



Guideline for Applicants

Grant Scheme of “SARED” Support to Agriculture and Rural Economic Development of Disadvantaged Areas in Albania

Call 4

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1. SARED Grant Scheme

1.1 Background

The German-Danish Programme “Support to Agriculture and Rural Development in disadvantaged areas of Albania” – SARED is a programme jointly funded by the Governments of Denmark and of Germany in line with the strategic objective of the Inter Sectorial Rural Development Strategy for Albania (ISARD 2014 - 2020).

The Programme duration is from 06/ 2014 until 05/2018.

The aim of SARED is to increase the viability of the rural economy in disadvantaged mountainous areas in such a manner to generate broad based impact. One of the components of SARED is the implementation of an investment Grant Scheme for agro-food and rural tourism sector development. The Grant Scheme is co-funded by the beneficiaries.

SARED Grant Scheme will be implemented by GIZ (**Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)**) in collaboration with MARDWA and will operate in Albania in six regions namely in Shkodra, Kukes, Diber, Korca, Elbasan and Berat.

The SARED Grant Scheme support in the frame of call 4 will be provided to three pre-selected VCs, which are 1) small ruminants, 2) fruit trees and nuts, 3) medicinal and aromatic plants (MAPs).

The **overall indicative budget** of the Grant Scheme is **EUR 6,500,000**.

This Guideline for Applicants sets out the rules for the submission, assessment, contracting, implementation of investment actions, submission of Claims for Payment, “On the spot controls”, and payment execution under the Grant Scheme along the 3 Value Chains covering the whole range from the farm to processing, marketing and services.

This Guideline together with all information related to the Call for Application can be downloaded from the web page:

www.bujqesia.gov.al

or clicking directly on the following link:

<http://www.bujqesia.gov.al/al/programi/projekti-sared>

1.2 Key Definitions

- **GfA:** Guideline for applicants
- **Contracting Authority:** GIZ / SARED
- **Applicant:** is an individual farmer, physical or legal person, ACA (association for cooperation in Agriculture) which submits an application for grant under a Call for Applications;
- **Beneficiary** (or grant beneficiary): is a natural or legal person who has been awarded a grant to implement an investment action (project).
- **Investment action** (project): is composed of set of activities for investment in tangible and intangible fixed assets aiming at objectives of the supported sectors.
- **Grant:** is a payment by the Contracting Authority reimbursing part of the eligible expenditures made by the beneficiary for the investment action (project) in tangible and intangible assets.
- **Grant Award Decision and signing of contract:** is a decision of the Authorizing officer to award the grant to the successful applicants based on the contract signed between them.
- **Decision for the Authorization and Execution of the Grant:** is a decision of the Contracting Authority to authorize the grant amount and execution of the payment. This decision is done after the submitted CfP is assessed positively.
- **Public (SARED) contribution:** is the amount of financial contribution granted by GIZ / SARED which is equal to 50% - 75% of the total eligible expenditures of the investment project.
- **Beneficiary contribution:** is the amount of financial contribution granted by the beneficiary which is equal to 25% - 50% of the total eligible expenditures of the investment project.
- **Eligible expenditures:** are the expenditures approved in accordance with the Grant Scheme requirements stated in Annex 6 of this Guideline for Applicants.
- **Young applicant:** an applicant under 40 years of age at the day 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.
- **Processing:** means the steps including collection, storage until the final product
- **Marketing:** means the investment and activities for selling points and the promotion of the product
- **Diversification under the 3 VC is considered:**
 - A. Any investment done in the frame of the VC 3 (MAPs)
 - B. Investments under the VC 1 (SR) & 2 (F&N) related to;
 - 1. On farm – processing and direct marketing (retail) of agricultural products under 3 VC
 - 2. Investments related to a new product;
 - **New Product is considered:**
 - i. **under VC 1 (SR)**
 - Introduction of new races and/or
 - New products through processing sheep and/or goat milk.
 - ii. **Under VC 2 (F&N)**
 - Introduction of new varieties and/or
 - Related new products through processing of raw materials.

1.3 Overall Objectives of the SARED Grant Scheme

The overall objectives of the Grant Scheme for the development of agro-food sector in rural areas are as follows:

- Improving overall performance and competitiveness of the production of primary agricultural products, of their processing and marketing;
- To contribute to increasing competitiveness of Albanian rural areas by enhancing the investment capacities and absorption of the economic actors under the 3 VC;
- To contribute to gradually upgrade Albanian agricultural farms / establishments in rural areas towards meeting national standards, mainly in the fields of food safety and quality, animal welfare, animal and plant health and environmental protection,.
- To contribute to gradually greening economic activity of Albanian agricultural farms / establishments in rural areas through renewable energy and environmentally friendly investments.

2- Eligible VC, sectors and beneficiaries

2.1- Eligible investments and VC

SARED supports investments in production, processing, storage and marketing of products under **3 eligible VC and the following subsectors**

1- Under VC 1 – SR following subsectors are eligible;

Milk from Sheep and Goat

- on Farm investments supporting production, storage, processing and marketing.
- off Farm investments supporting intermediaries (collectors) and processors.

Meat from Sheep and Goat

- on Farm investments supporting production, storage, processing and marketing.

2- Under VC 2 – Fruits and Nuts trees

- on farm investments supporting production, storage, processing and marketing.
- off Farm investments supporting intermediaries (collectors), processors and marketing.

3- Under VC 3 – MAPs

- on farm investments supporting production, storage, processing and marketing.
- off Farm investments supporting collectors, processors and marketing.

