



EUROPEAN UNION



ALBANIAN GOVERNMENT

IPARD II

GUIDELINE FOR APPLICANTS

IPARD II PROGRAME 2014 – 2020 IN ALBANIA

**THE GRANT SCHEME IS CO-FOUNDED BY
EU AND ALBANIAN GOVERNMENT**

EU contribution in total - 75 %

Albanian Government contribution in total - 25 %



Guideline for Applicants

of the

**IPARD II Programme 2014-2020
in Albania**

2018

Table of Contents

1. Objectives, Priorities and Measures of the IPARD II Programme	1
1.1 Background	1
1.2 Objectives of the IPARD II Programme for the period of 2014-2020	2
1.3 Key Definitions.....	5
2. Measure 1 - Investments in physical assets of Agricultural Holdings:.....	6
2.1 Aid Intensity under Measure 1	6
2.2 Eligibility of Recipients under Measure 1	7
2.3 Eligible Investment Actions under Measure 1	10
3. Measure 3 - Investments in physical assets concerning processing and marketing of agricultural and fishery products.....	11
3.1 Aid intensity under Measure 3	11
3.2 Eligibility of Recipients under Measure 3	11
3.3 Eligible Investment Actions under Measure 3.....	13
4. Measure 7: Farm Diversification and Business Development.....	13
4.1 Aid intensity under Measure 7	14
4.2 Eligibility of Recipients under Measure 7.....	14
4.3 Eligible Investment Actions under Measure	16
5. Rules for Eligibility of Expenditures	18
5.1 Eligible Expenditure	18
5.2 Non eligible Expenditure.....	19
6. Application Procedure	20
6.1 Content of the Application.....	20
6.2 Submission of Applications	21
6.3 Further Information to Applicants	22
7. Selection, Contracting and Implementation of Actions	23
7.1 Selection Procedure	23
7.1.1 Check for Administrative Compliance and Eligibility	23
7.1.2 Assessment of the Technical Project Proposal and/or Business Plan	23
7.1.3 On-the-Spot Verification.....	24
7.1.4 Ranking of Applications	24
7.2 Award Decision and Notification of Recipients	25
7.3 Conditions Applicable to the Implementation of the Investments Action	26
7.4 Payment of the Grant.....	26
7.4.1 Content of the claim for payment.....	26
7.4.2 Submission of the Claim for Payments	27
7.4.3 Further Information to Applicants.....	27
7.5 Ex-post Monitoring.....	28

8. Important Notes to the Applicant for Rejection of Applications	28
9. List of Annexes	30

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

1.1 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.

Financial plan per measure in EUR, 2014-2020

Measures	Total public aid (EUR)	EU contribution (EUR)	EU contribution rate (%)	National contribution (EUR)	National Contribution rate (%)
Investments in physical assets of agricultural holdings	41,866,667	31,400,000	75%	10,466,667	25%
Investments in physical assets concerning processing and marketing of agricultural and fishery products	35,333,333	26,500,000	75%	8,833,333	25%
Agri-environment-climate and organic farming	-	-	-	-	-

measure					
Implementation of local development strategies – LEADER approach	-	-	-	-	-
Farm diversification and business development	14,666,667	11,000,000	75%	3,666,667	25%
Technical assistance	2,470,588	2,100,000	85%	370,588	15%
Advisory services	-	-	-	-	-
Total	94,337,255	71,000,000	-	23,337,255	-

This Guideline for Applicants sets out the rules for the submission, selection and implementation of investment actions under the three measures “Investments in physical assets of agricultural holdings” ,“Investments in physical assets concerning processing and marketing of agricultural and fishery products” and “Investments in farm diversification and business development” of the first call of the IPARD II Programme.

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

1.2 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 1: Investments in Physical Assets of Agricultural Holdings

The *general objectives* of the measure are:

- To support progressive alignment to Union rules, standards, policies and practices with a view to Union membership;
- To support economic, social and territorial development, with a view to a sustainable and inclusive growth, through the development of physical capital.
- To address the challenges of climate change by promoting resource efficiency and renewable energy.

The *specific objectives* of the measure are:

- To improve the overall performance of agricultural holdings in the production of primary agricultural products;

- To be consistent with EU Standards as regards environmental protection and animal welfare;
- To encourage investments in physical assets in milk, meat, fruits, vegetables and grape sectors with the aim to:
 - Improve raw milk and meat hygiene and quality conditions on the farm through modernisation of production, storage and transportation technologies and practices;
 - Improve animal health and welfare through investments in animal housing and handling facilities;
 - Support introduction of environmentally friendly and climate relevant manure handling, storage and treatment facilities;
 - Improve production technique and technology, and also certified seedlings production to enable farmers to produce fruit, vegetables and grape of a quality that can compete in the rapidly changing Albanian marketplace and to comply with EU standards, in particular in the storage and application of crop protection chemicals and fertilizers, and in chemical residue levels;
 - Reduce postharvest losses through on-farm investments in storage technology and infrastructure and postharvest handling equipment, including cooling capacities, sorting and packaging lines.

