

AGREEMENT
on Supervision of the Project Implementation

Riga, 24 November 2016

No. _____
(Transparency International Latvia)
No. LIG/2016/594
(Rīgas satiksme)

Association "Transparency International Latvia" (8 Citadeles iela, Riga, registration number: 40008037054) and Riga municipal limited liability company **"Rīgas satiksme"**(28 Kleistu iela, Riga, registration number 40003619950) hereby enter into the following agreement:

1. Abbreviations used in the Agreement:

- 1.1. **Subcontractor** - a natural or a legal person or a public institution, an association of such persons in any combination thereof, attracted by the supplier or the subcontractor for the performance of construction works, delivery or goods or provision of services for the purpose of the Project implementation - up to the last level of the works performed or the services provided in the scope of the Project.
- 1.2. **Agreement** - this agreement on supervision of the Project implementation;
- 1.3. **Supplier** - a natural or legal person or a public institution, an association of such persons in any combination thereof, performing construction works, delivering goods or providing services to the Project Implementer in the scope of the Project;
- 1.4. **Project Implementer** - RM SIA Rīgas satiksme;
- 1.5. **Project Supervisor** - the Association "Transparency International Latvia", carrying out supervision of the Project implementation based on the agreement signed between the European Commission and *the Transparency International* for the contractual amount of EUR 356,731.42;
- 1.6. **Project** - a set of activities approved and carried out for the development of an environmentally-friendly public transportation infrastructure, constructing a section of the tramline, reconstructing a section of the existing tram infrastructure, and purchasing vehicles in conformity with the Regulation of the Cabinet of Ministers No. 281 of 3 May 2016 "Regulations for the Implementation of Measure 4.5.1.1 "To develop environmentally-friendly transportation (rail transportation) infrastructure" of the specific support objective 4.5.1 "To develop environmentally-friendly transportation Infrastructure" of the Operational Programme "Growth and Employment";
- 1.7. **Parties** - the Association "Transparency International Latvia" and RM SIA Rīgas satiksme.

2. The objective and subject of the Agreement

- 2.1. The objective of the Agreement is to prevent any actions in violation of the laws and regulations or to reduce the risk of the occurrence thereof, as well as to facilitate good governance and openness during the Project implementation. The Project Implementer during the Project implementation shall agree to comply with the conditions and principles referred to in Annex 1 "Integrity Pact" to the Agreement.
- 2.2. The subject of the Agreement is the carrying out of the Project supervision, mostly including but not limited to the provision of access for the Project Supervisor to all information related to the Project implementation in accordance with this Agreement.
- 2.3. The information prescribed in the Agreement shall be fully pertaining to all the funding already used or being used for the Project implementation (eligible costs), as well as in

regards to the works in the scope of the Project which shall not be paid for by European Union funds. This Agreement shall not pertain to works that are not part of the Project submitted to the Central Finance and Contracting Agency.

3. Term of the Agreement

- 3.1. The Agreement shall come into force on the date of its signing. The Agreement shall be valid until 30 September 2019, except in the event referred to in Paragraph 3.2 of this Agreement.
- 3.1. The validity term of the Agreement shall be automatically extended until the end of the Project implementation if the Project Supervisor has not advised within three months prior to the expiration date of the Agreement prescribed in Paragraph 3.1 of the Agreement that it intends to terminate the Project supervision due to the unavailability of funding for carrying out the Project supervision.

