applicant or cooperation partner:

17.1. has tax or mandatory State social insurance payment debts;

17.2. has been found guilty by a court adjudication that has come into effect regarding violation of the regulatory enactments regulating the relevant sector or violation of environmental protection, competition or employment rights;

17.3. for the interests of the project applicant a natural person has committed a criminal offence, which has had an impact upon the financial interests of the Republic of Latvia or the European Union, and means of enforcement have been applied in relation to the project applicant in accordance with the Criminal Law;

17.4. regarding the eligible costs financed by the financial instrument, project applicant has received or intends to receive co-financing within the framework of other financial programmes or individual support projects from other financial instruments, including European Union or foreign financial aid resources;

17.5. is facing financial difficulties:

17.5.1. has been declared as insolvent by a court adjudication, including rehabilitation, legal protection measures, its commercial activity has been terminated or in accordance with information available in the Commercial Register it is in the process of liquidation;

17.5.2. has lost more than half of its equity capital and more than one forth of these losses of equity capital has been incurred within the last 12 months before the project application submission day. This condition shall not be applied to micro, small and medium-sized enterprises registered less than three years ago counting from the project application submission day;

17.5.3. has come into the situation that from other State aid programmes a claim has been directed against it regarding the recovery of funds in compliance to a preceding decision of the European Commission or managing authorities of the State aid programmes, based upon which the aid is declared illegal and not compatible with the common market;

17.5.4. has not observed the conditions of these Regulations.

III. Project Financing

18. The minimum financing of the financial instrument available for one project applicant shall be LVL 15 000.

19. The maximum financing of the financial instrument available for one project applicant shall be LVL 350 000.

20. Within the framework of the tender the maximally permissible support intensity of the financial instrument shall not exceed the following amounts from the total eligible costs of a project:

20.1. 55% – for micro and small enterprises;

20.2. 45% – for medium-sized enterprises;

20.3. 35% – for large enterprises; large enterprises are not entitled to apply for the support stipulated in Paragraph 2.2. of these Regulations.

21. The amount of support of the financial instrument shall not exceed LVL 10 000 per vehicle included in the project application.

22. The total co-financing of project applicant shall not be less than 45% of the total eligible costs of the project. Co-financing shall be ensured from the financial resources of the project applicant.

23. If during the course of implementation of the project the total eligible costs of the project exceed financing approved for the project, the difference shall be covered by the financial resources of the project applicant or cooperation partner.

IV. Eligible and Ineligible Costs within the Framework of the Tender

24. The following costs shall be eligible within the framework of the tender:

24.1. costs for acquisition of devices and additional materials necessary for rebuilding vehicles, including measuring devices, as well as fuel filling equipment;

24.2. costs for installation of equipment, including costs of elaboration of technical project, costs of performance of operational tests, costs related to involvement of certified experts;

24.3. acquisition of devices specified in Sup-paragraph 24.1., when the supplier and installer provides at least two years warranty and when they are intended for use of fuel specified in Paragraph 8. of these Regulations.

25. The costs shall be deemed eligible, if they:

25.1. comply with the costs referred to in Paragraph 24. of these Regulations, taking into account the restrictions specified in these Regulations;

25.2. are necessary for implementation of the project and have been included in the project application and project contract;

25.3. have been incurred after entering into the project contract, though before the end of the project implementation term;

25.4. have been performed taking into account the principles of financial management, economy and efficiency;

25.5. are indicated in the accounting records of a project applicant, are identifiable, separated from other costs, can be verified, as well as are attested with the originals of the relevant corroborative documents or derivatives of such documents, elaborated in accordance with the requirements of regulatory enactments on record keeping regarding elaboration and processing of accounting documents;

25.6. are indicated in the interim report or final report of a project, appending copies of the corroborative documents specified in the project contract;

25.7. if a vehicle is rebuilt in compliance to the regulatory enactments of the Republic of Latvia and the modifications to the vehicle are registered in compliance to the procedures stipulated in the regulatory enactments of the Republic of Latvia.