Measure 3: Investments in Physical Assets Concerning Processing and Marketing of Agricultural and Fishery Products

The *general objectives* of the measure are:

- To increase the ability of the agri-food sector to cope with competitive pressure and market forces and to help the sector to progressively align with the Union standards by supporting development of the physical assets;
- To address the challenges of climate change by promoting resource efficiency and renewable energy.

The *specific objectives* of the measure are:

- To modernise physical assets of selected priority food processing sectors in order to improve competitiveness and to gradually align with Union standards in the fields of environmental protection, food safety and public health, animal welfare, and occupational safety;
- To encourage investments in milk, meat, fruits and vegetable and wine processing enterprises with the aim to:
 - Improve milk hygiene at milk collection points through support to investments in milk cooling tanks and specialised milk transport vehicles;
 - Encourage introduction and improvement of technologies and practices at food processing plants, contributing to the production of products gradually meeting Union standards and improving competitiveness;
 - Encourage investments in slaughtering facilities, which would comply with the Union standards;
 - Reduce the post-harvest losses and improve storage techniques and capacities in fruits and vegetables, and grapes;
 - Support introduction and improvement of food safety and quality systems;
 - Improve treatment and handling of waste and utilisation of by-products.

- **Measure 7: Farm Diversification and Business Development**

- Its general and specific objectives are as follows:
- 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 and use.

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.

The indicative allocation of funds by measure is as follows:

Measure 1 – 44,4 %;

Measure 3 – 37,5 %.

Measure 7 – 15.5 %

The table below specifies Guideline sections, which apply to different measures and common provisions:

Eligibility Rules	Measure 1	Measure 3	Measure 7
Size of the investment projects and grants	Section 2.1	Section 3.1	Section 4.1
Eligibility of applicants: who may apply for grant	Section 2.2	Section 3.2	Section 4.2
Eligibility of investments: investments for which an application may be made	Section 2.3	Section 3.3	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	Section 6		

submission of applications	
Selection, contracting and implementation of investment action (project)	Section 7

1.3 Key Definitions

- **Applicant:** is a natural or legal person submitting an application for assistance under a Call for Applications;
- **Recipient** (or grant recipient): is a natural or legal person 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 when the decision to grant support is taken
- **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);

2. Measure 1 - Investments in physical assets of Agricultural Holdings:

2.1 Aid Intensity under Measure 1

Under Measure 1 the total eligible expenditures for which an assistance may be requested must fall between the following minimum and maximum amounts:

- **minimum** amount of total eligible expenditures: EUR 10,000;
- **maximum** amount total eligible expenditures: EUR 500,000.

One applicant may be granted more than one project, but the total eligible cost of investments per recipient under this measure may not exceed EUR 1,500,000 for the whole programming period

Out of the total amount of EU contribution allocated to this measure, a maximum of 20% can be spent on tractors.

Aid intensity is:

- up to 60% of the total eligible cost of the investment;
- up to 65% if investments are made by young farmers (a farmer under 40 years of age at the time when the decision to grant support is taken);
- up to 70% for investments in mountain areas, when investment 100 % is established in the mountain areas territory, (see list of settlements in mountain areas in Annex 7, even in cases that applicant is under 40 years old).

EU contribution rate is 75 % of the public aid.

The table below summarises the financial conditions under Measure 1:

Grant percentage	Min. total eligible expenditures in EURO	Min. Grant in EURO	Max. total eligible expenditures in EURO	Max. Grant in EURO
Standard rate 60%	10,000	6,000	500,000	300,000
Rate for young farmers 65%	10,000	6,500	500,000	325,000
Rate for mountain areas 70%	10,000	7,000	500,000	350,000

The grant is paid in **one instalment after the completion of the investment action (project)** and payment of the investment expenditures by the recipient. (See Section 6.4). Recipients are responsible for carrying-out and financing investments.

Advance payments and intermediate payments are not eligible for IPARD II Program.

