



GRANT SCHEME

IPARD II 2014- 2020

GUIDELINE FOR APPLICANTS

FOURTH CALL FOR APPLICATIONS

January 10th, 2022- February 25th, 2022

MEASURE 7

(Only for the sectors of:

Nature and rural tourism, Handcrafts and manufacturing industry and)

***Other sectors are not included in this call**

GRANT SUPPORT

IS COFINANCED

FROM EUROPEAN UNION AND ALBANIAN GOVERNMENT

EU Contribution - 75%

Albanian Government - 25%

2021

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1. Objectives, Priorities and Measures of the IPARD II Programme

2. Background

The Instrument for Pre-accession Assistance (IPA II) 2014 – 2020 is the main tool used by the European Union (EU) to provide financial and technical support to enlargement countries. The overall IPA objective for Albania is to support reforms and capacity building needed to achieve compliance with EU law in order to fully prepare the country to take on the obligations of membership in the EU.

IPA has a Agriculture and Rural Development Policy area (IPARD II), which provides assistance to EU candidate countries for the implementation of multiannual programmes contributing to the sustainable development of the agricultural sector and rural areas and their preparation for the implementation of the EU policies and law.

The Management Authority within the Ministry of Agriculture Rural Development (MARD) is responsible for preparation of IPARD II programme.

The IPARD II Programme for Albania was formally adopted by Commission Decision C (2015) 5073 of 20 July 2015, following the favourable opinion of the IPA II Committee on 30 June 2015. II. The designated IPARD Operating Structure (Paying Agency – Agency for Rural Development and Agriculture/ ARDA and Managing Authority of MARD) is responsible for the management and control of the future IPARD II programme.

Maximum indicative EU contribution for IPARD II funds in EUR by year, 2014-2020*

Year	2014	2015	2016	2017	2018	2019	2020	2014-2020
Total	-	-	13,000,000	14,000,000	12,000,000	16,000,000	16,000,000	71,000,000

*The annual contributions are merely indicative as the actual amounts will be decided annually in the framework of EU budget.

This Guideline for Applicants sets out the rules for the submission, selection and implementation of investment actions under measure 7 “Investments in farm diversification and business development” of the IPARD II Programme.

Further copies of this Guideline together with all information and form sheets related to the fourth Call for Applications can be downloaded via: www.bujqesia.gov.al, www.azhbr.gov.al and www.ipard.gov.al.

3. Objectives of the IPARD II Programme for the period of 2014-2020

The objectives and priorities of the selected IPARD II Programme measures are consistent with the above stated Strategy Paper objectives and contribute to them by:

- Supporting investments in agri-food sector aiming at improving competitiveness, compliance with EU standards and nature and environment preservation;

- Supporting investments in rural areas aiming at diversification of rural economy and business creation leading to improved employment opportunities and social inclusion.

Measure 7: Farm Diversification and Business Development

The *general objective* of the measure is to foster employment by creation of new and maintaining the existing jobs through the development of business activities, thus raising the economic activity level of rural areas, increasing directly the farming households' income and reversing rural depopulation and contributing to a better territorial balance, both in economic and social terms.

The *specific objectives of the measure* are to encourage creation, diversification and development of rural activities through support for investments in farm diversification and development of non-agricultural activities in the following sectors:

1. Production of MAPs, mushrooms, honey, ornamental plants and snails;
2. Processing and marketing of wild or cultivated MAPs, mushrooms and honey;
3. On-farm processing and direct marketing of agricultural products;
4. Aquaculture;
5. Nature and rural tourism;
6. Services for rural business and population;
7. Handcrafts and manufacturing industry;
8. Renewable energy production.

The **overall indicative budget** of the IPARD II Programme is total of **EUR 94,337,225** of which **EUR 71,000,000** is Community contribution and **EUR 23,337,255** is national contribution.

For the fourth call for applications, the eligible sectors of this measure are as following:

1. Nature and rural tourism;
2. Handcrafts and manufacturing industry;

The total budget for call 4 for measure 7 with the above mentioned sectors is 4.1 million euros, where 75% contribution of the EU and 25% contribution of the Albanian Government.

* This budget may be increased up to 5.2 million depending on the decision-making of the European Commission and the availability of funds dedicated to Measure 7.