4. General principles of the Project supervision

- 4.1. The Parties shall appoint the following representatives for coordination of the execution of the Agreement:
 - 4.1.1. A representative of the Project Implementer: Rita Salnova (*Rita Šalnova*), the Head of the Infrastructure Maintenance and Development Projects Management Department, rita.salnova@rigassatiksmelv, phone
 - 4.1.2. A representative of the Project Supervisor: Janis Veide (*Jānis Veide*), Project Manager, janis.veide@delnalv, phone
- 4.2. The Parties agree that they will not hinder the execution of the Agreement, including not posing a requirement regarding the inspection of the information only at a specific location, not placing a prohibition on copying (taking a photograph) of the documents, and not relating to an inspection of the information with the consent of the third party.
- 4.3. The information shall be requested and issued by e-mail without a secure electronic signature if the requested information is available in electronic form. The information shall be issued within three business days if the Project Implementer justly does not specify a longer term for issuing the information, which may not exceed seven working days. The information which may be inspected at the site shall be considered as provided in the term in which a notice was given regarding such possibility.
- 4.4. The Parties may agree on a special form for the provision of information in electronic form (*Dropbox, Google Drive, etc.*) and any measures for the protection of information in the electronic environment. The Parties may agree on the inspection of a certain type of information at the site due to the specifics of such information (form of storage, volume, original of the document).
- 4.5. If the information in accordance with Paragraph 4.3 or 4.4 of the Agreement cannot be provided, each Party in the specific case may select a written form, safe electronic signature, or if it results from the special storage form of the information, also by ensuring an inspection of the information at the site.
- 4.6. Annex 2 to this Agreement must not be signed by the Suppliers or the Subcontractors manufacturing the goods necessary for the implementation of the Project (for example, construction products, trams or any parts thereof). In addition, the Parties shall agree regarding the Suppliers or the Subcontractors whereto Annex 2 to the Agreement shall not be applicable, taking into consideration their significance in the Project, type of operation, or business structure of the undertaking. Exceptions shall be applied equally and without distorting competition.
- 4.7. The Project Supervisor shall be entitled to provide recommendations to the Project Implementer to reduce the risk of illegal actions, and facilitate good governance and openness during the Project implementation. The Project Implementer shall undertake to evaluate these recommendations and inform regarding the implementation thereof.
- 4.8. Each Party shall develop a communication strategy to ensure consistent

- communication regarding the progress of the Project.
- 4.9. The Parties agree that the Project Supervisor may publicly inform regarding the results of the Project supervision by listening and assessing in advance to the opinion of the Project Implementer.
 - 4.10. The Parties agree that the Project Supervisor is entitled to unilaterally and without prior coordination warn the competent authorities regarding any illegal actions in the Project implementation.
 - 4.11. The Parties agree that the Project Supervisor may unilaterally inform the public that the Project Supervisor has not been provided with any or complete or true information, by listening and assessing in advance to the opinion of the Project Implementer.
 - 4.12. The Parties shall agree on the protection of whistle blowers, i.e. that the Project Implementer will not hinder an opportunity for the Project Supervisor to meet with natural persons related to the Project implementation and shall not impose any sanctions on such persons for cooperating with the Project Supervisor.
 - 4.13. The Parties shall agree that the minutes shall be taken during the meetings organised in the scope of the Project supervision. The minutes shall be coordinated and signed by the representative of each Party. The minutes shall be issued to each Party.
 - 4.14. The Parties shall agree that in accordance with the procedure laid down in Paragraph 4.13 of the Agreement, they may agree on the interpretation and application of the Agreement in specific situations, as well as agree on the procedure and volume of application of Paragraphs 4.6, 5.8, 5.9 and 5.10 in specific situations, including establishing a different volume of Annex 2 for each specific situation. Such minutes shall be signed by the persons referred to in Paragraph 4.1 of the Agreement. These minutes shall be published in the same way as the Agreement.

5. The Project Implementer shall:

- 5.1. provide the Project Supervisor with an opportunity to access any information in the possession of the Project Implementer and related to the Project implementation or any eligible costs of the Project, including accounting and financial documents, procurement documentation and any type of signed agreement, payments made in the scope of these agreements, expenses for the remuneration of the Project management staff and publicity purposes, and any documents supporting thereof, as well as other documents, information, premises and other material values related to the Project;
- 5.2. The Project Implementer shall inform the Project Supervisor regarding the responsible staff of the Project Implementer ensuring the implementation of the Project, by submitting a list of these persons. Information regarding any changes to this list shall be provided within two weeks after the making thereof;
- 5.3. provide the Project Supervisor with access to the Project implementation site (including construction site), by informing the Project Implementer three days in advance regarding the time and place of the visit and the persons visiting, and indicating the responsible person and e-mail whereto the Project Implementer shall send information regarding the risk factors of the work environment;
- 5.4. provide an opportunity for the Project Supervisor to participate in all meetings related to the Project implementation (including meetings of the procurement commission and a part of the Board meeting of the Project Implementer where matters related to the Project are discussed) as an observer;
- 5.5. ensure that the Project Supervisor after making a relevant request and during the time coordinated by the Parties may inspect the original documents referred to in Paragraph 5.1 of the Agreement, and obtain printouts of the bank accounts of the Project Implementer used for the Project purposes;
- 5.6. evaluate the recommendations provided by the Project Supervisor;
- 5.7. at the request of the Project Supervisor provide a detailed explanation in respect of any action (lack of actions) taken during the Project, and such explanation shall be provided by the Project Coordinator or a senior official of the Project Implementer, taking into