26. The following costs shall be ineligible within the framework of the tender:

26.1. costs incurred prior to entering into the project contract or after the end of project implementation term;

26.2. costs covered within the framework of other financial programmes or individual support projects from other financial instruments, including European Union or foreign financial aid resources;

26.3. costs exceeding the amount of eligible costs provided for in the approved project;

26.4. regular maintenance costs of the project applicant;

26.5. costs for leasing and lease transactions;

26.6. costs for acquisition of mobile equipment and transport vehicles;

26.7. payments of value added tax, if they can be recovered in any manner from the State budget;

26.8. costs for examination, drawing up and reservation of a loan, interest payments, penalty interest, payments for money transfers, commission fees, losses due to currency exchange and other direct financial costs;

26.9. costs, which are not related to achieving greenhouse gas emission reduction;

26.10. costs for preparation of project application.

V. Procedures for Announcement of the Tender

27. The tender shall be announced within 15 working days after coming into force of these Regulations for the whole amount of financing specified in Paragraph 3. of these Regulations.

28. The title of the tender, the deadline (the date and time) and the place (the address of the responsible authority) and electronic mail address for submission of project applications shall be indicated in the advertisement.

29. The responsible authority shall announce the tender by placing an advertisement in the newspaper *Latvijas Vēstnesis*, on the website of the responsible authority (www.vidm.gov.lv) and on the website of the Environmental Investment Fund (www.lvif.gov.lv). The responsible authority shall elaborate the guidelines for preparation of project applications until the announcement of the tender.

30. The deadline for submission of project applications shall be two calendar months from the day of announcement of the tender. Project applications shall be submitted not earlier than 30 days after the day of announcement of the tender. The responsible authority may extend the term for submission of project applications for a time period up to one month by publishing the advertisement on the extension of the term for submission of project applications in the newspaper *Latvijas Vēstnesis* as well as on the website of the responsible authority and the website of the Environmental Investment Fund.

VI. Content of the Project Application and Procedures for Submission Thereof

31. The project application – completed project application form (Annex No. 2) and documents to be submitted additionally specified in Paragraph 32. of these Regulations shall be submitted to the responsible authority in printed form or in the form of an electronic document. The project application in printed form shall be submitted personally or sent by mail, appending an identically completed project application form in an electronic form on an electronic data carrier. The project application in the form of an electronic document shall be sent by electronic mail, signed with a secure electronic signature and attested by a time-stamp in compliance to the Law on Electronic Documents.

32. The documents to be submitted additionally shall be appended to the project application:

32.1. the list specifying the brand, State registration number and chassis number of vehicles to be rebuilt;

32.2. an extract from the decision of the project applicant regarding implementation of the project, in which the total eligible costs of the project and the amount of co-financing of the project applicant shall be indicated;

32.3. an information of the project applicant on provision of the co-financing required for the project, defining the credit institution, in which a loan has been applied for. When project co-financing is provided by a legal entity or a natural person, which is not a credit institution, the project applicant shall submit documents, which prove that the provider of co-financing possesses the amount of financial resources required for co-financing the project. Until the day of entering into the contract on granting of financing the project applicant shall submit to the responsible authority the decision of the provider of co-financing on granting of co-financing;

32.4. A guarantee issued by a credit institution registered in the Republic of Latvia (hereinafter – credit institution) for the benefit of the responsible authority:

32.4.1. the amount of guarantee – LVL 1000 (hereinafter – guarantee);

32.4.2. the term of guarantee – five months;

32.4.3. the term of guarantee shall expire prior to the term specified in Sub-paragraph 32.4.2. of these Regulations, if the responsible authority after the assessment of project applications has taken a decision on refusal of the project application or the beneficiary has entered into a trilateral contract with the responsible authority and Environmental Investment Fund.