2.2 Eligibility criteria for Applicants under the 3 VC

2.2.1 Who Can Apply?

The SARED Grant Scheme is open to individual farmers, physical and juridical persons including ACA that own or represent micro, small, medium sized enterprises which actually are working or wishing to start an activity (startup) in production, collection, processing, marketing of agricultural products eligible in the frame of 1 of the 3 Value Chains under SARED as follows:

2.2.2 The eligibility criteria for applicants in relation to status, ownership and territory

The applicants in order to be eligible for a grant under 1 of the 3 VC must fulfill and all the criteria listed below:

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- a) They should be individual farmers registered at respective RDAs registers (farmers' card who perform their agricultural activity in the frame of 1 of 3 VC in Albania, who could prove the ownership of the land / building, where the agricultural activity takes place, through the legal documentation issued according to the national legislation (see requirements in the application form – Annex 1 of GfA), **or**
- b) They should be physical persons registered according to the national legislation and licensed for the agricultural activity in the frame of 3 VC, if the legislation requires it, who perform their agricultural activity in Albania (territory defined on the point "g" below), and who could prove the ownership of the land / building, where the agricultural activity takes place through the legal documentation issued according to the national legislation (see requirements in the application form – Annex 1 of GfA) **or**
- c) They should be legal entities, 100% privately owned and registered according to the national legislation at the National Register and licensed for the agricultural activity in the frame of 3 VC, if required according to the national legislation for the eligible agriculture activity (eligible investments), and who could prove the ownership of the land / building, where the agricultural activity takes place through the legal documentation issued according to the national legislation (see requirements in the application form – Annex 1 of GfA) **or**
- d) They should be Associations for Cooperation in Agriculture established and registered according to the national legislation (Law Nr. 38/2012) at the National Register and licensed if required according to the national legislation for the eligible agriculture activity (eligible investments) and who could prove the ownership through the legal documentation issued according to the national legislation (see requirements in the application form – Annex 1 of GfA) **or**
- e) Eligible are individual farmers, physical persons, legal entities or an Association for Cooperation in Agriculture, which have rented the land / building, to use it and invest for a minimum of 5 years for the eligible investments. In case of the new plantings the duration of such contracts should be at least 10 years starting from the year of application. The renting contract should be notary verified and accompanied by the ownership documents issued according to the national legislation (see requirements in the application form – Annex 1 of GfA).
- f) Eligible are individual farmers, physical persons, legal entities or an Association for Cooperation in Agriculture, which has been entitled to use and invest on the land / building for a minimum of 5 years after the application date for the eligible investments for which he applies. In case of the new plantings the duration of such contracts should be at least 10 years starting from the year of application. He / they should present the "rental contract for in Use" notary verified and accompanied by the ownership documents issued according to the national legislation (see requirements in the application form – Annex 1 of GfA).
- g) Eligible are only one individual/entity with a rent contract or user right of a property.
- h) Eligible are only one member of the household or one shareholder of a company.
- i) Eligible are all applicants as above who perform their economic activity in the territory of 6 regions (Shkoder, Kukes, Diber, Korce, Elbasan and Berat) and in the frame of 1 of 3 eligible VC.
- j) An exclusion will be made for those key actors of Value Chains 1-3 (collectors, processors), whose establishments are out of this territory, but 60% of the quantities of the raw materials that they process / sell as final product derives from the eligible territories (Shkoder, Kukes, Diber, Korce, Elbasan and Berat). This fact should be proved through the balance sheet and BP, and through the purchasing contracts signed with producers / collectors indicating the quantities of the raw materials supplied.
- k) All the applicants should apply **only for investments** in the frame of Value Chains 1-3 and only based on the list of eligible expenditures / Investments (Annex 3 and Annex 4 to the GfA),

- l) In order to be eligible **for on farm investments** in processing / marketing of the agriculture products within 1 of the 3 VC eligible, the applicant must produce at least 30% of the respective raw material in his farm.
- m) An applicant may not submit a new application before the final payment on a previous grant contract is done in the frame of SARED.

2.2.3 The minimum requirements in relation to the eligible agriculture activity

To be eligible the applicants **must** fulfill the following minimal requirements of their **agricultural economic activities in the frame of 1 of 3 eligible VC** within the territory of the Republic of Albania, as specified in the below table:

VC	Minimal requirements		
	Production / marketing	Collection / Processing / marketing	
VC 1 - Small Ruminants – Milk			
For investment in sheep/goat milk	On Farm	On Farm	Off Farm
	A minimum of 30 sheep and/or goats of all ages and sexes, registered in the MARDWA's animal register <u>at the time of application</u>	Minimum processing capacity of 100 Lit milk / day <u>at the end of the investment (before final payment)</u> , but at least 30% of raw materials has to be produced by the applicant in his farm.	Minimum processing capacity of 0,5 Ton milk processing per day <u>at end of investment (before final payment)</u> for milk collection or processing units / establishments
VC 1 - Small Ruminants – Meat			
For investment in sheep/goat meat	On Farm	On Farm	Off Farm
	A minimum of 30 sheep and/or goats of all ages and sexes, registered in the MARDWA's animal register <u>at the time of application</u>	No minimum requirements	Not eligible
VC 2 - Fruits and Nuts			
For investment in fruit and nuts production	On Farm	On Farm	Off Farm
	Minimum of 0.2 ha cultivated land with fruit trees in one block <u>at the end of the investment (before final payment)</u> .	For on-farm processing at least 30% of processed raw materials has to be produced by the applicant in his farm.	No minimum requirements
VC 3 - MAPs			
For investments in MAPs	On Farm	On Farm	Off Farm
	Minimum of 0.2 ha cultivated land with MAPs in one parcel <u>at the end of the investment (before the payment)</u> .	For on-farm processing at least 30% of processed raw materials has to be produced by the applicant in his farm.	No minimum requirements

One applicant may apply for investments along the VC but fulfilling the respective minimum requirements.

