The *Saeima* has adopted and

the President has proclaimed the following Law:

**Law on Procurement in the Fields of Defence and Security**

**Chapter I General Provisions**

**Section 1. Terms Used in this Law**

The following terms are used in this Law:

1) Classified information – information which, in accordance with external laws and regulations, is deemed to be a state secret or protected as a state secret, and also information which, in accordance with laws and regulations, is deemed to be information for official use;

2) Subcontract – a contract, which is entered into in written form by and between a tenderer selected by a contracting authority under a procurement procedure and one or more other suppliers to ensure the performance of a procurement contract entered into by and between the contracting authority and the tenderer selected by the contracting authority under the procurement procedure, and the subject matter of which is the performance of works, supply of products or provision of services for remuneration;

3) Life cycle – consecutive stages of life of a product from research and development to disposal;

4) Works, supply and service contracts – procurement contracts for pecuniary interest entered into in writing by and between one or more contracting authorities and one or more suppliers, and the subject matter of which is:

a) for works contracts – the execution of the works specified in Division 45 of the Common Procurement Vocabulary (CPV), or both the execution and design of such works, or a work, or the realisation, by whatever means, of a work corresponding to the requirements specified by the contracting authority, as a result of which the contracting authority acquires the title thereto. A work within the meaning of this Law is the outcome of the aforementioned works taken as a whole that is sufficient of itself to serve the stated purpose,

b) for supply contracts – the purchase, hire-purchase, lease of goods, or lease with purchasing rights thereof. A contract, the subject matter of which is the supply of products and which also covers, as an incidental matter, the building-in or installation of the product, shall also be regarded as a supply contract;

c) for service contracts – the services referred to in Annexes 1 and 2 to this Law. If the subject matter of the contract is both the products and the services referred to in Annexes 1 and 2 to this Law and if the value of the services under the contract in monetary terms exceeds the value of the products, such contract shall be regarded as a service contract. If the subject matter of the contract is the services referred to in Annexes 1 and 2 to this Law and if the execution of the works specified in Division 45 of the Common Procurement Vocabulary (CPV) that are only incidental to the principal subject matter of the contract is also included therein, such contract shall be regarded as a service contract;

5) Central purchasing body – a contracting authority, except where the contracting authority is a subject of the Law on the Procurement of Public Service Providers other than a public body within the meaning of that law, and also a European public body, which:

a) purchases products or services intended for contracting authorities, or

b) conducts procurement procedures to conclude contracts or framework agreements for works, supplies or services intended for contracting authorities;

6) Electronic auction – a repetitive process involving an electronic means for the presentation of new prices, revised downwards, and/or new values concerning certain elements of tenders, which occurs after a full evaluation of the tenders, thereby ranking them by the prices or the values of specific parts thereof. Certain works contracts or certain service contracts, the subject matter of which is intellectual work (for example, designing), may not be the object of electronic auctions;

7) Electronic means – means of electronic communications, which are suitable for the processing (including digital compression) and storage of data received or sent via an electronic communications network, and for the transfer of data via electronic communications networks;

8) Procurement identification number – a designation, which includes an abbreviation of the name of the contracting authority, the relevant year and the procurement sequence number in ascending order. The contracting authority may also indicate other information in the end of the procurement identification number;

9) Common Procurement Vocabulary (CPV) – the reference nomenclature approved in the European Union, which is applied in public procurement procedures;

10) Procurement procedure – a procedure (restricted or negotiated procedure, or competitive dialogue), in accordance with which a contracting authority selects suppliers and awards works, supply or service contracts to them;

11) Contract price – total payment for the implementation of a contract, including all applicable taxes, except the value added tax;

12) Contracting authority – a commissioning party within the meaning of the Public Procurement Law and a public service provider within the meaning of the Law on the Procurement of Public Service Providers;

13) Research and development – all activities comprising fundamental and applied research and experimental development (production), where the latter may include the realisation of technological demonstrators, i.e., devices that demonstrate the performance of a new concept or a new technology in a relevant or representative environment;

14) Tender security – payment of a sum of money required by the procurement procedure documents into an account indicated by a contracting authority, a bank guarantee or insurance for a specific amount of money, which a tenderer submits together with a tender to the contracting authority as a security for the validity of the tender;

15) Supplier – a natural or legal person, or a consortium of such persons in any combination, which offers on the market to perform works, supply products or provide services, respectively;

16) Purchaser's profile – the website of a contracting authority available to the public on the Internet, where the contracting authority posts prior information notices, information regarding the announced or planned procurement procedures, concluded contracts, terminated or suspended procurement procedures, as well as other general information related to procurements;

17) Tenderer – a supplier who has submitted a tender under a restricted or negotiated procedure or a competitive dialogue;

18) Publications Management System – a national information system managed by the Procurement Monitoring Bureau and available on its website, which provides for the preparation, submission for publication and publication of procurement announcements on the website of the Procurement Monitoring Bureau, and for the sending thereof for publication in the Official Journal of the European Union;

19) Candidate – a supplier who has submitted an application in a restricted or negotiated procedure or a competitive dialogue;

20) Competitive dialogue – a procurement procedure where all interested suppliers may request the right to participate and where the contracting authority and the selected candidates deliberate the possibilities of developing one or more alternative solutions that would meet the requirements of the contracting authority, on the basis of which the selected candidates shall be invited to submit tenders;

21) Common Technical Specifications – the technical specifications that are laid down in accordance with the procedure recognised by the EU Member States and published in the Official Journal of the European Union;

22) Crisis – a situation in any country in which a harmful event has occurred or may occur which clearly exceeds the scale of harmful events in everyday life and which substantially endangers or restricts the life and health of people, or has a substantial impact on property values, or requires measures in order to supply the population with necessities. An armed conflict and war are deemed to be a crisis in any case;

23) Related person – a person over which a candidate or tenderer can, whether directly or indirectly, exert a decisive influence in the meaning of the Group of Companies Law, and a person which can exert a decisive influence on the candidate or tenderer, or which (as the candidate or tenderer) is under a decisive influence of another person;

24) Negotiated procedure – a procurement procedure, in which a contracting authority has deliberations with the selected suppliers and arranges negotiations regarding the contract terms with one or several of them;

25) Restricted procedure – a procurement procedure in which any interested suppliers may request the right to participate, while only those candidates that are invited by the contracting authority shall be entitled to submit tenders;

26) Technical reference – any product of the European standardisation organisations, with the exception of official standards established in accordance with the procedures adapted to the market needs;

27) Framework agreement – an agreement between one or more contracting authorities and one or more suppliers (or between a tenderer selected in a procurement procedure and one or several subcontractors), the purpose of which is to determine and characterise the contracts to be awarded during a given period and to establish the terms governing such contracts, in particular with regard to price and, where appropriate, the quantity envisaged;

28) Report – an overview that reflects the course of a procurement procedure.

**Section 2. Purpose of the Law**

The purpose of this Law is to ensure:

1) openness of the procurement procedure;

2) free competition of suppliers, as well as equal and fair treatment of them; and

3) effective use of the funds of contracting authorities, reducing their risk to the minimum.

**Section 3. Scope of Application of the Law**

(1) This Law shall apply to work, supply and service contracts for the following subject matters:

1) Products which have been developed or adjusted specifically for military needs and are to be used as weapons, ammunition or military equipment, including products of military nature referred to in a specific list in accordance with Article 346 of the Treaty on the Functioning of the European Union, and parts and components thereof;

2) Products intended for security purposes, including parts and components thereof, which include or process classified information or are otherwise related to such information;

3) Works, products or services which are directly related to the products referred to in Clauses 1 and 2 of this Paragraph in any stage of life cycle thereof;

4) Works or services which are directly intended for military purposes or for such works, or the provision of such services, information regarding which is classified;

(2) This Law shall also apply to such work, supply and service contracts, the objective of which is satisfaction of the provision needs of a unit of the National Armed Forces (for example, transport, warehouse, health care services, food and works necessary for the provision needs) and which are entered into in a country, which is not a European Union Member State, in a situation where the troops are stationed outside the territory of the European Union and contracts for ensuring international operations or international manoeuvres should be entered into with the suppliers, which are operating in the area of such operations or manoeuvres.

(3) If the subject matter of a contract comprises both the products, services or works which are subject to this Law and the products, services or works which are subject to the Public Procurement Law or the Law on the Procurement of Public Service Providers, and it is objectively impossible to differentiate the part of the contract which is not subject to this Law and enter into separate contracts, the contracting authority is entitled to apply this Law without applying the Public Procurement Law and the Law on the Procurement of Public Service Providers.

(4) If the subject matter of a contract comprises both the products, services or works which are subject to this Law and the products, services or works which are not subject to this Law and additionally to the Public Procurement Law or the Law on the Procurement of Public Service Providers, and it is objectively impossible to differentiate the part of the contract which is not subject to this Law and enter into separate contracts, the contracting authority is entitled not to apply this Law.

(5) The contracting authority shall not apply the Public Procurement Law and the Law on the Procurement of Public Service Providers also in cases where this Law applies to the subject matter of a contract and the contracting authority does not implement the procurement procedures stipulated in Section 6, Paragraph Three of this Law and the procedure for granting the right to enter into contracts in accordance with Section 4 or Section 6, Paragraph One of this Law stipulated in Section 6, Paragraph Seven hereof.

**Section 4. Exceptions to the Application of this Law**

(1) This Law shall not apply to procurement contracts, which a contracting authority enters into on behalf of the Republic of Latvia or its derived public person with a contracting authority of another country which, at the time of entering into the procurement contract, is acting on behalf of the relevant foreign country or its derived public persons (persons equivalent to derived public persons), for:

1) the products specified in Section 3, Paragraph One, Clauses 1 and 2 of this Law, and for the works or services specified in Section 4;

2) the works or services which are directly related to the products specified in Section 3, Paragraph One, Clauses 1 and 2 of this Law.

(2) This Law shall not apply if procurement contracts are awarded in accordance with:

1) specific procedural rules in accordance with international treaties signed by one or more European Union Member States and one or more countries other than the European Union Member States;

2) specific procedural rules in accordance with international treaties on the stationing of troops, which pertain to suppliers from a European Union Member State or a country other than a European Union Member State;

3) a specific procedure of an international organisation, regardless of whether a contracting authority from a member state of the international organisation is entering into a contract with a supplier which has been designated by the international organisation and to which the relevant international organisation has awarded the contract in accordance with the aforementioned procedure, or a contracting authority of that organisation awards the contract in accordance with the aforementioned procedure;

4) a cooperation programme implemented by two or more countries, which is focused on research and development, either aimed at creating a new product or necessary for the subsequent life cycle of the given product or parts thereof. Upon conclusion of an agreement on such a cooperation programme between European Union Member States only, the Member States shall indicate to the European Commission the share of research and development expenditure relative to the overall cost of the programme, the cost-sharing between Member States as well as the intended share of purchases per Member State.

(3) This Law shall not apply if a contracting authority enters into a contract for:

1) the purchase or lease of land, existing building or other immovable property or the acquisition of other rights to such immovable property with any financial resources;

2) the services of arbitration and the services, which are provided for the conciliation of parties;

3) financial services, with the exception of insurance services;

4) services of natural persons in accordance with employment contracts;

5) research and development services, with the exception of such services which a contracting authority pays off in full and uses for its own needs;

6) supplies, services or works ensuring the intelligence and counterintelligence operations;

7) supplies, services or works in a country other than a European Union Member State, in a situation when troops are deployed outside the European Union and procurement contracts for the provisioning of international operations or international manoeuvres are to be entered with suppliers who operate in the area of these operations or manoeuvres.

(4) This law shall not apply where the application thereof would require the contracting authority to provide such information, the disclosure of which may compromise national security, and a relevant permit from the Cabinet is obtained.

**Section 5. Determination of the Estimated Contract Price**

(1) The estimated contract price shall be determined prior to the initiation of the procurement procedure as the total planned payment by the contracting authority for the performance of the contract, which the supplier may receive from the contracting authority and other persons. The contracting authority, upon planning the total payment, shall take into account any form of option and any supplements to the contract, all taxes to be paid in relation to the contract (except the value added tax), as well as the value of prizes and payments if the contracting authority intends to award prizes or to disburse payments to candidates, tenderers or participants in a competitive dialogue.

(2) The prospective works projects, supplies or services may not be broken up into parts in order to avoid the application of this Law. A method which is aimed at the non-application of this Law may not be used for the determination of the estimated contract price.

(3) The estimated contract price of a works contract shall be the total value of all works or a work, including the contract price of the supplies or services which are necessary for the implementation of the contract and which the contracting authority intends to perform or provide to the contractor. The contracting authority shall not add the estimated contract price of the supplies and services, which are not necessary for the implementation of the specific works contract, to the estimated contract price of the works contract if in this way the application of the requirements of this Law to the relevant supply or service contracts may be avoided.

(4) If the potential subject matter of a works or service contract may be divided into parts, when entering concurrently into contracts for each of the parts, the estimated contract price shall be determined as the total amount of all the parts. The contracting authority shall apply the requirements of this Law to each part of the contract if the total amount of the parts is equal to or exceeds the corresponding contract price thresholds referred to in Section 6 of this Law. For those parts, the total estimated contract price whereof constitutes less than 20 percent of the total estimated contract price, the contracting authority shall be entitled to apply such procurement procedure rules that pertain to these parts pursuant to Section 6 of this Law, taking into account the estimated contract price of these parts, if this price is less than the contract price thresholds set by the Cabinet, or not to apply the procurement procedures if the estimated contract price of these parts is less than the contract price thresholds referred to in Section 6, Paragraph One of this Law.

(5) If similar products are intended to be procured, when entering concurrently into several supply contracts so that they are contracts concerning parts, the estimated contract price shall be determined as the total amount of all parts. The contracting authority shall apply the requirements of this Law to each part of the contract if the total amount of the parts is equal to or exceeds the corresponding contract price thresholds referred to in Section 6 of this Law. For those parts, the total estimated contract price whereof constitutes less than 20 percent of the total estimated contract price, the contracting authority shall be entitled to apply such procurement procedure rules that pertain to these parts pursuant to Section 6 of this Law, taking into account the estimated contract price of these parts, if this price is less than the contract price thresholds set by the Cabinet, or not to apply the procurement procedures if the estimated contract price of these parts is less than the contract price thresholds referred to in Section 6, Paragraph One of this Law.

(6) The estimated contract price for supply contracts providing for lease, lease with purchasing rights or hire-purchase shall be determined as follows:

1) for fixed-term contracts:

a) if the term is less than or equal to 12 months – as the total contract price for the term of the contract,

b) if the term is longer than 12 months – as the total contract price for the term of the contract, taking into account the residual value;

2) for termless contracts or contracts with an indefinable term – as the estimated monthly payment multiplied by 48.

(7) The estimated contract price for service contracts shall be determined as follows:

1) for insurance service contracts – as the total sum of the insurance premium payable and other forms of remuneration;

2) for service contracts, which include engineering, the designing and modelling of architecture or engineering structures – as the total sum of the fee for services, commission and other forms of remuneration.

(8) If the total contract price is not indicated for service contracts, the estimated contract price shall be determined as follows:

1) for contracts with a fixed term, which is less than or equal to 48 months – as the total contract price for the term of the contract;

2) for termless contracts or contracts with a term exceeding 48 months – as the estimated monthly payment multiplied by 48.

(9) If supply or service contracts are regularly entered into or if the term of the contract is extended in a specific period of time, the estimated contract price shall be determined as follows:

1) as the total actual value of the successive contracts of the same type during the preceding 12 months or the preceding financial year, taking into account the possible changes in quantity or value during the subsequent 12 months;

2) as the total estimated value of the successive contracts of the same type during the subsequent 12 months after the initial supply or during the next financial year (if it is longer than 12 months).

(10) If the prospective contract includes both supplies and services, the estimated contract price shall be determined as the total amount payable for the supplies and services, regardless of the respective share of such supplies and services in the contract. In this case, the costs of building-in and installation of the product shall also be included in the estimated contract price.

(11) The estimated contract price in the case of a framework agreement shall be the total contract price of all prospective contracts entered into during the term of the framework agreement.

**Section 6. Types and Application of Procurement Procedures**

(1) A contracting authority, which is a subject of the Public Procurement Law, shall apply the procurement procedures laid down in Paragraph Three of this Section and the procedure for awarding contracts laid down in Paragraph Seven of this Section if the contract price of supply contracts or service contracts is equal to or higher than 28,000 euros and the contract price of works contracts is equal to or higher than 170,000 euros. Upon entering into works, supply or service contracts, if the contract prices thereof are lower than the aforementioned contract price thresholds but equal to or higher than 4,000 euros for supply and service contracts and equal to or higher than 14,000 euros for works contracts, the contracting authority, which is a subject of the Public Procurement Law, shall pursue the procurement in accordance with the provisions of Paragraphs Nine and Ten of this Section. A contracting authority, which is a subject of the Law on the Procurement of Public Service Providers, shall apply the procurement procedures laid down in Paragraph Three of this Section and the procedure for awarding contracts laid down in Paragraph Seven of this Section if the contract price of works, supplies or service contracts is equal to or higher than the contract price thresholds set by the Cabinet.

(2) The contracting authority shall be entitled to apply the procurement procedures laid down in Paragraph Three of this Section and the procedure for awarding contracts laid down in Paragraph Seven of this Section also when the contract price of works, supply or service contracts is lower than the contract price thresholds set in Paragraph One of this Section.

(3) The procurement procedure options are as follows:

1) restricted procedure;

2) negotiated procedure;

3) competitive dialogue;

(4) For works, supply and service contracts, the contracting authority is entitled to freely choose a restricted procedure or a negotiated procedure with the publication of a contract notice.

(5) The contracting authority shall be entitled to apply a competitive dialogue if the contract to be entered into is deemed to be particularly complicated and there is a significant risk for the contracting authority to be unable to award a procurement contract or framework agreement by means of a restricted procedure or a negotiated procedure with the publication of a contract notice. A contract shall be deemed to be particularly complicated if at least one of the following criteria applies:

1) the contracting authority cannot objectively prepare technical specifications conforming to its requirements in accordance with Section 19, Paragraph Four, Clauses 2, 3 or 4 of this Law, and the contracting authority is unable to select the most suitable tender in a restricted procedure or a negotiated procedure with the publication of a contract notice;

2) the contracting authority cannot objectively determine the legal or financial solution of the project.