32.4.4. the amount of guarantee shall be paid upon the first request of the responsible authority stating that the responsible authority has taken a decision on approval of the project and has invited the project applicant to enter into the contract on project implementation, but the project applicant has not entered into the contract within the set term;

32.5. the declaration of conformity of the project applicant to a micro, small or medium-sized enterprise, which has been completed in accordance with the regulatory enactments regarding the declaration procedures of enterprises in accordance with a micro, small or medium-sized enterprise, if applicable;

32.6. the authorisation, regarding the right to sign of the authorised person of the project applicant, if applicable.

33. If the document to be submitted additionally is not in Latvian, the Latvian translation of the document attested by the project applicant shall be appended.

34. A project applicant shall submit the completed project application form and the documents specified in Paragraph 32. of these Regulations in two copies appending the project application form in the electronic form. When preparing the project application, the project applicant shall observe the following conditions:

34.1. a project application shall be prepared and drawn up in accordance with the requirements of the regulatory enactments regulating record keeping;

34.2. a project application form shall be prepared, using computer typing in Latvian, except Sub-paragraph 3.2.2 of the project application form;

34.3. the currency – lat – shall be used in all calculations of the project application form;

34.4. a project application shall be completed without unstipulated deletions, erasures, block-outs, corrections and additions;

34.5. originals of documents to be submitted additionally or certified copies thereof shall be appended to the project application;

34.6. a project application shall be signed by the official of the authority of the project applicant with the right to sign or the authorised representative thereof;

34.7. if a project application is submitted in printed form:

34.7.1. a project application form shall be identical with the project application form appended to the project application in electronic form;

34.7.2. a project application form in electronic form shall be developed in *DOC or DOCX* file format;

34.7.3. all pages of the original and copies of the project application shall be numbered;

34.7.4. the original and copies of the project application shall be bound together (sewn together).

34.8. if a project application is submitted in the form of an electronic document:

34.8.1. it shall be drawn up in accordance with the requirements of the regulatory enactments regulating the preparation, drawing up, storage and circulation of electronic documents;

34.8.2. a project application form shall be developed in *DOC or DOCX* file format;

34.8.3. a project application form shall be signed with a secure electronic signature, the originals of the documents to be submitted additionally shall be signed each individually with a secure electronic signature and attested with a time-stamp before the end of the deadline for acceptance of project applications. If the documents to be submitted additionally are copies of documents, they shall be attested with a secure electronic signature of a project applicant and a time-stamp before the end of the deadline for acceptance of project applications.

35. A project applicant shall submit the project application to the responsible authority personally or send it electronically to the e-mail address of the responsible authority, which was indicated in the tender advertisement, or send it by mail in a sealed package, specifying the following on the envelope:

35.1. the addressee – The Ministry of the Environment of the Republic of Latvia, Peldu iela 25, Riga, LV-1494, Latvia;

35.2. the title of the tender – “Use of Renewable Energy Resources in Transport Sector”;

35.3. the name and address of the project applicant;

35.4. the instruction “Do not open prior to commencement of evaluation”.

36. The responsible authority shall examine those project applications, which have been submitted to the responsible authority or have been handed over to a post office (postmark) until the end of the deadline for submission of projects. In case of any disagreements the project applicant shall prove the time, when the project application has been sent.

37. If the project application is received after the end of the deadline for submission of project applications, the responsible authority shall inform the project applicant regarding the place and time, when the unopened project application can be received back.

38. The responsible authority shall register project applications and assign identification numbers thereto and within the time period of seven working days after project application submission deadline announce to the project applicant in writing the identification number of its project application. If the project applicant submits the project application personally, the identification number shall be assigned and announced to the project applicant immediately.

VII. Assessment of a Project Application and Taking of a Decision Regarding Granting of Financing

39. The responsible authority shall establish a commission for assessment of project applications (hereinafter – assessment commission) for examination and assessment of project applications.

40. The procedures for establishing the assessment commission and the operation thereof shall be prescribed by the by-law of the assessment commission. The composition and by-law of the assessment commission shall be approved by the order of the responsible authority.