2.2.4 Eligibility criteria for applicants related to financial obligations

The applicants must:

- have fulfilled all financial obligations, related to land tax in case he is an individual farmer
- have fulfilled all financial obligations towards the state, as required by national law according his legal status he applies and financial obligations in relation with his economic activity in regard with taxes (including land tax or tax on the property – building where the economic activity takes place) insurance dues (health and pension), in case the applicant is a physical or juridical person or ACA **and**
- Have no overdue financial obligations to the MARDWA and its subordinated structures (including ARDA) and
- Who have not received grants (public funds) in the last 5 years for the same investment he is applying for to SARED.

2.2.5 Eligibility criteria related to the investments

- The investment when concluded must respect the relevant national standards in the respective field as regards food safety, animal health and welfare, plant protection and environmental protection.
- In case of investments in renewable energy (on-farm), eligible are only these for self-consumption of the energy in the agriculture activity on his farm.
- Fruits and nuts trees and / or MAPs propagation material (seeds) and/or seedlings to be used for the eligible investments must be certified, respectively registered by the National Seeds and Seedlings Authority according to the relevant national legislation in force.

2.3 Financial Conditions of Eligible Investment Actions

2.3.1 Minimum and Maximum of eligible investments

Under this frame the total eligible investment costs including the “general costs” (see chapter 3 of this GfA) for which a grant may be requested must fall between the following minimum and maximum amounts:

- **minimum** amount of total eligible investments size **on farm**: 400,000 ALL
- **maximum** amount total eligible investments size **on farm**: 3,500,000 ALL
- **minimum** amount of total eligible investment **off farm**: 700,000 ALL
- **maximum** amount of total eligible investment **off farm**: 10,000,000 ALL

2.3.2 Aid intensity (The maximum grant amount)

The aid intensity (grant size) is calculated based on only “eligible expenditures”. The other expenditures listed as “non eligible” expenditures” are not considered

- A. For the **on farm** investments in frame of VC 1-3 the Aid Intensity is 65% - 75 % of total eligible expenditures of the eligible investment implemented.
- i. **The basic aid intensity for all beneficiaries for on farm investments is 65 % of eligible expenditures,**
 - ii. **To this amount will be added value of 10 % of the eligible expenditures related only to the eligible investment implemented in regard with effluent storage and handling, treatment and disposal of manure in liquid or solid form and other waste**

resulting from the economic activity respecting the national environment protection standards.

B. For all collectors and the agro processors (Off farm Investments) in frame of VC 1-3 the Aid Intensity is 50% - 60 % of the total eligible expenditure for the eligible investment implemented, as follows.

- **The basic Aid Intensity (Grant size) is 50 %** of the total eligible expenditure for the eligible investment implemented.
- **To this amount will be added 10 %** of the eligible expenditures related only to the eligible investment implemented in regard with;
 - i. waste management (treatment and disposal of the waste resulted from eligible economic activity related to the application), **OR**
 - ii. For investments in processing, for the investment costs related to renewable energy **OR**
 - iii. if investment is implemented by young applicant (*individual or legal representative of the private company/agricultural cooperative*) **OR** if investment is implemented by woman (*individual or legal representative of the private company/agricultural cooperative*).

2.3.3 Duration of implementation of an investment project

The deadlines for the implementation of the investment and / or submitting the CfP will be specified in the individual contracts which will be signed between Contracting Authority and potential beneficiaries.

The applicant may apply for extension / amendment of the contract under certain circumstances as laid down in the respective article of the signed contract. If the request is approved by the contracting authority the contract will be duly amended.

Beyond the deadlines mentioned in the contract amendment there will be not any extension.

2.3.4 How the Grant is paid?

- Advance or intermediate payments are not made in the framework of "SARED" grant scheme.
- The grant will be paid in one installment upon completion of the eligible contracted investment.
- The payment will be made based on the claim for payment file which is submitted by the beneficiary after the investment is implemented as provided in the contract.
- The CfP form should be downloaded from the MARDWA web page.

3. Rules for Eligibility of expenditures

The 2 categories of costs (expenditure) considered as (i) eligible and (ii) non-eligible are explained in details below.

To be eligible under the grant scheme, expenditures must comply with the provisions of the signed Grant Contract. The template of the grant contract, is published on the MARDWAs' web page: www.bujgesia.gov.al

The applicants should note that the eligible expenditure must be based on real costs and prices and should be proved through supporting documents which has to be submitted as required in the Application form respectively in the CfP. In this regard the controls made by the Contracting Authority may result in a need for clarification from the applicants, and may impose modifications which may result in reductions of reimbursement to address and correct any mistake, negligence or unreal cost.

3.1.1 Eligible Expenditures under the 3 VC

For the calculation of the grant amount are considered only “eligible expenditures”.

The eligible costs (expenditures) incurred by the beneficiary **should meet all the following criteria:**

- Is any necessary cost (including “general costs) for the implementation of the investment based in the List of Eligible Expenditures / Investments (Annex 3 of GfA) and in detailed budget in the contract;
- are identifiable and verifiable, are reasonable, justified and comply with the requirements of sound financial management, in particular regarding economy and efficiency.
- Each payment related to machinery purchase, construction works, advisory services bought should be documented by the applicant through invoices issued by registered suppliers or service providers. In particular in case of physical and legal persons, being recorded in the accounting records of the Grant Beneficiary and determined according to the applicable accounting standards of Republic of Albania and according to the usual cost accounting practices of the Grant Beneficiary.
- are costs relating to purchase of new machinery and equipment (new and without any visible physical damages, including computer software up to the market value of the asset;
- eligible is also the Value added tax¹ (VAT) for the applicants that are registered as individual farmers with farmers’ card.
- are costs incurred and disbursed during the implementation period of the Investment Action (with exception of general costs). The Implementation period (its start and end dates) will be stated in the grant contract signed between the applicant and the Contracting Authority: therefore the Investment Action may not be started and Contracts with suppliers and service providers may not be concluded by the Grant Beneficiaries before the date of signing the contract with the contracting authority.
- are costs related to construction or reconstruction / improvement of immovable property. In that case
 - a. Construction works must be carried by a third contracted party (registered physical or legal persons). Labor of the farmer or his relatives / enterprise workers is ineligible cost².
 - b. Routine maintenance works of buildings and facilities are not eligible. Routine maintenance means services that are performed continuously on a regular schedule and that are intended to extend the useful life of a building system and reduce the need for major repairs.
- are general costs related to Expenditures referred to the investment and happen mainly for the preparation of the application file and implementation of the investment such as:
 - a. payments to advisors for the preparation and submission of the application, preparation of the business plan, costs of official translation of documents for submission of the application, costs for advisor to follow up the implementation of the eligible investment, including the preparation of the Claim for Payment.
 - b. preparation of the project design (architectural project, construction project, bill of quantities, technological project, electrical project, engineering project...) architects’, engineers’ and
 - c. other consultation fees for feasibility studies, preparation of marketing strategy closely related to the investment,
 - d. the acquisition of licenses,

