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Text consolidated by Tulkošanas un terminoloģijas centrs (Translation and Terminology Centre) with amending laws of:

24 October 2002;
5 June 2003.

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima*¹ has adopted
and the President has proclaimed the following Law:

On Procurement for State or Local Government Needs

Chapter I General Provisions

Section 1. Terms Used in this Law

The following terms are used in this Law:

1) **procurement** – purchases, services received, or construction performed for the needs of the contracting authority;

2) **candidate** – person or group of persons invited to participate in a restricted competition or a negotiated procedure;

3) **contracting authority**:

a) State administration institutions, other State institutions, derived legal persons governed by public law, bodies governed by public law and associations thereof. Within the meaning of this Law, bodies governed by public law are legal persons governed by private law, which at the same time conform to the following criteria:

– the legal person has been founded by the State, derived legal persons governed by public law or other bodies governed by public law,

– the legal person has been founded or operates in order to ensure the needs of society and the implementation of State functions, and

– the legal person is supervised or more than half of the members of its management, administration or supervisory institution are appointed by the State, derived legal persons governed by public law or other bodies governed by public law or it is

¹ The Parliament of the Republic of Latvia

mainly (more than 50 per cent) financed by the State, derived legal persons governed by public law or other bodies governed by public law,

b) a merchant (except a public services undertaking) who receives credit the guarantor of which with respect to repayment and utilisation is the State or a local government,

c) [5 June 2003],

d) a concessionaire (with respect to construction work) if the concession is entered into regarding use of the structure but payment for the concession is construction work,

e) a person carrying out a project which is financed also from the State budget or a local government budget with respect to acquisitions for the project,

f) [5 June 2003],

g) [5 June 2003],

h) [5 June 2003], or

i) a contracting authority within the meaning of this Law is not a public services undertaking within the meaning of the Law On Construction Work, Supply, Leasing and Services for the Needs of Public Services Undertakings;

4) **tenderer** – a person or group of persons who have submitted a tender to participate in the selection of a candidate in a restricted competition, or a tender to sell goods, provide services or perform construction work in accordance with the requirements of the contracting authority;

5) **tender of abnormally low cost** – tender of a tenderer to sell goods, provide services or perform construction work for a price significantly lower than that tendered by other tenderers if:

a) the contracting authority upon checking the price calculations has found errors there that were the reason for specifying such a low price,

b) the tenderer is unable to prove that it has access to special technology or market conditions that would allow such a low price to be specified; or

c) the tenderer has not observed the technical conditions;

5¹⁾ **significantly lower price** – the price tendered by a tenderer, which is the lowest tendered price, moreover it differs by than 10 per cent from the next lowest price;

6) **goods** – any tangible or intangible property that satisfies some need and for which a value may be specified when purchasing or selling it on the market;

7) **services** – transport operations; design work, also construction design; drafting; technology development; research; training; provision of consultations; testing; diagnostics; monitoring of structures and constructions; work and process management, also construction project management, and lease, including the lease of immovable property; and other work that is not construction work or supply of goods.

8) **construction work** – work which is performed in a building or at a construction site (on a parcel of land) during construction, reconstruction, renovation, restoration, demolition and territory development with the use of construction materials and construction equipment;

9) **economically most advantageous tender** – the tender selected taking into account various criteria: quality offered, experience of the tenderer, the cost of a single unit of the product and price. The proportion of the price in the total evaluation may not be less than 40 per cent;

10) **tender security** – sum of money as provided for by the competition regulations, or a guarantee of such sum, which is submitted to the contracting authority by a tenderer together with the tender as security for the validity of the tender; and

11) **security for a contract (obligation)** – reinforcement of obligations provided for in a contract entered into by the contracting authority and the tenderer who has won the competition or the selected candidate.

[24 October 2002; 5 June 2003]

Section 2. Purpose of this Law

The purpose of this Law is to ensure:

- 1) transparency of the procurement process;
- 2) free competition for sellers of goods, providers of services and performers of construction work, as well as equal and fair treatment of such; and
- 3) effective utilisation of State or local government resources by maximally reducing the risk of contracting authorities.

[24 October 2002]

Section 3. Basic Procurement Regulations

(1) Exchange of information between a contracting authority and a tenderer shall take place in writing, except for the negotiated procedure.

(2) A tenderer shall sign his or her tender and submit it for the competition in writing, and shall ensure that the information contained in the tender is not accessible until the moment of opening of the tender. When the term for submission of tenders has expired, a tenderer may no longer correct or supplement his or her tender.

(3) In respect of a procurement the value of which is 1000 or more lats, the contract shall be entered into in writing.

(4) A contracting authority may divide procurement into parts (lots) in order to enable several tenderers to participate in the procurement or to submit a tender for separate parts (lots) of the procurement. Several procurement subject-matters may be combined into a single procurement if there is technical justification therefor.

(5) A contracting authority may not set any requirements for tenderers or candidates that provide more advantageous conditions for a particular tenderer or candidate than for the others, or which otherwise restrict competition.

(6) In the case of construction, taking into account the specifics of the work to be performed, separate or combined design and construction work competitions may be organised. The Cabinet shall determine in which cases combined design and construction work competitions shall be organised. The winner of a construction design competition is prohibited from participating in the construction work competition.

(7) A contracting authority may at any time discontinue the procurement procedure if it has an objective reason and a notice regarding this has been sent to the Procurement Monitoring Bureau and all tenderers. In the notice shall be indicated the circumstances, which were the reason for the suspension of the procedure. The Procurement Monitoring Bureau shall place a notice on the Internet and send the information regarding the suspension of the procedure to the Prevention and Combating of Corruption Bureau. The contracting authority shall publish the notice in the

newspaper *Latvijas Vēstnesis* [official Gazette of the Government of Latvia] if in respect of the relevant procedure a notice has been published.

[24 October 2002; 5 June 2003]

Section 4. Exceptions for the Application of this Law.

(1) A contracting authority shall not apply this Law if a contract is being entered for:

- 1) the services of an arbitration board;
- 2) financial services for the realisation of monetary policy, currency exchange policy, management of the State debt, reserves, and other financial management policies that include transactions with securities and other financial instruments, as well as for the services of the Bank of Latvia and the State Treasury and with the non-material services associated with the referred to financial services;
- 3) services of natural persons in accordance with employment contracts;
- 4) official travel expenditures in accordance with Cabinet regulations;
- 5) provision of services or supply of goods from public services undertakings for the provision or supply of which such undertakings have exclusive rights in accordance with the Law On Construction Work, Supply, Leasing and Services for the Needs of Public Services Undertakings;
- 6) services by such institutions as have been established to ensure the functions of the contracting authority and which fully observe the requirements of this Law;
- 7) research services, except those services as are fully paid for by the contracting authority and are utilised for its own needs only;
- 8) procurement of goods and services of a military nature utilising the NATO procurement system if for each particular case the Cabinet has taken a decision regarding it;
- 9) common procurement of goods and services of a military nature for all three Baltic States if for the procedures to be applied in each particular case the Cabinet has taken a decision;
- 10) procurement of goods and services of a military nature from foreign armed forces if for the procedures to be applied in each particular case the Cabinet has taken a decision;
- 11) procurement of goods and services of a military nature, which is not conducted according to the procedures specified in Clauses 8, 9 and 10 of this Paragraph, as well as procurements that in accordance with laws and other regulatory enactments are classified as official secret objects if for the procedures to be applied in each particular case the Cabinet has taken a decision;
- 12) utilisation of the works of authors if the author has exclusive rights in accordance with the Copyright Law;
- 13) procurement of official secrets objects;
- 14) procurement of immovable property utilising right of first refusal or right of pre-emption;
- 15) lease of land if the existing buildings (structures) of the contracting authority are located on land belonging to another owner;
- 16) carriage of railway passengers in conformity with Cabinet regulations;
- 17) procurement of publications, electronic publications, manuscripts and other documents for addition to library collections or the organisation of the teaching process in educational institutions if the procurement amount does not exceed 120 000 lats;

18) services which are provided by an institution or a person, which is a contracting authority within the meaning of this Law, on the basis of exclusive rights which it has in accordance with a regulatory enactment;

19) procurement of goods and services from disabled persons association undertakings if such undertakings are included in the list submitted by the Cabinet and approved by the Saeima;

20) procurement of goods and services from institutions for the deprivation of liberty, which utilise a convicted persons workforce, for the needs of the relevant institution itself or other institutions for the deprivation of liberty; and

21) granting of subsidies provided for by regulatory enactments from the State budget for the performance of particular work.

(2) A contracting authority shall apply the provisions of Chapters I and II and Section 35, but need not apply the provisions of Chapters III, IV, V, and VI, and Section 34 if a procurement contract is being entered into for:

1) a procurement for which the estimated contract price is less than 1000 lats;

2) design work, research, consultation, management, drafting, legal, audit services the estimated contract price is from 1000 lats to 10 000 lats;

3) procurement in the case where, as a result of unforeseen circumstances (fire, natural disaster, war, epidemic, accident or other emergency circumstances which the contracting authority could not have foreseen), an emergency situation has arisen and it is necessary to rectify it in order to restore or ensure the activities of the contracting authority, and the estimated price of the contract does not exceed 50 000 lats;

4) procurement or lease of immovable property for the needs of the State if for each particular case the Cabinet has taken a decision regarding it; or

5) procurements by the diplomatic, consular and other representations of the Republic of Latvia up to 10 000 lats of the procurement is performed in a foreign state.

(3) The procedures by which procurements associated with the purchase of goods and the provision of services of a military nature is performed shall be regulated by the Cabinet.

[24 October 2002; 5 June 2003]

Section 5. Cases when Other Procurement Procedures may be Applied

If a procurement is financed by an international financial institution in the amount of more than 50 per cent or the procurement is a program financed by foreign technical assistance or the European Commission, or a NATO Security Investment Programme (NSIP) project and a condition for the granting of such financing is the application of such procurement procedure that differs from the procedures referred to in this Law, the contracting authority may utilise the procedure referred to in the conditions for the granting of the financing.