2.2 Eligibility of Recipients under Measure 1

Common requirements to all investment actions under Measure 1

- (1) All investments must take place in the territory of the Republic of Albania.
- (2) Recipients are farmers having farmers NIPT, whether natural persons or legal entities, including co-operatives, registered in the National Business Centre
- (3) The applicant must prove that he/she is the owner of the land/building/s relating to the investment or
- (4) The applicant must have the right to use it for a minimum of 10 years counting from the date when the application is submitted.
- (5) The investment project must concern production of primary agricultural products from the selected sectors – milk, meat, fruit and vegetables, grapes, listed in the Annex I to the Treaty on the European Union.
- (6) Before submission of application to the IPARD Agency, each project must be analysed regarding environmental protection and animal welfare, public health, occupation safety if relevant national main minimum standards by the recipient entire enterprise will be attained at the end no later than before final payment.(example if the investment is only for fruits and vegetables but the farm includes animals and/or food and feed hygiene, declaration that entire holding will attain NMS should be submitted).
- (7) The *entire agricultural holding* must comply with national minimum standards in force regarding environmental protection and animal welfare at the end of investment. The recipient must submit with the final payment claim a certificate from the national veterinary and environmental authorities confirming that all applicable national minimum standards are respected on the holding of the recipient.
- (8) The investment when concluded must respect the relevant Union standards as regards environmental protection and animal welfare.
- (9) Agricultural holdings whose capital of more than 25% is held by a public body or bodies are not eligible to apply.
- (10) The recipient, if natural person, or in case of legal entity, the legal representative or employee at management level, must have university degree or vocational qualification diploma in the agriculture related field (agricultural or veterinary sciences, agricultural economics) or at least 3 years of work experience in agriculture production, processing or services related to agriculture .A recipient that fails to meet the above skills and competences shall commit following a training course with a minimum duration of at least 50 teaching hours in the relevant sector before applying for final payment
- (11) The applicants when submitting an application form must present:
 - a technical project proposal regarding investments below 50.000 euro proving the economic viability of the project investment at the end of the investment (use annex 3.3 of Guideline for applicants) or
 - a business plan regarding investments above 50.000 euro proving the economic viability of the project investment at the end of the investment (use annex 2.3 of Guideline for applicants);

- (12) The applicants must have fulfilled all obligations relating to the payment of taxes, including land tax, and social security (pension and health) contributions and must not be on the bad debtor list of ARDA.
- (13) The measure will support only investments in renewable energy (on-farm) for self-consumption. The applicant should confirm through a licensed energy audit that the capacity installed of small wind and PV (photovoltaic) do not produce more than its own consumption during one year energy consumption balance. The investment is considered eligible when the (theoretical) power capacity of the renewable energy plant ("the investment") does not exceed 120% of the 3 years-average (self-) consumption of the farm
- (14) For investment for on-farm-irrigation systems, before submission of claim for payment, the recipient has to prove the appropriate license, authorisation, or concession for water use. Investments in on-farm irrigation must comply with Articles 38, 39, and paragraph 1/e of article 41 of Law no. 111/2012 "On the integrated management of water sources", as well as in the decision "On the adoption of special conditions, accompanying documents, validity deadline, application forms for issuing authorisations and permits, assessment and decision making procedures, as well as authorisation and permit templates for using of the water sources".
- (15) Fruits and/ or vegetable propagation material and/or seedlings and/or seeds must be certified according to the relevant national legislation in force.
- (16) For the whole programming period, one recipient may receive support for purchase of only one tractor, with a maximum power not exceeding 100 KW based on scale and nature of activity. Out of the total amount of EU contribution allocated to this measure, a maximum of 20% can be spent on tractors. (refer to table 1 of LEE).
- (17) An applicant may not submit a new application under the same measure before a final payment on a previous grant contract.
- (18) Applications may include only investments in tangible and intangible assets.
- (19) The support will be granted only to investments that will be implemented **after the signature of the Grant Contract**. Only general costs which are realized prior to the submission of application and which are activities necessary for the preparation of the investment project are eligible (preparation of business plans, technical designs, etc.). 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
- (20) All supplies purchased **must be new**.
- (21) All supplies purchased 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 9, part a and
 - (b) Countries for which reciprocal access to external assistance is established by the Commission, listed in Annex 9, part b.

However, they may originate from any country when the amount of the supplies to be purchased is below the threshold for the use of the competitive negotiated procedure. The term "origin" is defined in Article 23 and 24 of Council Regulation (EEC) N°2913/92¹.

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.

Specific requirements to all investment actions under Measure 1

At the end of the investment (before final payment) the agricultural holding of the recipient must have the following minimum size:

Milk sector:

- minimum 10 cows registered under the animal register;
- minimum 100 sheep and/or goats registered under the animal register.