The table below specifies Guideline sections, which apply to measure 7 and common provisions:

Eligibility Rules	Measure 7
Size of the investment projects and grants	Section 4.1
Eligibility of applicants: who may apply for grant	Section 4.2
Eligibility of investments: investments for which an application may be made	Section 4.3

Eligibility of expenditures: types of expenditures which may be taken into account in setting the amount of the grant	Section 5
Application procedure: content and submission of applications	Section 6
Selection, contracting and implementation of investment action (project)	Section 7

Key Definitions

- **Applicant:** is a natural or legal person, registered in National Business Centre, submitting an application for assistance under a Call for Applications;
- **Recipient** (or grant recipient): is a natural or legal person, registered in National Business Centre, that receives IPARD II assistance;
- **Investment action (project):** is composed of set of activities for investment in tangible and intangible fixed assets aiming at objectives of the supported sectors;
- **General costs:** represent an expenditure referred to engineers and other consultation fees, feasibility studies, the acquisition of patent rights or licenses;
- **Assistance:** is a payment by the Contracting Authority reimbursing part of the eligible expenditures made by the recipient for the investment action (project) in tangible and intangible assets;
- **Grant Award Decision:** is a decision of a Contracting Authority to award Grant Contract to successful applicants finalising the selection process;
- **Grant Award Contract:** is the legal document based on which the total eligible public contribution shall be reimbursed to the recipient upon finalization of the investment action;
- **Union contribution:** is the amount of financial contribution provided from Budget of the European Union, which is equal to 75% of the total public contribution;
- **National contribution:** is the amount of financial contribution provided from Budget of the Government of Albania, which is equal to 25% of the total public contribution;
- **Public Contribution:** the amount of public funds whose origin is from the budget of the public authorities (Union and National) for financing the investment actions;
- **Private Contribution:** the amount of private funds in the total amount of the investment action;
- **Eligible expenditures:** are the expenditures approved in accordance with the List of Eligible Expenditures stated in Annex 6 of this Guideline for Applicants;
- **Mountain area:** the areas in Albania listed in Annex 7 of this Guideline for Applicants;
- **Young Farmer:** a farmer under 40 years of age at the time of application.
- **Enterprise:** a legal entity that can consist of one or more establishments (local production/ processing units);
- **Establishment:** is a local production unit not registered as a legal entity, belonging to an enterprise eligible for support under this grant scheme;
- **Reconstruction:** renovation/ refurbishment of an existing building/ facility (excluding extension);

- **Construction:** construction of a new building/ facility of an existing agricultural holding/ enterprise/ establishment;
- **Renovation:** is a construction activity in order to restore a building to a former better state (as by cleaning, repairing, or rebuilding).

4. Measure 7: Farm Diversification and Business Development

4.1 Aid intensity under Measure 7

Under Measure 7 the total eligible expenditures for which a grant may be requested must fall between the following minimum and maximum amounts:

- **minimum** amount: EUR 10,000
- **maximum** amount: EUR 400,000

Aid intensity is up to 65% of the total eligible cost of the investment.

EU contribution rate is 75 % of the public aid.

One applicant may be granted more than one project, but the total eligible cost of the investments per recipient under this measure may not exceed EUR 600,000 for the programming period.

4.2 Eligibility of Recipients under Measure 7

Recipients are:

- i) Recipients are farmers, whether natural persons or legal entities, including co-operatives, registered in the National Registration Centre and included in the national farm register or - until the national farm register is in place - regional farm registers of the Ministry of Agriculture and Rural Development.
- ii) Non-agricultural private micro and small-sized enterprises, that employ less than 50 persons and whose annual turnover does not exceed EUR 2.4 million, and / or a total annual balance sheet does not exceed EUR 2.4 million which corresponds to Annex 4. The size of the company is established considering the linked and partner companies)

Eligible for all sectors, are:

- private enterprises, established and/or operating in rural areas, registered as natural persons or legal entities in the National Registration Centre;
- private enterprises established outside of rural areas, can be also eligible, if the supported investments are located in rural areas;
- No more than 25% of the capital of the recipient should be held by a public body or other legal public bodies.

Recipients are responsible for carrying-out and financing investments.

Common requirements to all investment actions under Measure 7

- Supported investments must be located in rural areas listed in Annex 7.