41. The assessment commission shall consist of three representatives of the responsible authority, one representative each from the Ministry of Economics and the Ministry of Transport. The assessment commission is chaired by a representative of the responsible authority.

42. The administrative assessment of project applications shall be performed in accordance with the adjustable or non-adjustable administrative assessment criteria, which are specified in Annex No. 3 to these Regulations. The conformity with the administrative assessment criteria shall be assessed with a “Yes” or “No” or “NA” (“Yes” – conforms, “No” – does not conform, “NA” – not applicable).

43. If non-conformity is determined with one or several adjustable administrative assessment criteria, specified in Annex No. 3 to these Regulations, the responsible authority shall inform the project applicant in writing on the established shortcomings and invite to adjust the project application. The term for adjustment of project application shall be 7 working days from the receipt of the information from the responsible authority on conformity of the project application with the administrative assessment criteria.

44. If the project applicant submits an adjusted project application within the term specified by the responsible authority, the project application shall be reassessed pursuant to the administrative assessment criteria, determining whether the project application conforms to the set requirements and shall be forwarded for the assessment pursuant to quality assessment criteria.

45. If the project applicant fails to submit an adjusted project application within the term specified by the responsible authority or the project application fails to comply with one or several administrative assessment criteria after the reassessment, the responsible authority shall take a decision regarding the non-conformity of the project application with the administrative assessment criteria and the project application shall not be assessed any further.

46. If non-conformity is determined with one or several non-adjustable administrative assessment criteria, specified in Annex No. 3 to these Regulations, the responsible authority shall take a decision regarding the refusal of project application.

47. The responsible authority shall be entitled to request to the project applicant in writing to present originals of those documents, certified copies whereof have been submitted. The project applicant shall ensure the presentation of original documents within 15 working days by arriving at the responsible authority personally during official working hours with the originals of the requested documents.

48. The quality assessment of a project application shall be performed in compliance with the quality assessment criteria listed in Annex No. 4 to these Regulations.

49. The assessment commission, by inviting independent experts, if necessary, shall verify compliance of the attainable indicators, specified in the project application, with the planned project activities and the submitted technical documentation.

50. If arithmetical errors are established during the process of project assessment, the responsible authority shall offer to the project applicant in writing to adjust the planned project activities as well as perform respective adjustments in the project application and Annexes thereto. The term for adjustment of the project application shall be 10 working days from the receipt of the request from the responsible authority.

51. If during the verification it is established that the project applicant has provided false information in the project application or Annexes thereto the responsible authority shall be entitled to take a decision regarding the refusal of project application.

52. After the assessment of the project applications in accordance with the quality assessment criteria, the assessment commission shall arrange the project applications in descending order in accordance with the number of points acquired.

53. If several project applications have acquired the same number of points, when taking the decision on approval of the project application, the preference shall be given to the project application with higher annual greenhouse gas emission reduction.

54. The responsible authority shall take a decision on approval of a project application on the basis of the assessment of the assessment commission, if the following conditions are met:

54.1. project application conforms with all administrative assessment criteria;

54.2. sufficient financing in accordance with Paragraph 4. of these Regulations is available for implementation of the project activities provided for in the project application after arranging the project applications in the order specified in Paragraph 52. of these Regulations.

55. The term for project assessment shall be two months from the deadline of project submission. The assessment commission shall be entitled to extend this term, however for a time period not exceeding one month.

56. If at any moment prior to entering into the contract with the project applicant the responsible authority establishes that the project applicant has a debt of mandatory tax payments, the responsible authority shall take a decision regarding the refusal of the project application and shall send the announcement regarding the refusal of the project application to the project applicant.

57. For the purpose of ensuring implementation of projects in compliance to the requirements of these Regulations, the responsible authority may take a decision regarding the approval of a project application with a condition, which has to be complied with, for the project applicant to be able to conclude the project contract:

57.1. the time schedule of project implementation has to be updated;

57.2. the financial calculations of the project have to be updated;

57.3. costs, which have been defined as ineligible in Paragraph 26. of these Regulations, have to be excluded from the eligible costs of the project;

57.4. additional clarifying information has to be submitted.