- account the form and content of the request;
- 5.8. when making procurements and offering to enter into agreements, timely inform the applicants regarding the signing of the document referred to in Annex 2 to the Agreement and the provision of information referred to in Annex 2 to the Agreement as a mandatory and irrevocable precondition for entering into any agreement, as well as establish civil liability sanctions or the opportunity to unilaterally terminate the agreement if the information prescribed in Annex 2 to the Agreement is not taken into account;
 - 5.9. not enter into agreement with the Supplier before it has signed the document provided in Annex 2 to the Agreement which shall become an integral part of the agreement, and also establish in the agreement civil liability sanctions or the opportunity to unilaterally terminate the agreement if the information prescribed in Annex 2 to the Agreement is not taken into account;
 - 5.10. prescribe in the agreement with the Suppliers a requirement that the agreements of the Supplier with the Subcontractors up to the last Subcontractor shall contain the same requirements as prescribed in Paragraphs 5.8 and 5.9 of the Agreement, except in the event referred to in Paragraph 4.6 of the Agreement;
 - 5.11. sign the document referred to in Annex 1 to the Agreement;
 - 5.12. submit the procurement plan and updated procurement plan to the Project Supervisor at the same time as it is being submitted to the Central Finance and Contracting Agency;
 - 5.13. ensure that the Project Supervisor without an additional agreement or consent may inspect the information containing commercial secret directly related to the Project by signing regarding non-disclosure of the obtained information, except for disclosure to the European Anti-Fraud Office, European Union Funds Managing Authority, the Ministry of Transport, Central Finance and Contracting Agency, Audit Authority, as well as law enforcement agencies (court, prosecutor's office, investigating authorities prescribed in the Criminal Procedure Law or an authority entitled to impose a penalty for a specific crime in the matter of administrative violation), Competition Council, State Revenue Service, State Labour Inspectorate, State Construction Control Office, construction board, an authority carrying out the supervision and control of the construction products or the State Audit Office, as far as it is applicable to the competence of the aforementioned authorities and necessary to inform regarding a potential violation in the Project implementation.

6. The Project Supervisor shall:

- 6.1. carry out the Project supervision in accordance with the laws and regulations and international practice on implementation of the Integrity Pacts;
- 6.2. Involve in the Project supervision highly qualified specialists, hiring them based on agreement in accordance with their legal status and the requirements of the laws and regulations, as well as ensure that each such specialist signs a certification regarding the non-disclosure of obtained information;
- 6.3. inform in writing the Project Implementer regarding the specialists involved in the Project supervision by providing the name, surname, qualification, and contact information;
- 6.4. not to disclose to third parties any commercial secret obtained during the course of the Project supervision, except to the European Anti-Fraud Office, European Union Funds Managing Authority, the Ministry of Transport, Central Finance and Contracting Agency, Audit Authority, as well as law enforcement agencies (court, prosecutor's office, investigating authorities prescribed in the Criminal Procedure Law or an authority entitled to impose a penalty for a specific crime in the matter of administrative violation), Competition Council, State Revenue Service, State Labour Inspectorate, State Construction Control Office, construction board, an authority carrying out the supervision and control of the construction products or the State Audit Office, as far as

- it is applicable to the competence of the aforementioned authorities and necessary to inform regarding a potential violation in the Project implementation;
- 6.5. sign written certifications regarding the compliance with Paragraph 6.4 of the Agreement when the Supplier or the Subcontractor signs the document included in Annex 2 to the Agreement;
 - 6.6. within five working days provide a reasoned opinion regarding the opportunity of applying the exception referred to in Paragraph 4.6 of the Agreement;
 - 6.7. separately store the documentation and correspondence related to the Project supervision, especially ensuring the appropriate storage of information containing commercial secret, as well as record the inspection of information containing commercial secret (employee, time, volume of information);
 - 6.8. comply with labour safety and fire safety requirements when visiting the Project implementation site (also construction site), and be responsible for the consequences resulting from non-compliance with these provisions.