- All supported projects must be compliant with the relevant national standards at the latest by the end of investment.
- The applicant must have occupational skills, where specifically required by the national legislation.
- The applicants must present a technical project proposal or business plan proving economic viability of the investment at the end of the realisation of the investment (preparation of business plan, technical project etc.).
- The investment projects must be compliant with the requirements of the management plans of nature or cultural heritage protected areas , if such are adopted for the territory on which supported investment is located.
- In cases, where local rural development strategies are adopted by MARD, the projects supported under this measure must be confirmed as being in line with those strategies by the competent local action group.
- The investments in following sectors are not eligible – retail trade, with the exception of shops specialised in sales of souvenirs and traditional crafts, or specialised shops for agricultural produce or processed products owned by farmers.
- The applicants must have fulfilled all obligations relating to the payment of taxes, including land tax, and social security contributions and must not be on the bad debtor list of ARDA and MARD;
- An applicant may not submit a new application under this measure before the authorization of final payment on previous grant contract.

Specific requirements to all investment actions under Measure 7

- For nature and rural tourism sector, the investments in accommodation facilities are limited to up to 40 beds in total.
- The investment in tourist accommodation is limited to construction and/or reconstruction of houses and buildings in a traditional style.

In case of investment for renewable energy plants, through this measure will supported only investments which are integrated aspart of an investment (project) undertaken based on the sectors which are supported under this call (Nature and rural tourism; Handcrafts and manufacturing industry).

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4.3 Eligible Investment Actions under Measure 7

Duration

The implementation period of the investment action (project) planned shall be stipulated in the individual Grant Award Contracts between ARDA and the recipients.

The deadline of the planned implementation period of an investment action must be before the submission of the Claim for Payment.

Location

Investments have to be implemented in rural areas, as listed in Annex 7.

Eligible sectors

Under Measure 7 investments in the following primary agricultural sectors are eligible:

- 1) Nature and rural tourism
- 2) Handcrafts and manufacturing industry

The specific objectives by sector and eligible investments are given below. One application may target **one or more objectives of one sector**. A detailed List of Eligible Expenditures is provided in Annex 6.

Type of eligible investments

1. Nature and rural tourism:

- Construction and /or reconstruction of houses and buildings in traditional style to be used for tourism-related activities and for serving as touristic attractions and related equipment;
- Construction and/ or reconstruction of facilities and supply of equipment for sport and other recreational activities.

2. Handcrafts and manufacturing industry:

- Construction and/ or reconstruction of facilities and premises and supply of equipment for production of traditional crafts, including for services that enable customers to participate in craft activities.
- Specialized equipment for manufacturing on a small scale, such as textile and wood processing.

Further eligible expenditure are detailed in Annex 6: List of Eligible Expenditure.

5. Rules for Eligibility of Expenditures

5.1 Eligible Expenditure

Common eligibility criteria applicable to all or several measures

- (i) the construction or improvement/ reconstruction of immovable property, up to the market value of the asset;
- (ii) the purchase of new machinery and equipment, including computer software up to the market value of the asset;
- (iii) the general costs linked to the investment related expenditure (i) and (ii), such as architects', engineers' and other consultation fees, feasibility studies, business plan preparation, shall be eligible up to a ceiling of 12 % of the costs referred to in points

(i) and; (ii). The expenditures for preparation of a business plan should be maximum 4% of the costs referred to in points (i) and (ii) not exceeding equivalent of EUR 5,000. General costs can only be considered eligible if the project to which they relate is actually selected and contracted by the IPARD Agency.

The applicant must prove that he/she is the owner of the land/building/s relating to the investment or they have the right to use it for a minimum of 10 years counting from the date when the application is submitted. In case of investments in immovable property, irrigation, perennials, the applicant has to prove ownership of the land/building/s relating to the investment concerned or the right to use it for a minimum of 10 years counting from the date when the application is submitted.

Eligible are expenditures incurred after the signature of a grant contract between the recipient and ARDA (except for general costs according Annex 5.1- iii).

Investment projects remain eligible for future EU funding, provided they are not subject to substantial modifications within five years of the last ARDA payment, such as:

- a cessation or relocation of a productive activity outside the geographical area covered by the IPARD II programme;
- a change in ownership which gives to a firm or a public body an undue advantage;
- a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives.

In determining the share of public expenditure as a percentage of total eligible cost of investment, account shall not be taken of national aid to facilitate access to loans granted without any Union contribution provided under Regulation (EU) No 231/2014.

All supplies and goods purchased must be new.

All supplies purchased financed under this Programme, shall originate from one of the following eligible countries:

(a) Member States, IPA II beneficiaries, contracting parties to the Agreement on the European Economic Area and partner countries covered by the European Neighbourhood Instrument, listed in Annex 8, Part (a) and;

(b) Countries for which reciprocal access to external assistance is established by the Commission listed in Annex 8, Part (b).