58. After the update of the provisions referred to in Paragraph 57. of these Regulations, the assessment of the project application in the point scale shall not be changed, and the amount of financing to be granted for the project shall not be increased.

59. After receipt of the decision regarding approval of the project application, but not later than entering into the project contract, the project applicant shall submit to the responsible authority the decision on granting of credit resources or other financial resources, if the attraction thereof is planned, specifying therein the amount of financing grantable to the project.

60. In cases provided for in these Regulations the project applicant shall submit to the responsible authority updates specified in Paragraph 57. of these Regulations until the day of entering into the project contract.

VIII. Conditions for Entering into and Implementing the Project Contract

61. The responsible authority shall, within 14 working days after taking of a decision regarding the approval or refusal of a project application, send the relevant decision to a project applicant. In case of approval of the project application, the project applicant shall be invited to enter into the project contract.

62. The project applicant shall, within 30 days after receipt of the decision from the responsible authority regarding the approval of the project application, enter into the project contract with the responsible authority and Environmental Investment Fund.

63. If a project applicant does not enter into the project contract within 30 days from the receipt of the decision of the responsible authority, the project applicant shall lose the right to enter into the referred to contract.

64. If no project contract is entered into with the project applicant due to the reasons referred to in Paragraph 63. of these Regulations, the responsible authority and Environmental Investment Fund shall enter into the project contract with the project applicant, whose project application has obtained the next highest number of points pursuant to the quality assessment criteria, if the remaining financing of the financial instrument is sufficient for financing this project in compliance to Paragraph 4 of these Regulations.

65. The project applicant shall, within 10 working days after the receipt of the decision regarding the approval of the project application or the announcement of the responsible authority regarding the execution of condition, but not later than entering into the project contract, open an account with the State Treasury (hereinafter – project account) in order to receive financing, as well as after entering into the project contract perform all payments related to the implementation of the project.

66. The beneficiary shall, within one month after entering into the project contract, submit to the responsible authority the procurement plan regarding procurements to be announced within the framework of the project implementation.

67. If the beneficiary has not announced the procurement prior to entering into the project contract, it shall announce the first procurement within a period of three months after entering into the project contract. If the procurement is not announced within the abovementioned term, the responsible authority shall be entitled to take a decision on termination of the project contract.

68. In order to ensure the publicity of the project a beneficiary shall:

68.1. place the information on implementation of the project, utilisation of financing and achieved greenhouse gas emission reduction on its website, if such exists;

68.2. place the logo of the climate change financial instrument on the rebuilt vehicles.

69. During the validity period of the project contract for each three month period (hereinafter – project quarter) until the twentieth date of the month following the quarter the beneficiary shall submit to the responsible authority a report regarding the progress of project implementation (hereinafter – interim report), which has been prepared in conformity with the form appended to the project contract.

70. Within a period of one month after the end of the project implementation term the beneficiary shall submit to the responsible authority a report regarding project implementation on the whole (hereinafter – final report), which has been prepared in conformity with the form appended to the project contract. Documents certifying performance of the project activities and payments referred to in the project contract shall be appended to the final report.

IX. Payments Available to Beneficiary and Procedures for Payments

71. The following types of payments shall be available for a beneficiary:

71.1. an advance payment up to 15% of the total amount of financing approved for the project, if the requirements specified in Paragraph 71. of these Regulations are being observed;

71.2. one or several interim payments, the total amount of which shall not greater than 75% of the total amount of financing of the financial instrument, and the amount of each separate interim payment shall not be greater than 25% of the total financing approved for a project;

71.3. a final payment, which taking into account the advance payment and interim payments disbursed to the beneficiary shall not exceed the amount of the total financing approved for a project.