¹ The farmers who will import personally the equipment and or machinery without paying VAT, must declare this fact in the application form and should respect the procedure as laid down in the Law Nr, 92/2014 date 24/07/2014 and in the DCM Nr 953 date 29/12/2014, and the DCM Nr 13 date 14/02/2015

² Check in the point eligible costs which kind of “in kind contribution is eligible”

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Total amount of the eligible general costs is up to a ceiling of 12 % of total eligible expenditures, including the costs for the preparation of the business plan up to ceiling of 4 % of total eligible expenditures but a maximum of ALL 280,000. The above mentioned general costs should be proved by original invoices issued by registered service providers of goods and services as provided in the Albanian legislation.

3.2 Not Eligible Investments and Expenditures

Under all 3 VC **the following investments/expenditures** will not be taken into account in regard with grant calculation:

- Projects where the end product is not within the list of LEE defined in Annex 3;
- Projects / investments financed by other public support for the same investments;
- Purely research based projects;
- Projects relating to the processing and marketing of products which imitate or substitute for agriculture primary products under the VC 1-3 (e.g. milk and milk products);
- Projects to replace items grant-aided in the previous 5 years;
- Projects commenced before signing a contract with contracting authority (GIZ-SARED)
- Labor of applicant, his employees or his relatives on project.
- Routine maintenance works of buildings and facilities are not eligible. Routine maintenance means services that are performed on a regular schedule and that are intended to extend the useful life of a building system and reduce the need for major repairs
- Purchase, rent or leasing of land and existing buildings, and rent / leasing of agriculture machineries and equipment;
- Purchase of agricultural machineries (tractors) which doesn't meet the requirement of "Tyre 3" or above
- Purchase, rent or leasing of animals and agricultural production rights;
- Purchase of annual plants and their planting;
- Operating costs (such as consumables, service and fuel supplies – electricity, water, oil, gas, etc.), maintenance, depreciation and rental costs;
- All kind of contributions in kind;
- Value added tax for the applicants that are registered as physical or legal persons;
- Other taxes
- Customs and import duties, or any other charges;
- Exchange costs, charges and exchange losses, as well as other purely financial expenses;
- Lease-purchase, lessors' margin, interest refinancing costs, overheads and insurance charges;
- Any costs incurred by public administration in managing and implementing assistance
- Purchase of second hand equipment;
- Expenditure incurred prior to the signature of the Grant contract with the exception of general costs as defined in section 3.1;
- Fines, financial penalties and expenses of litigation;
- Bank charges, costs of guarantees and similar charges;
- Debts and debt service charges provisions for losses or potential future liabilities;
- Interest owed;
- Costs to the same investment covered by another action funded by national or donor program.

4. Overall and specific objectives of Eligible investments by VC

Please refer to Annex 3 of GfA that provides details of eligible investments that are under the Grant Scheme.

One application may target **one or more objectives and include one or more investment types of one VC** as listed in the Annex 3 of the GfA of the SARED grant scheme.

Overall objectives of the SARED grant scheme

Increase the productivity and competitiveness of agriculture farms, agro processing establishments, and rural tourism;

To contribute to gradually greening economic activity of Albanian agricultural farms / establishments in rural areas through renewable energy and environmentally friendly investments.

Modernization of production, processing of agricultural products in alignment with national legal requirements, respectively standards *in the fields of environmental protection / preservation, food safety and quality, plant health, animal health and welfare.*

4.1 VC 1 - Small Ruminants (Sheep and Goat)

4.1.1 Production / processing / marketing (Sheep and Goat)

Eligible for support are investment actions targeting following objectives:

- Increase the production and the quality milk on farm through of the improvement of breeding conditions, housing conditions, feeding techniques, feed production and storage, production technology of sheep / goat for milk or meat production, improving milking and hygiene etc.;
- Improve raw milk hygiene and quality conditions on the farm through modernization of production, storage at milk collection points and transportation technologies and practices;
- Improve animal health and welfare through investments in animal housing and handling facilities;
- Introduce environmentally friendly manure handling, storage and treatment facilities.
- Encourage introduction of technologies and practices at milk processing units / enterprises, contributing to the production of dairy products which meet national standards and improve competitiveness;
- Support introduction of food safety and quality systems;
- Improve treatment and handling of waste.
- Introduce gradually the elements of green economic activity through investments in renewable energy and environmentally ones.