Chapter II Determination of Estimated Procurement Contract Price

Section 6. Estimated Contract Price

(1) The estimated contract price is the sum of money without value added tax, economically substantiated, that the contracting authority has made provision for regarding the purchase or lease of goods or services, or construction work.

(2) The estimated contract price shall be determined in order to select the method of procurement.

(3) It is not permitted to divide the estimated contract price into parts in order to avoid the application of the appropriate procurement method for the contract price. If the total amount of a procurement is divided into parts in accordance with Section 3, Paragraph four of this Law and it is provided that separate procurement contracts will be entered into for each part, the estimated contract price shall be determined by taking into account the total value of all the parts.

[24 October 2002; 5 June 2003]

Section 7. Estimated Contract Price for Goods

(1) The estimated contract price for goods shall be determined by considering the planned sum for the purchase of specific goods.

(2) If the expected purchase of one type of goods is of a regular procurement nature, and is expressed in such form that for equivalent contract subject-matter several procurement contracts shall be entered into, the estimated contract price shall be determined by summing the estimated contract prices of all such procurement contracts within a time period that is not shorter than **twelve** months.

[24 October 2002; 5 June 2003]

Section 8. Estimated Contract Price for Leases

(1) If goods are leased with right of pre-emption, the estimated contract price shall be determined:

1) as the total lease payment, adding all the lease payments and the possible pre-emption payment, which shall be expressed as the sum of the lease payments and pre-emption payment if the procurement contract is entered into for a specified time period, which is not longer than 48 months; or

2) as the monthly lease payments multiplied by 48 if the procurement contract is entered into for a specified time period, which is longer than 48 months, or for an unspecified time period.

(2) If goods are leased without right of pre-emption, the estimated contract price shall be determined:

1) as the total lease payment if the procurement contract is entered into for a specified time period, which is not longer than 48 months; or

2) as the monthly lease payment multiplied by 48 if the procurement contract is entered into for a specified time period that is longer than 48 months, or for an unspecified time period.

(3) If immovable property is leased without right of pre-emption, the expected contract price shall be determined as the total lease payments up to the end of the time period of the contract.

[24 October 2002; 5 June 2003]

Section 9. Estimated Contract Price for Services

(1) The estimated contract price for services, except for leases, shall be determined by taking into account all payments that will be received by the provider of services, as well as the conditions referred to in this Section.

(2) The estimated contract price for insurance shall be determined by taking into account the amount of insurance premiums to be paid.

(3) The estimated contract price for bank services and other financial services shall be determined by taking into account payments for the services, as well as commissions and interest payments received by the provider of services.

(4) The estimated contract price for design, also for construction design, shall be determined by taking into account the total payment that the provider of services will receive.

(5) If the services are regular and a contract price is determined for such services, the estimated total contract price shall be determined based on the payment for services provided in one month, multiplied by:

1) the number of months in the time period for which the procurement contract will be entered into if such time period does not exceed 48 months; or

2) by 48 if the procurement contract will be entered into for an unspecified period of time, or a specified time longer than 48 months.

[24 October 2002]

Section 10. Estimated Contract Price for Construction Work

(1) The estimated contract price for construction work shall be the estimated contract price for the structure

(2) The estimated contract price for construction work shall include the contract price of all goods, lease or services thereof (also construction design if in respect of this a separate procurement procedure is not organised), which is necessary in order to perform the relevant construction work, as well as the contract price for such goods or services as will be supplied or provided to the performer of construction work by the contracting authority.

[5 June 2003]

Section 11. Estimated Contract Price for Mixed Contracts

(1) If a procurement contract refers to the purchase or lease of specific goods, specific services or parts thereof, specific construction work or parts thereof, then the total estimated contract price of the goods, services and construction work shall be taken into account.

(2) If a contract provides for the purchase or lease of both goods and services, such contract shall be considered either as a purchase of goods contract or a provision of services contract depending on what constitutes the larger part of the estimated contract price. These conditions shall not apply to construction work.

Chapter III Terms of Reference and Technical Specifications

Section 12. Terms of Reference

(1) The terms of reference is a document prepared by the contracting authority, in which the set requirements for the necessary services, the purpose of such services and, if necessary, the methods and resources to be utilised are specified, as well as the final result

(2) The terms of reference and amounts list shall be clear and unambiguous in order that the tenderer may, without additional preparation and unjustified risk, calculate the price of the tender, but the contracting authority – may compare tenders.

(3) In the case of construction work design, **the terms of reference** shall be drawn up so that the tenderer to the construction work procurement may specify the position costs referred to in the amounts list included as an integral part of the design work prepared by the designer in relation to the works to be performed, construction products and construction equipment.

(4) A terms of reference shall be drawn up as a separate document and included in the competition regulations. In the case of requests for a price quotation and negotiated procedures it shall be included in the invitation to tender.

(5) The terms of reference may not mention specific materials or processes, nor indicate trademarks, patents and specific origin of goods unless such conditions are crucial for the existence of the subject-matter of the procurement. In such case, the specific references shall be used together with the words “vai ekvivalents” [or equivalent]. **The contracting authority shall determine the functional and technical parameters on the basis of which it shall be evaluated if the articles or processes offered are equivalents.**

(6) The terms of reference is a mandatory document for the procurement of services, except for leases.

[24 October 2002; 5 June 2003]

Section 13. Technical Specifications

(1) Technical specifications are:

1) description of goods that includes requirements with respect to quality, quantity, operation, safety, guarantees, dimensions, terminology, symbols, tests, methods of testing, packaging, marking, labels and other substantiated and objective requirements so that the goods conform to the procurement purpose; and

2) a description (list) of standards and quality requirements specified for the intended work and constructions in the construction project.

(2) By means of technical specifications, the contracting authority shall specify the level of requirements that the goods or construction work have to conform to. The technical specifications shall be included in the procurement procedure regulations and the contract. The contracting authority shall give priority to those technical specifications that focus on the result of the operation (function) of the procurement object. If the contracting authority considers that such technical specifications do not conform to the purpose of the contract, the contracting authority may also develop such technical specifications characterising the appearance of the procurement subject-matter.

(3) The technical specifications may not mention specific materials or processes, nor indicate trade marks, patents and specific origin of goods unless such conditions are crucial for the existence of the procurement subject-matter. In such case, the specific references shall be used together with the words “vai ekvivalents” [or equivalent]. **The contracting authority shall determine the functional and technical parameters on the basis of which it shall be evaluated if the articles or processes offered are equivalents.**

(4) If the procurement object conforms to the relevant standards, the technical specifications shall be prepared in accordance with:

1) adapted European standards with the status of Latvian national standards;

- 2) Latvian national standards; and
 - 3) other standards of international or regional standardisation organisations.
- (5) Paragraph four of this Section shall not apply to cases when:
- 1) it is technically not possible to achieve conformity of goods to the standards mentioned therein; or
 - 2) to incorporate the standards mentioned therein the contracting authority would have to acquire goods which are incompatible with the goods at their disposal and which the contracting authority is expecting to use together with the goods to be acquired.
- (6) The technical specifications shall be drawn up as a separate document and included in the competition regulations. In the case of requests for a price quotation and negotiated procedures it shall be included in the invitation to tender.
- (7) The technical specifications are a mandatory document for the purchase of goods, leases and construction works.
- [24 October 2002; 5 June 2003]

Chapter IV

Requirements to be Met by the Tenderers

Section 14. Selection of Tenderers

The contracting authority shall examine tenders submitted by tenderers, which conform to the requirements stipulated in this Chapter and which have been selected in accordance with the procedures indicated in this Law.

Section 15. Provision of Equal Opportunity for Tenderers

- (1) The contracting authority shall provide for all tenderers an equal opportunity to acquire rights to enter into a procurement contract.
- (2) Tenderers may join together in groups irrespective of their type of commercial activity and submit a single joint tender. If the contracting authority has selected such a group and a type of commercial activity has been specified as desired to fulfil a procurement contract, the contracting authority may require the tendering group to form a partnership.
- (3) Transparency shall be observed throughout the procurement procedure. If the contracting authority provides additional information, such information shall be sent to all the tenderers as well as to all who have received the competition regulations or the regulations for selection of candidates in a restricted competition.
- (4) Participation of a tenderer in the procurement procedure may not be hindered.
- (5) It is prohibited for persons, who themselves or their representatives have participated in the preparation of the competition regulations, requests for a price quotation or negotiated procedures, to participate as tenderers or candidates in the relevant competition, negotiated procedure or request for a price quotation.
- (6) From the time of submission of tenders to the opening thereof, the contracting authority is prohibited from providing information on the existence of other tenders. During the period of the evaluation of the tenders up to the notice of the results, the contracting authority may not provide information regarding the process of evaluating tenders.

(7) The contracting authority may request payment for the competition regulations. State authorities shall pay such payments into the State basic budget, and local governments and local government institutions into the budgets of such local governments as organised the competition.

The payment may not be greater than:

- 1) 20 lats if the estimated contract price is up to 50 000 lats;
- 2) 50 lats if the estimated contract price is up to 120 000 lats;
- 3) 100 lats if the estimated contract price is greater than 120 000 lats; and
- 4) 200 lats if the estimated contract price is greater than 4 500 000 lats;

[24 October 2002; 5 June 2003]

Section 16. Conditions for Excluding Tenderers

(1) A contracting authority shall not examine a tender and shall exclude the tenderer from future participation at any stage of tender evaluations if:

1) a tenderer is declared insolvent, is in the process of liquidation, its business activity has been suspended or interrupted, or legal proceedings have been initiated with respect to termination of the activities of the tenderer, insolvency or bankruptcy;

2) a tenderer has tax debts or debts with respect to mandatory payments of State social insurance in Latvia or another State in which the tenderer is registered;

3) violations of the professional activities of the tenderer within a period of the last three years from the day of the opening of tenders have been determined in accordance with procedures prescribed by law;

4) the tenderer is not registered in cases prescribed by law and in accordance with procedures prescribed by law;

5) the tenderer does not have a certificate of origin of goods, nor a licence for the sale of goods specified in the certificate nor for the provision of services or performance of construction work if such certificates or licences are necessary in accordance with other regulatory enactments; and

6) in accordance with the procedures specified by law the fact of wage payments without the payment of taxes has been determined within a period of three years from the day of the opening of tenders;

7) [5 June 2003].