(6) The contracting authority shall be entitled to apply a negotiated procedure without the publication of a contract notice in accordance with Section 53 of this Law in the following cases:

1) if no applications or tenders have been submitted, or tenders that do not meet the requirements specified in the procurement procedure documents have been submitted, for a previously announced procurement procedure, and the procurement contract provisions are not significantly different with respect to the requirements for the performance of the contract in the relevant previously announced procurement procedure. Upon the request of the European Commission, the contracting authority shall send the notice thereto;

2) if tenders that do not meet the requirements specified in the procurement procedure documents have been submitted for a previously announced procurement procedure, the procurement contract provisions are not significantly different with respect to the requirements for the performance of the contract in the relevant previously announced procurement procedure, and if the contracting authority invites to the negotiations only those tenderers who have not been excluded from participation in the relevant previously announced procurement procedure in accordance with Section 44 of this Law and meet the stipulated qualification requirements;

3) in the case of a military or security crisis, if it is not possible due to urgency to apply a restricted procedure or a negotiated procedure with the publication of a contract notice; also when the contracting authority makes use of all the options for reducing the application and tender submission terms specified in this Law;

4) if, as a result of extraordinary (force majeure) circumstances that the contracting authority could not foresee (such as natural disasters or accidents), a situation has objectively occurred for the contracting authority, where it is not possible due to urgency to apply a restricted procedure or a negotiated procedure with the publication of a contract notice; also when the contracting authority makes use of all the options for reducing the application and tender submission terms specified in this Law – to the extent necessary to remedy the emergency situation. The aforementioned circumstances, which justify the emergency situation, shall not be allowed to be dependent on the contracting authority's actions;

5) if, due to technical reasons or reasons associated with the protection of exclusive rights, the contract may only be entered into with a specific supplier;

6) if the subject matter of the contract is research and development services;

7) if the subject matter of the contract is products manufactured solely for research and development, except where such products are manufactured in large scale to assess their commercial viability or cover the research and development costs;

8) if the contracting authority needs additional supplies from the initial supplier (manufacturer) of products in order to supplement or partly replace the products or equipment already at the disposal thereof because, upon selecting another supplier (manufacturer) of the products, the contracting authority would have to procure products, which would differ technically from those products already at the disposal thereof and such difference would cause difficulties associated with the maintenance and operation of the products or equipment. The period of validity of such contract, and also of a recurrent contract, may not exceed five years. In exceptional cases, the term referred to above may be longer, taking into account the expected service life of the products, equipment or systems to be supplied and the technical difficulties that may arise in the case of selecting another supplier (manufacturer);

9) if the subject matter of the contract is the supply of such products, which are quoted and which the contracting authority purchases on the commodity market;

10) if there is an opportunity for the contracting authority to purchase products on particularly favourable terms from the supplier, which, when terminating its commercial activity, organises a sale, or from liquidators or administrators of insolvency proceedings, who organise an auction of the property of a bankrupt economic operator pursuant to the insolvency legislation;

11) if the contracting authority requires additional works or services, which were not initially included in the contract or building project, but, due to unforeseen circumstances, have become necessary for the implementation of the contract previously entered into, and the following conditions are observed:

a) the total contract price in additional procurement contracts does not exceed 50 per cent of the contract price of the contract previously entered into,

b) the necessary additional works are performed or services provided by the implementer of the contract previously entered into,

c) additional works or services cannot be technically or economically separated from the works or services provided for in the contract previously entered into, without causing significant difficulties to the contracting authority, or the additional works or services are essential for the performance of the contract previously entered into, even though it is possible to separate them from the works or services provided for in this contract;

12) if the subject matter of the contract is a repeated performance of works or provision of services provided for in a previously concluded contract, which are entrusted to the executor thereof, and such works or services are consistent with the project underlying the previously concluded contract. This condition shall apply to cases where the initial contract has been entered into through a restricted procedure or a negotiated procedure with the publication of a contract notice, or through a competitive dialogue, if the contract notice envisages re-contracting and the value of the repeatedly required works or services is also taken into account in determining the estimated contract price. These provisions may be applied within five years from entering into the initial contract. In exceptional cases, these provisions may be applied for a longer period, taking into account the expected service life of the products, equipment or systems to be supplied and the technical difficulties that may arise in the case of selecting another supplier;

13) if the contracting authority requires air and water transport services for the deployment of armed or security forces abroad, and the contract is entered into with a supplier which guarantees the validity of the tender for such a short term that it is impossible to apply a restricted procedure or a negotiated procedure with the publication of a contract notice, also when the contracting authority makes use of all the options for reducing the application and tender submission time limits specified in this Law.

(7) If the contract is entered into for the services referred to in Annex 2 to this Law, the contracting authority shall be entitled not to apply the procurement procedures specified in this Law and shall apply the provisions of Sections 19, 34, 41, 52, 54, 55 and 56 hereof instead. Prior to carrying out the procurement, the contracting authority shall publish on its website an announcement thereof, indicating the time limit for submission of tenders and the location where the technical specifications are available.

(8) If the subject matter of the contract are the services referred to in both Annexes 1 and 2 to this Law, the contracting authority shall apply the procurement procedures specified in this Law if the contract price for the services referred to in Annex 1 exceeds the contract price for the services referred to in Annex 2 hereto. If the contract price of the services referred to in Annex 2 to this Law exceeds the contract price of the services referred to in Annex 1 hereto, the contracting authority shall apply the conditions of Paragraph Seven of this Section.

(9) If the contract price of a supply contract or a service contract is equal to or higher than 4,000 euros but lower than 28,000 euros and the expected contract price of works contract is equal to or higher than 14,000 euros but lower than 17,000 euros, the contracting authority, which is a subject of the Public Procurement Law, shall conduct the procurement observing at least the provisions of Chapters 19 and 41, Chapter 52, Paragraph Two, Clauses 1 and 2, Paragraphs Four, Five, Six and Seven, Chapters 55 and 56 of this Law, as well as prior to conducting the procurement shall, except cases when the procurement complies with the conditions of Paragraph Six of this Section, publish on its website an announcement thereof, indicating the time limit for submission of tenders and the location where the technical specifications are available.

(10) A person, which is or has been interested in being awarded with a procurement contract or framework agreement, or qualifies to be the winning tenderer, and which deems that its rights have been or may be infringed upon in relation to the relevant procurement subject to the provisions of Paragraph Nine of this Section as a consequence of a potential violation of laws and regulations, shall be entitled to appeal against the decisions made by the contracting authority in the Administrative District Court pursuant to the procedure established in the Administrative Procedure Law. Appeal against the decision made by the contracting authority shall not suspend the execution thereof.

(With the amendments made with the Law of 19.09.2013, which comes into force on 10.10.2013. The amendments to Paragraphs One and Nine shall enter into force on 01.01.2014. See Section 4 of the Transitional Provisions

**Section 7. Contract Price Thresholds**

The contract price thresholds referred to in Section 5, Paragraphs Four and Five, Section 6, Paragraph One, Section 36, Paragraph Four, Section 37, Paragraphs Two, Three, Four and Seven, Section 58, Paragraph Five, Section 63, Paragraph Two, Clause 3, Section 67, Paragraph Three, Clause 2, Sub-clause a, Section 68, Paragraph One, Clause 6, and Paragraph Two, Clause 2 shall be determined by the Cabinet on the basis of the European Union's international obligations in relation to the contract price thresholds to be observed by the contracting authorities which are subjects of the Law on the Procurement of Public Service Providers. The Cabinet shall determine the referred to contract price thresholds at least once in every two years within one month after the European Commission has announced the relevant contract price thresholds in the Official Journal of the European Union.

**Chapter II General Provisions for Procurement Procedures**

**Section 8. Privileged Contracts**

(1) If the subject matter of an intended contract allows it, the contracting authority shall be entitled to reserve the opportunity of participating in procurement procedures only for those candidates or tenderers, which mainly (more than 50 per cent of the average number of employees per year) employ disabled persons, who need special working conditions.

(2) When applying Paragraph One hereof, the contracting authority shall make a reference to this Section in the contract notice.

**Section 9. General Conditions in Relation to Suppliers**

The contracting authority shall not reject a candidate or tenderer if, pursuant to the Latvian legislation, only natural or legal persons are entitled to provide the service concerned, whereas the candidate or tenderer is entitled to provide services in accordance with the legislation of the European Union Member State in which it is incorporated or has the domicile.

(2) If a works or service contract is being entered into or if a supply contract also includes the building-in or installation of a product, the contracting authority shall be entitled to request that the tenderer indicates in the tender, or the candidate indicates in the application regarding the participation in the procurement procedure, the persons responsible for the implementation of the given contract and the professional qualifications thereof.

(3) Suppliers which constitute a consortium of persons shall be entitled to apply as candidates or submit tenders. The contracting authority is not entitled to impose requirements regarding a definite legal status of such a consortium, so that it would submit an application for participation in the procurement procedure as a candidate or submit a tender as a tenderer. However, the contracting authority shall be entitled to request that the consortium, in relation to which a decision has been made to enter into a contract, is established in a definite legal status if this is necessary for successful performance of the contract.

(4) A supplier, which has participated in any previous stage of the relevant procurement project or in the development of the procurement procedure documents, is not entitled to participate in the next stages of the same project or in the relevant procurement procedure if the referred to conditions provide this supplier with advantages in this procurement procedure, thereby preventing, restricting or distorting the competition. Stages of a procurement project shall mean several successively performed procurements, which ensure the achievement of a unified end result.

(5) The contracting authority, having established the conditions referred to in Paragraph Four of this Section, prior to the potential rejection of a candidate or a tenderer, shall allow it to prove that there are no circumstances, which would provide this candidate or tenderer any advantages in the relevant procurement procedure, thereby preventing, restricting or distorting the competition.

**Section 10. Confidentiality**

(1) The contracting authority shall be entitled to impose requirements for the protection of such information, which it has conveyed to suppliers together with technical specifications, as well as during the procurement procedure. The contracting authority shall be entitled to apply these conditions also to the subcontractors of the suppliers.

(2) Unless otherwise provided by law, the contracting authority shall not disclose information which it has received from other suppliers as a trade secret pursuant to the legislation in the field of business.

(3) An application and tender of a supplier, and also documents with which the supplier supplements or clarifies the information contained in the application or tender in accordance with the provisions of this Law, shall not be generally available information, and these documents may not be presented or issued to persons who are not involved in the evaluation of the applications and tenders, with the exception of persons who, pursuant to laws and regulations, have the right to see these documents and receive them for the purpose of performing the office duties.

**Section 11. Procurements Conducted by Central Purchasing Bodies**

(1) The contracting authority may procure works, products and services from a central purchasing body or to receive works, products and services through the mediation thereof.

(2) If the contracting authority procures works, products or services from a central purchasing body or receives works, products and services through the mediation thereof, it shall be deemed that the contracting authority has applied the requirements of this Law, provided that one of the following conditions is met:

1) a central purchasing body, which is not the contracting authority, upon making the relevant procurements or organising the relevant procurement procedures, has applied the requirements of this Law;

2) a central purchasing body, which is not the contracting authority, has applied provisions equivalent to those of this Law, and options for disputing and appealing decisions equivalent to those provided by this Law have been granted.

(3) The contracting authority may not apply the requirements of this Law if the procurement for the needs thereof is conducted by a contracting authority from another Member State of the European Union, acting in the capacity of a central purchasing body, which, in carrying out the relevant procurement, applies such legislative requirements that are consistent with the European Union law in the field of public procurement.

**Chapter III Provisions on Procurement Procedure Documents and Requirements**

**Section 12. Procurement Procedure Documents**

(1) The candidate selection regulations shall include:

1) the contracting authority's name, address and other information concerning the contracting authority to be included in the contract notice;

2) the procurement identification number;

3) a description of the subject matter of the procurement; in the case of a competitive dialogue – characterisation of the needs and requirements;

4) the location, date and time of the submission of applications;

5) the requirements for the execution and submission of an application, and also information regarding the language(s), in which the application is to be submitted;

6) the provisions of Section 44 of this Law or reference thereof and the information to be submitted which is necessary for the evaluation of the supplier in accordance with the aforementioned provisions;

7) the requirements regarding the supplier's conformity for the performance of professional activities (Section 13), economic and financial standing (Section 14), technical and professional abilities (Section 15), quality management system to be used (Section 16), and information to be submitted in line with these sections, which is necessary for evaluating the supplier in accordance with the specified requirements;

8) the candidate evaluation methodology, if Section 18, Paragraph One of this Law is being applied;

9) other information and other requirements set in accordance with the provisions of this Chapter.

(2) The call to submit a tender in a restricted procedure and a competitive dialogue and the call to negotiations in a negotiated procedure with the publication of a contract notice shall include at least:

1) a reference to the published contract notice;

2) a reference regarding the date by which the candidate is entitled to request additional documents;

3) a reference regarding the tender submission time limit, address to which the tenders are to be sent, language(s) in which the tender is to be submitted, and the requirements relating to the execution of the tender documents, submission thereof, and the financial offer form;

4) in a restricted procedure and competitive dialogue – a reference regarding the tender opening date, time and venue; in a negotiated procedure with the publication of a contract notice – a reference regarding the time and venue of the initiation of the negotiations, and information regarding the aspects of the tender to be discussed in the negotiations;

5) information regarding the tender security, if applicable, and the amount, term, possible type and disbursement conditions thereof in accordance with Section 27 of this Law;

6) technical specification (Section 19) and other necessary documents or a reference to the internet address of the website where these documents are available if the contracting authority provides free and direct electronic access to the procurement procedure documents and any additionally required documents;

7) if necessary, the contract performance provisions, mainly in relation to the protection of information (Section 21), contract performance security (Section 22), subcontracting (Section 23), and also social circumstances or environmental protection requirements (Section 24);

8) if necessary, a reference to any additional documents to be submitted in order to verify the representations submitted in accordance with the requirements of the contracting authority included in the contract notice or candidate selection requirements, or to supplement the information contained therein. Such additional documents shall be requested pursuant to the provisions of Sections 14 and 15 of this Law;

9) a reference regarding the relative worth or order of significance of the tender selection criteria and tender evaluation criteria (Section 26), if such are not specified in the contract notice or candidate selection regulations;

10) if necessary, information regarding the electronic auction process in accordance with Section 25 of this Law;

11) a draft procurement contract or draft framework agreement;

12) if necessary, other information and other requirements set in accordance with the provisions of this Chapter.

(3) The call to a dialogue shall include at least:

1) the data referred to in this Section, Paragraph Two, Clauses 1, 6, 8, 9 and 12;

2) a reference regarding the location and time of the initiation of the dialogue, and the language(s) in which the dialogue is to be conducted;

3) if necessary, information regarding payments and awards to the participants in the dialogue.

(4) If the procurement procedure documents and additionally required documents are not available at the contracting authority's location but at a different institution, the address at which these documents may be requested and also, if necessary, the date by which they may be requested, the amount of payment in accordance with Section 38, Paragraph Seven of this Law, and the payment procedure thereof shall be specified in the call to submit a tender or to participate in the negotiations. The institution responsible for providing the procurement procedure documents shall provide or send the documents immediately after receipt of the request.

(5) The contracting authority shall determine the minimum level of capability required in the procurement procedure documents and the scope of requirements for the performance of the relevant contract commensurably with the subject matter of the contract. The requirements set may not create unjustified restrictions on competition. Such minimum eligibility level requirements shall be included in the contract notice and procurement procedure documents.

**Section 13. Conformity for the Performance of Professional Activities**

(1) The contracting authority shall be entitled to request evidence that the relevant supplier is incorporated, licensed or certified in accordance with the statutory requirements of the country in which it is incorporated or has the domicile.

(2) In case of a service contract, if the supplier must be duly authorised or must be a member of a specific organisation to be able to provide the service concerned in the country in which it is incorporated or has the domicile, the contracting authority may request evidence regarding such authorisation or membership.

**Section 14. Economic and Financial Standing**

(1) The contracting authority shall be entitled to set the minimum requirements regarding the economic and financial standing of the supplier. The conformity of the supplier's economic and financial standing to the requirements set may be attested primarily by:

1) a certification of a credit institution or, if necessary, evidence of the relevant professional risk insurance company;

2) financial statements or an extract thereof (if such information may be disclosed in accordance with the legislation of the country in which the supplier is incorporated or has the domicile);

3) a certification regarding the supplier's total financial turnover or, if necessary, the financial turnover, which relates to the relevant procurement, but for no more than three previous fiscal years.

(2) The supplier may rely on the capacity of other entrepreneurs if it is necessary for the performance of the relevant contract, regardless of the legal nature of mutual relations thereof. In such case, the supplier shall prove to the contracting authority that it will have the necessary resources at the disposal thereof, by submitting an attestation of these entrepreneurs or an agreement regarding cooperation for the performance of the relevant contract. A supplier which is a consortium of persons may also rely on the capacity of members thereof.

(3) The contracting authority shall determine in the contract notice or procurement procedure documents, which of the documents referred to in Paragraph One of this Section or other documents are to be submitted by the supplier.

(4) If, due to substantiated reasons, the supplier is unable to submit the documents requested by the contracting authority, it is entitled to attest its economic or financial standing with any other documents, provided that the contracting authority considers these as appropriate.

**Section 15. Technical and Professional Abilities**

(1) The contracting authority shall be entitled to set the minimum requirements regarding the technical and professional abilities of the supplier. (2) The conformity of the technical and professional abilities of the supplier with the nature, quantity and level of significance of works, supply or services may be attested primarily by:

1) information regarding the works performed, appending statements and references regarding the performance of the most significant works within the five preceding years. Information regarding the scope of the relevant works, work types, completion time limit and location, and also information whether all the works have been performed in conformity with the relevant standards and properly completed shall be included in the these statements. If necessary, the contracting authority of the works referred to in the statements shall submit such statements directly to the contracting authority;

2) information regarding the most significant supplies performed or services provided during the five preceding years, indicating amounts, time and recipients (public persons or private persons). A buyer's testimonial shall be enclosed with the information, except where the buyer was an individual and it is no longer possible to obtain testimonials. In this case, the supplier's attestation shall be enclosed;

3) information regarding the technical personnel or institutions, which are responsible for the quality control, and, if works are to be performed, regarding the technical personnel or institutions, which will be involved in the performance thereof;

4) a description of the technical equipment and means which are used by the supplier of products or the provider of services for quality assurance or for conducting studies and trials, and also the rules on the use of intellectual property;

5) an inspection, which is performed by the contracting authority or by a competent authority of the country of the product supplier on behalf of the contracting authority. The referred to inspection shall relate to the production capacity of the product supplier or the technical capacity of the service provider and, if necessary, to the research and trial methods and the quality control measures, which they will perform;

6) documents attesting the education or professional qualifications of the managerial staff of the supplier – work performer and service provider, – especially of the persons who are responsible for the management of works or provision of services, including within the framework of the supply contract;

7) for works and service contracts – a description, indicating measures to be taken for meeting the requirements of environmental protection, which the supplier is capable of implementing, when performing the contract;

8) information regarding the average number of employees of the performer of works and the provider of services per year and the number of the managerial staff during the last three years;

9) information regarding tools, equipment and technical utilities, number and qualifications of employees, and sources of supply (indicating the location thereof – if located in a country which is not a European Union Member State), which are available to the supplier for the performance of the contract, including for the modernisation or adaptation of the products to be supplied, and also for the required additional works, supplies or services in the event of a crisis;

10) proof of the supplier's ability to ensure the protection of classified information pursuant to the laws and regulations in the field of protection of information for official use and state secrets. A facility security clearance certificate of a relevant category (for a legal person) and a special permit for access to state secrets (for a natural person), or a description of the specific measures to ensure the protection of information for official use shall primarily be deemed to be such a proof;

11) in relation to the products to be supplied:

a) samples, descriptions and photographs, the authenticity of which shall be verified if requested by the contracting authority,

b) a certificate of the quality control institution (the competence of which is recognised in accordance with the laws and regulations in the field of standardisation), which confirms the conformity of the products with the relevant technical specifications or standards.

(2) If a procurement contract includes the performance of works or provision of services, the supplier's ability thereof shall be evaluated mainly in terms of its experience, qualifications, operational efficiency and reliability.

(3) The contracting authority shall determine in the contract notice or procurement procedure documents, which of the documents referred to in Paragraph One of this Section or other documents are to be submitted by the supplier.

(4) The supplier may rely on the capacity of other entrepreneurs if it is necessary for the performance of the relevant contract, regardless of the legal nature of mutual relations thereof. In such case, the supplier shall prove to the contracting authority that it will have the necessary resources at the disposal thereof, by submitting an attestation of these entrepreneurs or an agreement regarding cooperation for the performance of the relevant contract. A supplier which is a consortium of persons may also rely on the capacity of members thereof.

(5) If, due to substantiated reasons, the supplier is unable to submit the documents requested by the contracting authority, it is entitled to prove its technical and professional abilities with any other documents, which the contracting authority considers as pertinent.

(6) A supplier which is incorporated or has a domicile in a foreign country shall be entitled to satisfy the requirement specified in this Section, Paragraph One, Clause 10 to submit a facility security clearance certificate of a relevant category (for a legal person) and a special permit for access to state secrets (for a natural person) by submitting a statement that a competent authority (security authority) of its state of incorporation or domicile has issued these documents. In this case, the contracting authority shall request the Constitution Protection Bureau to provide a certification that the supplier has obtained the facility security clearance certificate of a relevant category (for a legal person) or the special permit for access to state secrets (for a natural person) which is recognised as valid in the Republic of Latvia.