4.2 VC 2 - Fruits and Nuts tree

4.2.1 Production / processing / marketing

Eligible for support are investment actions targeting following specific objectives:

- Improve production and processing techniques and technology, and also certified seedlings production to enable farmers to produce fruits/nuts of a quality that can compete in the rapidly changing Albanian marketplace;
- Improve fruit and nuts production technology for the overall improvement of the relevant minimum standards applicable in Albania and in particular in the storage and application of crop protection chemicals and fertilizers, and in chemical residue levels;

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- Reduce postharvest losses through on-farm investments in storage technology and infrastructure and postharvest handling equipment, including cooling capacities, sorting and packaging lines.
- Support introduction of food safety and quality systems;
- Improve the marketing of fruit processed products; in particular addressing the problem of high costs of packaging material.
- Introduce gradually the elements of green economic activity through investments in renewable energy and environmentally ones.

4.3 VC 3 – Medicinal and Aromatic Plants (MAPs)

4.3.1 Production, collection / processing / marketing of MAPs

Eligible for support are investment actions targeting following specific objectives:

- Improve production and processing techniques and technology, and also certified seedlings production to enable farmers, collectors and processors to produce MAPs of a quality that can compete in the rapidly changing and demanding Albanian and foreign markets (exports);
- Improve MAPs production technology for the overall improvement of the relevant minimum standards applicable in international markets and in particular in the storage and application of MAPs protection, chemicals and fertilizers use, and in chemical residue levels;
- Reduce postharvest losses through on-farm investments in storage technology and infrastructure and postharvest handling equipment, sorting and packaging lines;
- Support introduction of food safety and quality systems;
- Improve the marketing of MAPs processed products addressing in particular the costs related to packaging materials etc.
- Introduce gradually the elements of green economic activity through investments in renewable energy and environmentally ones.

5 Application Procedure

5.1 Call for applications

The Applicants will be invited to submit their application through an open call for applications which will be launched through announcements published at national respectively regional media, MARDWA webpage www.bujqesia.gov.al .

Please be aware that the precise information related to the CfA, on the length of each of the calls for applications and on the deadlines in which the applicants can submit their applications will be defined in the respective **call announcement** which will be published in the national newspapers but will be published on MARDWAs' web page www.bujqesia.gov.al .

In the frame of SARED grant scheme implementation the final dates for submission of the applications is the end date of the call 4 or the date when the funds of SARED grant scheme are utilized which will be announced by the contracting authority.

5.2 Content of Application file

The application file should be in Albanian language (respectively translated). In case the supporting documents are not issued in Albanian (foreign providers) an **official translation into Albanian** language must be attached.

The applicants have to submit the Application file containing

- (a) **The application form** (Annex 1 of GfA),
- (b) **The Business Plan** and
- (c) **All supporting documents**, as requested in the Application form.

(a) **Application form – Annex 1.** Please submit the application form in one **original paper print and signed personally by the applicant.**

(b) **Business Plan:**

- **For investments up to 1,400,000 All**, please use the **template of BP** provided in **Annex 2/1**, consisting only on a simple narrative BP;
- **For investments above 1,400,000 All** please use the **template of BP** provided in **Annex 2/2**, consisting of a narrative and a financial part:
 - **Narrative part** of the Business Plan has to be prepared using the template given in **Annex 2/2/1** and to be submitted in one original paper print;
 - **Financial Part** of the Business Plan has to be prepared using the template given in **Annex 2/2/2** and to be submitted in printed and electronic format (CD-Rom³) (Calculations made in digital version of financial part of Business Plan provided on CD-ROM will be checked)

In order to submit a well prepared BP please follow carefully the instructions how to prepare the BP attached as annex 2.3 to this GfA.

(c) **Supporting documents**, requested in the Application form (see Annex 1 of GfA)

- The applicant has to submit with the application file all supporting documents, which are requested and listed at the last page of the Application Form given as part 5 of Annex 1 to the GfA, as a prove that he/she has met all eligibility criteria related to the investment.
- In case the Application Form requires “Copy” of the documents, they should be clear, easy to read and identical to originals, which have to be confirmed by statement of the applicant which has to be given in Application form. In this way the applicant takes over the responsibility of the veracity of the document submitted.
- The applicant keeps a file with all original documents in his farm / establishment because they will be checked during the on the spot control to verify the submitted copies with the original. In case of discrepancies the application might be rejected or respectively grant payment will be rejected. The original documents should contain all elements as required by the Albanian legislation (as f.ex. seal, signature, protocol nr etc.).
- **Together with the supporting document attached to the Application form, the applicants have to submit;**
 - A. **3 original offers**⁴ for any single expenditure related to the investment action (project) higher than 140,000 ALL (*total value of the invoice*).
 - B. *In case the applicant has performed payments related to the category general costs the applicant submits the following;*

³ In electronic format (CD-Rom) the applicants submits together with Annex 2/2/2 of BP and the table of comparison of the offers.

⁴ The request for an offer is send separately to each of the potential suppliers based on the NTS.

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1. In case the total value of the invoice does not exceed 140,000 ALL he submits only the original invoice issued by the service provider / supplier in accordance with Albanian legislation requirements.
2. In case the total value of the invoice exceeds 140,000 ALL he submits
 - i. the contract signed by him and the service provider and
 - ii. the original invoice issued in accordance with Albanian legislation requirements.

The requirements relating to offers are as follows:

The 3 offers should be easy to compare therefore;

- a. The applicant asks 3 offers from 3 different suppliers based on the same neutral technical specifications for each investment item.
- b. The applicant prepares **neutral technical specifications (NTS)** for each item or machinery he is applying in the SARED grant scheme as follows; Please consult the annex 6 "Orientations in supporting farmers in identifying TS for on farm investments in equipment and mechanization"
 - i. In case of on farm investment in equipment or mechanisation **the offers should contain** additional technical elements than these asked in NTS by the applicant as f.ex. type, model, capacity, power and other main characteristic of the equipment which should be verifiable during the OTC incorporated in the equipment respectively aggregate (in case of a tractor f.ex engine power, type/model, size of wires, etc.,
 - ii. In case of investment in construction / reconstruction, or investments in new plantings the offers should be based on the same technical specifications and related cost estimation "bill of quantity".