Meat sector:

- 10 cattle registered under the animal register;
- 100 sheep and/or goats registered under the animal register;
- 1,000 heads of poultry (broilers and laying hens).
- 10 breeding sows

Fruit and open field vegetables sector

- minimum 0.5 ha of land cultivated with vegetables or minimum 0.5 ha of land cultivated with fruit in one or several blocks.

For Protected Crops

- Minimum of 0.2 ha of protected area in a form of glasshouses/ greenhouses/or tunnels

Vineyards

- Minimum of 0.5 ha of vineyards.

Note: No payments in cash shall be considered as eligible.

Applicants have to submit all required supporting documents which are stated in the Application Form given as Annex 1 (Annex 1.1 for Measure 1 and Annex 1.2 for Measure 3 and) proving their compliance with the above stated eligibility of applicants' rules.

Applicants must follow the instruction notes of the Application Forms in order to submit the required documents depending on the type of applicant and type of investment for which the Application Form is submitted.

¹Council Regulation (EEC) N°2913/92 of 12 October 1992 establishing the Community Customs Code and other Community legislation governing non-preferential origin (OJ L 302, 19 October 1992, p. 1).

2.3 Eligible Investment Actions under Measure 1

Duration

The implementation period of the investment action (project) planned shall be stipulated in the individual Grant Award Contracts (Annex 11) between ARDA and the recipients.

Recipients are entitled to have an Amendment of Grant Award Contracts related to the investment action.

Location

All investments must take place in the territory of the Republic of Albania.

Eligible sectors

Under Measure 1 investments in the following primary agricultural sectors are eligible:

1. Milk sector
2. Meat sector
3. Fruits, vegetable
4. Vineyard sector

One application may include investments in one sector only. Applications envisaging investments in more than one eligible sector or in non-eligible agricultural sectors will be rejected. Fruits vegetable sector is considered as one sector.

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

Type of Eligible Investments

Milk and meat sector

- Construction and/or reconstruction of facilities and premises including installations of prefabricated animal housing, storage, sheds or machine sheds. facilities for the accommodation, storages and machineries and equipments, areas for milking, installation of ventilations and heating's.
- Equipment, machinery and devices for milking, cooling, storage, safe disposal of carcasses, manure handling, etc.

Fruit, vegetables and vineyards sector

- Construction and/ or reconstruction of glasshouses/ greenhouses/ tunnels, including installations encompassing also renewable energy technologies for heating or watering systems;
- Investments in harvesting and post-harvest specialised equipment and facilities on the farm (such as temporary storage facilities, pre-cooling equipment and tools, cleaning, sorting, grading, packaging lines, cooling units and cold stores, and non-conditioned potato storages);
- Purchase of new or upgrading of existing on-farm drip-irrigation and water sprinkling systems and services for digging wells, when primary irrigation is not available;

- Investments in creation of new or restructuring (rehabilitation) of existing orchards and vineyards, including cost of certified propagation material; planting, pruning, installation of trellis and other services carried out by a third party, with the exception of soil fertilizing;
- Production of energy from renewable energy sources for on-farm consumption only - heating, cooling, ventilation, irrigation or water pumps (such as solar panels or other technologies except bio-gas facilities).
- Purchase of specialised horticultural machinery and equipment (such as specialised tractors and cultivators, sprayers, harrows, trailers or other specialised equipment);
- Facilities and technologies for renewable energy generation for on farm use,
- Internal road network and parking places within a farm holding ,
- Administrative building with associated facilities.

The public funds spent on agriculture mechanisation – tractors, including their equipment (excluding attachments) shall not exceed 20% of the total available financial budget for this measure for the whole period of implementation of the Programme.

The eligible expenditure per sector shall be further detailed in the List of Eligible Expenditures is provided in Annex 6 of this Guideline.

3. Measure 3 - Investments in physical assets concerning processing and marketing of agricultural and fishery products

3.1 Aid intensity under Measure 3

Under Measure 3 the total eligible expenditures for which a grant may be requested must fall between the following minimum and maximum amounts:

- **minimum** amount of total eligible expenditures: EUR 25,000
- **maximum** amount of total eligible expenditures: EUR 2.000,000

Aid intensity is up to 50% of the total eligible cost of the investment. EU contribution rate is 75 % of the public aid.

The payment will be **after the completion of the investment** (See Section 6.4).

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 EUR3,000,000 for the whole programming period.