(7) If necessary, the contracting authority shall be entitled to give the candidate additional time for obtaining the proofs referred to in this Section, Paragraph One, Clause 10 – on condition that a possibility of extending the time limit is provided in the contract notice.

(8) In addition to the fulfilment of the requirements of this Section, Paragraph One, Clause 10, the contracting authority shall be entitled to request the Constitution Protection Bureau, if necessary, in cooperation with the competent authority (security authority) of the supplier's state of incorporation or domicile, to inspect the supplier's premises and equipment, production and administrative procedures, information exchange arrangements and details of the supplier's staff required for the performance of the contract.

**Section 16. Quality Management Systems**

The contracting authority may require inspection of the supplier's quality management system. In this case, the contracting authority shall refer to the quality assurance systems which meet definite European certification standards and are certified by relevant authorities which comply with the European certification standards. The contracting authority shall recognise equivalent certificates issued by authorities in other European Union Member States and accept other proofs of equivalent quality assurance measures submitted by the supplier.

**Section 17. Environmental Management Standards**

If the contracting authority, having regard to the nature, scope and significance of the works or services, in accordance with Section 15, Paragraph One of this Law, requires the supplier to certify its ability to implement the measures for meeting the environmental protection requirements during the contract performance, the supplier shall be entitled thereto as follows:

1) by registering with the Environmental Management and Audit System (EMAS);

2) with a certificate of the competent authority of Latvia or another European Union Member State, which certifies the conformity thereof with the European or international environmental management standards;

3) with other proofs of equivalent measures ensuring satisfaction of the environmental protection requirements.

**Section 18. Reduction in the Number of Candidates, Negotiated Solutions and Tenders**

(1) The contracting authority may specify the number of candidates whom it shall invite to submit tenders or to participate in negotiations or dialogue. In this case, the contracting authority shall, in the contract notice and in the candidate selection regulations, indicate objective and non-discriminatory criteria or rules it shall apply, and the minimum and, where necessary, the maximum number of candidates it intends to invite. The minimum number of candidates to be invited shall be three.

(2) The contracting authority may stipulate that the negotiated procedure with the publication of a contract notice and the competitive dialogue shall take place in successive stages in order to reduce correspondingly the number of those tenders or solutions which shall be assessed in accordance with the specified tender selection criterion during the negotiations or dialogue. In this case, the contracting authority shall indicate its intention to avail of this option in the contract notice or in the procurement procedure documents.

**Section 19. Technical Specifications**

(1) Technical specifications shall be included in the procurement procedure documents. Technical specifications shall ensure equal opportunities for all tenderers, and they may not create unjustified restrictions for the competition in procurement procedures.

(2) Technical specifications for works contracts is a summary of technical descriptions, which determines the requirements of the contracting authority regarding materials, products, technical equipment or objects and which characterises the materials, products, technical equipment or objects in such a way that, upon acquisition thereof, they would conform to the purposes intended by the contracting authority. These descriptions shall include environmental protection requirements, design requirements (also requirements in relation to accessibility for disabled persons), requirements for conformity assessment and implementation, manufacturing processes and methods, safety rules, quality assurance system, terminology, dimensions, symbols, testing rules and methods, requirements for packaging, labelling and user guide. Technical specifications shall also include rules regarding work completion tests and work acceptance, requirements in relation to methods and technology for performance of works and other technical rules which the contracting authority has provided for works or a work as a whole, or for materials and objects, which are intended to be used in the work.

(3) Technical specifications for supply and service contracts shall include the requirements for necessary supplies and services, such as quality levels, environmental protection requirements, design requirements (also requirements in relation to accessibility for disabled persons), performance requirements, product use requirements, safety rules, dimensions, terminology, symbols, testing rules and methods, requirements for product name under which it is sold, packaging and labelling, user guide, manufacturing processes and methods and conformity assessment methods. For service contracts, the objective of the services, methods and resources to be used (if necessary) and the end result shall be set out in addition.

(4) Technical specifications shall be prepared in one of the following ways:

1) with reference to the technical specifications referred to in Paragraphs Two and Three of this Section and to the standards in the following order: the European standards adapted in the status of Latvian national standards, European technical approvals, common technical specifications, international standards adapted in the status of Latvian national standards, other international standards, other technical reference systems established by the European standardisation organisations, or, if the standards referred to do not exist, the Latvian national standards, the national technical approvals or the national technical specifications, and technical specifications developed and mutually recognised by manufacturers, standards in the military field (industry standards which may not be publicly accessible information) or similar technical specifications for military products. Each reference shall include the words “vai ekvivalents” [or equivalent];

2) by defining the functional requirements or operational requirements, which may also include the requirements for environmental protection. The requirements shall be precisely defined, so that the tenderer could identify the subject matter of the contract, and the contracting authority – compare tenders;

3) by specifying the functional or operational requirements in accordance with Clause 2 of this Paragraph and with reference to the specifications in accordance with Clause 1 of this Paragraph in order to ensure the conformity with the functional or operational requirements; or

4) by referring to specifications in accordance with Clause 1 of this Paragraph, while specifying other requirements as functional requirements or operational requirements in accordance with Clause 2 hereof.

(5) If the contracting authority prepares a technical specification in accordance with Paragraph Four, Clause 1 of this Section, it shall not reject a tender because the product or service tendered do not conform to the standards or technical specifications indicated in the reference if the tenderer can prove by means of the documentation of the manufacturer or a certification issued by a competent authority regarding test results that the tender is equivalent and satisfies the requirements of the contracting authority stated in the technical specification. Within the meaning of this Section, a competent authority is deemed to be the European standards-compliant Latvian or foreign testing and calibration laboratory and certification and inspection authority.

(6) If the contracting authority prepares the technical specification by defining the functional or operational requirements, it shall not reject tenders, which comply with the European standards adapted in the status of Latvian national standards and European technical approvals, common technical specifications, other international standards, other technical reference systems established by European standardisation authorities, Latvian national standards or other technical reference systems, if these standards, technical specifications or reference systems specify the same functional or operational requirements, which have been set out by the contracting authority. In such case, the tenderer shall prove in its tender by means of the documentation of the manufacturer or a certification issued by the competent authority regarding the test results that the tendered works, products or services, which conform to the standards, technical specifications or reference systems previously referred to, satisfy the functional requirements or operational requirements specified by the contracting authority.

(7) If the contracting authority determines the requirements for environmental protection as the functional requirements or operational requirements in accordance with Paragraph Four, Clause 2 of this Section, it shall be entitled to apply detailed specifications, or parts thereof, under European, multinational or any other eco-label schemes if:

1) these specifications are sufficient in order to describe products or services which are the intended subject matter of the contract;

2) the requirements for eco-labelling have been prepared on the basis of scientific data;

3) the eco-labelling has been approved, using procedures in which all stakeholders – State institutions, consumers, manufacturers, distributors and environmental organisations – may participate; or

4) the specifications defined by the eco-labelling are available to all stakeholders and interested parties.

(8) When applying Paragraph Seven of this Section, the contracting authority shall be entitled to indicate that it assumes that the products or services, which have an eco-label, conform to the requirements stated in the technical specifications and procurement procedure documents. In this case, the contracting authority shall accept the documentation of the manufacturer or a certification issued by a competent authority regarding the test results as an equivalent proof of conformity with the requirements set out in the technical specifications and indicated in the procurement procedure documents.

(9) If it is not decisive for the existence of the subject matter of the contract, technical specifications need not indicate a specific origin, special process, brand, patents or specific types of products, which create advantages or a reason for rejection of certain suppliers or products. Such reference may be included in exceptional cases if it is not possible to prepare a sufficiently exact and clear description of the subject matter of the contract in accordance with Paragraphs Four and Five of this Section. In such case, the reference shall be used together with the wording “vai ekvivalents” [or equivalent].

**Section 20. Variants of Tenders**

(1) If the criterion for tender selection is the economically most advantageous tender, the contracting authority shall be entitled to offer the option of submitting variants of tenders.

(2) The contracting authority shall indicate in the contract notice whether the submission of variants of tenders is allowed. Tender variants may not be submitted without such indication made.

(3) The contracting authority shall indicate the level of minimum requirements in the procurement procedure documents for variants and specific requirements for indicating thereof in a tender.

(4) The contracting authority shall only review those variants of tenders, which conform to the minimum level of requirements set out by the contracting authority.

(5) If it is intended to enter into a supply or service contract via procurement procedures and the contracting authority has allowed the submission of variants of tenders in accordance with Paragraph Two of this Section, it shall not reject a variant of a tender only on the basis of the fact that, in the case of a tender selection, a service contract shall be entered into instead of a supply contract or vice versa.

**Section 21. Protection of Information**

(1) If the supplier must create, acquire, store or use classified information in the preparation of an application or tender or in the execution of a procurement contract, the contracting authority shall indicate in the contract notice or in the procurement contract documentation all those procurement contract items which pertain to such information, also specifying whether the information in question has been recognised as information for official use, confidential information, secret information or top secret information, and indicating all requirements for the protection of classified information pursuant to the laws and regulations for information of official use and for protection of state secrets.

(2) The requirements which the contracting authority has specified for the protection of classified information shall fully apply to any supplier intending to participate or participating in the procurement procedure as a candidate or tenderer, and to the subcontractors of such suppliers, to the extent that these requirements are related to the part of the procurement contract to be delegated for performance to the subcontractor.

(3) The contracting authority shall specify in the contract notice or procurement procedure documentation which of the documents referred to in Paragraph Four of this Section or other documents must be submitted by the supplier in order to demonstrate the ability to ensure that classified information is protected in accordance with the requirements indicated in the contract notice or procurement procedure documentation.

(4) The supplier's ability to fulfil the requirements set out in the contract notice or procurement procedure documentation may primarily be demonstrated by:

1) a statement that the supplier and the subcontractors indicated in the tender shall ensure the protection of classified information during the procurement contract term and thereafter in accordance with the requirements specified by the contracting authority;

2) a statement that, in executing the contract, the supplier shall submit the statement referred to in Paragraph Four, Clause 1 of this Section for each subcontractor which is not indicated in the tender, but will be involved in the execution of the procurement contract;

3) a description of specific measures for ensuring the protection of information for official use or certified copies of a facility security clearance of the relevant category (for a legal person) and a special permit for access to state secrets (for a natural person) issued to the supplier and the subcontractors indicated in the tender (if the relevant subcontractor will create, acquire, store or use classified information);

4) a statement that, in executing the contract, the supplier shall submit to the contracting authority the documents referred to in Paragraph Four, Clause 3 of this Section for each subcontractor, which is not indicated in the tender, but will be involved in the execution of the procurement contract, before involvement of the subcontractor in the execution of the contract, if the relevant subcontractor will create, acquire, store or use classified information.

(5) A supplier which is incorporated or has a domicile in a foreign country shall be entitled to satisfy the requirement specified in this Section, Paragraph Four, Clauses 3 and 4 to submit a facility security clearance certificate of the relevant category (for a legal person) and a special permit for access to state secrets (for a natural person) by submitting a statement that a competent authority (security authority) of its state of incorporation or domicile has issued these documents. In this case, the contracting authority shall request the Constitution Protection Bureau to provide a certification that the supplier has obtained the facility security clearance certificate of the relevant category (for a legal person) or the special permit for access to state secrets (for a natural person) which is recognised as valid in the Republic of Latvia.

6) The inability of the tenderer selected in the procurement procedure to satisfy the requirements of the contracting authority regarding the protection of classified information shall be the basis for the contracting authority to unilaterally withdraw from the procurement contract. The inability of a subcontractor of the tenderer selected in the procurement procedure to satisfy the requirements of the contracting authority regarding the protection of classified information shall be the basis for the contracting authority to assign the tenderer selected in the procurement procedure to replace the subcontractor in accordance with the procedure stipulated in this Law.

**Section 22. Contract Performance Security**

(1) For the purpose of ensuring that the necessary works are performed, supplies made and services provided within the term specified in the procurement contract and in accordance with the requirements of the contracting authority, also in crisis situations, the contracting authority shall be entitled to define the requirements to be met by suppliers in the execution of the contract (hereinafter — the contract performance security). The supplier’s ability to ensure the contract performance security can primarily be demonstrated by:

1) information regarding such restrictions on the use and transfer of products and services and on the disclosure of data on products and services that are applicable to the contracting authority. The supplier shall also provide information arising from the export control and safety regulations;

2) documents which demonstrate the capability of the supplier to acquire a strategic commodities licence or other documents granting the right to strategic commodities export, transit and delivery, if such licence or other documents are required pursuant to the laws and regulations in the area of strategic commodities circulation control. Such documents may include:

a) information on previous supplies of identical products;

b) documents issued by competent authorities, confirming the capability of the supplier to obtain the relevant licences, certificates or other documents (for example, documents confirming that the supplier has previously received the relevant licences, certificates or other documents, or a statement or equivalent document issued by a competent authority confirming the supplier’s entitlement to receive the relevant licences, certificates or other documents in the given situation),

c) information on all licencing and certification requirements and other restrictions applicable to the tendered products and components and parts thereof, and an assessment prepared by the supplier regarding its compliance with the laws and regulations laying down the requirements for acquisition of the said licences, certificates or other documents;

3) documents confirming that the organisational arrangements of the supplier and the location of persons involved in supply ensure compliance with the contract performance security requirements stipulated in this Section, and with a statement to the effect that the supplier shall ensure that, during the contract performance term, changes in the said organisational arrangements and in the location of persons involved in supply shall not affect compliance with the contract performance security requirements specified by the contracting authority;

4) a statement to the effect that the supplier shall perform works, make supplies or provide services in the scope that may be necessary for the contracting authority in the event of a crisis. The contracting authority may, in the event of a crisis, make an additional agreement with the supplier regarding the necessary supplementary works, supplies or services;

5) documents which have been issued by the competent authorities of the country of the supplier and which confirm the ability of the supplier in the event of a crisis to fulfil the requirements for works, supplies or services stipulated in Paragraph One of this Section;

6) a statement to the effect that the supplier shall modernise or adapt the tendered products to meet the requirements set in the contract notice and procurement procedure documents;

7) a statement to the effect that the supplier shall timely notify the contracting authority regarding changes in the organisation of works, supplies or services, in the operation of the supplier, and also in the supply chain, where such changes may affect the execution of the contract;

8) a statement that, where the supplier is unable to perform the contract, it shall convey to the contracting authority all the means necessary for the production of spare parts and components and for the performance of equipment checks, and also technical drawings, licences and operating instructions. If necessary, the contracting authority may additionally agree on the conditions of conveyance with the supplier.

(2) The contracting authority shall determine in the contract notice or procurement procedure documents, which of the documents referred to in Paragraph One of this Section or other documents are to be submitted by the supplier.

(3) The contracting authority shall not require the supplier to submit such documents under which a European Union Member State would have to undertake not to apply the strategic goods export, transit or transfer control provisions which conform with international treaties or European Union law and are applicable at the time of making a decision on the issuance of the relevant licence, certificate or other document.

**Section 23. Subcontracts**

(1) The contracting authority may not restrict the right of suppliers to freely choose subcontractors for the execution of the contract, except in the case where the contracting authority sets the requirement to enter into contracts with subcontractors who are not related persons with respect to the tenderer (hereinafter – unrelated subcontractors), in accordance with this Section, Paragraphs Three, Four and Six.

(2) If necessary, the contracting authority may stipulate that the tenderer indicates in the tender those parts of the contract which are intended to be handed over for execution to unrelated subcontractors, all the expected unrelated subcontractors, the subject matter of the subcontracts, and an obligation during the execution of the contract to notify the contracting authority of any changes with respect to the unrelated subcontractors.

(3) The contracting authority may impose an obligation on the successful tenderer to apply the provisions of Chapter IX of this Law to all the subcontracts which the tenderer has planned in its tender to enter into with unrelated subcontractors, or to a part thereof.

(4) The contracting authority may stipulate that the successful tenderer shall hand over a part of the scope of the contract for execution to unrelated subcontractors, applying the provisions of Chapter IX of this Law. The contracting authority shall establish the minimum scope of the contract to be handed over for execution to unrelated subcontractors (having regard to the subject matter and price of the expected contract, the relevant industrial sector and level of technical development thereof, and the level of competition on the market), express it as a percentage, and specify as a range of values with a maximum limit of no more than 30 per cent of the total contract price.

(5) If applying Paragraph Four of this Section, the contracting authority shall also impose an obligation on the tenderers:

1) to indicate in the tender those parts of the contract which are intended to be handed over for execution to unrelated subcontractors – in order to meet the requirement laid down in Paragraph Four hereof;

2) to indicate in the tender all the related persons, and to notify the contracting authority of any changes with respect thereto, including the changes which have occurred during the execution of the procurement contract or framework agreement.

(6) The tenderer may envisage a larger scope of the contract to be handed over for execution to unrelated subcontractors in addition to the minimum scope thereof established in Paragraph Four of this Section. The contracting authority may in this case impose an obligation on the tenderer to indicate in the tender the specific parts of the contract to be handed over for execution to unrelated subcontractors in addition, and the relevant subcontractors. The contracting authority may apply the provisions of Paragraph Three of this Section to those parts of the contract which the tenderer intends to hand over for execution to unrelated subcontractors in addition.

(7) The contracting authority shall indicate in the contract notice and procurement procedure documents all the requirements laid down in accordance with Paragraphs Two, Three, Four and Six of this Section. If the provisions of Paragraph Three of this Section are applied, the contracting authority shall include in the contract notice and procurement procedure documents a note regarding the possibility of imposing the obligation referred to in Paragraph Three hereof, whereas a decision on imposing the said obligation with respect to the specific parts of the contract which the tenderer has intended to hand over for execution to unrelated subcontractors shall be made in assessing the tenders submitted.

(8) The contracting authority may in the contract notice and procurement procedure documents reserve for itself the right to reject the subcontractors, which the successful tenderer has selected in accordance with the provisions of Section 60 of this Law, on the basis of the same requirements which the contracting authority has set for suppliers in the contract notice or procurement procedure documents. The contracting authority shall specify in the contract notice or procurement procedure documents which of the requirements laid down therein for suppliers apply to subcontractors, and which documents shall be submitted in order to demonstrate compliance with these requirements.

(9) If the contracting authority, pursuant to Paragraph Eight of this Section, rejects a subcontractor selected by the successful tenderer, it shall inform this tenderer in writing of the reasons for the rejection thereof. In this case, the tenderer shall select another subcontractor in accordance with Section 60 of this Law.

(10) The contracting authority may set in the contract notice and procurement procedure documents an obligation for the successful tenderer to coordinate with the contracting authority the requirements and criteria which the successful tenderer shall include in the notice regarding additional requirements of subcontracts pursuant to Paragraph Eight hereof.

(11) Application of the provisions of this Section shall not affect the liability for procurement contract execution of the tenderer with whom the contracting authority has entered into the said contract.

**Section 24. Obligations relating to Taxes, Environmental Protection, Occupational Safety and Health and Working Conditions**

(1) The contracting authority may indicate in the procurement procedure documents the authorities from which candidates or tenderers can obtain information regarding the applicable provisions relating to taxes, environmental protection, occupational safety and health and working conditions in the administrative territory where the works will be performed or services provided.

(2) If the contracting authority indicates the authorities referred to in Paragraph One hereof, it shall set a requirement in the procurement procedure documents for the tenderer to indicate in the tender that the provisions governing the working conditions and occupational safety and health in the relevant administrative territory have been taken into account therein.

**Section 25. Application of Electronic Auctions**

(1) If the technical specifications can be defined very precisely, in the case of a restricted procedure and a negotiated procedure with the publication of a contract notice, the contracting authority shall be entitled to apply an electronic auction prior to the selection of a tender. An electronic auction may also be organised prior to the selection of a tender under a framework agreement in accordance with Section 55 of this Law.