(2) In order to evaluate a tenderer in accordance with Paragraph one of this Section, the contracting authority may request:

1) a declaration by the tenderer that no violations by the tenderer in its professional activities have been determined in accordance with procedures prescribed by law;

2) a statement issued, not earlier than one month prior to the submission of the tender, by the State Revenue Service or other tax administration institution in Latvia or an equivalent tax administration institution in another state in which the tenderer is registered, certifying that the tenderer does not have tax debts or debts with respect to mandatory payments of State social insurance;

3) a copy of the registration certificate or a statement which certifies that the tenderer is registered in accordance with procedures prescribed by law, has not been declared insolvent, is not in the process of liquidation, or the tenderer's economic activity has not been suspended or terminated;

4) a licence or certificate for the sale or lease of particular goods, for the provision of services or performance of construction work if such certificate or licence is necessary in accordance with other regulatory enactments; and

5) information in accordance with Section 19, Paragraph two of this Law.

[24 October 2002; 5 June 2003]

Section 17. Information regarding the Economic and Financial Standing of a Tenderer

(1) If an open or restricted competition or negotiated procedure is provided for, the contracting authority shall determine the level of requirements or the minimal requirements with respect to the economic and financial standing of tenderers and shall, in order to evaluate such standing, **require** the tenderer to present or submit one or more of the following documents:

1) the annual accounts of the tenderer or a certified excerpt from the annual accounts regarding that part of the commercial activity of the tenderer which relates to the expected procurement, but for not more than the previous three years;

2) a statement regarding the tenderer's total financial turnover or financial turnover in respect of the relevant procurement, but for not more than the previous three years; and

3) **mandatory** State social insurance payments made **by the tenderer** from the income of the employer and the average number of employees, but not more than for the last three years.

(2) If in the case of a particular procurement the information referred to in Paragraph one of this Section does not characterise the economic and financial standing of the tenderer, the contracting authority may request other information for characterising such standing **or the tenderer may submit other information characterising such standing.**

[24 October 2002; 5 June 2003]

Section 18. Information on a Tenderer's Capabilities

(1) If an open or restricted competition or negotiated procedure is provided for, the contracting authority shall determine the level of requirements or the minimal requirements with respect to the capability of the tenderer to sell or lease goods, provide services or perform construction work and may, in order to evaluate such capability, require that the tenderer present or submit one or more of the relevant documents referred to in Paragraphs three, four and five of this Section.

(2) The contracting authority with the consent of the tenderer, or a competent authority in the name of the contracting authority in the state where the tenderer is registered, may carry out an examination in order to determine the tenderer's production capabilities and measures to ensure quality control.

(3) If the expected contract is related to the purchase or lease of goods, the contracting authority may request the tenderer to present or submit one or more of the following supporting documents:

1) a list of relevant or similar goods sold where the quantity of goods sold is mentioned, the recipient and the date, and to which copies of approved waybills or equivalent documents or references are attached, but for not more than the previous three years;

2) a description of technical equipment owned by the tenderer and a document that confirms the tenderer's capability to ensure the quality of the goods;

3) information regarding personnel involved in the sale or lease of goods, especially personnel responsible for quality control;

4) samples, descriptions or photographs of the goods to be sold;

5) copy of a certificate, issued by an official quality control institution or other competent body, which certifies the conformity of the goods to standards; or

6) documents, which confirm the right of the tenderer in the expected procurement period to sell goods and to perform the guarantee service thereof.

(4) If the expected contract relates to the provision of services, the contracting authority may, taking into consideration the specifics of the services, request the tenderer to present or submit one or more of the following supporting documents:

1) information regarding the qualifications of the tenderer or of the education and qualification of the person who is the actual provider of the services;

2) a list of services provided, approved by the recipient of the services or the provider of the services, which indicates the amount of services, the recipient and the date of provision of the services, or references from the recipient of such services, but for not more than the previous three years;

3) information regarding personnel involved in the provision of services, especially personnel responsible for quality control;

4) information regarding the tools necessary for the provision of services, production equipment, and premises owned by or accessible to the tenderer;

5) a description of the measures to ensure the quality of the services to be provided; or

6) a statement regarding which parts of the contract the tenderer plans to give to subcontractors in accordance with a subcontract.

(5) If the expected contract relates to the performance of construction work, the contracting authority may request the tenderer to present or submit one or more of the following supporting documents:

1) information regarding the education and professional qualifications of the persons responsible for the performance of construction work;

2) information regarding construction work performed, supplemented with statements and references regarding performance of the more significant work, but for not more than the previous five years. Such statements shall include information regarding the amount of the relevant construction work, the types of constructions, the time period for performance and location, whether all work has been completed, as well as the name, location, amount and expected date of completion of unfinished objects shall be indicated;

3) information regarding the technology and production equipment necessary to perform the construction work and which is owned by or is accessible to the tenderer; or

4) information regarding the technical personnel which the tenderer will utilise for the construction work.

(6) If the tenderer indicates that subcontractors will be involved, information shall be submitted also regarding such subcontractors.

(7) The contracting authority is entitled to specify from the total volume of work the maximum volume of work, which may be performed by a subcontractor. Such volume shall be determined as a percentage of the expected contract amount and shall be indicated in the procurement procedure by-laws.

(8) The volume of construction work to be performed by the main construction contractor themselves shall be not less than 30 per cent of the total volume of construction work; moreover,

he or she shall indicate the intended volume of construction work to be performed by particular contractors (subcontractors).

(9) The contracting authority may require that the tenderer present a certification that his or her annual financial year turnover during the last three years (except for undertakings which are founded later) exceeds the contract price, but not by more than three times.

[24 October 2002; 5 June 2003]

Section 19. Additional Information

(1) If the information which the tenderer has submitted in accordance with Sections 16, 17 and 18 of this Law is insufficient to determine whether the conditions referred to in Section 16, Paragraph one of this Law are applicable to the tenderer, or in order to evaluate the economic and financial standing and capability of the tenderer, the contracting authority has the right to request that the tenderer explain the information submitted or submit additional information within the scope specified in the Sections referred to.

(2) In order to determine whether the cost of a tender received is abnormally low, the contracting authority shall request the tenderer who has submitted the tender with the lowest price to submit a description of the technology necessary for the performance of the procurement, and a description of the specific market factors available only to this tenderer that substantiates the price reduction.

[5 June 2003]

Section 20. Tender Security

(1) The contracting authority may request a tender security from tenderers, observing the following provisions:

- 1) the requirement shall apply to all tenderers equally and without exceptions;
- 2) the competition regulations shall specify what types of tender security and the time periods that are acceptable to the contracting authority and which institutions or organisations may provide security for tenders;
- 3) the contracting authority does not have the right to refuse a tender security if the security and the tenderer conform to the requirements of the competition regulations and the security is not in conflict with the laws;
- 4) prior to submitting a tender, the tenderer may request from the contracting authority confirmation that the security for tender tendered is acceptable. The contracting authority shall respond to each such request without delay; and
- 5) confirmation that the security for tender tendered is acceptable does not exclude the possibility that the contracting authority may thereafter reject a guarantor who has been declared insolvent.

(2) A tender security shall be in effect for the shortest of the following time periods:

- 1) the period of validity referred to in the competition regulations for the tender commencing from the day of the opening the tenders, or to any extension of the period of validity of a tender regarding which the tenderer and guarantor have notified the contracting authority in writing; or

2) if the contracting authority declares a tenderer as having won the competition, until the day that the winning tenderer submits a contract (obligation) security (if such is provided for in the competition regulations and in the contract).

(3) A tender security shall be in effect and the contracting authority shall not repay the tenderer, or the guarantor shall pay the contracting authority the tender security amount if:

1) the tenderer retracts his or her tender during the period while the tender security is in effect; or

2) the winning tenderer has not submitted to the contracting authority the contract (obligation) security in accordance with the provisions of the mutual agreement, which is in effect at the moment of acceptance of the tender.

Section 21. Exclusion from Participation in the Procurement Process

(1) If the conditions referred to in Section 16, Paragraph one of this Law apply to the tenderer or the tenderer's economic and financial standing and capabilities do not conform to the conditions of Sections 17 and 18 of this Law and the conditions specified in the competition regulations, or the tenderer has provided to the contracting authority false information or has not provided any information at all, the contracting authority shall take a decision not to examine the tenderer's tender and to exclude the tenderer from further participation in the procurement procedure.

(2) If a tenderer has submitted a tender of abnormally low cost, the contracting authority shall take a decision regarding exclusion of the tenderer from further participation in the procurement process.

(3) If a tenderer requests the contracting authority to explain the decision that has been taken in accordance with Paragraph one or two of this Section, the contracting authority shall, within a period of three days from receipt of the request, provide a written substantiation of the decision.

[5 June 2003]

Chapter V Procurement Methods

Section 22. Selection of Procurement Method

(1) The procurement method may be an open competition, a restricted competition, a request for a price quotation, or a negotiated procedure and draft design competition.

(2) The contracting authority shall choose the request for price quotation or the negotiated procedure if the expected procurement contract will be entered into for:

1) purchase of goods if the estimated contract price is from 1000 to 10 000 lats;

2) provision of services, except the services mentioned in Section 4, Paragraph two, Clause 2 of this Law, if the estimated contract price is from 1000 to 10 000 lats; or

3) performance of construction work if the estimated contract price is from 1000 to 50 000 lats.

(3) The contracting authority shall choose open competition or the negotiated procedure if the expected procurement contract will be entered into for:

1) purchase of goods if the estimated contract price is higher than 10 000 lats; or

2) performance of construction work if the estimated contract price is higher than 50 000 lats.

(4) The contracting authority shall choose an open competition, restricted competition or negotiated procedure if the expected procurement contract will be entered into for the provision of services and the contract price is higher than 10 000 lats.