3.2 Eligibility of Recipients under Measure 3

Recipients are food processing enterprises, responsible for carrying-out the project in their establishment provided in Annex 4 of the programme, and have to be:

- Natural persons or legal entities, with no more than 25% of the capital held by public body(ies), and
- Established according to the national legislation in force, and registered in accordance with the Albanian legislation in force at the National Business Centre and licensed, if required, in accordance with the Albanian legislation in force for the eligible processing activity (eligible investments) under this measure.

Common requirements to all investment actions under Measure 3

- (1) The entire enterprise must comply with the main relevant national minimum standards in force regarding environmental protection, public health, animal welfare, and occupational safety, not later than at the end of the project (before the final payment).
- (2) Before submission of application to the IPARD Agency, each project must be analysed regarding environmental protection, public health, animal welfare and occupation safety by National Environmental Agency, National Food Authority, Labour inspectorate, Veterinary Service.
- (3) Investments supported must concern the processing and/or marketing of products covered by Annex I to the Treaty on the Functioning of the European Union, and/or the development of new products, processes and technologies linked to products covered by Annex I to the Treaty on the Functioning of the European Union, (annex 10 of this GfA).
- (4) The recipient of the support, his / her legal representative or the managerial employee must have a university degree or a degree in vocational education in one of the fields such as engineering, food chemistry, food technology, economic / legal or at least 3 years of work experience in processing field.
- (5) The recipient must submit with the final payment claim a certificate from the relevant national authorities National Food Authority, National Environmental Agency, Labor inspectorate, Seed and seedlings and Veterinary Service confirming that all applicable national minimum standards are respected on the enterprise and that the investment meets the relevant EU standards.
- (6) The applicants must present a business plan proving the economic viability (as defined in Annex 2.1 and Annex 2.3) of the project at the end of the investment.
- (7) The measure will support only investments in renewable energy (on-farm) for self-consumption. The applicant should confirm through a licensed energy audit that the capacity installed of small wind and PV (photovoltaic) do not produce more than its own consumption during one year energy consumption balance. The investment is considered eligible when the (theoretical) power capacity of the renewable energy plant ("the investment") does not exceed 120% of the 3 years-average (self-) consumption of the farm.
- (8) The applicants must have fulfilled all obligations relating to the payment of taxes, including land tax, and social security (pension and health) contributions and must not be on the bad debtor list of ARDA.
- (9) An applicant may not submit a new application under this measure before a final payment on previous grant contract.

Specific requirements to all investment actions under Measure 3

At the end of the investment (before final payment) the recipient must have the following minimum capacities:

Milk and meat processing

Milk processing capacity of 1500 litres per day/750 litres in mountain areas;

Slaughtering

- Bovines slaughtering: minimum 10 heads per day; or
- Small ruminants slaughtering: minimum 40 heads per day; or
- Pigs slaughtering: minimum 15 heads per day; or
- Poultry slaughtering: minimum 5,000 birds per day.

Wine processing

Wine processing capacity: 200 hectolitres per year.

The measure will support only investments in **renewable energy technologies** for self-consumption.

For meat processing plants, the entire establishment must comply with EU standards at the end of the investment.

Support will be given for construction/renovation of no more than two slaughterhouses per NUTS II region. If more than two applications are submitted, preference will be given to the two which propose the highest slaughtering capacity.

3.3 Eligible Investment Actions under Measure 3

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 latest and the submission date of the Claim for Payment must be latest. Recipients are entitled to have an Amendment of Grant Award Contracts related to the investment action.

Location

All investments must take place in the territory of the Republic of Albania.

Eligible sectors

Under Measure 3 investments in the following primary agricultural sectors are eligible:

- 1. Milk sector**
- 2. Meat sector**
- 3. Fruits and vegetable sector**
- 4. Wine sector**

One application may include investments in one sector only. Applications envisaging investments in more than one eligible sector or in non-eligible agricultural sectors will be rejected. Fruits vegetable sector is considered as one sector.

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

Type of eligible investments

Milk sector

- Construction and/or reconstruction of facilities and premises for milk collection, storage and processing;
- Equipment, machinery and devices for milk collection, storage and processing;

Meat sector

- Construction and/or reconstruction of facilities and premises for meat processing;
- Equipment, machines and devices for slaughterhouses and meat processing plants;

Fruit and vegetables sector

- Construction and/or reconstruction of facilities and premises;
- Equipment, machines and devices;

Wine sector

- Construction and/or reconstruction of facilities and premises;
- Equipment, machines and devices;

Further details are given in the List of Eligible Expenditure.

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) Farmers, whether natural persons or legal entities, including co-operatives, registered in the National Registration Centre and included in the national farm register;
- ii) Non-agricultural private micro and small-sized enterprises:

- private enterprises, established and/or operating in rural areas, registered as natural persons or legal entities in the National trade register, are eligible for all sectors except for the sector "On-farm processing and marketing of agricultural products";
- 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 bodies.