(2) An object of an electronic auction may be as follows:

1) the price or the price and the new value of the characteristics referred to in the technical specification, if the selection criterion of a tender is the economically most advantageous tender; or

2) only the price, if the selection criterion of a tender is the lowest price.

(3) The contracting authority shall specify in the contract notice that it is going to apply an electronic auction and shall specify in the procurement procedure documents the following:

1) characteristics of the objects of the electronic auction, if these characteristics are quantifiable and their value can be expressed in figures or per cents;

2) any limits on the values (which may be submitted and changed), taking into account the technical specifications of the subject matter of the contract;

3) the information, which will be conveyed to tenderers during the electronic auction and, if possible, the time when this information will be conveyed;

4) the information required, which concerns arrangements of the electronic auction;

5) the provisions, which the tenderers must comply with when bidding on the electronic auction, particularly in relation to the minimum steps of the auction, which will be requested if necessary;

6) the information required in relation to the electronic equipment used and the specifications and organisation of the connection.

**Section 26. Criteria for Selection of Tenders**

(1) The criteria for selection of tenders shall be as follows:

1) the economically most advantageous tender, in which such factors are taken into account as the deadlines for the delivery of supplies or execution of a contract, operational costs and other costs, the effectiveness thereof, the quality of works, products or services, the aesthetic and functional description, observation of the environmental requirements, technical advantages, availability of spare parts, contract performance security, the price and other factors associated with the subject matter of a contract, which must be specifically expressed and objectively comparable or assessable;

2) the tender with the lowest price.

(2) In the case of selecting the economically most advantageous tender, the contracting authority shall indicate in the contract notice or procurement procedure documents all the evaluation criteria and proportions or numerical values thereof, and also shall indicate in the procurement procedure documents the selection algorithm of a tender in accordance with these criteria and describe how each evaluation criterion indicated will be evaluated. The proportion and numerical values assigned to the criteria may be indicated in a specific range. If the contracting authority can demonstrate that it is not possible to specify the proportions and numerical values of the evaluation criteria, it shall indicate all the evaluation criteria in the order of significance thereof.

(3) If the contracting authority applies a competitive dialogue, it shall determine the economically most advantageous tender as the selection criterion.

**Section 27. Tender Security**

(1) The contracting authority shall be entitled to request that the tenderer submits or pays a tender security, provided that:

1) the request concerns all tenderers equally and without exception;

2) the amount and term of the tender security are specified in the procurement procedure documents.

(2) The amount of the tender security shall be determined commensurately, taking into account the estimated contract price of the relevant procurement and the subject matter of the contract; however, it may not exceed five per cent of the estimated contract price.

(3) The tender security term shall be determined commensurately, taking into account the complexity of the relevant procurement and the estimated time period for evaluation of tenders; however, it may not exceed six months from the date of opening of tenders.

(4) A supplier is entitled to submit the tender security as a bank guarantee, insurance policy or, if the contracting authority has provided for such an option in the procurement procedure documents, as payment of a sum of money to the account indicated by the contracting authority.

(5) The tender security shall be valid for the shortest of the following terms:

1) within the minimum period of validity of the tender security specified in the procurement procedure documents;

2) if the contracting authority selects a successful tenderer in the procurement procedure – until the date when the successful tenderer submits a contract guarantee (if stipulated in the procurement procedure documents);

3) until entering into the procurement contract.

(6) The provider of the security shall disburse to the contracting authority, or the contracting authority shall deduct the amount of the tender security paid by the tenderer, if:

1) the tenderer withdraws its tender during the period of validity of the tender security;

2) the tenderer whose tender has been selected in accordance with the tender selection criterion has not submitted the contract security provided for in the procurement procedure documents and the procurement contract to the contracting authority within the time limit specified by the contracting authority;

3) the tenderer whose tender has been selected in accordance with the tender selection criterion fails to sign the procurement contract or framework agreement within the term specified by the contracting authority.

**Chapter IV. Procurement Commission**

**Section 28. Establishment of the Procurement Commission**

(1) The contracting authority, which is a subject of the Public Procurement Law, shall establish a procurement commission for the performance of the procurement procedures referred to in Section 6, Paragraph Three of this Law and for the making of the procurements referred to in Paragraph Seven thereof. The provisions of this Chapter shall not apply to the contracting authorities which are subjects of the Law on the Procurement of Public Service Providers.

(2) The procurement commission shall be established separately for each procurement, or for a fixed period, or as a permanently functioning body. The procurement commission shall be composed of at least three members.

(3) When establishing the procurement commission, the contracting authority shall ensure that this commission is competent in the field of the procurement, regarding which a contract is being entered into, and, if necessary, that all the members thereof have obtained special permits of the relevant category for access to state secrets. The procurement commission, upon performing its duties, shall be entitled to invite experts.

**Section 29. Basic Operating Principles of the Procurement Commission**

(1) Members of the procurement commission and experts shall not be allowed to represent the interests of a candidate or tenderer and may not be related to a candidate or tenderer. Within the meaning of this Paragraph, a member of the commission and an expert is related to a candidate or tenderer if he or she is:

1) the current or former employee, official, participant, shareholder or member of a legal person – candidate, tenderer or subcontractor – and if this relation with the legal person has terminated within the last 24 months;

2) the father, mother, grandmother, grandfather, child, grandchild, adoptee, adopter, brother, sister, half-brother, half-sister or spouse (hereinafter – a relative) of a shareholder who owns at least 10 per cent of shares, participant or official of a legal person – candidate, tenderer or subcontractor; or

3) a relative of a natural person – candidate, tenderer or subcontractor.

(2) The relation of members of the procurement commission and experts with a candidate or tenderer shall also apply to cases where the candidate or tenderer is a consortium of persons, members of which are natural persons or legal persons, with which the member of the commission or the expert has the relation referred to in Paragraph One, Clauses 1, 2 and 3 of this Section.

(3) Before commencing the evaluation of applications, members of the procurement commission and experts shall sign a statement that there are no such circumstances, due to which it might be regarded that they are interested in selecting or activities of a particular candidate or tenderer or that they are related to them within the meaning of Paragraph One of this Section. Members and experts who become involved in the work of the procurement commission later shall sign the statement prior to commencing the duties of a member of the commission or an expert.

(4) The procurement commission shall ensure the evaluation of applications and tenders submitted, make a decision on selecting one or more tenders and record the procurement process in minutes.

(5) The procurement commission shall select candidates and evaluate tenderers and their tenders in accordance with the procurement procedure documents, this Law and other laws and regulations. The decision of the procurement commission shall be binding to the contracting authority if a procurement contract or framework agreement is being entered into.

(6) The chairperson of the procurement commission shall organise and manage the work of the commission, specify the venue, time and agenda of the commission meetings, convene and chair the commission meetings.

**Section 30. Decision-making Procedure of the Procurement Commission**

(1) The procurement commission shall make decisions at meetings. The procurement commission shall have a quorum if at least two thirds, but not less than three, of the commission members attend a meeting. The procurement commission shall make decisions with a simple majority of votes. In the event of a tied vote of the members of the procurement commission, the chairperson of the commission shall have the deciding vote.

(2) If the criterion for the selection of a tender is the most economically advantageous tender, each member of the procurement commission shall evaluate the tender individually according to all evaluation criteria indicated in the procurement procedure documents. The tender which, upon summarisation of individual evaluations, has received the highest evaluation, shall be recognised as the most economically advantageous tender.

**Chapter V Provisions for Announcement and Observation of Openness**

**Section 31. Prior Information Notice and Notice regarding the Purchaser's Profile**

(1) The contracting authority may publish a prior information notice in accordance with Section 36, Paragraph Two of this Law, or publish it in the purchaser's profile. The publication of the referred to notice shall be mandatory if the contracting authority uses the reduced time limits for the submission of tenders in accordance with Section 37, Paragraph Eight of this Law. The following shall be indicated in a prior information notice:

1) for supply contracts – the total estimated contract price of such contracts or framework agreements, which the contracting authority intends to enter into during the subsequent 12 months for a specific [with a reference to the Common Procurement Vocabulary (CPV)] group of products;

2) for service contracts – the total estimated contract price of such contracts or framework agreements, which the contracting authority intends to enter into during the subsequent 12 months for a specific service category;

3) for works contracts – a general description of such contracts or framework agreements, which the contracting authority intends to enter into.

(2) The contracting authority shall publish a prior information notice in accordance with Section 36, Paragraph Two of this Law, or publish it in the purchaser's profile within the shortest possible time after the decision on the need for making a procurement has been made.

(3) Prior to publishing a prior information notice in the purchaser's profile, the contracting authority shall submit a notice regarding the purchaser's profile to the Procurement Monitoring Bureau in accordance with Section 36, Paragraph Two of this Law.

(4) The provisions of this Section shall not be applicable in the cases specified in Section 6, Paragraph Six of this Law.

**Section 32. Contract Notice and Notice regarding Amendments, Termination or Suspension of the Procurement Procedure**

(1) The contracting authority shall publish a contract notice if it applies a restricted procedure, a negotiated procedure with the publication of a contract notice, or a competitive dialogue.

(2) The contracting authority shall publish a notice regarding amendments, termination or suspension of the procurement procedure if it makes amendments to the procurement procedure documents or extends the application or tender submission terms set, or terminates or suspends the procurement procedure.

(3) The contracting authority shall publish a contract notice and a notice regarding amendments, termination or suspension of the procurement procedure in accordance with Section 36, Paragraph Two of this Law.

**Section 33. Subcontract Notice**

(1) The successful tenderer of the procurement procedure shall publish a subcontract notice if it applies the provisions of Section 60 of this Law.

(2) The successful tenderer of the procurement procedure shall publish a subcontract notice in accordance with Section 36, Paragraph Two of this Law.

**Section 34. Notice regarding the Results of a Procurement Procedure**

(1) The contracting authority shall submit a notice regarding the results of a procurement procedure for publication if a decision on entering into a procurement contract or framework agreement has been made.

(2) The contracting authority shall publish a notice regarding the procurement procedure results in accordance with Section 36, Paragraph Two of this Law after a procurement contract has been entered into, not later than within 48 days of notifying the tenderers in accordance with Section 52, Paragraph Two of this Law if a procurement contract has not been entered into within this term.

(3) The contracting authority shall be entitled not to publish a notice regarding the procurement procedure results if a decision on entering into a procurement contract under a framework agreement has been made in accordance with Section 55 of this Law.

(4) The contracting authority shall be entitled not to include in the notice regarding the results of a procurement procedure such information, the disclosure of which could harm the public interest – defence and security interests in particular – or would result in infringement of the legitimate commercial interests of the supplier or violation of the fair competition rules.

**Section 35. Voluntary Notice regarding the Results of a Procurement**

(1) The contracting authority shall be entitled to publish a voluntary notice regarding the results of a procurement in the cases of exceptions to the application of this Law and in the cases referred to in Section 6, Paragraphs Six and Seven of this Law in addition to publication of the notice referred to in Section 34, Paragraph One hereof.

(2) A voluntary notice regarding the results of a procurement shall be published in order to enable the interested parties to contest the grounds of such a procurement, which, because of an error by the contracting authority, has been performed without applying an adequate procurement procedure and without the publication of a contract notice, and in order to concurrently eliminate the effects referred to in Section 69, Paragraph One of this Law.

(3) The contracting authority shall publish a voluntary notice regarding the results of a procurement in accordance with Section 36, Paragraph Two of this Law.

**Section 36. Publication of Notices**

(1) The content and the procedures for preparation of the notices referred to in Section 31, Paragraphs One and Three, Section 32, Paragraphs One and Two, Section 33, Paragraph One, Section 34, Paragraph One, and Section 35, Paragraph One of this Law shall be determined by the Cabinet.

(2) The contracting authority and the tenderer selected in the procurement procedure shall prepare and submit the relevant notice (except the prior information notice, if the contracting authority publishes it on the purchaser's profile) referred to in Paragraph One of this Section to the Procurement Monitoring Bureau for publication, using the Publications Management System. The Procurement Monitoring Bureau shall, within one working day after receipt of the notice referred to in Paragraph One of this Section, post it on the website of the Procurement Monitoring Bureau.

(3) The contracting authority shall publish the notices referred to in Paragraph One of this Section in the official language.

(4) If the estimated price for works, supply and service contracts is equal to or exceeds the contract price thresholds specified by the Cabinet, the Procurement Monitoring Bureau shall send notices for publication in the Official Journal of the European Union concurrently with posting them on the website of the Procurement Monitoring Bureau.

(5) The contracting authority and the tenderer selected in the procurement procedure shall be entitled to publish the relevant notices referred to in Paragraph One of this Section on the website of the Procurement Monitoring Bureau, and also to indicate that the notices are to be sent for publication in the Official Journal of the European Union, even if this Law does not impose an obligation to publish such notices.

(6) The Procurement Monitoring Bureau shall post on its website information on whether, upon sending notices for publication in the Official Journal of the European Union, it uses the electronic document acceptance system of the Official Journal and contracting authorities can therefore use the options for reducing the application submission time limit specified in Paragraph Ten and in the first sentence of Paragraph Twelve, Clause 1, of Section 37 of this Law.

(7) The Procurement Monitoring Bureau shall store in the Publications Management System information about the date when the notices referred to in Paragraph One of this Section were submitted for publication, posted on the website of the Procurement Monitoring Bureau and, if stipulated by this Law, sent for publication in the Official Journal of the European Union. The contracting authority shall retain the confirmation sent by the Official Journal of the European Union regarding the publication of the relevant notice, if the publication of the notice is required by this Law. The confirmations stored in the Publications Management System and received from the Official Journal of the European Union shall be deemed to be the proof of publication of the notices in cases of disputes.

**Section 37. Time Limits for Submission of Applications and Tenders**

(1) The contracting authority, when determining the time limits for submission of applications or tenders, shall take into account the level of complexity of the potential contract, the time period, which is necessary for the preparation of a tender or candidate selection documents, and the restrictions of the time limits specified in this Law.

(2) The time limit for the submission of applications in a restricted procedure, a negotiated procedure with the publication of a contract notice and a competitive dialogue may not be less than 37 days after posting the contract notice on the website of the Procurement Monitoring Bureau, if the estimated price of works, supply and service contracts is equal to or exceeds the contract price thresholds specified by the Cabinet. If the estimated price of works, supply and service contracts is less than the contract price thresholds specified by the Cabinet, the time limit for the submission of applications may not be less than 25 days from the date when the contract notice is posted on the website of the Procurement Monitoring Bureau.

(3) The contracting authority may make amendments to the procurement procedure documents, provided this does not significantly change qualifications or other requirements. If amendments are made to the procurement procedure documents and half of the time period referred to in Paragraph Two of this Section or more has passed, the time limit for the submission of applications after posting a notice regarding amendments on the website of the Procurement Monitoring Bureau may not be less than 21 days, if the estimated price of works, supply and service contracts is equal to or exceeds the contract price thresholds specified by the Cabinet. If the estimated price of works, supply and service contracts is less than the contract price thresholds specified by the Cabinet, the time limit for the submission of applications may not be less than 13 days from the date when the notice regarding amendments is posted on the website of the Procurement Monitoring Bureau.

(4) The time limit for the submission of tenders in a restricted procedure after sending a call to submit tenders to the selected candidates may not be less than 40 days, if the estimated price of works, supply and service contracts is equal to or exceeds the contract price thresholds specified by the Cabinet. If the estimated price of works, supply and service contracts is less than the contract price thresholds specified by the Cabinet, the time limit for the submission of tenders may not be less than 25 days from the date when the call is sent.

(5) In a negotiated procedure with the publication of a contract notice and a competitive dialogue, the contracting authority shall agree on the tender submission time limit with all the selected candidates. (5) If the contracting authority is unable to agree on the tender submission time limit with the candidates, it shall set a tender submission time limit, which, after the sending of a call to negotiate or to submit a tender, may not be less than 30 days, or 15 days if there are reasonable grounds for such a reduction of the time limit.

(6) The contracting authority may make amendments to the procurement procedure documents, provided this does not significantly change the requirements laid down in the call to submit a tender. If amendments to the procurement procedure documents have been made, the contracting authority shall agree on the tender submission time limit with all the selected candidates.

(7) The contracting authority shall be entitled to extend the specified time limits for the submission of applications and tenders, publishing a notice regarding amendments, termination or suspension of the procurement procedure, or sending a repeated call to submit a tender or negotiate. If the estimated price of works, supply and service contracts is equal to or exceeds the contract price thresholds specified by the Cabinet, the minimum time period by which the contracting authority is entitled to extend the time limit for the submission of applications shall be seven days. Such extension of time limits is not deemed to be amendments to the procurement procedure documents within the meaning of Paragraphs Three and Six of this Section.

(8) If the contracting authority has published a prior information notice, then the minimum time limit for the submission of tenders in a restricted procedure shall be 36 days from the date of sending a call to submit tenders to the selected candidates. If there are reasonable grounds for an additional reduction of the time limit, the contracting authority shall be entitled to set a tender submission time limit which is not less than 22 days. In such case, the contracting authority shall keep all the documents, which justify the reduction of the time limit.

(9) The minimum time limits for the submission of tenders referred to in Paragraph Eight of this Section may be specified if the prior information notice contains all the information which such a notice should contain, to the extent it was available at the time of publication, and if such prior information notice or a notice regarding the purchaser profile, which has been submitted in accordance with Section 36, Paragraph Two of this Law, has been posted on the website of the Procurement Monitoring Bureau and sent to the Official Journal of the European Union for publication not less than 52 days and not more than 12 months before the date when the contract notice is published on the website of the Procurement Monitoring Bureau and sent to the Official Journal for publication.

(10) If the contract notice is prepared and sent to the Official Journal of the European Union electronically, using its electronic document acceptance system, the application submission time limit for a restricted procedure, a negotiated procedure with the publication of a contract notice, or a competitive dialogue referred to in the first sentence of Paragraph Two of this Section may be reduced for seven days.

(11) If the contracting authority provides free and direct electronic access to the procurement procedure documents and any additionally required documents from the date when a contract notice is posted on the website of the Procurement Monitoring Bureau, the tender submission deadlines referred to in Paragraph Four of this Section may be reduced for five days. The Internet address of the website where the said information is accessible shall be indicated in the contract notice. The reduction of the time limits referred to in this Paragraph may be added to the reduction of the time limit referred to in Paragraph Ten of this Section.

(12) If the contracting authority applies a restricted procedure or a negotiated procedure with the publication of a contract notice, and in case of absolute necessity it is not possible to observe the time limits referred to in this Section, the contracting authority may specify:

1) a time limit for the submission of applications, which may not be less than 10 days from the date when a contract notice has been posted on the website of the Procurement Monitoring Bureau or, if specified by this Law, sent to the Official Journal of the European Union for publication, using the electronic document acceptance system of the Official Journal of the European Union. If the contract notice is sent to the Official Journal of the European Union for publication without using the electronic document acceptance system of the Official Journal of the European Union, the time limit for the submission of applications may not be less than 15 days;

2) in a restricted procedure – the time limit for the submission of tenders, which is not less than 10 days from the date when a call to submit tenders has been sent to the selected candidates.

(13) If for some reason technical specifications and other documents or additional information are requested but not issued within the time periods specified in Section 38 of this Law or if tenders may only be prepared after visitation of the contract implementation site or after reading additional procurement procedure documents at the contracting authority's premises, the contracting authority shall extend the time limit for the submission of tenders, thereby enabling the suppliers to obtain all the information which is necessary for the preparation of tenders.

**Section 38. Issue of Procurement Procedure Documents and Provision of Additional Information**

(1) The candidate selection regulations and all additional documents necessary for the selection of candidates shall be available not earlier than the date of posting the contract notice on the website of the Procurement Monitoring Bureau and not later than the day after posting the contract notice on the website of the Procurement Monitoring Bureau.