Offers / invoices from foreign suppliers / service providers outside Albania, must be issued, if possible, in English language. The applicant must attach to the originals an **official translation into Albanian** language.

Offers / invoices from Albanian suppliers / service providers should be issued in Albanian and in Albanian currency (ALL).

The suppliers from Albania are requested to submit the simple registration extract issued by NCR. The suppliers / service providers invited to submit 3 offers requested for expenditures related to the investment must not be related to each other or to the applicant, not be relatives (meaning not close family members and explicitly father, mother, husband, wife, son, daughter, son in law, daughter in law) and business related.

The suppliers from abroad are requested, in addition to the main elements requested to be introduced in the offer as listed below, to make a statement in the offer that;

- the company has an active business status in the field related to the offer, and
- they are not related to the applicant, (meaning not close family members and explicitly father, mother, husband, wife, son, daughter, son in law, daughter in law) and
- they are not business connected with the applicant.

However, the GIZ has the right to request from the applicant to submit extract from register for the suppliers from abroad during the assessment process.

In cases when above mentioned connection is determined between applicant and legal representative of one of the suppliers or legal representative of the suppliers than a new offer is requested.

If applicant does not submit requested document in given deadline application file will be rejected.

The main elements requested to be introduced in the offer issued by any supplier are as follows;

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- Date of issue;
- Name of the supplier;
- Registration number of the supplier in NRC;
- Price, VAT and other taxes quoted separately based on;
 - Detailed neutral technical specifications which must comprise the ones send by the applicant but could be broader than the ones send by him, including other TS as **type, model of the equipment offered etc.**). Important is that these NTS provided by the applicant and later in the offer should be verifiable during the OTC as incorporated in the equipment respectively aggregate. In addition all the TS indicated in the offer should be part of the invoice too!
 - Bill of quantities with unit prices, in case of works and construction cost estimation; based on the layouts (new plantings) or approved project designs
 - Place of delivery.
- Validity of the offer.
- Signature of the legal representative and stamp, where applicable.
- A statement in the offer that the prices offered refer to new machinery and / or equipment without any visible physical damages, etc.

The offers should be issued in original, valid for the time when the purchase / investment will be done,

In case that any offer submitted is false and issued with the intention that the applicant realize undue advantage, such application must be rejected.

The applicant makes the comparison of the offers based on the table of offer comparison in the BP – annex 2.1 and 2.2.1 which helps him to select the best offer (the lowest price).

If the lowest value offer is not selected, the applicant has to provide his justification in written for which reasons he has selected it.

In the comparison table all amounts of the offers respectively of the invoices should be calculated and indicated in ALL. For the ones issued in foreign currency, by the foreign suppliers / companies, the calculation of amounts from foreign currency to ALL is based on the exchange rate of the month in which the call for applications was opened or in relation to the Claim for Payment of the month in which the Claim for Payment is submitted. The correct amounts claimed related to the contracting and respectively to the payment calculated as above are introduced in the respective table in the Application form and / or Claim for Payment form.

The applicant should use exchange rate provided at:

http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/infoeuro_en.cfm

5.3 Procedure for the Submission of Applications

Applications must be submitted to the regional offices of SARED hand delivered in person.

It will be accepted only the applications submitted according the deadlines provided in the **Call for Applications published**. The eligible applicants according the point 2.2.2 of this GfA who have their establishments (collection / processing) outside of the territory of 6 eligible regions must submit their applications in the offices of SARED in the region where they purchase the biggest quantity (of the total of 60%) of the raw materials which they process / trade.

The applications files and respectively Claim for Payment files must be submitted in one copy in an envelope, containing all the documents required and sorted in the order as provided in the *PART - 5 "LIST OF THE SUPPORTING/ACCOMPANYING DOCUMENTS"*, of Application Form and the BP. On the envelope the applicant should write his full name and address (contacts), the title of the project (investment) and the respective VC. The number of successful applications within "SARED" Grant scheme is limited to 2.

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But an applicant is not allowed to submit 2 applications at the same time.

The Contracting Authority (GIZ) retains ownership of all applications received. Consequently, applicants have no right to have their original applications returned to them before their written request is approved by GIZ contracting officer.

5.4 Criteria for selection and assessment of applications (Prioritization)

All applications from call 4 will be collected and ranked in the SARED MARDWA office at the end of the call for application deadline.

The prioritized assessment of the applications, based on the criteria introduced in the table below, starts in the regional offices. The eligible applications will be sending immediately to SARED-MARDWA office in Tirana.

SARED-MARDWA office in Tirana after receiving the applications assessed as eligible in the regions starts with the assessment according the prioritization table too.

In case the total amount applied through these applications assessed eligible in SARED MARDWAs' office is higher than the total available budget of SARED grant scheme, the applications will be listed and a bottom line will be drawn, according the priority criteria (table). Only the applications above this line will be contracted and financed. The applicant will be notified in due time on the decision taken.

In case that the total available budget is not used through the eligible assessed applications the contracting process will continue with the applications under the line in the waiting list established based on the prioritization table until the budget is used.

Among two equal ranked applications priority will be given to the one submitted in earlier in time as recorded in the receipt protocol.

In case this rule will be changed the applicants will be duly notified.

Priority nr.	Criteria for selection and assessment
1	The projects / investments are in the field of processing within the six regions.
2	Applicant is a woman or a young man under 40 years.
3	Applications for On Farm investments in VC1 and VC3.
4	Applications for on Farm investments in VC 2
5	The projects / investments are in the field of processing outside the six regions.
6	Applicants who apply for the 2 nd time under SARED grant scheme

6. Important Notes in regard with the eligibility / rejection of the 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.