However, supplies may come from any country where the proposed investment amount is less than EUR 100,000.

In cases where supplies come from countries outside the countries referred to in points (a) and (b), the applicant must certify that the relevant EU standards required will be met.

Tenderers, applicants and candidates from non-eligible countries or goods from non-eligible origin may be accepted eligible by the Commission in case of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated

cases where application of the eligibility rules would make the realisation of a project, programme or action impossible or exceedingly difficult.

5.2 Non eligible Expenditure

The following expenditures **are not eligible** for support under IPARD II Programme:

- Taxes, including value added taxes;
- Customs and import duties, or any other charges having equivalent effect;
- Purchase, rent or leasing of land and existing buildings, irrespective of whether the lease results in ownership being transferred to the lessee;
- Fines, financial penalties and expenses of litigation;
- Operating expenditures;
- Second hand machinery and equipment;
- Bank charges, costs of guarantees and similar charges;
- Conversion costs, charges and exchange losses associated with the IPARD euro account, as well as other purely financial expenses;
- Contributions in kind;
- The purchase of agricultural production rights, animals, annual plants and their planting;
- Any maintenance, depreciation and rental costs;
- Any cost incurred and any payments made by the public administration in managing and implementing assistance, including those of the management and operating structure and, in particular, overheads, rentals and salaries of staff employed on activities of management, implementation, monitoring and control, except where duly justified by the nature of the measure in the IPARD II programme.
- Expenditure on projects which, before completion, have charged fees to users or participants unless the fees received have been deducted from the costs claimed;
- Promotional costs, other than in the collective interest;
- Expenditure incurred by a recipient of whose capital more than 25% is held by a public body or bodies unless the Commission has so decided in a specific case on the basis of a complete reasoned request from the MA.

6. Application Procedure

6.1 Content of the Application

The applicants have to submit Application Form, Project Technical Proposals or BusinessPlan and supporting documents, listed in respective Application Form of this measure;

Applicants must apply in Albanian language;

Applications must be submitted in computer writing and not written by hand. Applications whose text is handwritten will be rejected.

Applicants must submit:

1. **Application form** using the template provided in Annex 1:

Annex 1.1 for Measure 7

The application form has to be filled in all its sections submitted in one original paper print, signed and in electronic format. The electronic format must contain exactly the same application as the paper version printed.

2. Projects with total eligible cost of the investment not exceeding EUR 50,000 euro **have to submit Technical Project Proposal** containing simplified income statement and cash flow projection using the template provided as Annex 3 of the Guideline.

3. **Projects with total eligible cost of the investment above EUR 50,000 euro** have to submit **Business Plan** consisting of narrative and financial part provided as Annex 2 of the Guideline:

- Narrative part of the Business Plan has to be prepared using the template given in Annex 2.1 and to be submitted in one original paper print and in electronic format (CD-Rom);
- Financial Part of the Business Plan has to be prepared using the template given in Annex 2.2 and to be submitted in printed and electronic format (CD-Rom). Table 1 of the Financial Section should contain details (each item) of eligible expenditures according to the submitted bids.

Any error or major discrepancy related to the points listed in the instructions on the Application form and Business plan or any major inconsistency in the application form may lead to the rejection of the application.

Clarifications will only be requested when information provided is unclear, thus preventing the Contracting Authority from conducting an objective assessment.

4. **Applications must be accompanied by supporting documents**, to allow verification of eligibility of the applicant, investments and expenditures.

The required supporting documents must be provided in the original or in the form of notarized photocopies as indicated for each document in the Application Form provided in Annex 1.1 for which the application has been submitted.

If the supporting documents are not issued in Albanian an official translation into Albanian language must be attached.

The following groups of supporting documents have to be submitted:

- 1) Documents verifying eligibility of the applicant, listed in the Application Form;
- 2) Documents verifying eligibility of the investments, listed in the Application Form;
- 3) Original offers for all expenditure items of the investment action (project);
- 4) Copies of the invoices for general cost expenditure (such as business plans, architects', engineers' and other consultation fees) incurred and paid before the application
- 5) Bidders' historical extracts showing the shareholders and scope of activity in accordance with the object offered;
- 6) Bidders who are NGOs / Foundations are not accepted

Please note that for all items of expenditure or contracts with a single bidder, three bids from independent bidders are required that reflect a realistic and independent search of market prices.