(4¹) The contracting authority may choose the draft design competition if the contract will be entered into for the preparation of draft designs for construction works or territorial planning.

(5) The procedures of an open or restricted competition with respect to the purchase of goods, provision of services or performance of construction work, as well as draft design competitions shall be regulated by Cabinet regulations separately for each of the types referred to.

[24 October 2002; 5 June 2003]

Section 22.¹ Informative Notices

(1) Contracting authorities shall, at the beginning of the budget year in the shortest possible time period, in an informative notice make known the total volume of contracts in each production or service or construction work group, which they intended to grant in the next 12 months if the total expected value of such contracts, taking into account the requirements specified in Chapter II of this Law, is at least 600 000 lats for goods and services contracts or 3 000 000 lats for construction work contracts.

(2) A contracting authority has the right to provide informative notices also in other cases not provided for in Paragraph one of this Section.

(3) An informative notice shall include the following information:

1) the name of the contracting authority and the address, telephone number, fax number and e-mail address of the contact person;

2) the type and amount or value of goods to be supplied, the expected contract volume for each service category or expected type and volume of construction work, as well as if necessary all the construction work class features;

3) the dates when it is expected to commence the procurement procedures (if they are known), the expected commencement date of the procurement procedures for each service category, the expected commencement date of construction work (if it is known), the expected implementation schedule of the construction work (if it is known), the financing and price examination regulations of the construction work or references to regulations in which they are included (in relation to construction works);

4) other information; and

5) the day of dispatch of the notice.

(4) The contracting authority shall send the informative notice in which is included the information indicated in Paragraph two of this Section to the Procurement Monitoring Bureau.

(5) The Procurement Monitoring Bureau shall within a period of three working days after the receipt of the notice place it on the Internet.

[5 June 2003]

Section 23. Procurement Commission

(1) The contracting authority shall form a procurement commission for the conduct of the procurement. It shall be comprised of authorised persons of the contracting authority and other institutions (if other institutions are also interested in the procurement or it is prescribed by regulatory enactments). A procurement commission shall be formed separately for each

procurement or for a specified time period, or it can be a body functioning on an ongoing basis that can conduct procurement for the needs of one or more contracting authorities. When applying the request for price quotation, the contracting authority may authorise a competent authorised person for the conduct of procurement with respect to the relevant procurement, which authorised person shall have the same rights and duties as the procurement commission.

(2) In forming a procurement commission, it shall be observed that all the members thereof shall have experience with respect to the field of procurement for which a contract will be entered into. The chairperson of the commission shall head the procurement commission. If the procurement contract will be entered into for construction work and in the case of a request for a price quotation the estimated contract price is higher than 10 000 lats, the commission shall consist of at least three members of whom at least one is a certified civil engineer, but in the case of an open competition or a negotiated procedure the commission shall consist of at least five members of whom at least one is a certified civil engineer. If the procurement contract will be entered into for construction work and the estimated contract price is higher than 500 000 lats, the commission shall include in addition two certified civil engineers of various specialities from the list approved by the Ministry of Economics.

(3) Members of a procurement commission or the authorised person for conduct of the procurement shall not at the same time represent the interests of the contracting authority and the tenderer, and shall not be associated with the tenderer.

(4) A procurement commission shall ensure the preparation of competition regulations, candidate selection regulations or requests for price quotations, record the course of the procurement process, and shall be responsible for course of the procurement procedure.

(5) The procurement commission shall select candidates in accordance with the candidate selection regulations and evaluate tenderers and the tenders submitted thereof in accordance with this Law and other regulatory enactments and the competition regulations. Each member of the commission shall provide an evaluation in writing and the evaluation shall be appended to the minutes of the commission meeting. The decision regarding the results of the procurement procedure shall be taken depending on these evaluations. Remuneration for work performed may be provided for invited procurement commission members and experts.

(6) A decision of a procurement commission is binding on the contracting authority upon the entering into of a procurement contract.

(7) The activities of the procurement commission shall be regulated by Cabinet regulations.

[24 October 2002; 5 June 2003]

Section 23.¹ Jury Commission

(1) If a design outline drawing competition is provided for, a contracting authority shall establish a jury commission comprising at least five persons.

(2) At least two thirds of the composition of the jury commission shall certified Latvian or equivalent qualified foreign architects.

(3) The jury commission shall professionally evaluate anonymous tenders.

(4) The jury commission shall prepare a report regarding the results of the evaluation and submit it for approval to the procurement commission.

[5 June 2003]

Section 24. Competition Regulations

(1) Prior to announcing an open or restricted competition, competition regulations shall be prepared and approved by the procurement commission and shall contain the following information:

- 1) general information:
 - a) procurement identification number that includes the full name of the contracting authority or an abbreviation – first capital letters, the year and increasing sequential number,
 - b) name, address and other prerequisites of the contracting authority,
 - c) subject-matter of the procurement,
 - d) contract performance time and location,
 - e) location, date, time and procedure for submission and opening of tenders,
 - f) period of tender being in effect,
 - g) tender security, if such is provided for, and the procedure for payment,
 - h) requirements with respect to documentation and submission of tenders, and
 - i) other general information;
- 2) information regarding the subject-matter of the procurement:
 - a) description of the subject-matter of the contract,
 - b) technical specifications or terms of reference, and
 - c) other information with respect to the subject-matter of the contract;
- 3) requirements regarding information necessary for evaluation of the tenderer in conformity with Section 16 of this Law;
- 4) requirements with respect to the economic and financial standing and technical capabilities of the tenderer for an open competition, and with respect to information to be submitted in accordance with Sections 17 and 18 of this Law;
- 5) criteria for the evaluation and selection of tenders in accordance with Section 30 of this Law. If the economically most advantageous tender is selected, the relevant criteria shall be indicated in sequence of significance thereof, together with the numerical weighting of these criteria, description of the methods of evaluation and formulae utilised in evaluating the tenders, and a statement on whether the tenderer may submit tender variants and how such variants will be evaluated;
- 6) [5 June 2003]
- 7) draft procurement contract;
- 8) rights and obligation of the procurement commission; and
- 9) rights and obligations of tenderers.

(2) Prior to announcing a restricted competition, the contracting authority shall prepare the candidate selection regulations in accordance with Sections 16, 17 and 18 of this Law and it shall indicate:

- 1) name, address and other prerequisites of the contracting authority;
- 2) identification number of the procurement;
- 3) subject-matter of the procurement;
- 4) the location, date and time of tender submission and opening;
- 5) requirements with respect to the economic and financial standing and technical capabilities of the candidate, as well as the criteria for selection of candidates;

6) conditions for the exclusion of a candidate from participation in the procurement procedure;

7) information to be submitted with respect to the economic and financial standing and technical capabilities of the candidate; and

8) other information regarding the selection of candidates.

(3) All persons interested may become acquainted with the competition regulations and the candidate selection regulations.

(4) The contracting authority up to the end of the time period for the submission of the tender may amend the competition regulations or candidate selection regulations. Amendments shall be made according to the procedures specified in Section 25, Paragraphs six and 9¹ of this Law. All tenderers, candidates and other persons who have received the competition regulations or candidate selection regulations shall be informed by the contracting authority of the amendments made.

[24 October 2002; 5 June 2003]

Section 25. Open Competition

(1) If the contracting authority has announced an open competition, all persons interested may submit tenders.

(2) The contracting authority shall send a notice to the Procurement Monitoring Bureau regarding the expected procurement and shall invite possible tenderers to submit tenders.

(3) The notice shall indicate:

1) name and address of the contracting authority, the contact person and telephone number;

2) identification number of the procurement;

3) the procurement procedure selected and the criteria for selection of tenders. If the criterion is the lowest price, all the cost positions from which the lowest price is established shall be indicated. If the criterion is the economically most advantageous tender each of the criterion and their proportion in the evaluation system on the basis of which the economically most advantageous tender is determined shall be indicated;

4) the subject-matter and amount of the expected procurement, as well as the condition that tenderers may submit tenders for a part of the amount (if such is provided for by the regulations);

5) the location and time period for performance of the expected contract;

6) the location and time period for receipt of the competition regulations. The time period for the receipt of the regulations shall coincide with the time period for the submission of tenders, but the time for the receipt such regulations shall conform to the working time of the institution;

7) the time period for submitting requests for additional information; and

8) the location and time period for submission of tenders, and the location, date and time of opening tenders. Tenders shall be opened immediately after the end of the time period for tender submission;

9) amount and type of tender security (if such are provided for); and

10) other information that the contracting authority considers necessary.

(4) The Procurement Monitoring Bureau shall place the referred to notice in conformity with Paragraph three of this Section on the Internet within three working days after receiving the notice.

(5) The contracting authority shall publish the notice referred to in Paragraph three of this Section in the newspaper *Latvijas Vēstnesis* not less than three working days after dispatch the notice to the Procurement Monitoring Bureau, or not earlier than the next working day after placement of the notice on the Internet.

(6) If the contracting authority has made amendments to the competition regulations after the notice has been placed on the Internet and published, the contracting authority shall send another notice to the Procurement Monitoring Bureau and it shall be placed on the Internet and published in accordance with the procedure specified in Paragraphs four and five of this Section. The notice shall indicate amendments that have been made in the competition regulations, as well as the time period for submission of tenders.

(7) The contracting authority or the procurement commission shall register to whom and when competition regulations have been issued. The tenderer, upon submitting a tender, may request confirmation that the tender has been received, including an indication regarding the time of receipt of the tender.

(8) The procurement commission upon request by a possible tenderer shall provide additional information regarding the competition regulations if the request is submitted not later than six working days before the end of the time period for submission of tenders. The procurement commission shall prepare such information within three working days of the receipt of the request and send it to those possible tenderers who have received the competition regulations, as well as to those tenderers who have already submitted tenders.