7. Other provisions

- 7.1. The Parties shall resolve any disputes by means of negotiations, but if the dispute cannot be resolved by means of negotiations, it shall be adjudicated in the court pursuant to the procedure prescribed in the laws and regulations of the Republic of Latvia.
- 7.2. One Party shall indemnify any damages it caused to the other Party. Disclosure of the information to the authorities referred to in Paragraph 6.4 of the Agreement or any other authorities entitled to request such information in accordance with the laws and regulations or in accordance with Paragraphs 4.9 or 4.10 of the Agreement shall not be considered as grounds for imposing any civil liability sanctions or requesting any other indemnification, except if the Project Supervisor is at fault for the disclosure of the information while taking actions not related to the Project supervision.
- 7.3. The Parties agree that any delaying of the Project supervision (also by not providing full or true information) can cause damages if they are proven, due to the Project Supervisor being unable to ensure sufficient supervision.
- 7.4. If the Project Implementer believes that the Project Supervisor has breached the rules referred to in Paragraph 6.2 of the Agreement by involving inadequately qualified specialists in the Project supervision, the Project Implementer shall inform the Project Supervisor and the Finance and Contracting Agency thereof. If the aforementioned Agency believes that the attracted specialist may harm the Project implementation, it shall advise the Project Supervisor thereof.
- 7.5. The Parties may terminate the Agreement by agreeing thereon in writing. The Project Supervisor can unilaterally terminate the Agreement if the agreement referred to in Paragraph 1.5 of the Agreement is terminated, by warning the Project Implementer thereof at least three months in advance. Termination of the Agreement shall be coordinated with the Central Finance and Contracting Agency.
- 7.6. The Agreement was prepared on nine pages, including two annexes. The text of the Agreement was prepared in Latvian. The Agreement is signed in two counterparts - one counterpart for each Party.
- 7.7. The Agreement is publicly available information. Each Party may place the Agreement on its website on the Internet. If the Agreement is being translated, the Parties shall coordinate the wording of the translation before the publishing thereof.

8. Details and signatures of the Parties

The Project Supervisor

On behalf of the Association
**"Transparency International
Latvia"** (8 Citadeles iela,
Rīga, registration number:
40008037054)

/signature/

Director **J. Volberts**

/Seal: ASSOCIATION
"TRANSPARENCY INTERNATIONAL
LATVIA"/

The Project Implementer

On behalf of SIA Rīgas Satiksme (28
Kleistu iela, Rīga, registration number
40003619950)

/signature/

Chairman of the Board **L. Bemhens**

/Seal: Rīga municipal limited liability
company "Rīgas satiksme"/

Integrity Pact
Irrevocable consent of the Project Implementer to compliance with specific principles of operation

Being aware that the works performed in the scope of the Project are financed from public funding, and the beneficial use thereof is in the public interest, the Parties acknowledge that the Project shall be implemented and all works for the Project implementation shall be performed in accordance with the applicable laws and regulations and based on best practice, including by complying with the following conditions:

1. preventing corruption;
2. not getting involved in a conflict of interests;
3. informing the Project Supervisor regarding an offer to engage in illegal activities;
4. respecting free and fair competition, business practice and prohibition of discrimination;
5. not avoiding paying taxes and not violating the laws and regulations governing employment relations;
6. ensuring the fair and professional recruitment of Suppliers and Subcontractors without creating any undue advantages;
7. explaining the eligibility of costs;
8. refraining from taking any actions able to undermine public confidence in the successful and transparent execution of the Project in general or the implementation thereof in accordance with the principles of good governance;
9. handling the Project funding and financial resources of the State or local government legally and efficiently.

The Project Supervisor

On behalf of the Association
**"Transparency International
Latvia"** (8 Citadeles iela,
Riga, registration number:
40008037054)

/signature/

Director **J. Volberts**

/Seal: ASSOCIATION
"TRANSPARENCY INTERNATIONAL
LATVIA"/

The Project Implementer

On behalf of Riga municipal SIA **Rīgas
Satiksme** (28 Kleistu iela, Riga, registration
number 40003619950)

/signature/

Chairman of the Board **L. Bemhens**

/Seal: Riga municipal limited liability
company "Rīgas satiksme"/

Integrity Pact
Irrevocable consent of the Supplier or the Subcontractor to carry out
the supervision and compliance with certain principles of operation