All **offers** must contain following information:

- Reference number/ protocol and date of issue;
- Name, address of the supplier (company) and official contacts;
- Registration number of the supplierNIUS or equivalent (Company);
- Statement on the origin of goods to be supplied (Certificate of Origin is not required at the application stage but must be submitted with the Claim for payments);
- Technical specification and production capacities (input / output) in case of equipment and mechanisation;
- Detailed list of expenditures included in bills, in case of works for construction/ reconstruction;
- Price, VAT and other taxes quoted separately;
- Validity of the offer at least 6 months from the date of application;
- Signature of the legal representative and stamp, where applicable;
- Statement that the goods offered are new and unused.

Each bid must also include a copy of the bidder's registration certificate.

Offers must be comparable in technical specifications voice-by-voice or capacity (Output). In order to prove that the bids are comparable to each other, as part of the offer the applicant must request from the bidder also the most detailed technical specifications.

IMPORTANT: Contracts with bidders must not be signed before the signing of the Grant Contract.

Albanian Law requires that all property rights that transfers by contracts with a term of more than 9 years be registered in their respective property files.

6.2 Submission of Applications

The **Call for Applications notice** will be published in media and on the website of ARDA www.azhbr.gov.al and MARD www.bujqesia.gov.al.

The Contracting Authority will return all applications submitted prior the publication of the Call for Applications.

The applications must be submitted in sealed envelope and must bear the title of the Call for submission of application, together with the title of the measure, the full name and address of the applicant and the words "Not to be opened before delivery".

Applications must be submitted **either**:

- by recorded delivery by post; **or**
- hand delivered (including courier services) directly to the Contracting Authority in return for a signed and dated receipt to:

<Agriculture and Rural Development Agency
Street Muhamet Gjolllesha No.56
1001 Tirana, Albania>

Applications sent by any other means (e.g. by fax or by e-mail) or delivered to other addresses will be rejected.

Any application submitted or received after the deadline will automatically be rejected.

The Contracting Authority retains ownership of all applications received. Consequently, applicants have no right to have their applications returned to them.

6.3 Further Information to Applicants

In the **notice of publication of this Guideline for Applicants** the schedule of information meetings will be published. This GfA will be also available on the website of ARDA www.azhbr.gov.al , IPARD webpage www.ipard.gov.al and MARD www.bujqesia.gov.al.

(The questions have to be sent to the below address (es), indicating clearly the name of the Grant Scheme):

E-mail address: info@azhbr.gov.al.

Fax: + 355 4 222 8318

Replies will be given no later than 11 days before the deadline for the submission of applications. The Contracting Authority has no obligation to provide further clarifications after this date.

In the interest of equal treatment of applicants, the Contracting Authority cannot give a prior opinion on the eligibility of an applicant, a partner of the business, an action or specific activities.

Questions that may be relevant to other applicants, together with the answers, will be published on the above indicated internet websites. It is therefore highly recommended to regularly consult the abovementioned website in order to be informed of the questions and answers published.

7. Selection, Contracting and Implementation of Actions

7.1 Selection Procedure

All applications received before the deadline for the submission of applications will be examined by the Contracting Authority. All submitted applications will be assessed according to the following steps and criteria

7.1.1 Check for Administrative Compliance and Eligibility

At this stage the eligibility of the applicant, investments and expenditures will be verified according to the criteria set out in Section 4 of this Guideline for Applicants.

The administrative compliance and eligibility verification will be carried out based on the submitted supporting documents (see Section 6, point 6.1).

If any of the requested supporting documents is missing or incomplete, or administratively non-compliant, the applicant will be invited in written to resubmit the document(s) within **15** working days. If documents are not provided within this deadline, the application will be rejected.

Notification day is the first day counted out of the 15 working days available. If the 15th day is a day off, the first working day after the break becomes the last day allowed for submission of documentation to ARDA. If the application is not submitted within this deadline the application will be rejected.

If the examination of the application reveals that the applicant or the investment action does not meet the eligibility criteria stated in Section 4, the application shall be rejected.

7.1.2 Assessment of the Technical Project Proposal and/or Business Plan

The applications that have passed the first administrative and eligibility check will be assessed for economic viability of the business plan.