(2) If the contracting authority does not grant free and direct electronic access to the procurement procedure documents and any additionally required documents, the contracting authority shall send or issue these documents to the interested suppliers within six days after receipt of a request for these documents, on condition that the request for documents has been received in due time before the time limit for submission of applications or tenders. However, the interested suppliers shall be provided with an opportunity to read the procurement procedure documents at the premises of the contracting authority from the moment of announcement of the relevant procurement procedure.

(3) If an interested supplier has timely requested additional information regarding the requirements for selection of candidates, the contracting authority shall provide it within the shortest possible time, not later than four days before the end of the time limit for the submission of tenders. If the contracting authority has received a request for information later than four days before the time limit for the submission of applications, it shall not provide additional information.

(4) If an interested supplier has timely requested additional information regarding the requirements included in the procurement procedure documents in relation to the preparation and submission of tenders, the contracting authority shall provide it within the shortest possible time, not later than six days before the end of the time limit for the submission of tenders. If a candidate has timely requested the referred to additional information in the case referred to in Section 37, Paragraph Twelve, Clause 2 of this Law, the contracting authority shall provide it within the shortest possible time, not later than four days before the end of the time limit for the submission of tenders. If the contracting authority has received a request for information later than the referred to time periods for provision of additional information, it shall not provide additional information.

(5) If the contracting authority provides additional information, it shall send this information concurrently to all the suppliers who have received the procurement procedure documents, along with the question asked. If the contracting authority provides free and direct electronic access to the procurement procedure documents, it shall, concurrently with sending additional information to the supplier who has asked the question, post this information, including the question asked, on the website where the procurement procedure documents are available.

(6) If the contracting authority has made amendments to the procurement procedure documents, it shall send information concerning such amendments to all the suppliers who have received the procurement procedure documents. If the contracting authority provides free and direct electronic access to the procurement procedure documents, it shall post this information on the website where these documents can be accessed. The contracting authority shall send this information to suppliers or post it on the website not later than the day after the notice regarding amendments, termination or suspension of the procurement procedure is submitted to the Procurement Monitoring Bureau for publication.

(7) The procurement procedure documents in electronic form shall be available free of charge. For the issuance of those procurement procedure documents which cannot be provided in electronic form, the contracting authority shall be entitled to charge a fee of not more than the actual document reproduction and forwarding costs.

**Section 39. Exchange of Information in Procurement Procedures**

(1) Exchange of information between the contracting authority and suppliers shall take place by post, fax, electronically (in accordance with the provisions of Paragraphs Five, Six and Seven of this Section), or by telephone (in the cases specified in Paragraph Eight, Clauses 1 and 2 of this Section), depending on the choice of the contracting authority.

(2) The contracting authority shall choose such means for the exchange of information, which are generally accessible, in order not to hinder the suppliers' access to the procurement procedures. The contracting authority shall choose such method of sending the documents referred to in this Law, which ensures as quick receipt of information by the addressee as possible.

(3) The exchange and storage of information shall be carried out in such a way as to protect all the data included in tenders and applications and that the contracting authority could view the content of applications and tenders only after the time limit for the submission thereof.

(4) The contracting authority shall not provide information regarding the existence of other applications or tenders in the period from the day of submission of applications or tenders until the time of opening thereof. During the period of evaluation of applications and tenders, until notifying the results, the contracting authority shall not provide information regarding the evaluation process.

(5) If electronic means are used for the exchange of information, the contracting authority shall chose such means, which are publicly accessible and compatible with generally used products of information and communications technologies, thereby avoiding the possibility of discriminating suppliers on these grounds.

(6) The provisions of Section 40 of this Law shall be applied to the electronic equipment, which is used for the submission and receipt of applications and tenders.

(7) If applications and tenders are submitted electronically, the candidates or tenderers shall submit the certificates, confirmations and other documents pursuant to Sections 13, 14, 15, 16, 17 and 44 of this Law by the end of the time limit for the submission of applications or tenders, if these documents are not in electronic form.

(8) The following provisions shall be observed in the submission of applications:

1) applications for participation in a procurement procedure may be sent in writing or notified by telephone;

2) if an application is notified by telephone, a written confirmation shall be submitted prior to the end of the time limit for the submission of applications;

3) if an application is sent by fax, the contracting authority shall require that the supplier confirms the application in writing, sending it by post or electronically, or submitting in person, within the time period indicated by the contracting authority in the contract notice.

**Section 40. Requirements for Electronic Receipt of Documents**

The following provisions shall apply when using electronic means for receipt of applications and tenders in procurement procedures:

1) all interested suppliers have access to the information regarding the specifications relating to the electronic submission of applications and tenders;

2) electronic documents are submitted pursuant to the requirements of the Electronic Documents Law;

3) the date and time when applications or tenders are submitted in a procurement procedure can be determined exactly;

4) no one can access the documents submitted before the time limit expires;

5) it is possible to uncover a violation of the prohibition referred to in Clause 4 hereof;

6) only authorised persons can determine or change the time for opening the documents received;

7) the documents or a part thereof submitted during several stages of the procurement procedure are accessible only after simultaneous actions of authorised persons;

8) as a result of simultaneous actions, authorised persons can access the documents submitted not earlier than on the specified date;

9) the submitted and opened documents remain accessible only to those authorised persons who have been granted such access.

**Section 41. Procurement Procedure Report**

(1) The contracting authority shall document the procurement procedure, including a procurement procedure, which is conducted via electronic means, and shall prepare a procurement procedure report after a decision on the results of the relevant procedure has been made.

(2) At least the following information shall be included in a procurement procedure report:

1) the name and address of the contracting authority, the procurement identification number, the type of the procurement procedure, and the subject matter of the contract or framework agreement;

2) if a competitive dialogue is applied – the justification for application of the procedure in accordance with Section 6, Paragraph Five of this Law;

3) if a negotiated procedure without the publication of a contract notice is applied – the justification for application of the procedure in accordance with Section 6, Paragraph Six of this Law. If the contracting authority has applied a negotiated procedure without the publication of a contract notice in accordance with Section 6, Paragraph Six, Clauses 8 or 12, and exceeded the stipulated five-year term limit – also the justification for the existence of exceptional circumstances which justify such exceedance of the said term;

4) if a framework agreement term is more than seven years – the justification for establishing such a term;

5) if a procurement commission needs to be formed – the composition and justification for the formation thereof;

6) the date when a contract notice and a prior information notice has been published on the website of the Procurement Monitoring Bureau;

7) the qualification requirements specified for candidates or tenderers, the criterion for the selection of a tender, and the evaluation criteria in the order of significance or proportion thereof, if the economically most advantageous tender has been specified as the selection criterion of tenders;

8) the time limit for the submission of applications and tenders, and the justification for the reduction thereof, if the contracting authority, in a restricted procedure in accordance with Section 37, Paragraph Eight of this Law, sets a tender submission time limit which is less than 36 days from the date when a call to submit tenders is sent to the selected candidates, or if the contracting authority reduces the time limit in accordance with Section 37, Paragraph Twelve hereof;

9) the names of the suppliers, which have applied for candidate selection, and the names of the tenderers, which have submitted tenders, and the prices tendered, and other data characterising the tender;

10) the venue, date and time for the opening of tenders;

11) the names of the suppliers, which have been selected in accordance with the candidate selection regulations and invited to submit tenders or to negotiate, and the justification of the relevant decisions;

12) the name of the tenderer(s) with whom it has been decided to enter into a procurement contract or framework agreement, the contract price, a summary of the evaluation of tenders, and the justification for the selection of the tender;

13) information (if available) regarding the part of the contract or framework agreement, which the tenderer selected in the procurement procedure has planned to assign to subcontractors;

14) the names of the suppliers whose applications or tenders have been rejected, and the justification thereof;

15) if the contracting authority has made a decision to terminate or suspend the procurement procedure – the justification of such a decision;

(3) The contracting authority shall prepare the report and inform the tenderers of the results of the procurement procedure in accordance with Section 52, Paragraph Two of this Law. If the provisions of Section 52, Paragraph Two of this Law do not apply, the contracting authority shall prepare a report not later than within five working days after the decision on the procurement procedure results has been made.

(4) Upon request, a report shall be issued within two working days. Procurement procedure documents other than tenders shall be issued within the period of time and in accordance with the procedure prescribed in the Freedom of Information Law, unless this Law provides otherwise. Tenders may not be issued or shown to suppliers and other persons which are not related to the evaluation thereof.

(5) The contracting authority shall send a report to the European Commission if the latter requests so.

**Section 42. Storage of Procurement Procedure Documents**

The contracting authority shall store all the originals of the procurement procedure documents and tenders at least for the entire period of validity of a procurement contract or framework agreement, and the period of validity of procurement contracts entered into thereunder, and for two years after the expiration thereof, but not less than five years after the decision in the procurement procedure is made.

**Chapter VI Selection of Candidates and Tenderers, Dialogue and Selection of a Tender in a Restricted Procedure, Negotiated Procedure and Competitive Dialogue**

**Section 43. Selection of Candidates and Tenderers**

(1) The supplier shall submit an application, which is prepared in accordance with the requirements, at the location and time indicated in the contract notice.

(2) The contracting authority shall, after the expiry of the time limit for the submission of tenders, select the candidates in compliance with the exclusion provisions specified in Section 44 of this Law, the requirements laid down in the contract notice and in the candidate selection regulations pursuant to Sections 13, 14, 15, 16 and 17 of this Law, and other requirements pursuant to Section 12 of this Law, and also in compliance with the candidate evaluation methodology pursuant to Section 18, Paragraph One, if the contracting authority intends to reduce the number of candidates.

(3) After the selection of candidates, the contracting authority shall invite in writing simultaneously all the selected candidates to submit tenders (in the case of a restricted procedure) or to participate in a dialogue (in the case of a competitive dialogue) or negotiations (in the case of a negotiated procedure with the publication of a contract notice). A call to submit a tender in a restricted tendering procedure and a call to negotiations or dialogue shall include the information and requirements pursuant to the provisions of Chapter III of this Law, or a reference to the website where the documents which include the said information and requirements can be accessed, if the contracting authority provides free and direct electronic access to the procurement procedure documents and all additionally required documents.

(4) If the contracting authority reduces the number of candidates, it shall invite a definite number of candidates selected to submit tenders or to participate in a dialogue or negotiate. The number of such candidates may not be less than specified in the contract notice and the candidate selection regulations, provided that a sufficient number of suitable candidates are available.

(5) If the number of candidates who meet the requirements laid down in Paragraph Two of this Section is less than the defined number, the contracting authority shall be entitled to invite candidates who meet the said requirements.

(6) If the number of candidates that meet the requirements laid down in Paragraph Two of this Section is less than the defined number and the contracting authority believes that it is not possible to ensure sufficient competition, the contracting authority may terminate the current procurement procedure and announce a new one, also inviting the candidates selected in the current procurement procedure to

submit tenders or to participate in a dialogue or negotiations, or suspend the procurement procedure.

(7) The contracting authority may not invite to submit tenders or to participate in a dialogue or negotiations such suppliers that have not submitted applications or do not meet the relevant requirements.

(8) The candidates which the contracting authority does not invite to submit tenders or to participate in a dialogue or negotiations pursuant to Paragraph Three of this Section shall be notified in accordance with Section 52 of this Law.

**Section 44. Provisions for Exclusion of Candidates and Tenderers**

(1) The contracting authority shall exclude a candidate or tenderer from further participation in a procurement procedure in any of the following cases:

1) the candidate, tenderer or person with representation, decision-making or supervisory rights with respect to this candidate or tenderer has been found guilty – by such a penal order of a prosecutor or judgment of a court, which has come into force and has become undisputable and unappealable – of any of the following criminal offences:

a) passive bribery, active bribery, misappropriation of a bribe, intermediation in bribery, unauthorised receipt of benefits, or commercial bribery,

b) fraud or misappropriation within the meaning of Article 1 of the Convention on the Protection of the European Communities' Financial Interests,

c) terrorism, financing of terrorism, incitement to terrorism, threat of terrorism, or recruitment and training of persons for committing terrorist acts,

d) participation in a group uniting three or more persons to jointly commit criminal offences for the purpose of acquiring property, or complicity in criminal offences committed by such a group, if the law provides for the criminal offences of such a group an imprisonment for a term not less than four years,

e) trafficking radioactive or hazardous substances, strategic goods or other valuables, explosives, weapons or ammunition across the state border of the Republic of Latvia in any illegal manner;

2) the contracting authority has received an opinion from the national security authority that the entering into a procurement contract with the candidate or tenderer may pose a threat to national security;

3) the candidate or tenderer, in the execution of a procurement contract previously entered into, has failed to meet the obligations stipulated therein pursuant to the provisions of Sections 21 and 22 of this Law, or has failed to implement a procurement contract in the area of defence and security previously entered into, and the contracting authority, which was a party to the respective contract, has unilaterally withdrawn from the contract in accordance with the provisions thereof due to breach of that contract on the part of the supplier, and:

a) the candidate or tenderer, within one year after the contracting authority notified it of the unilateral withdrawal from the contract, has not brought a legal action against the contracting authority regarding the execution of the procurement contract, or

b) a court, by a judgment which has entered into force and has become unappealable, has recognised the action of the contracting authority to be justified;

4) a candidate or tenderer has tax debts in Latvia and in a country where it is incorporated or has a domicile, including debts of mandatory State social insurance contributions, exceeding a total of 150 euros in each country;

5) the candidate or tenderer – by such a decision of a competent authority or a judgment of a court, which has entered into force and has become undisputable and unappealable – has been found guilty of a significant violation of employment law in the form of employing a person without a written employment contract;

6) insolvency proceedings have been declared for the candidate or tenderer, the economic activity of the candidate or tenderer has been suspended or discontinued, legal proceedings have been initiated regarding the bankruptcy of the candidate or tenderer, or it is found that the candidate or tenderer will be liquidated until the expiry of the contract execution term;

7) the candidate or tenderer – by such a decision of a competent authority or a judgment of a court, which has entered into force and has become undisputable and unappealable – has been found guilty of a violation of competition law in the form of a vertical agreement with the aim to limit the buyer’s ability to determine the resale price, or a horizontal cartel agreement, except for the case when the relevant authority, finding the violation of the competition law, has exempted the candidate or tenderer from fines;

8) the candidate or tenderer has provided false information to demonstrate compliance with the provisions of this Section or with the requirements for the selection of candidates, or has not provided the required information at all;

9) the conditions laid down in Clauses 1, 2, 3, 4, 5, 6, 7 and 8 of this Paragraph apply to the designated supplier on whose capacities the candidate or tenderer relies in order to demonstrate that its qualifications meet the requirements set in the contract notice or procurement procedure documents.

(2) If reorganisation or a similar set of measures oriented towards prevention of possible bankruptcy and restoration of solvency of a debtor is applied within insolvency proceedings of the candidate, tenderer or supplier referred to in Paragraph One, Clause 9 of this Section, the contracting authority shall be entitled to decide on non-exclusion of the relevant candidate or tenderer from the procurement procedure in accordance with Paragraph One, Clause 6 of this Section, assessing potential economic risks and taking into account the subject matter of the contract.

(3) The exclusion conditions referred to in Paragraph One, Clauses 1, 3, 5 and 7 of this Section shall not be applied to the candidate, tenderer and supplier referred to in Paragraph One, Clause 9 of this Section if:

1) five years have passed from the date when a penal order of a prosecutor or judgment of a court regarding the violations referred to in Paragraph One, Clause 1 of this Section became undisputable and unappealable till the day of submission of the application;

2) three years have passed from the date when the candidate or tenderer failed to meet the obligations stipulated in the procurement contract in accordance with the provisions of Sections 21 and 22 of this Law, or when the relevant contracting authority notified the candidate or tenderer of a unilateral withdrawal from the contract, and the time period set in Paragraph One, Clause 3, Sub-clause a) of this Section has elapsed, or when the judgment of a court referred to in Paragraph One, Clause 3, Sub-clause b) of this Section became unappealable till the day of submission of the application;

3) 18 months have passed from the date when a decision of a competent authority or judgment of a court regarding the violations referred to in Paragraph One, Clause 5 of this Section became undisputable and unappealable till the day of submission of the application;

4) 12 months have passed from the date when a decision of a competent authority or judgment of a court regarding the violations referred to in Paragraph One, Clause 7 of this Section became undisputable and unappealable till the day of submission of the application;

(4) The candidate shall prove its non-exclusion from participation in a procurement procedure:

1) pursuant to Paragraph One, Clauses 1 and 5 of this Section, by submitting a certified statement issued by the Information Centre of the Ministry of the Interior or by other competent authority in a foreign country if the candidate or the supplier referred to in Paragraph One, Clause 9 of this Section is incorporated or has a domicile in a foreign country, which proves that the candidate has not been convicted for the violations and criminal offences referred to in Paragraph One, Clauses 1 and 5 hereof;

2) pursuant to Paragraph One, Clauses 4 of this Section, by submitting a certified statement issued by the State Revenue Service and an equivalent tax administration authority in the foreign country where the candidate and the supplier referred to in Paragraph One, Clause 9 of this Section are incorporated or have domiciles, which proves that the candidate and the said supplier have no tax debts, including debts of mandatory State social insurance contributions, exceeding a total of 150 euros in each country;

3) Pursuant to Paragraph One, Clause 6 of this Section, by submitting a certified statement issued by the Enterprise Registry or an equivalent business registry authority in the foreign country where the candidate and the supplier referred to in Paragraph One, Clause 9 of this Section are incorporated or have domiciles, which proves that the candidate or tenderer and the said supplier have no insolvency proceedings declared and are not in the process of liquidation.

(5) The contracting authority shall verify whether a candidate is subject to exclusion from participation in a procurement procedure:

1) pursuant to Paragraph One, Clause 2 of this Section, by requesting a statement regarding the candidate and the supplier referred to in Paragraph One, Clause 9 of this Section from the National Security Authority of the Constitution Protection Bureau, if the execution of the procurement contract concerns national security;

2) pursuant to Paragraph One, Clause 7 of this Section, by verifying the information about the candidate and the supplier referred to in Paragraph One, Clause 9 of this Section on the website of the Competition Council.

(6) The contracting authority shall be entitled to obtain the information pursuant to Paragraph One, Clause 3 of this Section by requesting the relevant information regarding the candidate and the supplier referred to in Paragraph One, Clause 9 of this Section from other contracting authorities which enter into procurement contracts in the field of defence and security.

(7) If such documents, by which a supplier can demonstrate that the conditions referred to in Paragraph One, Clause 9 of this Section do not apply to it and to the supplier referred to in Paragraph One, Clause 9 hereof, are not issued or are not sufficient to demonstrate that the conditions referred to do not apply to the supplier concerned and the supplier referred to in Paragraph One, Clause 9 hereof, these documents may be substituted by a declaration on oath or, if the legislation of the relevant country does not provide for making a declaration on oath – by a certification of the supplier concerned itself or the supplier referred to in Paragraph One, Clause 9 hereof to the competent executive or judicial authority, sworn notary or competent organisation in the relevant sector in the country of incorporation or domicile thereof.

(8) If the contracting authority establishes that all the candidates are subject to exclusion from participation in the procurement procedure in accordance with the provisions of Paragraph One of this Section, and hence the procurement procedure is to be terminated in accordance with Section 51, Paragraph One of this Law, the contracting authority shall be entitled not to apply the exclusion provisions laid down in Paragraph One, Clauses 3, 4, 5 and 7 of this Section to the candidates concerned and the suppliers referred to in Paragraph One, Clause 9 of this Section if they can prove that they have taken actions to remedy the effects of the offences committed and to prevent recurrence thereof. For instance, replacement of the persons with representation, decision-making or supervisory rights with respect to the candidate or tenderer may be deemed to be such a proof.

(With the amendments made with the Law of 19.09.2013, which comes into force on 10.10.2013. The amendments to Paragraph One, Clause 4, and Paragraph Four, Clause 2 come into force on 01.01.2014. See Sections 4 and 6 of the Transitional Provisions)

**Section 45. Verification of the Information Submitted and the Right to Request Additional Information**

(1) Statements and other documents, which are issued by competent authorities in the cases referred to in Section 44 this Law, shall be accepted and recognised by the contracting authority if they have been issued not earlier than three months prior to the day of submission.