By signing this irrevocable consent, I agree to perform all works in the scope of the Project in accordance with the effective laws and regulations, and pursuant to best practice, including:

1. preventing corruption;
2. not getting involved in a conflict of interests;
3. respecting free and fair competition, business practice and prohibition of discrimination;
4. not avoiding paying taxes and not violating the laws and regulations governing employment relations during attraction of subcontractors;
5. ensuring the fair and professional recruitment of subcontractors without creating any undue advantages for anyone;
6. refraining from taking any actions able to undermine public confidence in the successful and transparent execution of the Project in general or the implementation thereof in accordance with the principles of good governance;
7. informing the Project Supervisor regarding an offer to engage in illegal activities;
8. familiarising myself with the recommendations provided by the Project Supervisor.

I undertake at the first request to provide the Project Supervisor - the Association "Transparency International Latvia" with the following information:

1. Full text of the agreement prescribing involvement in the Project implementation, including any annexes and amendments (supplements) thereto, if any;
2. Documents relating to the acceptance (delivery) of the performed works;
3. Regarding the principles for formation of the work performance expenses, except for information recognised as industrial property (a separate agreement may be made regarding issuing industrial property, and such agreement shall not be considered as delivery of such industrial property);
4. Documents pertaining or attesting to the payment of taxes for the works performed in the scope of the Project, including tax declarations;
5. Information regarding any person (name, surname, qualification) involved in the Project implementation;
6. Persons whereto donations were made during the performance of works in the scope of the Project and a year thereafter;
7. Associations or trade unions funded by the Supplier or the Subcontractor during the Project implementation and a year thereafter;
8. Undertakings or natural persons providing the public relations services and advertising to the Supplier or the Subcontractor based on agreement;
9. Information on natural persons authorised to represent the Supplier or the Subcontractor by entering into agreements, but not listed in the Commercial Register.

I am aware that the information containing commercial secret may be disclosed to the European Anti-Fraud Office, European Union Funds Managing Authority, the Ministry of

Transport, Central Finance and Contracting Agency, Audit Authority, as well as law enforcement agencies (court, prosecutor's office, investigating authorities prescribed in the Criminal Procedure Law or an authority entitled to impose a penalty for a specific crime in the matter of administrative violation), Competition Council, State Revenue Service, State Labour Inspectorate, State Construction Control Office, construction board, an authority carrying out the supervision and control of the construction products or the State Audit Office, as far as it is applicable to the competence of the aforementioned authorities and necessary to inform regarding a potential violation in the project implementation, and I shall not bring a claim in regards to such disclosure of information to compensate me for any potential damages and shall not impose any other civil liability sanction (indemnification), except if the Project Supervisor may be at fault for the illegal disclosure of information.

I do not object to being mentioned in public communication as a natural or a legal person involved in the Project implementation.

I hereby agree to ensure whistle blowers' protection, i.e. I shall not hinder the opportunity for the Project Supervisor to meet with the natural persons employed by me, and shall not impose any sanctions on these persons for cooperating with the Project Supervisor.

I undertake to ensure that my Subcontractors, except those manufacturing the goods necessary for the Project implementation (for example, construction products, trams or parts thereof) in this Project, shall sign the same commitment, unless the Project Implementer (RM SIA Rīgas satiksme) has agreed otherwise with the Project Supervisor.

I am aware that the agreement signed with the Project Implementer may be terminated in the event of non-compliance without compensation of any damages, or the civil liability sanctions prescribed by the agreement may be imposed.

Date

a name, surname, identity number and a signature of a natural person or a name, registration number, address of a legal person or an association of persons, and a name, surname and identity number of the representative

Signature

I certify that the Project Supervisor has familiarised itself with the Integrity Pact signed by the Supplier or the Subcontractor.

I certify that the Project Supervisor shall request the information referred to in this Integrity Pact by ensuring that the Project supervision does not create undue administrative burden for the Supplier or the Subcontractor.

I certify that the information provided to the Project Supervisor and recognised as a commercial secret, and the Project Supervisor has been clearly advised thereof, shall not be disclosed in compliance with the provisions prescribed in this Integrity Pact.

**Representative of the Project
Supervisor - Project Manager**

On behalf of the Association
"Transparency International Latvia"
(8 Citadeles iela, Riga, registration
number: 40008037054)

J. Veide