Only farmers are eligible for support under sub-measure "On-farm processing and marketing of agricultural products". Only cooperatives of farmers /ACS are eligible to apply for investments in activities for renting of agricultural machinery ('machinery rings').

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 project.
- For investment for on-farm-irrigation systems, before submission of claim for payment, the recipient has to prove the appropriate license, authorisation, or concession for water use. Investments in on-farm irrigation must comply with Articles 38, 39, and paragraph 1/e of article 41 of Law no. 111/2012 "On the integrated management of water sources", as well as in the decision "On the adoption of special conditions, accompanying documents, validity deadline, application forms for issuing authorisations and permits, assessment and decision making procedures, as well as authorisation and permit templates for using of the water sources".
- Fruits and/ or vegetable propagation material and/or seedlings for multiannual plants must be certified according to the relevant national legislation in force.
- 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.
- Investments in rural tourism – regarding the public health standards. A pre-assessment at application stage would be needed in case of constructions, to prevent issues in case there are specific requirements to be taken into account in the design which cannot be modified later on.
- 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 (pension and health) contributions and must not be on the bad debtor list of ARDA;
- An applicant may not submit a new application under this measure before a final payment on previous grant contract.

Specific requirements to all investment actions under Measure 7

- For on-farm-processing of agricultural products.
- 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.
- The investments in rural tourism accommodation facilities the national standards for public health will be confirmed by the relevant technical body, in case food is prepared and served in these facilities.
- In case of investments in agricultural machinery, only tractors with a maximum power not exceeding 70 KW may be purchased. Only one tractor per recipient may be purchased in the whole programming period, with the exception of projects of co-operations of farmers for establishing machine rings. Out of the total amount of EU contribution allocated to this measure, a maximum of 20% can be spent on tractors.
- In case of investment for renewable energy plants, this measure will support only projects with a capacity of production exceeding the annual self-consumption of the recipient. The full investment is eligible not only the part for the self-consumption.
- The investment is considered eligible when the (theoretical) power capacity of the renewable energy plant ("the investment") exceeds the 3 years-average (self-) consumption of the farm.

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 latest xxxxxxxxxxxx and the submission date of the Claim for Payment must be latest xxxxxxxxxxxx. Recipients are entitled to have an Amendment of Grant Award Contracts related to the investment action.

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) Production of MAPs, mushrooms, honey, ornamental plants and snails
- 2) On-farm processing and direct marketing of agricultural products (milk, meat, fruits and vegetables, olive, wine, etc.)
- 3) Processing and marketing of wild or cultivated MAPs, mushrooms and honey
- 4) Aquaculture
- 5) Nature and rural tourism
- 6) Services for rural population and business

- 7) Handcrafts and manufacturing industry
- 8) Renewable energy production

One application may include investments in one sector only. Applications envisaging investments in more than one eligible sector or in non-eligible agricultural sectors will be rejected..

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

Type of eligible investments

1. Supply and Production of MAPs, mushrooms, honey, ornamental plants ,snails and material for production of essential oils:

Construction and/or reconstruction and/or extension of rooms and facilities and premises, and purchase of specialized equipment, machineries and devices for production/ cultivation and/or post-harvest handling.

2. On-farm processing and direct marketing of agricultural products (such as milk, meat, fruits and vegetables, wine.):

- Construction and/ or reconstruction of on-farm processing facilities and premises and supply for related equipment.
- Construction and/ or reconstruction of and purchase of equipment for selling points on farms for direct marketing of farm products.

3. Processing and marketing of wild or cultivated MAPs, mushrooms, olive oil, honey, fish and fisheries products, production and marketing of essential oil.:

- Construction and/ or reconstruction of processing facilities and premises and equipment;
- Construction and/ or reconstruction of and purchase of equipment for selling points on production facility and for direct marketing of products.

4. Aquaculture(fresh and salt water):

- Creation of new or extension of the production of existing aquaculture farms, including the equipment;
- Waste management systems, equipment for purification of waters released from ponds and reservoirs and for monitoring the characteristics of the water quality parameters.

5. 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.

6. Services for rural population and business:

- Construction and/or reconstruction of facilities and premises for private child care, care of elderly or disabled people, adult education and training, IT centres and supply of necessary equipment;
- Construction and/or reconstruction of facilities and premises for repair and maintenance of agricultural machinery, renting of agricultural machinery, electromechanical services and supply of necessary equipment;

- Agricultural machinery and attachments, renting of agricultural machinery (“machinery rings”).