6.1 Rejection for major omissions

The application **will be rejected** without requesting submission/ resubmission of documents in case of major omissions of the formal following requirements:

- Application submitted after the announced deadlines or after utilization of funds of SARED grant scheme
- No application form is submitted,

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- No BP is submitted
- Standard template of the application form or business plan is not used;
- Application form or business plan is handwritten;
- No supporting documents are attached to the application form;
- No offers are submitted;
- The same applicant has submitted two applications for the call for proposals at the same time.
- Applicant has applications that have not been paid yet
- The applicant already received maximum number / amount of support;
- Applicant is on debtor ledger held by MARDWA
- Total investment is not in line with the List of eligible expenditures (Annex 3).
- The applicant is convicted for illegal activity including production and trade of narcotics or for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Albanian states financial interests.

6.2 Resubmission of documents for smaller omissions

Clarifications / resubmission of missing documents will be requested in case of the following small omissions:

- Application form and Narrative part of the Business Plan is submitted with the correct templates and the requested information is provided, but the way in which the document has been filed in is not clear or some data are missing;
- Application file / declaration or other documents are not signed or contain a scanned signature.
- Part of the supporting documents are missing;
- Validity of the document has expired (certificates, offers etc);
- The total eligible costs are below or above the limit stated in the guidelines for applicants;

The following corrections will be made before contracting as defined in the GfA:

- In case the requested information in the application form and narrative part of the business plan is provided, but the documents are not correctly filled in; e.g. the information is provided in a section X of the template and such information should have been correctly provided in section Y;
- Arithmetical errors corrected;
- Ineligible items deleted.
- If thresholds for the general costs or business plan are exceeded, the costs are reduced;
- In case the applicant requests a higher rate of aid intensity of grant as he should it is corrected.

6.3 Other cases

In all other cases that are not explicitly stated above, MARDWA and GIZ will take a decision on a case by case basis ensuring

- The equal treatment of proposals and
- In accordance with the principle of proportionality.

The applicant will be given up to 20 working days deadline to resubmit missing documents, and if the documents are not delivered within the deadline or incomplete the application will be rejected.

7. On the spot controls

7.1 OTC before contracting (OTS)

The 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 OTC will be performed by regional coordinators of GIZ and MARDWA staff in the regions (extension etc) and eventually by National Authorities and short term experts hired by GIZ in the respective field of investment verifying the relevant information related to eligibility criteria and national minimum standards of the planned investment project (action).

OTC before contracting is done only for investments in construction, reconstruction and planting/replanting (not for new movable machinery and equipment as f.ex. tractors, spraying pumps etc). as well for any investment which contracting authority finds necessary to be verified. During the on-the-spot checks the original documents and assets will be controlled.

If the on-the-spot checks reveal that the applicant or the investment action does not meet the required eligibility criteria stated in the GfA, the application shall be rejected on this sole basis.

7.2 OTC before payment

The CfP 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 OTC will be performed by regional coordinators of GIZ and MARDWA staff in the regions (extension etc) and eventually by National Authorities and short term experts hired by GIZ in the respective field of investment verifying the relevant national minimum standards of the planned investment project (action).

OTSC before payment will be done on 100% of applications to verify that the investment is completed in respect of the contract and put in operation, works completed, and payments to all suppliers are executed.

During the on-the-spot checks the original documents and assets will be controlled and controller/s can make photos, measure land parcels, buildings, etc. can take notes and collect any other evidence which can support the answers given in checklist.

Based on the report of OTC and if the investment is done as stated in the contract the CfP is approved. In case of discrepancies the CfP is rejected or revised (corrections in the calculation of the amounts claimed) will be done.

8. Notification of Applicants in regard with the award decision

Applicants will be informed in writing on the decision of the Contracting Authority concerning their application;

In case of positive assessment / decision the applicant will be invited to sign the contract and, in case of rejection, the contracting authority (GIZ) informs them on the reasons for the negative decision.

9. Complaints

Applicants believing that they have been harmed by an error or irregularity during the award process may file a complaint in 15 working days from the date of the decision. The complaint is to be submitted in written form in the regional offices or directly by post to the main office in Tirana, signed by the applicant referring to a justification of the decision taken by the Contracting Authority. Following the reassessment of the situation for which a complaint has been submitted the Contracting Authority will issue an answer in written form.

10. Contract for the grant award

Following the decision of the contracting authority to award a grant, the Beneficiary will be offered a grant contract. The template of the grant contract (Annex 5 to GfA) will be made available online on MARDWA's webpage www.bujqesia.gov.al.

The potential beneficiary will receive a Notice for Grant Award where the beneficiary will be invited to come and sign the Contract in a period of 10 working days from the day when Notice was sent from the central office.

The Grant contract will be issued in two copies on each language (English and Albanian) one for Contracting Authority and another one for the Grant beneficiary.

By signing the grant contract the applicant declares accepting, in case where it is awarded a grant, the contractual conditions as laid down in the grant contract as well the eligible investment items eligible for support including the NTS. Any change in the contractual conditions, investment items and or NTS should be done based on a written request which should be approved by GIZ-SARED manager GIZ before the applicant purchases the machinery/equipment and like that before the contract deadline expires.

11. Visibility of investments and Ex Post controls

The Grant Beneficiary is obliged to place immediately after payment is done, according the size of investment financed, a *sticker and/or commemorative plaque* indicating that the Investment Action is being financed by: The German-Danish Programme "Support to Agriculture and Rural Development in disadvantaged areas of Albania" – SARED. The logo will be produced and distributed by the GIZ Contracting Authority.

12. Payment - Approval / Execution

After completion of the investment according the contract the Beneficiary should present to the Contracting authority the claim for payment file.

The Claim for Payment file has to be submitted to the respective office in regional level as hand delivery in person according to the official template of Payment Claim form (see Annex 5). It must be submitted in one copy in an envelope (1 original file and 1 photocopy of the original), sorted in the order as provided in the *PART - 5 "LIST OF THE SUPPORTING DOCUMENTS"*, of Claim for payment form. On the envelope the applicant should write his full name and address (contacts), the title of the project (investment) and the respective VC.