(9) The time period for submission of tenders, after the notice in conformity with Paragraph three of this Section regarding the expected procurement has been sent to the Procurement Monitoring Bureau, may not be shorter than 52 calendar days if the estimated contract price for goods and services is higher than 120 000 lats and for construction work – than 4 500 000 lats. If the estimated contract price for goods and services is less than 120 000 lats and for construction work – than 4 500 000 lats, the time period for submission of tenders may not be shorter than 30 calendar days. If the estimated contract price for goods and services is less than 50 000 lats and for construction work – than 500 000 lats, the term for submission of tenders may not be shorter than 20 calendar days.

(9¹) If the amendments have been made to the regulations and one-half or longer of the time period referred to in Paragraph nine of this Section has passed, the time period for submission of tenders after the notice regarding the amendments made in the regulations has been sent to the Procurement Monitoring Bureau may not be shorter than 26 calendar days if the estimated contract price for goods and services is higher than 120 000 lats and for construction work – than 4 500 000 lats, or correspondingly higher. If the estimated contract price for goods and services is lower than 120 000 lats and for construction work – than 4 500 000 lats, the time period for the submission of tenders in such case may not be shorter than 15 calendar days. If the estimated contract price for goods and services is lower than 50 000 lats and for construction work – than 500 000 lats, the time period for the submission of tenders may not be shorter than 10 calendar days.

(9²) The submission time periods specified in Paragraph nine of this Section may be shortened to 36 days, 20 days and 15 days respectively if an informative notice has been published in accordance with Section 22.¹ of this Law.

(10) The procurement commission shall open the submitted tenders immediately after the end of the time period for submission of tenders, at the location and time specified in the regulations. If a tender is submitted after the specified time period for the submission of tenders, it shall be returned to the tenderer unopened. All tenderers or representatives thereof may participate at the opening of tenders. The process of opening tenders shall be documented in a report which shall include the given names, surnames, and position held of those present, name of the tenderer, time of submission of the tender, the price tendered and other information that characterises the tender.

(11) The procurement commission shall select tenderers in accordance with Sections 16, 17 and 18 of this Law, check the conformity of the tenders with the terms of reference, technical specifications and other requirements specified by the regulations, and after that shall evaluate the tenders which conform to the requirements in accordance with the evaluation criteria and regulations provided in this Law, in other regulatory enactments and the competition regulations.

(12) The procurement commission shall take a decision to enter into a procurement agreement with the tenderer who has appropriate qualifications, whose tender conforms to the terms of reference and technical specifications, and who has been evaluated as the most advantageous in conformity with the evaluation criteria and procedure specified by the regulations. If the selected tenderer refuses to enter into a procurement contract with the contracting authority, the procurement commission is entitled to select the next tender with the lowest price. If the next selected tenderer also refuses to enter into a procurement contract, the procurement commission shall take a decision to terminate the competition without selecting any tender.

(12¹) If no tenders have been submitted for an open competition or the tenders submitted do not conform to the requirements of the regulations, the procurement commission shall take a decision to terminate the competition without selecting any tender.

(13) The procurement commission shall notify the decision in accordance with Section 32 of this Law.

(14) The procurement commission shall prepare an open competition final report in accordance with Section 34 of this Law.

[24 October 2002; 5 June 2003]

Section 26. Restricted Competition

(1) If a restricted competition is being organised, all interested persons or groups of persons may submit applications for the selection of candidates. The procurement commission shall select candidates who shall be invited to submit tenders to the notified competition.

(2) The contracting authority shall send a notice to the Procurement Monitoring Bureau regarding the expected procurement and shall invite possible tenderers to submit tenders applications for the selection of candidates.

(3) The notice shall include:

- 1) the name and address of the contracting authority;
- 2) identification number of the procurement;
- 3) the expected subject-matter of the procurement and amount;
- 4) the location and time period for performance of the expected contract;
- 5) the location and time period for receipt of candidate selection regulations; and
- 6) the location, date and time period for submission of applications.

(4) The term for submission of applications after the notice has been sent to the Procurement Monitoring Bureau may not be shorter than 37 calendar days if the estimated price of the contract is higher than 120 000 lats. If the estimated contract price is less than 120 000 lats, the time period for submission of applications may not be shorter than 25 calendar days. If the estimated contract price is less than 50 000 lats, the time period for submission of applications may not be shorter than 15 calendar days.

(5) The Procurement Monitoring Bureau shall place the referred to notice in conformity with Paragraph three of this Section on the Internet within three working days after receiving the notice. The contracting authority shall publish the referred to notice in **the newspaper Latvijas Vēstnesis** not earlier than three working days after dispatch the notice to the Procurement Monitoring Bureau, or not earlier than the next day after placement of the notice on the Internet.

(6) If the contracting authority has made amendments to the candidate selection regulations after the notice has been placed on the Internet and published, it shall send another notice to the Procurement Monitoring Bureau and such notice shall be placed on the Internet and published in accordance with the procedures specified in Paragraph five of this Section. The notice shall include information regarding what has been changed compared to the previous notice on the selection of candidates, as well as the changed time periods for submission of applications. If amendments have been made to the candidate selection regulations and one-half or longer of the time period referred to in Paragraph four of this Section has passed, the time period for submission of tenders after the notice has been sent to the Procurement Monitoring Bureau may not be shorter than 19 calendar days if the estimated contract price is higher than 120 000 lats. If the estimated contract price is higher than 50 000 lats, but does not exceed 120 000 lats, the time period for the submission of tenders in such case may not be shorter than 13 calendar days. If the estimated contract price does not exceed 50 000 lats, the time period for the submission of tenders may not be shorter than 8 calendar days.

(7) The procurement commission shall, at the end of the time period for the submission of applications, **perform a selection of candidates** in accordance with the criteria specified in the candidate selection regulations. All interested persons or groups of persons interested may submit applications for the selection of candidates.

(8) The contracting authority or procurement commission shall send, concurrently to all selected candidates, an invitation to submit a tender. The competition regulations or the address where the regulations can be obtained shall be attached to the invitation. The contracting authority or procurement commission shall register to whom and when an invitation was sent and the competition regulations sent or issued. To those who have applied for the selection of candidates but have not been selected in accordance with the candidate selection regulations the procurement commission shall within three days of taking the relevant decision send a notice regarding the decision and substantiation thereof.

(9) An invitation to submit a tender shall include the following information:

1) address and time period during which the competition regulations (if those were not sent together with the invitation) or additional information may be requested;

2) conditions and charge for the provision of the competition regulations or additional information if such is requested regarding the provision of the regulations;

3) the location, date and time for the submission and opening of tenders; and

4) the date when the notice regarding the selection of candidates was placed on the Internet.

(10) The procurement commission pursuant to a request by a candidate shall provide additional information regarding the competition regulations if the request is submitted not later than six working days before the end of the time period for submission of tenders. The procurement commission shall prepare such information within **three** working days of the receipt of a request. The prepared additional information shall be sent to those candidates who received the competition regulations, as well as to those tenderers who have already submitted tenders.

(11) Tenders shall be opened at the location and time specified by the regulations. If a tender is submitted after the specified end of the time period for submission of tenders, it shall be returned to the tenderer unopened. All tenderers or representatives thereof may participate in the opening of tenders. The process of opening tenders shall be documented in a report which shall include the given names, surnames, and positions held of the persons present, name of the tenderer, time of submission of the tenders, the price tendered and other information that characterises the tenders.

(12) The procurement commission shall examine the conformity of tenders to the terms of reference, technical specification and other requirements referred to in the regulations and after that shall evaluate the tenders that conform to the requirements in accordance with the evaluation criteria and provisions indicated in this Law, in other regulatory enactments and in the competition regulations. The procurement commission shall take a decision regarding selection of the most suitable tender. If no tenders have been submitted for a restricted competition or the tenders submitted do not conform to the requirements of the competition regulations, the procurement commission shall take a decision to terminate the competition without selecting a tender.

(13) The procurement commission shall notify the decision in accordance with Section 32 of this Law.

(14) The procurement commission shall prepare a restricted competition final report in accordance with Section 34 of this Law.

(15) The time period for the submission of tenders after the invitation to tender has been sent to the selected candidates may not be shorter than 40 calendar days if the estimated contract price is higher than 120 000 lats. If the estimated contract price is lower than 120 000 lats, the time period for the submission of tenders may not be shorter than 25 calendar days. If the estimated contract price is lower than 50 000 lats, the time period for the submission of tenders may not be shorter than 15 calendar days.

(16) If amendments have been made to the regulations and one-half or longer of the time period referred to in Paragraph fifteen of this Section has passed, the time period for submission of tenders after the invitations to tender have been sent to the selected candidates may not be shorter than 20 calendar days if the estimated contract price is higher than 120 000 lats. If the estimated contract price is higher than 50 000 lats, but does not exceed 120 000 lats, the time period for the submission of tenders may not be shorter than 13 calendar days. If the estimated contract price does not exceed 50 000 lats, the time period for the submission of tenders may not be shorter than 8 calendar days.

[24 October 2002; 5 June 2003]

Section 27. Conditions for Selecting the Negotiated Procedure

The procurement commission may apply the negotiated procedure if:

1) in the previously published open or restricted competition no tenders were submitted, or no applications are submitted for the selection of candidates. The regulations for the expected procurement contract may not differ from the expected procurement contract regulations in the already previously published open or restricted competition;

2) due to circumstances independent of the will of the contracting authority (fire, natural disaster, war, epidemic, accident), as well as due to other extraordinary circumstances, regarding which in each particular case the Cabinet shall take a decision, a situation has arisen where due to time restrictions it is not possible to conduct an open or restricted competition;

3) the contracting authority needs to partially exchange or to supplement goods already at the disposal of the contracting authority, taking into account technical interoperability with the goods already at the disposal of the contracting authority, as well as in order not to cause technical difficulties with the use or maintenance of goods at their disposal. The time period for such procurement contract may not exceed three years;

4) the contracting authority needs to receive additional services or to perform additional construction work that were not previously foreseen, but which are essential for the performance of an open or restricted competition procurement contract entered into or **price quotation**. If such additional services or construction work may not be technically or economically separated from the services or construction work specified in a procurement contract already entered into or are necessary to perform the procurement contract already entered into, such services shall be provided or construction work shall be performed by the performer of the procurement contract already entered into. The total value of a supplementary procurement contract may not be higher than 10 per cent of the value of the procurement contract already entered into;

5) the contracting authority needs to continue receiving services that are already being provided in accordance with a procurement contract entered into as a result of an open or restricted competition. Such a procedure may be applied for not longer than three years from entering into of the first procurement contract. The conditions of the procurement contract shall not differ from the conditions of the previous procurement contract and the total value of the procurement contract may not be higher than 50 per cent larger than the value of the previously signed procurement contract;

6) due to reasons of an artistic nature or due to such reasons as are associated with the protection of exclusive rights, products to be supplied may be manufactured or supplied by only a particular supplier or services may be provided by only a particular service provider;

7) [5 June 2003]

8) [5 June 2003]

9) due to urgency or unforeseen circumstances a situation has arisen whereby due to restrictions of time it is not possible to organise an open or restricted competition in order to carry out procurement for international missions and in the defence field in ensuring military training; or

10) [5 June 2003]

11) the relevant contract is entered into after the design outline drawing competition and in accordance with the relevant provisions it must be entered into with the winner of the competition or one of the winners. In the latter case, all the winners shall be invited to participate in the negotiations.