7. 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.

8. Renewable energy production:

Construction and/ or / reconstruction of renewable energy production.

The eligible expenditure shall be further detailed in the '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 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 Contract for allocation of IPARD funds between the recipient and IPARD Agency (except for general costs linked to the investment related expenditure).

Investment projects shall remain eligible for Union financing provided they do not, within five years from the final payment by the IPARD Agency undergo a substantial modification:

- 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.

2. Rules on origin of eligible expenditure applicable to all measures.

All supplies purchased under a procurement contract, or in accordance with a grant agreement, 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, and

(b) Countries for which reciprocal access to external assistance is established by the Commission. Reciprocal access may be granted, for a limited period of at least one year, whenever a country grants eligibility on equal terms to entities from the Union and from countries eligible under IPA II. Before the Commission decides on the reciprocal access and on its duration, it will consult the IPA II beneficiary.

However, they may originate from any country when the amount of the supplies to be purchased is below the threshold for the use of the competitive negotiated procedure. The term "origin" is defined in Article 23 and 24 of Council Regulation (EEC) N°2913/92².

The term "origin" is defined in Article 23 and 24 of Council Regulation (EEC) N°2913/92³.

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** and will not be taken into account for calculating the grants:

- 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 costs;
- Second hand machinery and equipment;
- Bank charges, costs of guarantees and similar charges;

²Council Regulation (EEC) N°2913/92 of 12 October 1992 establishing the Community Customs Code and other Community legislation governing non-preferential origin (OJ L 302, 19 October 1992, p. 1).

- 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. This exclusion shall not apply to expenditure on infrastructure, LEADER approach or human capital.

6. Application Procedure

6.1 Content of the Application

The applicants have to submit Application Form, Business Plan and supporting documents, described below. Applicants must apply in Albanian. Documents have to be type-written.

Hand-written applications will not be accepted.

Applicants must submit:

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

Annex 1.1 if applying for Measure 1;

Annex 1.2 if applying for Measure 3.

Annex 1.3 if applying for Measure 7.

The application form has to be submitted in one original paper print and in electronic format. The electronic format must contain exactly the same application as the paper version enclosed.

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;
- 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).

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 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 Application Forms given as Annex 1.1, 1.2 and 1.3 depending for which measure application is 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 by measure;
- 2) Documents verifying eligibility of the investments, listed in the Application Form by measure;
- 3) Original offers for all expenditure items of the investment action (project), as well copies of the invoices for general cost expenditure (such as business plans, architects', engineers' and other consultation fees) incurred and paid before the application. Please note that three offers from independent suppliers are required for all expenditure items or contracts with one supplier.

All **offers** must contain following information:

- Reference number and date of issue;
- Name, address of the supplier;
- Registration number of the supplier;
- 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);
- Model and technical specification, in case of equipment or mechanisation;
- Bill of quantities, in case of works;
- Price, VAT and other taxes quoted separately;
- Validity of the offer;
- Signature of the legal representative and stamp, where applicable.

Each offer has to include also a copy of the certificate of registration of the supplier.

Offers have to be comparable and therefore, in the request for offers the applicant has to include a detailed technical specification.

IMPORTANT: Contracts with suppliers should be signed before the signing of the Grant Contract.

6.2 Submission of Applications

The **Call for Applications notice** will be published in the national media and on the website of ARDA <www.azhbr.gov.al>, of MARD www.bujqesia.gov.al. It will inform applicants about the period and the deadline, the place and address for submission of applications.

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 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".

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 Gjollësja 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 is published. It is also available on the website of ARDA<www.azhbr.gov.al> of MARD <www.bujqesia.gov.al>

Questions may be sent by email or by fax no later than 21 days before the deadline for the submission of applications, which will be published with a separate notice.

(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 Sections 2, 3 and 4 of this Guideline for Applicants.

The administrative compliance and eligibility verification will be carried out based on the submitted supporting documents (see Section 5, point 5.1).

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** calendar days. If documents are not provided 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 2 ,3 and 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.**

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 1.25%. To be considered viable the business plan must have a NPV equal or greater than zero at the 1.25% 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 1.25%.

Thus, the investment will be considered economically feasible and acceptable if:

- the NPV ≥ 0 ; and,
- the IRR \geq discount rate (1.25%).

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 eventually by 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 2 3,4 the application shall be rejected on this sole basis.