(2) The contracting authority shall have the right to verify the information submitted, including with the competent authorities and in publicly available databases and other publicly available sources. This right shall also apply to cases where the contracting authority has not specified in the procurement contract notice the documents to be submitted to certify compliance with the requirements.

(3) If the contracting authority has obtained information in the manner referred to in Paragraph Two of this Section and the information obtained shows the non-compliance of a candidate or tenderer with the requirements set out in the contract notice and procurement procedure documents, the contracting authority shall inform the relevant candidate or tenderer thereof, and it shall be entitled to submit a statement or other document concerning the relevant fact to demonstrate the compliance.

(4) The contracting authority shall be entitled to request the supplier or the competent authority to supplement or clarify the certificates and documents that have been issued, in order to demonstrate compliance with the requirements set out in the contract notice and procurement procedure documents.

(5) If the contracting authority has a reason to doubt the authenticity of a document copy submitted, it shall request that the candidate or tenderer produces the original document or submit a certified copy or other certified derivative thereof.

**Section 46. Process of a Competitive Dialogue**

(1) The contracting authority shall open a dialogue with the selected candidates at the venue and time specified in the invitation to dialogue. In the course of the dialogue, the contracting authority shall be entitled to discuss with the candidates all aspects related to the contract.

(2) During the dialogue, the contracting authority shall deliberate with each candidate individually. The contracting authority shall ensure equal treatment for all candidates and shall not create more favourable conditions for any candidate.

(3) The contracting authority may not, without the consent of the candidates, disclose to other candidates the solutions tendered by the candidates, information which is a trade secret, or other information that the candidates have conveyed to the contracting authority.

(4) If the contracting authority, pursuant to Section 18, Paragraph Two of this Law, stipulates that the dialogue will be conducted in successive stages in order to reduce the number of solutions to be discussed in the dialogue, it shall apply the tender evaluation criteria specified in the contract notice and procurement procedure documents and decide on the rejection of one or several solutions, which have received the lowest score. In any case, the number of the remaining solutions should be sufficient to ensure competition, given the availability of a sufficient number of solutions which meet the needs of the contracting authority.

(5) The contracting authority shall continue the dialogue until such a solution or solutions are developed, which meet the needs of the contracting authority.

(6) The contracting authority shall conclude the dialogue and inform the selected candidates thereof by sending a call to submit a tender on the basis of the solution(s) developed and updated during the dialogue. The contracting authority shall indicate in the call that all the elements necessary for the implementation of the project and included in the solution developed should be included in the tender.

(7) In the call to submit a tender, the contracting authority shall set the time limit for the submission of tenders in accordance with Section 37, Paragraph Five of this Law.

(8) The contracting authority shall be entitled to grant payments to participants in the dialogue for the participation therein and awards for the best solutions developed, if the contracting authority has provided for such payments and awards in the contract notice or in the invitation to dialogue.

**Section 47. Submission and Opening of Tenders, Opening of Negotiations**

(1) The supplier shall submit a tender for the security (if applicable) prepared in conformity with the requirements at the location and time specified in the call to submit tenders in a restricted procedure or competitive dialogue.

(2) The contracting authority shall open the submitted tenders immediately after the expiry of the time limit for the submission thereof at the venue and time specified in the call to submit tenders in a restricted procedure or competitive dialogue. The contracting authority shall convene a meeting for the opening of tenders. The aforementioned meeting shall be an open meeting.

(3) Tenders shall be opened in the order of submission thereof, naming the tenderer, the time of the submission of the tender, the price tendered and (if applicable) other information, which characterises the tender.

(4) The supplier shall submit the initial tender for negotiations and the security (if applicable) prepared in conformity with the requirements at the location and time specified in the invitation to negotiations in a negotiated procedure with the publication of a contract notice.

**Section 48. Negotiations, Conformity Check and Selection of Tenders**

(1) In a restricted procedure and a competitive dialogue, the contracting authority shall check the conformity of tenders to the requirements and shall select a suitable tender or tenders in accordance with the tender selection criterion.

(2) In a negotiated procedure with the publication of a contract notice, the contracting authority shall discuss the tenders submitted with the tenderers in order to harmonise the tenders with the requirements and select the most suitable tender in accordance with the tender selection criterion.

(3) During negotiations, the contracting authority shall ensure equal treatment for all tenderers and provide all with equal access to the information regarding the procurement. The contracting authority may not create more favourable conditions for any tenderer.

(4) If the contracting authority, pursuant to Section 18, Paragraph Two of this Law, stipulates that the negotiations will be conducted in successive stages in order to reduce the number of solutions to be discussed therein, it shall apply the tender evaluation criteria specified in the contract notice and procurement procedure documents and decide on the rejection of one or several solutions, which have received the lowest score. In any case, the number of the remaining solutions should be sufficient to ensure competition, given the availability of a sufficient number of solutions which meet the needs of the contracting authority.

(5) In the case of a competitive dialogue, the tenderer shall be entitled to explain, update and definitively harmonise the tender upon request of the contracting authority, if this is necessary for checking the conformity of the tender and for the selection thereof. Such explanations, updates, harmonisation and provision of additional information may not lead to changes in the main terms and conditions set out in the tender or in the call to submit a tender, thereby restricting competition and promoting discrimination.

(6) If it is necessary for checking the conformity of the tender to the specified requirements or for evaluation in accordance with the tender evaluation criteria, the contracting authority shall be entitled to request that the samples of products be submitted or shown during the evaluation of tenders.

(7) During evaluation of tenders, the contracting authority shall check that there are no arithmetical mistakes in the tender. If the contracting authority finds such errors, it shall correct them and notify the tenderer whose mistakes are corrected thereof. When evaluating a tender, the contracting authority shall factor in the corrections.

(8) When evaluating a financial offer, the contracting authority shall verify that all taxes payable in connection with the contract to be entered into are included therein, regardless of the person liable for the payment thereof, with the exception of the value added tax. If the contracting authority finds that these taxes are not included in the financial offer, it shall calculate and add them thereto. Regarding updating the tender and the updated contract price, the contracting authority shall notify the tenderer whose tender has been updated.

(9) If, in accordance with the contract notice and procurement procedure documents, the subject matter of a procurement is divided into parts, the contracting authority shall make a decision to enter into a procurement contract for each part individually. The contracting authority may submit a notice regarding the results of a procurement procedure for publication for each part individually.

(10) In the case of a competitive dialogue, the contracting authority shall be entitled to request the tenderer selected in the relevant procurement procedure to explain the elements of its tender and confirm its commitment to fulfil the obligations specified therein. Such explanations and commitments may not lead to changes in the main terms and conditions set out in the tender or in the call to submit a tender, thereby restricting competition and promoting discrimination.

(11) If the successful tenderer declines from entering into a procurement contract with the contracting authority, the latter shall make a decision to enter into a contract with the next tenderer, which has offered the lowest price or submitted the economically most advantageous tender, or shall suspend the procurement procedure without selecting any tender. If a decision is made to enter into a contract with the next tenderer, which has offered the lowest price or submitted the economically most advantageous tender, whereas such tenderer declines to enter into the contract, the contracting authority shall make a decision to suspend the procurement procedure without selecting any tender.

(12) Prior to making the decision to enter into the procurement contract with the next tenderer who has offered the lowest price or submitted the most economically advantageous tender, the contracting authority shall ascertain whether this tenderer and the first successful tenderer who declined from entering into the procurement contract with the contracting authority can jointly be deemed to constitute a single market player within the meaning of the Competition Law. If necessary, the contracting authority shall be entitled to request the next tenderer a representation and proofs that this tenderer and the first successful tenderer who declined from entering into the procurement contract with the contracting authority cannot jointly be deemed to constitute a single market player within the meaning of the Competition Law. If the next tenderer and the first successful tenderer who declined from entering into the procurement contract with the contracting authority can jointly be deemed to constitute a single market player within the meaning of the Competition Law, the contracting authority shall make a decision to suspend the procurement procedure without selecting any tender.

(13) If the contracting authority makes a decision to enter into the procurement contract with the next tenderer who has offered the lowest price or submitted the most economically advantageous tender, the contracting authority shall inform the Competition Council thereof, indicating the relevant procurement procedure and information (name and registration number or other identifying information if no registration number is available) regarding the tenderer who has declined from entering into the contract, and regarding the tenderer who has offered the lowest price or submitted the most economically advantageous tender and with respect to whom the decision to enter into the contract was made.

**Section 49. Process of Electronic Auction**

(1) If the contracting authority intends to apply an electronic auction in accordance with Section 25 of this Law, it shall, after the initial evaluation of tenders in accordance with the established tender evaluation criterion, concurrently invite all the tenderers who have submitted adequate tenders to submit electronically new prices or prices and values. The invitation to the electronic auction shall include all the necessary information regarding the individual connection for the electronic means to be used in the auction and the date and time when the electronic auction will start. The electronic auction may take place in several successive phases. The auction may not be started earlier than two working days after sending the invitation to participate therein.

(2) In addition to the information referred to in Paragraph One of this Section, the contracting authority shall set out in the invitation to the electronic auction one or several of the following conditions for the completion thereof:

1) date and time;

2) a condition that the auction shall be completed after receipt of the last bid, if the time period specified in the invitation to the electronic auction has elapsed and a new bid is not made during this period;

3) a condition that the auction shall be completed when all phases of the electronic auction specified in the invitation are completed.

(3) If the contracting authority wishes to terminate the auction, observing both the provisions of Paragraph Two, Clauses 2 and 3 of this Section, it shall indicate the time for each phase of the auction in the invitation.

(4) If it is intended to select the economically most advantageous tender, a summary of the evaluation of tenders shall be appended to the invitation. The mathematical formula or algorithm to be used in the electronic auction shall be included in the invitation, which reflects the notional values of all criteria and which, taking into account the initially specified proportion of criteria, shall determine the re-ranking of positions, using the newly submitted values and prices or prices only. If bid variants are permitted, a separate formula shall be specified for each variant.

(5) During any phase of an electronic auction, the contracting authority shall continuously communicate information to all tenderers, which allows them to ascertain their relative rankings at any time. The contracting authority shall also be entitled to provide information regarding other prices or values tendered, if it is provided for in the procurement procedure documents. The contracting authority shall also be entitled to announce at any time the number of participants of the auction in the particular phase thereof; however, it shall not be entitled to disclose the identities of the participants.

(6) The contracting authority shall complete the electronic auction observing the conditions set out in the invitation thereto pursuant to Paragraph Two of this Section.

(7) When the electronic auction is completed, the contracting authority, using the results of this auction, shall select a tender in accordance with the specified selection criterion thereof.

(8) The contracting authority shall not be entitled to use the electronic auction in order to prevent, restrict or distort competition or to change the subject matter of the procurement, which is specified in the contract notice and in the procurement procedure documents.

**Section 50. Abnormally Low Tender**

(1) The contracting authority shall reject a tender if it finds in accordance with the procedure established in this Section that the tender is abnormally low.

(2) If the contracting authority deems a tender for a specific works, supply or service contract to be abnormally low, it shall, prior to the potential rejection of this tender, request in writing from the tenderer a detailed explanation of the constituent elements of the tender which it considers relevant.

(3) The detailed explanation may relate in particular to:

1) the costs of the method of works, manufacturing process, or services to be provided;

2) the technical solutions chosen and exceptionally favourable conditions available to the tenderer for the performance of works, supply of products or provision of services;

3) the features and originality of the tendered works, products or services;

4) the compliance with the provisions for occupational safety and health and for working conditions at the location where works are performed, products supplied or services provided; and

5) the possibility of the tenderer to obtain aid for business activity.

(4) The contracting authority, upon consultation with the tenderer, shall evaluate all the factors referred to in Paragraph Three of this Section, taking account of the evidence supplied by the tenderer.

(5) If the contracting authority establishes that the tender is abnormally low because the tenderer has received an aid for its business activity, the tender may be rejected following consultations with the tenderer only on the basis of the latter being unable to prove, within a reasonable period of time specified by the contracting authority, that the aid received was granted legally. If the contracting authority rejects the tender due to this reason, it shall inform the European Commission and the Procurement Monitoring Bureau regarding the rejection of the tender and the reason thereof.

**Section 51. Termination and Suspension of a Procurement Procedure**

(1) If no applications or tenders have been submitted for the relevant procurement procedure, or the candidates or tenders submitted do not meet the requirements, the contracting authority shall make a decision to terminate the procurement procedure, send the information referred to in Section 52, Paragraph Three of this Law to all candidates or tenderers and publish a notice regarding amendments, termination or suspension of the procurement procedure. The contracting authority may also make such decision in the case referred to in Section 43, Paragraph Six of this Law.

(2) The contracting authority shall be entitled to suspend the procurement procedure at any time on objective grounds. The contracting authority shall send the information referred to in Section 52, Paragraph Three of this Law to all candidates or tenderers and publish a notice regarding amendments, termination or suspension of the procurement procedure.

(3) If the contracting authority has made a decision to terminate or suspend the procurement procedure, it shall publish the notice regarding amendments, termination or suspension of the procurement procedure not later than within five working days after the sending of the information referred to in Section 52, Paragraph Three of this Law to all candidates or tenderers. If no applications or tenders have been submitted for the given procurement procedure, the notice regarding amendments, termination or suspension of the procurement procedure shall be sent not later than within five working days after a decision on the termination of the procurement procedure was made.

(4) If the contracting authority has made a decision to terminate the procurement procedure, it may, pursuant to Section 6, Paragraph Six, Clauses 1 and 2 of this Law, apply a negotiated procedure without the publication of a contract notice or, pursuant to Section 43, Paragraph Six of this Law, organise a new procurement procedure. If the procurement procedure is suspended, it may not be resumed.

**Section 52. Procedures by which Candidates and Tenderers shall be informed regarding Results**

(1) The contracting authority shall, within five working days of making a decision, concurrently inform all candidates regarding the decision made in relation to the results of candidate selection. The contracting authority shall also indicate to each rejected candidate the reasons for rejecting their application. The contracting authority shall inform all candidates regarding the time period in which a person is entitled, pursuant to Section 63, Paragraph Two, Clause 1 or 2 of this Law, to submit a complaint regarding infringements of the procurement procedure to the Procurement Monitoring Bureau.

(2) The contracting authority shall, within five working days after making a decision, concurrently inform all tenderers regarding the decision made in relation to entering into a procurement contract or framework agreement. The contracting authority shall notify the name of the selected tenderer or the names of the selected parties to the framework agreement, indicating:

1) to the rejected tenderer – the reasons for rejecting the tender thereof, justifying the decision on non-conformity to equivalence or the decision on non-conformity of the relevant tender with the functional requirements or operational requirements in the cases specified in Section 19, Paragraphs Five and Six of this Law;

2) to the tenderer which has submitted a conforming tender – the characteristics and relative advantages of the tender selected, if the economically most advantageous tender has been set as the criterion for selection thereof;

3) the time period in which the tenderer, pursuant to Section 63, Paragraph Two, Clause 1 or 2 of this Law, is entitled to submit a complaint regarding infringements of the procurement procedure to the Procurement Monitoring Bureau.

(3) If a procurement procedure is terminated or suspended, the contracting authority shall concurrently inform all candidates or tenderers of all the reasons thereof within five working days of making a decision. If the contracting authority has made a decision to terminate the procurement procedure pursuant to Section 43, Paragraph Six of this Law, the contracting authority shall also inform all the selected candidates that they will be invited to submit tenders or to participate in the dialogue or negotiations under the new procurement procedure along with the candidates selected therein. The contracting authority shall inform all candidates regarding the time period in which a person is entitled, pursuant to Section 63, Paragraph Two, Clause 1 or 2 of this Law, to submit a complaint regarding infringements of the procurement procedure to the Procurement Monitoring Bureau.

(4) Within the meaning of Paragraphs One, Two and Three of this Section, it shall be deemed that information has been conveyed to all candidates or all tenderers concurrently if the information has been conveyed to them in one day.

(5) Informing of the procurement procedure results, the contracting authority shall be entitled not to disclose such information, the disclosure whereof could harm the public interest – defence and security interests in particular – or would result in infringement of the legitimate commercial interests of the supplier or violation of the fair competition rules.

(6) The contracting authority shall send information regarding the results by post, fax or electronically, using secure digital signature, or shall hand it over in person.

(7) The contracting authority, upon informing of the results, shall keep evidence regarding the date and type of sending or conveyance of the information.

**Section 53. Special Provisions for a Negotiated Procedure without the Publication of a Notice regarding the Contract**

(1) If the contracting authority applies a negotiated procedure without the publication of a contract notice and conducts negotiations with several suppliers, it shall ensure equal treatment for all suppliers and provide all with equal access to the information regarding the procurement. The contracting authority may not create more favourable conditions for any tenderer.

(2) In a negotiated procedure without the publication of a contract notice, the contracting authority shall be entitled not to apply the provisions for exclusion of candidates and tenderers laid down in Section 44, Paragraph One of this Law, with the exception of the provisions of Clauses 1 and 2 thereof. The contracting authority shall also be entitled not to apply the provisions for exclusion of candidates and tenderers laid down in Section 44, Paragraph One of this Law if the only candidate or tenderer which meets the requirements would have to be excluded from participation in a negotiated procedure without

the publication of a contract notice in accordance with Section 44, Paragraph One, Clause 1 of this Law, whereas entering into the procurement contract is necessary for the protection of substantial national interests.

(3) The contracting authority shall additionally indicate in the notice regarding the results of the procurement procedure all the circumstances, on the basis of which the negotiated procedure without the publication of a contract notice is applied in accordance with the conditions laid down in Section 6, Paragraph Six of this Law.

**Chapter VII Procurement Contract and Framework Agreement**

**Section 54. Entering into Procurement Contracts and Framework Agreements**

(1) The contracting authority shall enter into a procurement contract or a framework agreement in compliance with the provisions included in the contract notice and in the procurement procedure documents.

(2) A procurement contract or a framework agreement shall be entered into no sooner than on the next working day following the end of the waiting period, if a complaint regarding infringements of the procurement procedure has not been submitted to the Procurement Monitoring Bureau in accordance with the procedures specified in Section 63 of this Law.

(3) The waiting period referred to in Paragraph Tow of this Section shall be:

1) 10 days after the date when the information referred to in Section 52 of this Law has been sent to all tenderers by fax or electronically, using secure digital signature, or handed over in person, plus one working day;

2) 15 days after the date when the information referred to in Section 52 of this Law has been sent, if it has been sent by post to at least one tenderer, plus one working day.

(4) A procurement contract or a framework agreement may be entered into without complying with Paragraph Two of this Section if:

1) the contract has been awarded to the only tenderer, and there are no candidates, which would be entitled to submit a complaint in accordance with the procedures specified in Section 63 of this Law;

2) a negotiated procedure without the publication of a contract notice is applied in accordance with Section 6, Paragraph Six, and Section 53 of this Law;

3) the contract is entered into under a framework agreement in accordance with Section 55 of this Law;

(5) the framework agreement is entered into for a term of up to seven years. In exceptional cases, the contracting authority shall be entitled to enter into a framework agreement for a term longer than seven years, taking into account the expected service life of the products, equipment or systems to be supplied and the technical difficulties that may arise in the case of selecting another supplier (manufacturer); In this case, the contracting authority shall, in the notice regarding the procurement procedure results, additionally indicate evidence for the existence of such circumstances.

(6) A procurement contract shall be entered into for a term of up to five years. In exceptional cases, the contracting authority shall be entitled to enter into a procurement contract for a term longer than five years, taking into account the expected service life of the products, equipment or systems to be supplied and the technical difficulties that may arise in the case of selecting another supplier (manufacturer), and other conditions directly related to subject matter of the procurement. In this case, the contracting authority shall, in the notice regarding the procurement procedure results, additionally indicate evidence for the existence of such circumstances.