Based on the information provided in the Technical Project Proposal:

The investment will be considered economically feasible and acceptable if:

- **For Investments up to 50,000 EUR**
- **Net Profit ≥ 0 ; and,**
- **Cumulative Cash Flow Amount ≥ 0 .**
- **For investments over 50,000 EUR**
- **Net Profit ≥ 0 ; and,**
- **IRR \geq at Base Rate 1%.**

Based on the information provided in the business plan following financial ratios will be calculated:

Net Present Value (NPV): The NPV is defined as the present value of net cash flows and analyses the profitability of the planned investment. The NPV provides a discounted value of an investment's future net cash flows. For the assessment of the business plan, the cash flows generated by the investment will use a discount rate of 1%. To be considered viable the business plan must have a NPV equal or greater than zero at the 1% discount rate.

Internal Rate of Return (IRR): The internal rate of return is computed by finding the discount rate that equates the present value of a project's net cash flow. The **IRR** is an annualized effective compounded return rate which can be earned on the invested capital. A project is a good investment proposition if its IRR is higher than the project cost of capital or if not known

with the rate of return that could be earned by alternate investments. Therefore the minimum IRR to be achieved by the investment action (project) must be equal or greater than 1%.

Thus, the investment over 50,000 Eur will be considered economically feasible and acceptable if:

- **the NPV \geq 0; and,**
- **the IRR \geq discount rate (1%).**

7.1.3 On-the-Spot Verification

All applications which comply with the administrative and eligibility rules will be checked on-the-spot to verify that the information submitted in the application form is correct. The applicants will be visited by experts from ARDA and other National Authorities/Technical Bodies verifying the relevant national minimum standards of the planned investment project (action). During the on-the-spot checks documents and assets will be checked.

If the on-the-spot checks reveal that the applicant or the investment action does not meet the required national minimum standards and/ or the eligibility criteria stated in Section 4 the application shall be rejected on this sole basis.

7.1.4 Ranking of Applications

All eligible applications that have passed the first stage of administrative control will be ranked according to the criteria given in the table below

Ranking Criteria for Measure 7: Farm Diversification and Business Development

Ranking Criteria		Points
1	The investment is carried out in a mountain areas listed in Annex 7	15
2	Investments in renewable energy technologies	10
3	Applicant (agricultural holding) is certified for organic production according to the national law on organic farming	15
4	The applicant is a woman or a company that employs at least 30% of women	15
5	Applicant is not older than 40 years at the time of submission of an application.	15
6	The project involves the creation of new jobs based on the business plan	30
Total (maximum)		100

Following the ranking, the highest scored applications will be selected up to the limits of the budget of the call.

If the budget is not sufficient to fund two or more equally ranked proposals, the grant will be awarded on the first-come, first-served principal.

If after the completion of contracting of the main list, for whatsoever reason, the total budget of the call for applications is not contracted, the projects from the reserve list will be contracted.

7.2 Award Decision and Notification of Recipients

Applicants will be informed in writing of the Contracting Authority's decision concerning their application and, in case of rejections, the reasons for rejection.

Applicants believing that they have been harmed by an error or irregularity during the award process may file a complaint. The complaint is to be submitted in written form, signed by the applicant. The complaint should refer to the justification of the decision taken by the Contracting Authority. The decision to accept or reject the appeal/ complaint is addressed to the applicant within the deadlines set out in the Code of Administrative Procedure, within 30 days, referring to Article 140 of the KPA. After taking a decision in cases of rejection of the appeal/ complaint, the applicant is reserved the right to appeal to the Administrative Court of First Instance, within the 45-day deadline set out in Article 18 of Law 49/2012 on "Organization and Functioning of Administrative Courts.

7.3 Conditions Applicable to the Implementation of the Investments Action

Following the decision to award a grant, the beneficiary will be offered a grant contract which will be available on the website of ARDA www.azhbr.gov.al, www.ipard.gov.al and on the web site MARD www.bujqesia.gov.al.

By signing the Application form (Annex 1.1 of this GfA for the measure for which is applying), the applicant declares that it accepts, if awarded a grant, the contractual conditions set out in the grant agreement.

7.4 Payment of the Grant

- 1) Advance payment of the beneficiary is considered by the contracting authority as an eligible expenditure of up to 50% of public assistance related to the project, will be subject to the establishment of a bank guarantee or equivalent (valid for up to 6 months until the date of completion of the investment specified in the contract), which will correspond to 110% of the prepaid amount;
- 2) Difference after making the investment and payment of all expenses to the suppliers / contractor of works, within the date specified in the Grant Contract, the recipient must submit a Request for Payment no later than the date specified in the Grant Contract.