12.1 The CfP file contains;

- a) The fulfilled claim for payment form which should be downloaded from the MARDWA web page. The CfP form should not be fulfilled by hand written.
- b) All required supporting documents as part of the claim for payment form,
- c) All invoices for each expenditure and bank payment / transfers to the suppliers of goods and or services. All the payments should be done by bank transfer from the account of the beneficiary to the account of the supplier and this should be proved by bank statements for the date the transfer is done.
- d) Should be submitted in the time frame (end date) laid down in the individual contract signed between the applicant and the GIZ authorizing officer,
- e) In the payment claim all costs should be indicated in ALL. The calculation of amounts from foreign currency to ALL for the invoices from the foreign supplier/s is based on the exchange rate of the month when payment claim was submitted. Exchange rate is available at following address:
http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/infoeuro_en.cfm
- f) The invoices of foreign suppliers should possibly be issued in English or Albanian if possible and the applicant must attach to the originals an **official translation into Albanian** language.
- g) The invoices should be arithmetically correct,

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- h) Amount/s of the invoice, items and technical specifications should be in accordance with the signed Contract with contracting authority.
- i) Except for general cost, the other eligible cost/invoices should incur after the Grant Contract is signed with the contracting authority. Costs for *investments that have been executed in the past or started implementation before the signature of the Grant contract as well other costs as defined in the contract are not eligible under the Grant Scheme*,
- j) No cash payments will be accepted. All payments submitted with the Claim for payment should have been performed through bank transfer from grant beneficiary bank account to the supplier bank account (rather than cash deposit to the supplier's bank account). A bank statement is requested to be submitted in order to confirm the accuracy of the information indicated.
- k) GIZ retains ownership of all payment claim received. Consequently, grant beneficiaries will not have their original payment claims returned to them (except the original invoice/s after they are stamped if they will not stay with GIZ).
- l) In case the Claim for Payment Form requires "Copy" of the documents, they should be clear, easy to read and identical to originals, which has to be confirmed by statement of the applicant which has to be given in the Claim for payment form. In this way the applicant takes over the responsibility of the veracity of the document submitted.

12.2 Grant Payment (execution of the payment)

After the approval of the claim for payment, GIZ transfers the amount of the grant to the account of grant beneficiary which is provided with the application form.

The applicant could request to GIZ to change the account number provided only in written form.

The maximum time for executing the payment to the account of the beneficiaries is up to two months after the date the complete CfP (claim for payment) file is submitted.

13. Summary of Important Notes to all the Applicants

- Applications may include only investments in **tangible and intangible assets as described in the LEE Annex 3 to the GfA.**
- All purchased machinery and equipment **must be new and without any visible physical damages.**
- The grant scheme supports only investments that will be implemented **after the signature of the Grant Contract.**
- **Investments** that have been executed in the past or started implementation before the signature of the Grant contract are **not eligible** under the Grant Scheme.
- **Only payments related to general costs** (see point 3.1 above) which are realized prior to the submission of application and which are done related to activities necessary for the preparations of the investment project and application are eligible (consultants, preparation of business plans, technical designs, application form etc.).
- All **investments must comply with the relevant national minimum standards** regarding environmental protection, food safety, animal and plant health, animal welfare, and occupational safety. This may be controlled during the on-the-spot controls before contracting and before authorization of the payment by relevant bodies / authorities subordinated to the MARDWA (National Veterinary Service, National Authority for Seeds and Seedlings and / or National Food Authority) jointly with SARED experts based on confirmation reports templates which are formally used by these bodies / authorities.

The relevant authorities will also check if relevant for the investment:

- Building / facilities which were constructed/reconstructed; and/or

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- building/ facilities where the newly acquired equipment is installed; and/or
 - Land site where investments took place.
- In case of **construction and/or reconstruction**, the applicant respectively the supplier of works / services should prepare and keep all the technical documentation such as construction/ reconstruction plans including other relevant documents as requested by national law and these should be submitted with the application respectively claim for payment as defined in the GfA.
 - To be eligible for support investment actions (projects) proposed must be **economically viable**. The economic viability is shown via business plan. For the investments/total eligible expenditures up to 1,400,000 ALL, the applicant has to prepare and submit simplified version of the business plan provided in Annex 2.1. The applicant with total eligible expenditures above 1,400,000 ALL has to prepare and to submit a **business plan** using the template provided in Annex 2.2 which has to demonstrate economic viability of the holdings at the end of the realization of the project.
 - All the payments related to the investments / purchase are to be done by bank transfer from the bank account of the applicant to the bank account of the supplier of services or goods / works based on the invoices in official format as the law requires for the registered service providers / suppliers.
 - Contracts with suppliers of services, machineries, construction works together with original invoices should be submitted with the application form respectively CfP and these should have been signed after the signature of the contract between applicant and the GIZ authorizing officer.
 - The deadlines set in the GfA related to the finalization of the investment respectively in the individual contract for submission of the CfP should be respected. The expenditures and the CfP presented after these deadlines will be considered ineligible.

14. Annexes:

1. Application Form

2. Business Plan Forms

2.1 Business Plan for Investments up to 1,400,000 ALL

2.2 Business Plan for Investments above 1,400,000 ALL

2.2.1 Narrative Business Plan for investments above 1,400,000 ALL

2.2.2 Financial part of Business plan for Investments above 1,400,000 All

2.3 Instructions for Applicants on how to fill in Business Plan

3. List of Eligible Expenditures

4. List of Eligible Fruits and MAPs/BAMs

5. Claim for Payment Form

6. "Optional NTS for on farm investments in equipment and mechanization"