**Section 55. Use of a Framework Agreement, and Provisions Thereof**

(1) If provided for in the contract notice, the contracting authority shall be entitled to enter into a framework agreement, and into procurement contracts thereunder, with the successful tenderer(s) of the procurement procedure. The contracting authority may not enter into a framework agreement if this would prevent, restrict or distort competition.

(2) The contracting authority shall adhere to the procurement procedures laid down in this Law, in all phases thereof, up to the entering into a framework agreement. The contracting authority shall determine the parties to the framework agreement, taking into account the selection criterion of the tender.

(3) The contracting authority shall enter into procurement contracts under the framework agreement in accordance with the provisions of Paragraphs Five, Six, Seven and Eight of this Section. Procurement contracts under the framework agreement shall be entered into only with those suppliers who have been defined as parties thereto in accordance with the provisions of the framework agreement on the day of entering thereinto.

(4) When entering into procurement contracts under the framework agreement, the parties shall not make substantial amendments to the provisions thereof, particularly in the cases provided for in Paragraph Six of this Section.

(5) If the framework agreement is entered into with one supplier, procurement contracts under this agreement shall be entered into in accordance with the provisions of the framework agreement. In order to enter into these contracts, the contracting authority may consult with the supplier in writing, if necessary, requesting that the tender is supplemented.

(6) If the framework agreement is entered into with several suppliers, the number thereof may not be less than three, provided that a sufficient number of suppliers operate in the given market, which conform to the qualification requirements to be met, and if it is possible to receive a sufficient number of conforming tenders.

(7) If a framework agreement is entered into with several suppliers, individual procurement contracts under the framework agreement shall be entered into in one of the following ways:

1) by applying the provisions of the framework agreement, and without repeated evaluation of tenders;

2) by repeated evaluation of tenders in accordance with the provisions of the framework agreement (if necessary, formulating them in greater detail) or other provisions provided for in the initial procurement procedure documents, if the framework agreement does not provide all the terms and conditions necessary for entering into the procurement contract.

(8) The following procedure shall be applied for entering into a procurement contract in the case referred to in Paragraph Seven, Clause 2 of this Section:

1) the contracting authority shall consult in writing with the parties to the framework agreement;

2) the contracting authority shall fix a time limit, which is sufficient for the submission of the relevant tender, taking into account such factors as the complexity of the subject matter of the contract and the time required for the preparation of tenders;

3) a party to the framework agreement shall submit a tender in writing, and the tender shall be confidential until the time limit stipulated for the submission of tenders has expired;

4) the contracting authority shall enter into the relevant contract with the tenderer which has submitted the most suitable tender, based on the tender selection criterion set out in the procurement procedure documents.

**Chapter VIII Amendments to a Procurement Contract, and Replacement of Staff and Subcontractors Involved in Contract Execution**

**Section 56. Amending of a Procurement Contract**

(1) A procurement contract may be amended only in specific cases provided for in the contract and this Law.

(2) Each of the contracting parties shall be entitled to request amendments to the procurement contract also when major unforeseen changes have been made in the legislation governing the execution of procurement contracts, if such changes take effect after the tender submission closing date and are unavoidable and independent of the will and control of the contracting parties.

**Section 57. Replacement of Staff and Subcontractors Involved in Contract Execution**

(1) The staff of the tenderer selected in the procurement procedure – which has been involved by the tenderer in the execution of the contract, regarding which it has provided information to the contracting authority and the conformity of qualifications of which with the requirements has been evaluated by the contracting authority, and also the subcontractors of which it has informed the contracting authority and for which requirements are set out in the procurement procedure documents, or subcontractors on whose capacities it has relied on to demonstrate that its qualifications conform to the requirements specified in the contract notice and the procurement procedure documents – may, after entering into the contract, be changed only with a written consent of the contracting authority.

(2) The contracting authority shall not agree to the replacement of the staff and subcontractors referred to in Paragraph One of this Section if any of the following conditions exists:

1) the staff or subcontractor tendered by the supplier do not conform to those requirements specified in the contract notice and the procurement procedure documents, which pertain to the staff or subcontractors of the supplier;

2) the subcontractor, on whose capacities the tenderer selected in the procurement procedure has relied on to demonstrate that the qualifications thereof conform to the requirements specified in the contract notice and the procurement procedure documents, is being replaced and the tendered subcontractor does not have at least the same qualifications on which the tenderer selected in the procurement procedure has referred to in demonstrating the conformity thereof to the requirements specified in the procurement procedure;

3) the subcontractor tendered falls under the conditions for exclusion of candidates and tenderers laid down in Section 44, Paragraph One of this Law, pursuant to the provisions of Section 44, Paragraphs Two, Three, Four, Five, Six, Seven and Eight of this Law;

(3) If a subcontractor, which is being replaced, has been awarded a subcontract in accordance with the provisions of Chapter IX of this Law, taking account of the requirement stipulated by the contracting authority pursuant to Section 23, Paragraph Four of this Law, the successful tenderer of the procurement procedure shall award a new subcontract in accordance with the procedures established in Chapter IX of this Law. If a subcontractor, which is being replaced, has been awarded a subcontract in accordance with the provisions of Chapter IX of this Law, taking account of the requirement stipulated by the contracting authority pursuant to Section 23, Paragraphs Three or Six of this Law, the contracting authority may impose an obligation on the successful tenderer of the procurement procedure to award a new subcontract in accordance with the procedures established in Chapter IX of this Law.

**Chapter IX Awarding of Subcontracts**

**Section 58. Procedures for the Awarding of Subcontracts**

(1) If the successful tenderer of a procurement procedure is a contracting authority within the meaning of this Law, it shall award subcontracts in accordance with the procedures laid down therein, applying the procurement procedures specified in Section 6, Paragraph Three, or the procedure for conducting procurements specified in Paragraph Seven of this Law, if these procedures are applicable having regard of Section 4 and Section 6, Paragraph One of this Law.

(2) If the successful tenderer of a procurement procedure is not a contracting authority within the meaning of this Law, it shall award subcontracts in accordance with the procedure laid down in this Chapter if the contracting authority has imposed such an obligation on the tenderer pursuant to Section 23, Paragraph Three, Four or Six of this Law.

(3) The successful tenderer of the procurement procedure shall be entitled to apply the provisions of this Chapter also when it is not obliged to do so.

(4) The provisions of this Chapter shall apply to the awarding of subcontracts and to the entering thereinto with suppliers which are not related persons with respect to the successful tenderer of the procurement procedure. Within the meaning of this Chapter, members of a supplier – consortium are related persons.

(5) The successful tenderer shall apply the procedure laid down in Section 60 of this Law if the price of the subcontract, or of the framework agreement whereunder subcontracting is intended (hereinafter – subcontractor framework agreement), is equal to or higher than the contract price thresholds set by the Cabinet. If the price of the subcontract or subcontractor framework agreement is less than the contract price thresholds set by the Cabinet, the successful tenderer shall be entitled to enter into the subcontract or subcontractor framework agreement without applying the procedure laid down in Section 60 of this Law.

(6) The successful tenderer shall be entitled not to apply the procedure laid down in Section 60 of this Law also in any of the following cases:

1) the subcontract to be entered into satisfies the conditions laid down in Section 6, Paragraph Six of this Law to apply a negotiated procedure without the publication of a contract notice;

2) the contracting authority authorises the successful tenderer not to apply the procedure laid down in Section 60 of this Law to the relevant subcontract. The contracting authority shall be entitled to give such authorisation if the successful tenderer of the procurement procedure has applied the procedure laid down in Section 60 of this Law and is able to demonstrate to the satisfaction of the contracting authority that none of the suppliers, which have applied for the award of the subcontract, met the requirements specified in the subcontract notice and that the successful tenderer will therefore be unable to execute the procurement contract.

(7) Regardless of whether the successful tenderer of the procurement procedure, pursuant to the provisions of Paragraphs Five and Six of this Section, awards a subcontract by application of the procedure laid down in Section 60 of this Law, or without the application thereof, it shall observe in subcontracting transparency and competition law and may not discriminate against other suppliers (subcontractors).

(8) In order to determine whether the successful tenderer of a procurement procedure must apply the procedure for awarding subcontracts specified in Section 60 of this Law in accordance with Paragraph Four of this Section, the successful tenderer shall set an estimated contract price for the relevant subcontract or subcontractor framework agreement in accordance with Section 5 of this Law.

**Section 59. Requirements for Subcontractors, and Criteria for Selection Thereof**

(1) The successful tenderer of a procurement procedure shall prescribe for subcontractors all of the requirements which the contracting authority has specified in accordance with Section 23, Paragraph Seven of this Law.

(2) In addition to the requirements laid down in Paragraph One of this Section, the successful tenderer of the procurement procedure may prescribe for subcontractors other non-discriminatory, objective and commensurate requirements, which the contracting authority has specified in the contract notice and procurement procedure documents and which are directly related to the subject matter of the subcontract.

(3) The successful tenderer of the procurement procedure shall specify the criteria according to which it will choose one or more subcontractors from those who meet the requirements, with whom to enter into a subcontract or subcontractor framework agreement.

(4) The successful tenderer of the procurement procedure shall be entitled to request that the subcontractor submits or pays a tender security. In such case, the successful tenderer shall comply with the provisions of Section 27 of this Law.

(5) The successful tenderer of the procurement procedure shall include in the subcontract notice all the requirements and criteria which it has established in accordance with Paragraphs One, Two, Three and Four of this Section.

(6) The successful tenderer of the procurement procedure shall, before publication of the subcontract notice, receive consent to the established requirements and criteria from the contracting authority, provided that the latter has, in accordance with Section 23, Paragraph Ten of this Law, envisaged an obligation in the contract notice or procurement procedure documents to harmonise the requirements and criteria to be included in the subcontract notice with the contracting authority.

**Section 60. Procedure for Awarding Subcontracts**

(1) The successful tenderer of the procurement procedure shall publish a subcontract notice in accordance with Section 33, Paragraph Two of this Law and, in addition to the requirements and criteria established in accordance with Section 59 of this Law, shall specify therein a time limit for the submission of subcontractor tenders, which is commensurate to the subject matter and scope of the subcontract to be entered into, and other provisions relating to technical specifications and execution of the subcontract, which it deems necessary.

(2) After the expiry of the time limit for the submission of subcontractor tenders, the successful tenderer of the procurement procedure shall evaluate the tenders submitted by subcontractors and shall decide on selecting a subcontractor (or subcontractors) with whom to enter into a subcontract or subcontractor framework agreement in accordance with the requirements and criteria specified in the subcontract notice.

(3) If the contracting authority, pursuant to Section 23, Paragraph Eight of this Law, has provided for a possibility to reject the subcontractors selected, the successful tenderer of the procurement procedure shall submit to the contracting authority for approval a decision whereunder the subcontractor (or subcontractors) with whom to enter into a subcontract or subcontractor framework agreement has been selected.

(4) If the contracting authority approves the decision whereunder the subcontractor (or subcontractors) with whom to enter into a subcontract or subcontractor framework agreement has been selected or if the approval thereof is not required, the supplier selected in the procurement procedure shall enter into the subcontract or subcontractor framework agreement with the selected subcontractor(s). A subcontractor framework agreement and subcontracts thereunder shall be entered into in accordance with the provisions laid down in Paragraphs Six, Seven, Eight and Nine of this Section.

(5) If the selected tenderer declines from entering into a subcontract or subcontractor framework agreement, or if the contracting authority rejects the subcontractor selected, the successful tenderer shall be entitled to enter into the subcontract or subcontractor framework agreement with the subcontractor, which has submitted the next economically most advantageous tender in accordance with the requirements and criteria, pursuant to the provisions of Paragraph Three of this Section

(6) The subcontractor framework agreement is entered into for a term of up to seven years. In exceptional cases, the successful tenderer of the procurement procedure shall be entitled to enter into a subcontractor framework agreement for a term longer than seven years, taking into account the expected service life of the products, equipment or systems to be supplied and the technical difficulties that may arise in the case of selecting another supplier (manufacturer).

(7) The successful tenderer of the procurement procedure shall enter into subcontracts under the subcontractor framework agreement in accordance with the provisions thereof.

(8) The successful tenderer of the procurement procedure shall enter into subcontracts under the subcontractor framework agreement only with those suppliers who have been defined as parties thereto in accordance with the provisions of the subcontractor framework agreement on the day of entering thereinto.

(9) The successful tenderer of the procurement procedure may not enter into a subcontractor framework agreement if this would prevent, restrict or distort competition.

**Chapter X Procurement Monitoring Bureau**

**Section 61. Competence of the Procurement Monitoring Bureau**

(1) The Procurement Monitoring Bureau shall oversee compliance with this Law and regulations ensuing therefrom.

(2) The legal status, rights and obligations of the Procurement Monitoring Bureau are laid down in the Public Procurement Law.

**Section 62. Complaints Examination Commission**

(1) The procedures for the establishment and operation of a complaints examination commission (hereinafter – the commission) and competence thereof are laid down in the Public Procurement Law, insofar as this Law does not provide otherwise.

(2) All members of the commission shall be officials who hold a special permit of the relevant category for access to state secrets and who meet the other criteria laid down in the Public Procurement Law for the chairperson and members thereof.

(3) The commission shall review information which is an object of state secret in accordance with the procedures established in the legislation governing the area of protection of state secrets, at a closed meeting, without participation of other persons.

**Chapter XI Procedures for Submission and Review of Complaints regarding Infringements of the Procurement Procedure**

**Section 63. The Right to Submit a Complaint regarding Infringements of the Procurement Procedure**

(1) A person who is or has been interested in the award of a procurement contract or a framework agreement, or who is qualifying to be the successful tenderer and who, in relation to the specific procurement procedure, to which this Law applies, regards that its rights have been or may be infringed upon, which is caused by a potential violation of the European Union or other legislation, shall be entitled to submit a complaint regarding the provisions for selection of candidates or tenderers, technical specifications and other requirements, which relate to the specific procurement procedure, or regarding the activities of the contracting authority or the procurement commission (if applicable) during the procurement procedure.

(2) A complaint regarding the infringements referred to in Paragraph One of this Section (except the cases referred to in Paragraph Three of this Section) may be submitted to the Procurement Monitoring Bureau in the following time periods until entering into the procurement contract or framework agreement:

1) within 10 days from the day when the information referred to in Section 52 of this Law has been sent to the relevant person by fax or in electronic form, using a secure digital signature, or handed over in person;

2) within 15 days from the day when the information referred to in Section 52 of this Law has been sent to the relevant person by post;

3) within 10 days from the day when the notice referred to in Section 35, Paragraph One of this Law has been published on the website of the Procurement Monitoring Bureau or, if the contract price of the procurement is equal to or exceeds the contract price thresholds set by the Cabinet, in the Official Journal of the European Union.

(3) A complaint regarding the requirements contained in the contract notice and the candidate selection regulations may be submitted to the Procurement Monitoring Bureau not later than four working days before the expiry of the time limit for submission of applications; a complaint regarding the requirements contained in a call to submit tenders in a restricted procedure or a competitive dialogue, or in an invitation to negotiations in a negotiated procedure – not later than four working days before the expiry of the time limit for submission of tenders.

(4) A complaint may be forwarded to the Procurement Monitoring Bureau by post, fax or in electronic form, using a secure digital signature, or by handing it over in person. A complaint shall be deemed to have been submitted to the Procurement Monitoring Bureau within the periods set in Paragraphs Two and Three of this Section if it is received not later than the last day thereof, during the working hours of the Bureau.

(5) A complaint shall be submitted in writing and shall contain 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 infringement;

4) the claim of the submitter of the complaint.

5) the legal basis for the complaint.

(6) The Procurement Monitoring Bureau shall, within one working day after receipt of the complaint regarding infringements of the procurement procedure, post information thereof on its website, indicating the submitter of the complaint, the contracting authority and the procurement procedure, the legality of which is contested by the submitter of the complaint, and shall inform the contracting authority regarding initiation of an administrative case, sending a notice regarding the received complaint and a copy of the complaint to the fax number or e-mail address indicated by the contracting authority, and the contracting authority may not enter into a procurement contract or framework agreement until receipt of a decision of the commission on the results of the review of the complaint or termination of the administrative case.

(7) If a complaint regarding activities of the contracting authority in relation to the legality of the procurement procedure is submitted and a complaint regarding the same procurement procedure has already been submitted by another party and it has not been reviewed yet, such complaints may be combined and reviewed together.

(8) The submitter of a complaint shall be entitled to revoke it in writing at any time before the commission has made a decision thereupon.

**Section 64. Complaints Dismissed without Examination**

(1) The Procurement Monitoring Bureau shall be entitled to dismiss a complaint without examination in any of the following cases:

1) the complaint does not conform to the requirements of Section 63, Paragraph One, Two, Three or Five of this Law;

2) a complaint has already been submitted and examined with respect to the procurement procedure for the same subject matter and on the same grounds; or

3) the information included in the complaint is evidently insufficient to satisfy the claim of the submitter, or the complaint is clearly dismissible on the merits.

(2) A decision of the Procurement Monitoring Bureau on the dismissal of a complaint without examination may be appealed in the Administrative District Court in accordance with the procedures established in the Administrative Procedure Law. The case shall be heard in the court composed of three judges. The appeal of the decision shall not suspend the effectiveness thereof.

(3) A ruling of the Administrative District Court may be appealed in accordance with cassation procedures in the Department of Administrative Cases of the Senate of the Supreme Court.

**Section 65. Examination of Complaints**

(1) The commission shall examine a complaint within one month after receipt thereof at the Procurement Monitoring Bureau. If, due to objective reasons, it is not possible to observe this time period, the commission shall be entitled to extend it, notifying the submitter of the complaint and the contracting authority thereof.

(2) Examining a complaint regarding infringements of a procurement procedure, the commission shall be entitled by a decision thereof:

1) to allow entering into a procurement contract or framework agreement and to leave the requirements specified in the procurement procedure documents, or the decision of the contracting authority or the procurement commission in effect if the complaint is not justified or is justified, whereas the infringements established by the commission cannot affect the decision on awarding the procurement;

2) to prohibit entering into a procurement contract if the contracting authority has not complied with the requirements pursuant to Section 52 of this Law;

3) to prohibit entering into a procurement contract or framework agreement and to annul the requirements specified in the procurement procedure documents, or the decision of the contracting authority, if the complaint is justified and the infringements established by the commission can affect the decision on awarding the procurement;

4) to leave the decision of the contracting authority on termination or suspension of the procurement procedure in effect if the complaint is not justified;

5) to annul the decision of the contracting authority on termination or suspension of the procurement procedure if the complaint is justified.

(3) In the cases referred to in Paragraph Two, Clauses 2, 3 and 5 of this Section, the commission may decide on the measures for prevention of the infringements established. The commission may require the contracting authority to suspend the procurement procedure only if it is not possible to otherwise prevent the infringements thereof on the part of the contracting authority.

(4) If the commission establishes that a complaint be dismissed without examination, it shall make a decision on termination of the administrative case. If the submitter withdraws a complaint, the relevant administrative proceedings shall be considered as terminated.

(5) The commission shall summon the submitter of the complaint, the contracting authority and the tenderer whose tender has been selected according to the tender selection criterion (hereinafter – participants) to the complaint examination session. The commission shall summon the participants to the complaint examination session at least six working days in advance, sending a summons electronically, using a secure digital signature, or by fax.

(6) The commission shall hear opinions of all the attending participants. After hearing the participants, the commission shall continue work without the presence of the participants.

(7) The commission shall assess the complaint on the basis of the facts presented by the participants and, if necessary, an opinion or conclusion of an expert. If participants fail to attend the complaint examination session, the commission shall examine the complaint on the basis of the facts available thereto. The commission shall make a decision and, within three working days, send it to the submitter of the complaint, the contracting authority and other participants in the complaint examination session.