The Claims for payment can be downloaded from internet sites www.azhbr.gov.al, www.ipard.gov.al or www.bujqesia.gov.al and should be submitted along with all other supporting documents required as indicated in Annex 4.1 for Measure 7. If any of the required supporting documents is missing or is incomplete or improperly administrative, the applicant will be informed in writing in order to resubmit the document (s) within 15 working days.

The next day of receiving the notice is the first day counted from the 15 working days available. If the 15th day is a day off, the first working day, after the holiday, becomes the last day allowed for the submission of documentation to ARDA. If the documents are not submitted within this deadline, the request for payment will be rejected. After that an on the spot control shall be performed in order to verify that the equipment and machinery are located and put into operation, the works are completed and all payments to suppliers are

made.

After completion of all administrative and on the spot controls (documentation) are performed ARDA will calculate the final amount of the grant and authorize payment to the beneficiary. All payments made by the beneficiary after the completion date of the investment, specified in the Contract, will be considered as ineligible expenses. The grant will be transferred to the beneficiary's bank account after payment authorization. ARDA will transfer national and EU contribution as final authorized payment to the bank account of the recipient in Albanian Lek (ALL).

Note: Cash Payments are not allowed.

7.4.1 Content of the claim for payment

1. **The applicants have to submit Claim for Payment** and all the supporting documents described below. Applicants must apply in Albanian language. Documents have to be type-written. Hand-written applications will not be accepted.
2. **Claim for payment** using the template provided in:
Annex 4.1 for Measure 7

The Claim for Payment must be submitted in original print, according to the approved formats for the 4th call.

3. Claim for payment must be accompanied by **supporting documents**, to allow verification of eligibility of the applicant, investments and expenditures. The supporting documents requested must be supplied in the form of originals or photocopies certified as true by the legal representative or notary, as indicated for each document in the Claim for payment given as Annex 4.1.

If the supporting documents are not issued in Albanian an official translation into Albanian language must be attached. The following groups of supporting documents have to be submitted:

- Documents verifying **eligibility of the applicant**, listed in the Claim for payment;
- Documents verifying **eligibility/ suitability of the investments**, listed in the Claim for payment;
- Original invoices for all expenditure items of the investment action (project), such as well for general cost expenditure (such as business plans, architects', engineers' and other consultation fees) incurred and paid before the application.

7.4.2 Submission of the Claim for Payments

The Claim for payments must be submitted in sealed envelope and must bear the title of the Call for Proposals, together with the title of the measure, the full name and address of the applicant and the words "Not to be opened before delivery".

Claim for payment must be submitted **either**:

- by recorded delivery by post; **or**
- hand delivered (including courier services) directly to the Contracting Authority in return for a signed and dated receipt to:

<Agriculture and Rural Development Agency
Street Muhamet Gjolllesha No.56
1001 Tirana, Albania>

Note: The Claim for payments sent by any other means (e.g. by fax or by e-mail) or delivered to other addresses will be rejected.

Any claim for payment submitted or received after the deadline, specified in Grant Contract will automatically be rejected.

The Contracting Authority retains ownership of all claim for payments received. Consequently, applicants have the right to request the return of the original documentation, related to the conditional payments, in order to preserve the original documentation for as long as the Grant Contract is in force.

7.4.3 Further Information to Applicants

In the **notice of publication of this Guideline for Applicants** the schedule of information meetings is published. It is also available on the website of ARDA www.azhbr.gov.al, www.ipard.gov.al and MARD www.bujgesia.gov.al.

The questions have to be sending to the below address, indicating clearly the name of the Grant Scheme:

E-mail address: info@azhbr.gov.al

Fax: + 355 4 222 8318

Questions may be sent by e-mail or by fax no later than 10 days before the deadline for the submission of Claim for payment. Replies will be given no later than 10 days before the deadline for the submission of claim for payment. The Contracting Authority has no obligation to provide further clarifications after this date.

7.4 Ex-post Monitoring

The Ex-post verifications shall be carried out within five years of date of final payment to the recipient All investments shall be checked at least once during the five-year period.

Ex-post verifications shall be carried out on investment operations to verify the respect of commitments laid down in the IPARD II programme.