7.1.4 Ranking of Applications

All eligible and economically viable applications will be ranked according to the criteria given in the tables below:

Ranking Criteria for Measure 1: Investments in Agricultural Holdings

Ranking Criteria		Points
1	The investment is carried out in a mountain areas listed in Annex 7	10
2	Investments concern manure storage, treatment, and/ or handling	15
3	Investments in renewable energy production	15
4	Applicant agricultural holding is certified for organic production to the national law on organic farming	15
5	The applicant is an agricultural cooperation association established by Law No. 38 of 05.04.2012	15
6	The applicant is a young farmer (under 40 years of age at the time when decision to grant support is taken))	15
7	The applicant is a woman	15
Total (maximum)		100

Ranking Criteria for Measure 3: Investments in Processing and Marketing of Agricultural Products

Ranking Criteria		Points
1	The investment involves the establishment of food safety standard systems	20
2	Investments are related to waste treatment, water purification, and/ or utilisation of waste products	30
3	The investment includes renewable energy technologies	20
4	The investment targets alignment of the entire establishment with all relevant Union standards	30
Total (maximum)		100

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 for applications.

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.

A reserve list will be also drawn. 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 the negative decision.

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 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 to the complaint in a period of 15 days.

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 and on the web site Grant Scheme of MARD www.bujqesia.gov.al.

By signing the Application form (Annex 1.1 ,1.2, and 1.3), 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

After conducting investment and payment of all expenditure against suppliers within the date specified in the Grant Contract, the recipient must submit a Claim for Payment not later than the date specified in the Grant Contract. The Claims for payment can be downloaded from internet sites www.azhbr.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 1, Annex 4.2 for Measure 3 and. Annex 4.3 for Measure 7. After submission and competition of the Claim for payment ARDA shall check the completeness, validity and admissibility of the Claims for payment during administrative control. 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 resubmitt the document (s) within 15 calendar days. If the documents are not submitted within this deadline, the payment request 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 date specified suppliers in GfA will be considered as unacceptable costs.

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).

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. 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 if applying for Measure 1.
 - Annex 4.2 if applying for Measure 3.
 - Annex 4.3 if applying for Measure 7.

The Claim for Payment has to be submitted in one original paper print and in electronic format. The electronic format must contain exactly the same application as the paper version enclosed.

5. **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, Annex 4.2 and Annex 4.3.

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 by measure;
- Documents verifying **eligibility of the investments**, listed in the Claim for payment by measure;
- 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".

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>

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 will automatically be rejected.

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

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> of MARD www.bujqesia.gov.al The questions have to be send 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.

7.5 Ex-post Monitoring

The Ex-post verifications shall be carried out within five years of the 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 without requesting submission/ resubmission of documents

The following will be considered as major omissions:

- Application submitted after the deadline;
- Application form, Narrative or Financial Part of the Business plan is missing;
- Standard template of the application form or business plan is not used;
- Application or business plan is handwritten;
- The detailed list of investment items is missing (*Sheet "b" "Results of Tenders"*);
- 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 one measure.

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

- Application form and Narrative part of the Business Plan/or TPP is submitted with the correct templates and the requested information is provided, but the way in which the document has been filed is incorrect, e.g. the information is provided in a section X of the template and such information should have been correctly provided in section Y;
- CD with Financial information to the business plan is attached, file is recorded but the Excel files cannot be opened
- Excel file opens but some of the information is incomplete and the financial ratios are not correctly calculated; If the input information is available the Experts correct the

formula without requesting the information from the applicant. If the input information is incomplete

- There is a discrepancy between the data entered in the *Sheet “b “ Results of Tenders* 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.

C. In all other cases that are not explicitly stated above, ARDA 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 15 days deadline to resubmit missing documents, and if the documents are not delivered within the deadline or incomplete the application will be rejected.

D. 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;

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.

9. List of Annexes

DOCUMENTS TO BE SUBMITTED BY THE APPLICANT/ RECIPIENT

Annex 1: Application Forms

- Annex 1.1: Application Form for Measure 1 Investments in Agricultural Holdings (Word format)
- Annex 1.2: Application Form for Measure 3 Investments in Processing and Marketing of Agricultural Products (Word format)
- Annex 1.3: 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 1
- Annex 4.2: Claim for Payment for Measure 3
- Annex 4.3: Claim for Payment for Measure 7

DOCUMENTS FOR INFORMATION TO THE RECIPIENT

Annex 5: Grounds for Exclusion

Annex 6: List of Eligible Expenditures

Annex 7: List of Mountain Areas

Annex 8 List of Eligible Fruits and Vegetable

Annex 9: List of Eligible Countries of Origin

Annex 10: List of Relevant Agricultural Products Included in Annex I of the Treaty on the Functioning of the European Union

Annex 11: Grant Contract Template