[22 October 2002; 5 June 2003]

Section 28. Negotiated Procedure

(1) If the negotiated procedure is chosen, the procurement commission shall send a notice to the Procurement Monitoring Bureau accompanied with a substantiated justification for choosing the negotiated procedure.

(2) The notice shall include:

- 1) the name and address of the contracting authority, contact person and telephone number;
- 2) identification number of the procurement;
- 3) description of the expected subject-matter of the procurement and amount thereof;
- 4) the location and time period for performance of the expected contract;
- 5) candidates; and
- 6) location and time period for submission of tenders.

(3) The time period for submitting applications may not be shorter than 37 calendar days from the date of dispatch the notice to the Procurement Monitoring Bureau if the estimated contract price for goods and services is higher than 120 000 lats and for construction work – than 4 500 000 lats. If the estimated contract price for goods and services is less than 120 000 lats and for construction work – than 4 500 000 lats, the time period for submission of tenders shall may not be shorter than 20 calendar days. If the estimated contract price for goods and services is less than 50 000 lats and for construction work – than 500 000 lats, the time period for submission of tenders may not be shorter than 12 calendar days.

(4) The Procurement Monitoring Bureau shall evaluate within a period of three working days the substantiated justification for selecting the negotiated procedure. If the substantiation for the selection conforms to the conditions of Section 27 of this Law, the Procurement Monitoring Bureau shall place the notice on the Internet. If it does not conform to the conditions of Section 27 of this Law, the Procurement Monitoring Bureau shall notify the procurement commission thereof and the commission shall choose another procedure referred to in this Law.

(5) If the negotiated procedure is applied in accordance with Section 27, Clauses 2, 3, 4, 5, 6 and 9 of this Law, the procurement commission may commence negotiations with the tenderer or tenderers immediately after the notice is placed on the Internet without observing the time periods specified in Paragraph three of this Section.

(6) If the Procurement Monitoring Bureau has permitted the application of the negotiated procedure, the procurement commission shall send an invitation for candidates to participate in negotiations, as well as the draft of the expected procurement contract.

(7) The procurement commission shall conduct negotiations with candidates who have submitted applications to participate in the negotiated procedure, and shall take a decision regarding selection of the most suitable tender.

(8) The procurement commission shall notify the decision in accordance with Section 32 of this Law.

(9) The procurement commission shall prepare a negotiated procedure final report in accordance with Section 34¹ of this Law.

[24 October 2002; 5 June 2003]

Section 29. Request for a Price Quotation

(1) If a request for a price quotation is selected, the procurement commission shall select such possible candidates regarding whose qualifications and reliability the commission has no reservations.

(2) The procurement commission shall send to at least three possible tenderers, an invitation to submit a tender to sell goods, provide services or perform construction work in accordance with the requirements, technical specifications and terms of reference referred to in the invitation. The procurement commission shall indicate the component parts included in the prices of goods, services or construction work, in which may be included expenditures after the expiry of the guarantee time period, the cost of delivery and installation, cost of training personnel and other expenditures.

(3) In the invitation, the procurement commission shall indicate the time period for submission of a tender, which may not be shorter than five working days after the dispatch the invitation.

(4) The procurement commission shall examine the conformity of a tender with the invitation requirements, technical specifications and terms of reference, and evaluate the conforming tenders in accordance with the requirements of Section 30, Paragraph six of this Law and take a decision regarding the selection of a tender.

(5) The procurement commission shall make a report of the procedure of the request for a price quotation in accordance with Section 34² of this Law.

(6) The procurement commission shall notify all the tenderers of the decision within a period of three working days after the decision to enter into a procurement contract or to terminate the price quotation without selecting any tender has been taken.

(7) The notice shall include the following information:

- 1) name and address of the contracting authority;
- 2) procurement identification number;
- 3) subject-matter of the procurement;
- 4) the number of tenders received;
- 5) the name of the tenderer with which a contract will be entered into;
- 6) the contract price tendered;
- 7) justification for the decision if a decision to terminate a price quotation without selecting any tender has been taken; and
- 8) the date of dispatch of the notice.

[24 October 2002; 5 June 2003]

Section 29.¹ Design Outline Drawing Competition

(1) A contracting authority shall send a notice to the Procurement Monitoring Bureau regarding a design outline drawing competition.

(2) The notice shall indicate:

- 1) the name and address of the contracting authority, contact person and telephone number, fax number, and e-mail address;
- 2) a description of the design;
- 3) the type of competition (open or restricted);
- 4) for open competitions – the time period for acceptance of designs;
- 5) for restricted competitions:

- a) the expected number of participants;
 - b) the criteria for the selection of participants, and
 - c) the time period for the acceptance of applications from the participants;
- 6) if necessary, an indication regarding the fact whether the competition is intended for a particular profession;
- 7) the criteria for the evaluation of the project;
 - 8) if necessary, the number and value of prizes;
 - 9) an indication regarding the fact whether the recipients of prizes have the right to the granting of any additional contracts;
 - 10) other information; and
 - 11) the day of the dispatch of the notice.
- (3) The Procurement Monitoring Bureau shall place the notice on the Internet within three working days after receiving the notice.
[5 June 2003]

Chapter VI Selection of Tenders

Section 30. Criteria for Selection of Tenders

- (1) The contracting authority shall indicate the criteria for selection of tenders in the regulations of an open or restricted competition or in an invitation for a price quotation.
- (2) In the case of a competition, if the contracting authority expects to enter into a contract for the receipt of services, the procurement commission shall select the economically most advantageous tender which conforms to the terms of reference provided in the regulations.
- (3) In the case of a competition where the contracting authority expects to enter into a contract for the purchase of goods, the procurement commission shall select the tender with the lowest price that conforms to the requirements and technical specifications referred to in the regulations. The lowest price shall be determined in accordance with the provisions of Section 31, Paragraphs three and four of this Law.
- (4) In the case of a competition where the contracting authority expects to enter into a contract for construction work, the procurement commission shall select the tender with the lowest price.
- (5) [24 October 2002]
- (6) In the case of a request for a price quotation the procurement commission shall select the tender with the lowest price that conforms to the requirements and technical specifications indicated in the invitation.
- (7) [24 October 2002]
[24 October 2002]

Section 31. Additional Provisions for the Selection of Tenders

(1) [5 June 2003]

- (2) If the contracting authority expects to enter into agreement for construction work, the procurement commission shall examine the price structure of the tender and ascertain whether a tender has been received with an abnormally low price.

(3) If the contracting authority expects to enter into agreement for the purchase of goods, in evaluating the prices of the tenders the procurement commission may take into account one or more of the following indicators:

1) the price of goods that conform to the level indicated in the technical specifications;
2) the possible expenditures that will arise in using the goods for the duration of expected useful life thereof, but not more than four years after the goods are put into use. The planned expenditures for reserve parts, post-guarantee maintenance costs and personnel training costs, as well as other expenditures associated with the utilisation of the goods shall be added to these expenditures; and

3) the value of the goods or their possible alienation value at the end of the expected utilisation period of the goods, but not later than four years after the goods are put in use.

(4) The indicators referred to in Paragraph three of this Section and the procedure for their utilisation shall be determined in the competition regulations.

[24 October 2002; 5 June 2003]

Section 31.¹ Termination of Procurement Procedures without Entering into a Contract [5 June 2003]

[24 October 2002; 5 June 2003]

Section 32. Notice regarding Taking of a Decision

(1) The contracting authority, when utilising an open or restricted competition **or the negotiated procedure**, shall, within three working days after a decision has been taken, enter into a procurement contract or terminate the competition without selecting a tender, send a notice conforming to this Law to the Procurement Monitoring Bureau and to all the tenderers.

(2) The notice to enter into a procurement contract or to terminate a competition without selecting any tender shall include the following information:

- 1) the name and address of the contracting authority;
- 2) identification number of the procurement;
- 3) date when the procurement was notified on the Internet;
- 4) date of the decision;
- 5) method of procurement;
- 6) subject-matter of the procurement and short description thereof;
- 7) number of tenders received;

8) the name and address of the tenderer with whom a contract will be entered into. If the tender may be submitted in parts – the name and address of all those tenderers with whom a contract will be entered into for each part separately;

9) substantiation for the decision if a decision has been taken to terminate a competition **or negotiated procedure** without selecting a tender;

10) reasons for rejecting the tenders of the rejected tenderers;

11) contract price tendered regarding which a contract will be entered into if the tender is for the whole amount, or the tendered contract price for each procurement subject-matter part if the tender may be submitted in one or several parts, indicating the particular procurement subject-matter part;

12) date of dispatch of the notice;

12¹) the expected time period for the implementation of the contract; and

13) other information that the contracting authority wishes to notify.