8. Important Notes to the Applicant for Rejection of Applications

If some of the formal requirements stated above are not fully respected the reaction will be proportional to the omission identified and not distorting equal treatment of potential applicants:

A. For major omissions of the formal requirements the application will be rejected in the first phase of the procedure

The following will be considered as major omissions:

- Application submitted after the completion deadline;
- Application form, Narrative or Financial Part of the Business plan is missing;
- Standard template of the application form or business plan approved in fourth call for application is not used;
- Application or business plan is handwritten;
- The detailed list of investment items is missing (*Sheet “1 “ Table of eligible expenditures*);
- No supporting documents are attached to the application form;
- No offers are collected;
- The same applicant submitted two applications for the call for proposals under onemeasure.
- The applicant has submitted a previous application under the previous calls for application in the IPARD program under the same measure, an application which is in the evaluation process and has not been submitted to the applicant a formal notification of rejection and / or final payment is not yet authorized.
- The estimated total amount of eligible expenditure is above the limits allowed for themeasure.

Measure 7 (EUR 10,000 - EUR 400,000).

B. For smaller omissions clarifications /resubmission of missing documents will be requested. The following will be treated as small omissions:

- The Application Form and the Descriptive part of the Business Plan was submitted according to the appropriate template approved for the 4th call and the required information was provided, but the way in which the documents were completed is incorrect, e.g. the information is provided in section X while it was to be provided in section Y;
- CD with Financial information to the business plan is attached, file is recorded but the Excel files cannot be opened;
- The document in Excel opens, but some of the information is incomplete and the financial reports are not calculated correctly; if information from the applicant is available, the experts will correct the formula without retrieving the information from the applicant;
- If the information is incomplete;
- There is a discrepancy between the data entered in the Sheet “1 “ Table of eligible expenditures and the submitted tenders;
- Proposal / declaration are not signed or contain a scanned signature.
- Part of the supporting documents are missing;

- Validity of the document has expired;
- Wrong template of the document is used or the document is not correctly entered.

The applicant will be given 15 working days to resubmit all missing documents, and if the documents are not submitted within this deadline or if they are still incomplete, the application will be rejected.

C. Eligibility criteria

- Applications will be rejected if one or more of the criteria for eligibility of the applicants or investments are not respected.

The application will be rejected if:

- The total eligible costs are below or above the limit stated in the guidelines for applicants approved for the 4th call for applications;
- Does not meet the criteria of Annex 5 (Other Reasons for exclusion).

The following corrections will be made before contracting:

- Arithmetical errors corrected;
- Ineligible items deleted.
- If thresholds for the general costs or business plan are exceeded, the costs are reduced;
- Prices of the selected offer exceed the market price, the expenditure will be approved up to the market price.

D. In all other cases that are not explicitly stated above, ARDA will make case-by-case decisions for all other cases not mentioned above, always applying:

- Equal treatment of applications and
- The principle of proportionality
- Protection of EU financial interests and National Funds.

List of Annexes

DOCUMENTS TO BE SUBMITTED BY THE APPLICANT/ RECIPIENT

- Annex 1: Application Forms
- Annex 1.1: Application Form for Measure 7 “Farm Diversification and Business Development” (Word format)
- Annex 2: Business Plan
- Annex 2.1: Business Plan Part 1 Narrative Part (Word format)
- Annex 2.2: Business Plan Part 2 Financial Tables (Excel format)
- Annex 2.3: Instructions for the Preparation of the Business Plan
- Annex 3: Technical Project Proposal
- Annex 3.1: Technical Project Proposal Part 1 Narrative Part (Word format)
- Annex 3.2: Technical Project Proposal Part 2 Financial Tables (Excel format)
- Annex 3.3: Instructions for the Preparation of the Technical Project Proposal
- Annex 4: Template of the Claim for Payment
- Annex 4.1: Claim for Payment for Measure 7

DOCUMENTS FOR INFORMATION

- Annex 5: Grounds for Exclusion
- Annex 6: List of Eligible Expenditures
- Annex 7: List of Local Government Units classified as Less Advantageous Mountain Areas and List of Rural Areas
- Annex 8: List of Eligible Countries of Origin
- Annex 9: List of Relevant Agricultural Products Included in Annex I of the Treaty on the Functioning of the European Union
- Annex 10: Grant Contract Template
- Annex 11: Institute of Cultural Monuments (ICM)
- Annex 11: Declaration of National Food Authority (NFA)
- Annex 11: Declaration of Regional Environment Directorate (RED)
- Annex 11: Declaration of State Inspectorate of Labour and Social Services (SILSS)