(8) The commission shall state in the decision thereof:

1) the justification for the formation of the commission;

2) the members of the commission and experts who have participated in the session thereof;

3) representatives of the submitter of the complaint, the contracting authority and other participants in the session;

4) the identification number of the procurement procedure, regarding which the complaint has been submitted;

5) the facts, regarding which the complaint has been submitted, and the claim of the submitter of the complaint;

6) the most important arguments of the submitter of the complaint and the contracting authority;

7) the justification of the decision;

8) the legal rules applied;

9) the duty imposed on the contracting authority and the time limit wherein it must be fulfilled if the commission decides on measures for prevention of the infringements established;

10) a prohibition or a permission for the contracting authority to enter into a procurement contract or framework agreement; and

11) where and within what time period the decision may be appealed.

(9) The Procurement Monitoring Bureau and the commission may not enclose the information which is an object of state secret with the materials of the administrative case, and the commission may not reflect such information in the decision thereof; however, the Procurement Monitoring Bureau and the commission shall make a reference that they have read and assessed the relevant information.

(10) If the commission has decided on measures to prevent the infringements established, the contracting authority shall prevent the infringements, make a decision thereof and communicate it in accordance with the procedure laid down in this Law, and shall send to the Procurement Monitoring Bureau all the information relating to the decision and the prevention of the infringements established by the commission.

**Section 66. Appealing a Decision of the Commission**

(1) Participants may appeal a decision of the commission in the Administrative District Court in accordance with the procedures prescribed by the Administrative Procedure Law. The case shall be heard in the court composed of three judges.

(2) A judgment of the Administrative District Court may be appealed in accordance with cassation procedures in the Department of Administrative Cases of the Senate of the Supreme Court. Other court rulings may be appealed pursuant to the Administrative Procedure Law.

(3) The appeal of a decision of the commission shall not suspend the execution thereof.

**Chapter XII Recognition of a Procurement Contract or Framework Agreement as Invalid, Amending or Repealing of the Provisions Thereof, Reduction of the Term of a Contract or Framework Agreement**

**Section 67. Submission of a Statement of Claim and Examination of a Case regarding Recognition of a Procurement Contract or Framework Agreement as Invalid, Amending or Repealing of the Provisions Thereof, or Reduction of the Term of a Contract or Framework Agreement**

(1) The persons referred to in Section 63, Paragraph One of this Law may, in the cases provided for in Section 68, Paragraph One of this Law, file a statement of claim regarding recognition of a procurement contract or framework agreement as invalid, amending or repealing of the provisions thereof, or reduction of the term of a contract or framework agreement.

(2) A statement of claim shall be filed with the Administrative District Court, which shall adjudicate the case in the composition of three judges. The norms of the Administrative Procedure Law, including norms regarding the adjudication of a public law contract in a court, shall be applied to the examination of the statement of claim and the case, insofar as this Law does not provide otherwise.

(3) A statement of claim in relation to the infringements referred to in Section 68, Paragraph One of this Law may be filed within the following time periods:

1) within six months after the date when the procurement contract or framework agreement was entered into, except the cases referred to in Clause 2, Subclauses a) and b) of this Paragraph;

2) within one month after the date when:

a) such a notice regarding the results of the procurement procedure has been published on the website of the Procurement Monitoring Bureau or, if the procurement contract price is equal to or exceeds the contract price thresholds set by the Cabinet, in the Official Journal of the European Union, wherein the contracting authority has included a justification for the decision to award a procurement contract or framework agreement without the publication of a contract notice;

b) the contracting authority has informed the relevant candidate regarding entering into the procurement contract or framework agreement, specifying the reasons for rejecting the application submitted by the candidate, or the relevant tenderer regarding entering into the procurement contract or framework agreement, specifying the information referred to in Section 52, Paragraph Two, Clause 1 or 2 of this Law.

(4) Concurrently with submitting a statement of claim or during adjudication of a case, the party who has filed the statement of claim may, in the cases and in accordance with the procedures specified in the Administrative Procedure Law, request that interim measures be applied, specifying a prohibition to perform specific activities related to the execution of the procurement contract or framework agreement as the means thereof.

(5) A judgment of the Administrative District Court may be appealed in accordance with cassation procedures in the Department of Administrative Cases of the Senate of the Supreme Court. Other court rulings may be appealed pursuant to the Administrative Procedure Law.

**Section 68. Cases when a Procurement Contract or Framework Agreement may be Recognised as Invalid, the Provisions Thereof may be Amended or Repealed, or the Term of a Contract or Framework Agreement may be Reduced**

(1) The court may recognise a procurement contract or framework agreement as invalid, amend or repeal the provisions thereof, or reduce the term of a contract or framework agreement in any of the following cases:

1) the procurement contract or framework agreement has been entered into without applying the procurement procedures specified in this Law or the procedure for conducting procurement referred to in Section 6, Paragraph Seven of this Law, if the contracting authority had to apply it;

2) the contracting authority has, in non-conformity with the provisions of Section 6, Paragraph Six, applied a negotiated procedure without the publication of a contract notice, or has conducted a procurement unduly in accordance with the procedure laid down in Section 6, Paragraph Seven of this Law;

3) a procurement contract or framework agreement has been awarded and entered into, unduly failing to publish a contract notice in the Official Journal of the European Union;

4) a procurement contract or framework agreement has been entered into without observing the time limit specified in Section 54, Paragraph Two of this Law;

5) a procurement contract or framework agreement has been entered into in violation of the prohibition to enter thereinto specified in Section 63, Paragraph Six of this Law;

6) a procurement contract has been entered into without complying with the requirements specified in Section 55, Paragraph Seven of this Law, if the contract price of the relevant contract is equal to or exceeds the contract price thresholds set by the Cabinet.

(2) In the cases referred to in Paragraph One, Clause 1, 2 or 3 of this Section, a procurement contract or framework agreement shall not be recognised as invalid, the provisions thereof shall not be amended or repealed, and the term of the contract or framework agreement shall not be reduced despite violations of the law if the following conditions exist concurrently:

1) the contracting authority has published the notice referred to in Section 35, Paragraph One of this Law;

2) the procurement contract or framework agreement was entered into not more than 10 days and additional one working day after the date when the notice referred to in Section 35, Paragraph One of this Law was published on the website of the Procurement Monitoring Bureau or in the Official Journal of the European Union, if the procurement contract price is equal to or exceeds the contract price thresholds set by the Cabinet;

3) the prohibition specified in Section 63, Paragraph Six of this Law to enter into a procurement contract or framework agreement has been complied with.

(3) In the case referred to in Paragraph One, Clause 6 of this Section, a procurement contract shall not be recognised as invalid, the provisions thereof shall not be amended or repealed, or the term thereof shall not be reduced despite violations of the law if the following conditions exist concurrently:

1) the contracting authority has informed the tenderers in accordance with Section 52 of this Law;

2) the particular contract has been entered into observing the time limit referred to in Section 54, Paragraph Two of this Law;

3) the prohibition specified in Section 63, Paragraph Six of this Law to enter into a procurement contract has been complied with.

**Section 69. Court Judgment Regarding a Procurement Contract or Framework Agreement**

(1) If a court establishes that a procurement contract or framework agreement has been entered into in violation of the norms of this Law, and concludes that the statement of claim should be satisfied, it shall, in compliance with the conditions of this Law, at its own discretion select one of the following types of judgment:

1) shall recognise the procurement contract or framework agreement as invalid from the moment of entering thereinto;

2) shall amend or repeal the provisions of the procurement contract or framework agreement still to be complied with. Upon making this judgment, the court shall reduce the term of the procurement contract or framework agreement;

3) shall reduce the term of the procurement contract or framework agreement.

(2) A court, upon selecting one of the types of judgment referred to in Paragraph One of this Section, shall not be bound by the subject of the statement of claim and the limits of the claim. The court shall determine which type of judgment is commensurate, effective and dissuasive in a given case, in order to ensure that the contracting authority does not violate this Law in the future. A court shall make the judgment referred to in Paragraph One, Clause 3 of this Section only in the cases referred to in Paragraphs Three and Four of this Section.

(3) A court shall not make the judgment referred to in Paragraph One, Clause 1 or 2 of this Section if it is essential for the public interests – including national defence and security interests – that the effects of the procurement contract or framework agreement are maintained. The financial effects (for example, due to default in execution of a payment, replacement of a contractor, sanctions or other legal liabilities) alone may not be considered a sufficient basis for not making the judgment pursuant to Paragraph One, Clause 1 or 2 of this Section, except if they pose a material threat to the implementation of a significant, large-scale national defence or security programme.

(4) If a procurement contract or framework agreement has been entered into without observing the time limit specified in Section 54, Paragraph Two of this Law or in violation of the prohibition specified in Section 63, Paragraph Six of this Law to enter into a procurement contract or framework agreement, and it is established that the procurement procedure until the making of the decision on the selection of the successful tenderer has been performed in accordance with the requirements of this Law and the referred to decision has not affected the chances of the tenderer, who has filed the statement of claim, to be awarded with the contract, the court shall make the judgment referred to in Paragraph One, Clause 2 or 3 of this Section.

(5) In making any of the judgments referred to in Paragraph One, Clauses 1 and 2 of this Section, the court shall decide on the validity of such contracts, which have been entered into under the relevant framework agreement.

(6) The court shall send a true copy of the judgment to the Procurement Monitoring Bureau.

**Chapter XIII Compensation for Losses**

**Section 70. Compensation for Losses**

(1) Losses caused by the contracting authority in violation of the provisions of this Law shall be compensated in accordance with the Administrative Procedure Law and the Law on Compensation for Losses Caused by Administrative Authorities of the State. Cases regarding compensation for losses shall be adjudicated by the Administrative District Court, in accordance with the procedure for judicial proceedings, in the composition of three judges.

(2) Compensation for losses not specified in Paragraph One of this Section may be claimed by filing a statement of claim in a court of general jurisdiction in accordance with the procedure established in the Civil Procedure Law.

(3) If compensation for losses is requested concurrently with the claim provided for in Section 67 of this Law, a court shall decide thereon, examining the relevant statement of claim and making any of the judgments referred to in Section 69, Paragraph One of this Law. The burden of proof regarding the existence of such losses and the amount of compensation shall lie with the party who has filed the relevant statement of claim. After the day when the judgment entered into force, compensation for such losses may be claimed in accordance with the civil law procedures.

(4) A judgment of the Administrative District Court may be appealed in accordance with cassation procedures in the Department of Administrative Cases of the Senate of the Supreme Court. Other rulings by the Administrative District Court may be appealed pursuant to the Administrative Procedure Law.

(5) In submitting a complaint to the Procurement Monitoring Bureau in accordance with Section 63 of this Law, compensation for losses may not be requested. Compensation for losses caused by the contracting authority may be requested concurrently with filing a statement of claim in a court or with addressing the contracting authority in accordance with the procedures specified in the Law on Compensation for Losses Caused by Administrative Authorities of the State. The Procurement Monitoring Bureau shall not be liable for the losses caused by the contracting authority.

**Chapter XIV Statistical Reports**

**Section 71. Statistical Reports**

Each year by 1 March, the contracting authority shall submit a statistical report to the Procurement Monitoring Bureau in accordance with Section 72 of this Law.

**Section 72. Content of a Statistical Report**

(1) At least the following information shall be indicated in a statistical report:

1) the number of works, supply and service contracts which have been entered into pursuant to this Law, and the contract prices thereof;

2) the sum total of such works, supply and service contracts entered into, the contract price whereof is lower than the thresholds set in Section 6, Paragraph One of this Law and which would have to be entered into in accordance with the requirements of this Law if the contract price thereof were equal to or exceeded the aforementioned contract price thresholds.

(2) The information specified in Paragraph One, Clause 1 of this Section shall be divided into categories:

1) by the procurement procedures applied, separately listing the procurements which have been concluded in accordance with Section 6, Paragraph Seven of this Law;

2) by the contract price thresholds provided for in this Law;

3) for each procedure – by the categories of works, products and services, corresponding to the Common Procurement Vocabulary (CPV).

(3) If contracts have been entered by applying a negotiated procedure without the publication of a contract notice, the information referred to in Paragraph One, Clause 1 of this Section shall in addition be divided into categories corresponding to the provisions of Section 6, Paragraph Six of this Law.

(4) Other information shall also be included in a statistical report if the European Commission requests so.

**Transitional Provisions**

1. Section 44, Paragraph One, Clause 3 of this Law shall apply if a candidate or tenderer has failed to implement a procurement contract, which has been entered into after the entry into force of this Law.

2. Section 44, Paragraph One, Clauses 5 and 7 of this Law shall apply if a violation whereof a decision of a competent authority or a judgment of a court has entered into force and has become undisputable and unappealable had been committed after 3 September 2010.

3. A procurement procedure, which has been announced prior to the entry into force of this Law, in accordance with the provisions of the Public Procurement Law or the Law on the Procurement of Public Service Providers, and which should be subject to this Law, shall be completed pursuant to the provisions of the Public Procurement Law or the Law on the Procurement of Public Service Providers respectively.

4. Amendments to this Law, Section 6, Section 44, Paragraph One, Clause 4, and Paragraph Four, Clause 2 concerning conversion from lats to euros shall enter into force on 1 January 2014.

*(19.09.2013. [10 October 2013])*

5. The procurement procedures referred to in Section 6, Paragraph Three of this Law, which have been announced until 31 December 2013, and the procurements referred to in Section 6, Paragraphs Seven and Nine of this Law, shall be completed – including challenging or appealing thereof – in accordance with the provisions of this Law, which were in force on the day of announcing the relevant procurement procedure or procurement, pursuant to the transitional provisions laid down in Paragraphs 6, 7 and 8 hereof.

*(19.09.2013. [10 October 2013])*

6. The amendment to Section 44, Paragraph One, Clause 4 of this Law, which comes into force as of 1 January 2014 and replaces the figure and word "100 lats" by the figure and word "150 euros", shall apply to a candidate, tenderer and other persons referred to in Section 44, Paragraph One, Clause 9 of this Law if the existence of tax debts is checked for a date after 31 December 2013, regardless of the provisions contained in the contract notice, or in the notice regarding the relevant procurement, and in the procurement documents, or procurement procedure documents.

*(19.09.2013. [10 October 2013])*

7. If the sums of money in a tender, whereunder a contract or framework agreement is entered into after 31 December 2013, are specified in lats, the contracting authority shall express the relevant information to be included in the contract or framework agreement in euros in accordance with the principles of rounding specified in Section 6 of the Law on the Procedure for Introduction of Euro.

*(19.09.2013. [10 October 2013])*

8. Publishing a notice after 31 December 2013, the contracting authority shall, in accordance with the principles of rounding specified in Section 6 of the Law on the Procedure for Introduction of Euro, convert the sums of money indicated in lats to euros, and shall specify the relevant information in the notice in euros.

*(19.09.2013. [10 October 2013])*

9. The contracting authority shall be entitled to amend a procurement contract or framework agreement for converting the sums of money specified therein in lats to euros pursuant to Section 4, Paragraph Two of the Law on the Procedure for Introduction of Euro.

*(19.09.2013. [10 October 2013])*

**Informative Reference to European Union Directive**

This Law contains legal provisions derived from Directive 2009/81/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of procedures for the award of certain works contracts, supply contracts and service contracts by contracting authorities or entities in the fields of defence and security

This Law has been adopted by the Saeima on 13 October 2011.

President of the Republic of Latvia A. Bērziņš

Riga, 2 November 2011

Annex 1

to the Law on Procurement

in the Fields of Defence and Security

**Nomenclature of the services to the procurement whereof the procurement procedures laid down in Section 6, Paragraph Three of the Law on Procurement in the Fields of Defence and Security shall apply**

|  |  |  |
| --- | --- | --- |
| Category number | Service | CPV code |
| 1. | Maintenance and repair services | 50000000–5, from 50100000–6 to 50884000–5 (except from 50310000–1 to 50324200–4 and 50116510–9, 50190000–3, 50229000–6, 50243000–0), and from 51000000–9 to 51900000–1 |
| 2. | Foreign military-aid-related services | 75211300–1 |
| 3. | Defence services, Military defence services,and Civil defence services | 75220000–4, 75221000–1, 75222000–8 |
| 4. | Investigation and security services | From 79700000–1 to 79720000–7 |
| 5. | Land transport services | 60000000–8, from 60100000–9 to 60183000–4 (except 60160000–7, 60161000–4),and from 64120000–3 to 64121200–2 |
| 6. | Air transport services of passengers and freight, except transport of mail | 60400000–2, from 60410000–5 to 60424120–3 (except 60411000–2, 60421000–5), from 60440000–4 to 60445000–9,and 60500000–3 |
| 7. | Transport of mail by land and by air | 60160000–7, 60161000–4, 60411000–2, 60421000–5 |
| 8. | Rail transport services | From 60200000–0 to 60220000–6 |
| 9. | Water transport services | From 60600000–4 to 60653000–0,and from 63727000–1 to 63727200–3 |
| 10. | Supporting and auxiliary transport services | From 63100000–0 to 63111000–0, from 63120000–6 to 63121100–4, 63122000–0, 63512000–1, and from 63520000–0 to 6370000–6 |
| 11. | Telecommunications services | From 64200000–8 to 64228200–2, 72318000–7, and from 72700000–7 to 72720000–3 |
| 12. | Financial services; Insurance services | From 66500000–5 to 66720000–3 |
| 13. | Computer and related services | From 50310000–1 to 50324200–4, from 72000000–5 to 72920000–5 (except 72318000–7 and from 72700000–7 to 72720000–3), 79342410–4, 9342410–4 |
| 14. | Research and development services, which are wholly remunerated by the contracting authority and used exclusively for its own affairs, and Test and evaluation services | From 73000000–2 to 73436000–7 |
| 15. | Accounting, auditing and book-keeping services | From 79210000–9 to 79212500–8 |
| 16. | Management consultant services and related services,except arbitration and conciliation services | From 73200000–4 to 73220000–0, from 79400000–8 to 79421200–3,and 79342000–3, 79342100–4, 79342300–6, 79342320–2, 79342321–9, 79910000–6, 79991000–7, 98362000–8 |
| 17. | Architectural services; engineering services and integrated engineering services; urban planning  and landscape engineering services; related scientific and technical consulting services; technical testing and analysis services | From 71000000–8 to 71900000–7 (except 71550000–8),and 79994000–8 |
| 18. | Building-cleaning services and property management services | From 70300000–4 to 70340000–6, and from 90900000–6 to 90924000–0 |
| 19. | Sewage and refuse disposal services; sanitation  and similar services | From 90400000–1 to 90743200–9 (except 90712200–3), from 90910000–9 to 90920000–2, and 50190000–3, 50229000–6, 50243000–0 |
| 20. | Training and simulation in the field of defence and security | 80330000–6, 80600000–0, 80610000–3, 80620000–6, 80630000–9, 80640000–2, 80650000–5, 80660000–8 |

Annex 2

to the Law on Procurement

in the Fields of Defence and Security

**Nomenclature of the services to the procurement whereof the provisions pursuant to Section 6, Paragraph Seven of the Law on Procurement in the Fields of Defence and Securitymay be applied**

|  |  |  |
| --- | --- | --- |
| Category number | Service | CPV code |
| 1. | Hotel and restaurant services | From 55100000–1 to 55524000–9,and from 98340000–8 to 98341100–6 |
| 2. | Supporting and auxiliary trans-  port services | From 63000000–9 to 63734000–3 (except 63711200–8, 63712700–0, 63712710–3), from 63727000–1 to 63727200–3, and 98361000–1 |
| 3. | Legal services | From 79100000–5 to 79140000–7 |
| 4. | Personnel placement and supply services, except employment contracts | From 79600000–0 to 79635000–4 (except 79611000–0, 79632000–3, 79633000–0),and from 98500000–8 to 98514000–9 |
| 5. | Health and social services | 79611000–0, and from 85000000–9 to 85323000–9 (except 85321000–5 and85322000–2) |
| 6. | Other services |  |