(2¹) The notice regarding the results of the design outline drawing competition shall indicate:

- 1) the name, address, telephone numbers and fax numbers of the contracting authority;
- 2) a description of the design;
- 3) the total number of participants;
- 4) the number of foreign participants;
- 5) the winner (winners) of the competition;
- 6) if necessary, the prize (prizes);
- 7) other information;
- 8) a reference to the notice of the design competition; and
- 9) the day of dispatch of the notice.

(3) The Procurement Monitoring Bureau shall within three working days put a notice on the Internet.

(4) The contracting authority shall publish a notice regarding the taking of a decision in respect of the results **of an open or restricted competition** in the newspaper *Latvijas Vēstnesis* not earlier than after six working days from dispatch the notice to the Procurement Monitoring Bureau or the next working day after such notice is placed on the Internet.

(5) In the notice, which the contracting authority sends to the rejected tenderer, shall in addition to the what is referred to in Paragraph two of this Section indicate a detailed justification for rejecting the tenderer.

[24 October 2002; 5 June 2003]

Section 33. Procurement Contract

(1) A procurement contract shall determine all legal relations between the contracting authority and the seller of goods, the provider of services or performer of construction work.

(2) The contracting authority shall prepare a procurement contract, which shall specify:

- 1) name of the contracting party;
- 2) name of the performer (seller of goods, the provider of services or performer of construction work);
- 3) subject-matter of the procurement, amount thereof, quality requirements and other necessary information;
- 4) procedures for payment **providing for a possible pre-payment to the amount of not more than 20 per cent of the total contract price;**
- 5) time period for performance of the contract, the location and conditions;
- 6) liability of the contracting parties for failure to perform the contract;
- 7) procedures for amending the contract and procedures to permit withdrawal from the contract; and
- 8) other conditions.

(3) A procurement contract for construction design and construction work shall be prepared in accordance with Latvian national standards.

(4) A procurement contract for receipt of services shall be entered into for a period of time, which is not longer than **five** years.

(5) In the case of the leasing of immovable property, the time period of the contract may exceed the time period specified in Paragraph four of this Section, taking into account that the maximum time period for the lease of immovable property may not be longer than eight years.

(6) A procurement contract shall be entered into not earlier than seven working days from the day when the notice in conformity with this Law regarding the taking of a decision has been published on the Internet, and not later than the end of the period of validity of the tender, except in the cases, where a request for a price quotation has been performed or the negotiated procedure has been applied in accordance with Section 27, Clauses 2, 4, 5 and 9 of this Law.
[24 October 2002; 5 June 2003]

Section 33.¹ Accessibility of Procurement Contracts

Procurement contracts that are entered into in accordance with this Law, as well as all their annexes, amendments and additions are generally accessible information, except information regarding the utilised apparatus and technical solutions for the protection of the State information system, as well as the organisational measures for the protection of the system. The contracting authority has a duty to acquaint interested persons with the documents referred to.
[5 June 2003]

Chapter VII Documentation and Reports

Section 34. Open and Restricted Competition Final Report

(1) The final report on the procedures of an open or restricted competition is a composite document, which shall reflect all the course of the procedures beginning from the establishment of the procurement commission or approval of the regulations (if the procurement commission has been established temporarily or it is a permanent functional institution) up to the entering into of a contract.

(2) The final report of an open or restricted competition shall include the following information:

- 1) the identification number of the procurement;
- 2) the date when the notice was placed on the Internet;
- 3) the name of the contracting authority;
- 4) the composition and the justification for the formation of the procurement commission;
- 5) the subject-matter of the procurement and short description thereof;
- 6) the criteria for the selection of candidates;
- 7) the criteria for the selection of tenders;
- 8) the location and time period for submission of tenders and period of validity of the tender;
- 9) the location, date and time of opening tenders;
- 10) the given names, surnames and positions held of persons present at the opening of tenders;
- 11) list of submitted tenders, which list shall indicate the name of each tenderer, date and time of submission of tender, price tendered and other information that characterises the tender;
- 12) the formula for evaluating tenders if the regulations provide for accepting the economically most advantageous tender, or the price formation indicators in accordance with Section 31, Paragraph three of this Law;
- 13) the evaluation of each tender by the members of the commission;

14) the combined report of the commission regarding the comparison and evaluation of the tenders;

15) the name of the tenderer (or tenderers – if the procurement subject-matter has been divided into parts in accordance with Section 3, Paragraph four of this Law) with whom it was decided to enter into a procurement contract;

16) a justification for the decision if the contracting authority has rejected all tenders and has taken a decision to terminate the competition without selecting any tender;

17) a justification for the decision if the tenderer who was awarded the right to enter into the procurement contract no longer participates in the competition or has not signed the procurement contract and the contracting authority has taken a decision to enter into a procurement contract with the tenderer whose tender is the next economically most advantageous tender or the tender with the lowest price;

18) the requests received to explain the competition regulations, the answers provided, as well as evidence that all tenderers or candidates were informed about the questions and answers;

19) a justification for the decision if a tender has been declared as not conforming with the requirements referred to in the regulations or the tenderer has been refused participation in the competition; and

20) the correction of arithmetical errors in tenders.

(3) The final report of a restricted competition shall also include, in addition to the information referred to in Paragraph two of this Section, the following information:

1) the justification for the application of the restricted competition procedure;

2) the location and time period for submission of applications;

3) the names of persons who applied for the selection of candidates;

4) the given names, surnames and positions held of persons present at the opening of tenders;

5) a list of submitted tenders, which list shall indicate the name of each tenderer, date and time of submission of tender;

6) the evaluation of each tender by the members of the commission;

7) the combined report of the commission regarding the comparison and evaluation of the tenders;

8) the names of those persons who have been selected in accordance with the conditions of candidate selection and who are invited to submit tenders;

9) the criteria for the selection of candidates; and

10) the requests received to explain the competition regulations, the answers provided, as well as evidence that all candidates were informed about the questions and answers

(4) The final report, except for the tenderer's tenders appended thereto, is public and openly available the next day after the taking of a decision regarding the entering into of a procurement contract or the termination of the competition without selecting any tender.

(5) The final report shall have appended the competition regulations, the candidate selection by-laws (in the case of a restricted competition), the original tenders of tenderers, copies of notices sent to the Procurement Monitoring Bureau, and originals of the minutes of procurement commission meetings.

(6) The contracting authority shall store the open or restricted competition final report for 10 years after the entering into of a procurement contract.

[24 October 2002; 5 June 2003]

Section 34.¹ Final Report of Negotiated Procedure

(1) The report of a negotiated procedure shall be publicly accessible after the contracting authority has taken a decision to enter, or to terminate the negotiated procedure without selecting any tender. A report of a negotiated procedure shall include the following information:

- 1) the identification number of the procurement;
- 2) the date when the notice was placed on the Internet;
- 3) the composition and justification for the formation of the procurement commission;
- 4) the name of the contracting authority;
- 5) the subject-matter of the contract and short description thereof;
- 6) the justification for applying the negotiated procedure;
- 7) the names of the candidates;
- 8) the location and time period for the submission of tenders;
- 9) the names of those candidates who submitted an application to participate in the negotiated procedure;
- 10) the criteria for the selection of tenders;
- 11) a short description of the negotiations, indicating the tenders and prices thereof;
- 12) the name of the candidate who was awarded the right to perform the procurement; and
- 13) if the candidate who was awarded the right to perform the procurement has not signed the procurement contract or the contracting authority has taken a decision to terminate the negotiated procedure without selecting a tender, – a description of this course.

(2) The report of the negotiated procedure shall be signed by all members of the procurement commission.

(3) The contracting authority shall store the negotiated procedure final report and the tenderer's tenders for 10 years after the entering into of a procurement contract.

[24 October 2002; 5 June 2003]

Section 34.² Report on Requests for Price Quotations

(1) The report on requests for price quotations shall include the following information:

- 1) identification number of the procurement and the date of the report;
- 2) the name of the contracting authority;
- 3) the name and amount of required goods, services or construction work, technical specifications or terms of reference;
- 4) the names of tenderers, the tenders and the prices thereof;
- 5) other information that the procurement commission considers necessary; and
- 6) decision regarding the selection of a tender.

(2) The report on requests for price quotations shall be signed by all the members of the procurement commission or an authorised person.

(3) The contracting authority shall store the report on requests for price quotations for 10 years after the entering into of a procurement contract

[24 October 2002; 5 June 2003]

Section 35. Statistical Reports

The contracting authority shall submit to the Procurement Monitoring Bureau according to specified procedures a report regarding the number of contracts entered into, amounts thereof, the performers of construction work, suppliers of goods, lessors or providers of services and the procurement procedures utilised. The report shall be submitted each calendar half year within a period of three months after the end of the reporting period.
[24 October 2002]

Chapter VIII Monitoring and Control

Section 36. Monitoring

Monitoring of the observance of regulatory enactments in the area of procurements shall be performed by the Procurement Monitoring Bureau and other authorities in accordance with regulatory enactments.

Section 37. Liability of the Contracting Authority

For the implementation of this Law in accordance with their competence the contracting authority, procurement commission, or authorised person who responsible for the performance of the procurement shall be liable.
[24 October 2002]

Chapter IX Procurement Monitoring Bureau

Section 38. Legal Status of the Procurement Monitoring Bureau

- (1) The Procurement Monitoring Bureau is a State administrative authority supervised by the Ministry of Finance and operating in accordance with this Law, with the by-laws of the Procurement Monitoring Bureau and with other regulatory enactments.
- (2) The Procurement Monitoring Bureau is a legal person. It shall have a seal with the image of the supplemented lesser State coat of arms and the full name of the Bureau.
- (3) The operations of the Procurement Monitoring Bureau shall be financed from the State budget.

Section 39. Rights and Duties of the Procurement Monitoring Bureau

- (1) The Procurement Monitoring Bureau shall have the following rights:
 - 1) to monitor the conformity of the procurement procedures with the requirements of the Law;
 - 2) in conformity with its competence to co-operate with relevant foreign authorities;
 - 3) to publish its decisions, views and recommendations;
 - 4) to request and receive without hindrance at any stage of a procurement procedure, as well as to receive free of charge full information regarding the procurement;
 - 5) to invite independent experts;

- 6) to compile and analyse the statistical information on procurement in the State;
- 7) to provide methodological assistance and consultations, and to organise training for institutions that are contracting authorities, for sellers of goods, lessors, providers of services and performers of construction work;
- 8) to conduct other activities permitted by regulatory enactments in order to fulfil the tasks provided for by this Law; and
- 9) prohibit the entering into of contracts until the rectifying of violations or to request the termination of the procurement procedure.