72. A beneficiary may receive an advance payment if it:

72.1. has submitted a request for advance payment to the responsible authority;

72.2. has submitted to the responsible authority a bank guarantee regarding the amount, which conforms to the amount of the advance payment requested by the beneficiary and the term of the bank guarantee is not shorter than the project implementation term.

73. A beneficiary may receive interim payments not more than once per quarter. An interim payment may be received by the beneficiary if:

73.1. a beneficiary has submitted a request for interim payment to the responsible authority and Environmental Investment Fund has approved it;

73.2. a beneficiary has submitted to the responsible authority an interim report regarding the previous quarter and has appended copies of documents attesting performance of works (contracts, deeds of transfer and acceptance of works, invoices, bills of lading contracts, etc.);

73.3. the costs included in the request for interim payment are eligible and comply with the requirements provided for in these Regulations;

73.4. the beneficiary has performed and received all payments related to the project in the project account.

74. A beneficiary may receive the final payment if:

74.1. a beneficiary has submitted a request for final payment to the responsible authority and Environmental Investment Fund has approved it;

74.2. a beneficiary has submitted to the responsible authority a final report and has appended copies of documents attesting performance of works (contracts, deeds of transfer and acceptance of works, invoices, bills of lading contracts, etc.);

74.3. the costs included in the request for final payment are eligible and comply with the requirements provided for in these Regulations;

74.4. the beneficiary has performed and received all payments related to the project in the project account;

74.5. the beneficiary has fully achieved the project objective.

X. Liability of Beneficiary Regarding Project Results

75. A beneficiary shall be responsible for achievement of results, including reduction of greenhouse gas emission, specified in the project application and project contract.

76. If according to the monitoring report submitted by the beneficiary for the first year of operation after the completion of the project, or during the performance of inspections at the project implementation sites, Environmental Investment Fund establishes that the planned annual reduction of carbon dioxide emission specified in the project application as compared to the reduction indicated in the monitoring report has not been achieved, Environmental Investment Fund shall calculate the amount of non-conformity (hereinafter – non-conformity of reduction of carbon dioxide emission) and notify the beneficiary in writing thereof.

77. A beneficiary shall, within 30 working days after the receipt of information referred to in Paragraph 76. of these Regulations, submit to Environmental Investment Fund an action plan for elimination of non-conformity of reduction of carbon dioxide emission (hereinafter – plan). Environmental Investment Fund might provide appropriate recommendations.

78. A beneficiary shall implement the plan, using its own resources, within a time period of one year after receipt of the information referred to in Paragraph 76. of these Regulations.

79. If according to the monitoring report submitted by the beneficiary for the second year of operation after the completion of the project Environmental Investment Fund repeatedly establishes that the planned annual reduction of carbon dioxide emission specified in the project application as compared to the reduction indicated in the monitoring report has not been achieved, Environmental Investment Fund shall calculate the amount of non-conformity of the carbon dioxide emission and notify the beneficiary and the responsible authority in writing thereof. The responsible authority shall adopt a decision on recognition of the resources of the financial instrument disbursed for the project as ineligible and on initiation of recovery of the resources of the financial instrument.

80. In order to determine the amount of ineligible resources to be recovered pursuant to the established non-conformity of the carbon dioxide emission reduction for the second year of operation after the completion of the project, the actual greenhouse gas emission reduction efficiency indicator shall be divided by the greenhouse gas emission reduction efficiency indicator specified in the project application. The result of the division shall be subtracted from one and multiplied with the financing granted from the financial instrument, and the refinancing rate of the European Central Bank in force on the day when the decision regarding recovery of resources is taken, shall be applied to the result.

81. If the beneficiary has not implemented project activities within the time period specified in Paragraph 10. of these Regulations, the responsible authority shall adopt a decision on the recovery of the resources of the financial instrument. For the recoverable resources the refinancing rate of the European Central Bank in force on the day when the decision regarding recovery of resources is taken shall be applied.

Prime Minister

V.Dombrovskis

Minister for Environment

R.Vējonis

Approved by: State Secretary

G. Puķītis