(2) The Procurement Monitoring Bureau shall have the following duties:

- 1) to make sure that complaints with respect to violations of procurement procedures are examined;
- 2) to prepare reports of procurements in the State;
- 3) [5 June 2003]
- 4) on the next day after the receipt of a complaint from a tenderer, candidate, seller of goods, service provider or performer of construction work regarding the activities of the contracting authority in respect of the legality of an open or restricted competition or negotiated procedure, to send it to the Prevention and Combating of Corruption Bureau; and
- 5) within a period of three days after the taking of the decision referred to in Section 40, Paragraph three of this Law, to send to the Prevention and Combating of Corruption Bureau the minutes of the Complaints Examination Commission meeting and decision regarding the submitted complaint, as well as the list of documents received by the Procurement Monitoring Bureau associated with the examination of the complaint.

[20 October 2002; 5 June 2003]

Section 40. Complaints Examination Commission

- (1) In order to examine complaints, the Procurement Monitoring Bureau shall form a complaints examination commission (hereinafter — commission) consisting of not less than three members. At least one member of the commission shall have higher legal education, and one shall be an invited procurement expert or an authorised public organisation representative from the sector.
- (2) Members of such commission may not be persons who have previously provided consultations with respect to the procurement mentioned in the complaint or be interested in obtaining the right to perform the procurement.
- (3) The work of the commission shall be led by a chairperson appointed by the Procurement Monitoring Bureau from among the commission members. The commission shall have a quorum if at least one half of the commission members participate in the examination of a relevant question. The commission shall take decisions by voting. A decision shall be considered taken if a majority of the commission votes for it. In the event of a tied vote, the vote of the committee chairperson shall be decisive.

Chapter X Procedure for Examination of Complaints

Section 41. Right to Submit a Complaint

(1) Tenderers, candidates, sellers of goods, providers of services or performers of construction work (hereinafter – submitter of a complaint) shall have the right to submit to the Procurement Monitoring Bureau complaints regarding the actions of the contracting authority with respect to the legality of the procedures of open or restricted competition or negotiated procedure (hereinafter – procurement procedures) if the submitter considers that the contracting authority or the procurement commission has not observed the requirements of regulatory enactments which regulate procurement and in so doing have violated the lawful rights and interests of the submitter of the complaint. A tenderer may request that the Procurement Monitoring Bureau examine the budget possibilities of the contracting authority.

(2) Complaints regarding the questions referred to in Paragraph one of this Section may be submitted up to the time of entering into a procurement contract. After a procurement contract has been entered into, the submitter of a complaint may appeal decisions of the contracting authority to a court only in accordance with procedures prescribed by law.

(3) If a complaint has been submitted to the Procurement Monitoring Bureau prior the entering into a procurement contract, the Procurement Monitoring Bureau shall notify the contracting authority thereof and the contracting authority shall not enter into a procurement contract without a decision of the complaints examination commission that permits to enter into such contract.

(3¹) A complaint regarding the competition regulations may be submitted to the contracting authority not later than six working days prior to the end of the time period for the submission of tenders. If within a period of two working days after receipt of the complaint the contracting authority does not rectify the violation indicated in the complaint or has not provided a written reply to the submitter of the complaint, the submitter of the complaint may, up to the end of the time period for the submission of tenders, submit the complaint to the Procurement Monitoring Bureau.

(4) The Procurement Monitoring Bureau shall not accept a complaint if:

1) [24 October 2002]

2) a complaint with respect to the procurement procedures in connection with the same subject and on the same grounds has already been submitted and examined.

(5) If a complaint is submitted regarding activities of a contracting authority with respect to the legality of the procurement procedures and a complaint regarding the same procurement procedures has already been submitted earlier by another submitter of a complaint but such complaint has not yet been examined, such complaints may be combined and examined together.

(6) Complaints shall be submitted in writing and shall include the following information:

1) the name and address of the submitter of the complaint;

2) the name and address of the contracting authority regarding which the complaint has been submitted;

3) the facts regarding which the complaint is being submitted, indicating the violation;
and

4) the claim of the submitter of the complaint with respect to this complaint.

(7) The submitter of a complaint is entitled to recall in writing the submitted complaint at any time, while the Complaint Examination Commission has not commenced the examination of the relevant complaint.

(8) If a complaint is received, the Procurement Monitoring Bureau shall place information regarding it on the Internet, indicating the submitter of the complaint, the contracting authority and the procurement procedure the legality of which is disputed by the submitter of the complaint, as well as the day of examination of the complaint.

[22 October 2002; 5 June 2003]

Section 42. Examination of Complaints

(1) The commission shall examine a complaint within a period of one month after receipt of the complaint in the Procurement Monitoring Bureau. If due to objective reasons it is not possible to observe this time period, the Commission may extend it, notifying the submitter of this. In the case of procurements of seasonal nature, the complaints shall be examined within a period of 15 calendar days after receipt of the complaint in the Procurement Monitoring Bureau. Regulations regarding procurements of seasonal nature shall be prepared by the Cabinet.

(2) The commission shall permit entering into a contract if the complaint is:

1) unfounded;

2) founded, but the commission has taken a decision regarding measures to be performed by the contracting authority to rectify the causes of the complaint, and those have been rectified; or

3) founded, but the violations determined by the commission are not significant and cannot influence the decision regarding the awarding of the procurement right.

(3) The commission shall invite to the meeting for examination of a complaint the submitter of the complaint, the contracting authority and all the tenderers or candidates (hereinafter – participants) whose interests could be affected by the decision taken by the commission. The commission shall, at least three working days before a meeting, invite the participants to the meeting for examination of the complaint.

(4) The commission shall hear the views of all participants present. After hearing the participants, the commission shall continue work without the presence of the participants.

(5) The commission shall evaluate complaints on the basis of the facts presented by the submitter of a complaint and the participants, and explanations of the contracting authority. If the participants do not attend the examination of the complaint, the commission shall examine the complaint based on the facts accessible to it. The commission shall take a decision with respect to the submitted complaint and shall, within a period of three working days from taking the decision, send the decision to all participants.

(6) Participants may appeal the decision of the commission in court.

(7) The commission shall document in a report the course of examining the complaint and shall keep the report and information obtained during the examination for 10 years.

[24 October 2002; 5 June 2003]

Transitional Provisions

1. With the coming into force of this Law, the Law on State and Local Government Procurement (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1996, No. 23; 1998, No. 15; 2000, No. 9) is repealed.

2. If a State contracting authority has published an auction or competition for the awarding of a State procurement or has begun examining one tender before the coming in force of this Law comes, the published auction, competition or examination of one tender shall be concluded within a period of three months in accordance with the Law “On State and Local Government Procurement” and Cabinet Regulation No. 98 of 18 March 1997, “Regulations on Tenders and Competitions for the Awarding of State and Local Government Procurements” insofar as such is not in contradiction with this Law.

3. The Cabinet shall by 1 December 2003 prepare the regulations referred to in Section 16, Paragraph one, Clause 7 of this Law.

4. The Cabinet shall issue by 1 January 2004 the regulations referred to in Section 3, Paragraph six; Section 4, Paragraph three; Section 22, Paragraph five and Section 23, Paragraph seven of this Law. Up to the day that the regulation referred to in Section 3, Paragraph six of this Law comes into force regarding the organisation of combined design and construction work competitions, the Cabinet shall take a decision in each particular case.

5. The Cabinet shall by 1 June 2003 prepare the regulations referred to in Section 42, Paragraph one of this Law.

6. An announced open or restricted competition or design outline drawing competition or negotiated procedure regarding which a notice has been published on the Internet, shall be completed in accordance with those provisions of the Law that were in force on the day of the announcement of the open or restricted competition or design outline drawing competition or the day when the notice regarding the negotiated procedure was published on the Internet.

7. Until the day when the regulations referred to in Section 22, Paragraph five of this Law come into force, but not later than until 1 January 2004, the following Cabinet regulations shall be applied insofar as they are not in contradiction to this Law:

1) Cabinet Regulation No. 558 of 27 December 2001, Regulations regarding the Course of Open Competitions in relation to the Purchase or Lease of Goods (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 2002, No. 5);

2) Cabinet Regulation No. 559 of 27 December 2001, Regulations regarding the Course of Open or Restricted Competitions in relation to the Provision of Services (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 2002, No. 5); and

3) Cabinet Regulation No. 560 of 27 December 2001, Regulations regarding the Course of Open Competitions in relation to the Performance of Construction Work (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 2002, No. 5)

8. Amendments to Section 6, Paragraph one in relation to not including added value tax to the expected contract price shall come into force on 1 January 2004.

9. By the term “komercdarbība” [commercial activity] used in this Law is also understood entrepreneurial activity within the meaning of the Law on Entrepreneurial Activity.

10. Section 4, Paragraph one, Clauses 8, 9, 10 and 11 are repealed from 1 January 2004.
[22 October 2002; 5 June 2003]

Informative Reference to European Union Directives

The Law includes the legal norms, which arise from directives 92/50/EEC, 93/36/EEC, 93/37/EEC and 97/52/EEC.

[5 June 2003]

This Law shall come into force on 1 January 2002.

This Law has been adopted by the *Saeima* on 5 July 2001.

President
Rīga, 20 July 2001

V. Vīķe-Freiberga

Transitional Provisions Regarding Amendments to the Law On Procurement for State or Local Government Needs

Transitional Provision (regarding amending law of 5 June 2003)

With the coming into force of this Law, Cabinet Regulation No. 556, Amendments to the Law On Procurement for State or Local Government Needs (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 2003, No. 169) issued in accordance with Article 81 of the Constitution of the Republic of Latvia is repealed.