



Department of
**Agriculture, Environment
and Rural Affairs**
www.daera-ni.gov.uk



**Terms and Conditions of Grant Aid provided under
Priority 6;
Promoting Social Inclusion, Poverty Reduction and Economic Development in
Rural Areas
Northern Ireland Rural Development Programme 2014 - 2020**

**The Letter of Offer together with the 'Terms and Conditions of Grant Aid' form
a legally binding contract**

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1. Purpose of The Letter of Offer and Terms and Conditions of Grant Aid

- 1.1** The Letter of Offer and Terms and Conditions of Grant Aid form a contract between the Local Action Group (LAG) and the Applicant. These documents state:
- the amount of Grant Aid which is available for the Applicant to claim;
 - the conditions which must be met by the Applicant in order to claim this Grant Aid; and
 - the period of the Letter of Offer during which the terms and conditions must be complied with.

The Letter of Offer provides the LAG and the Department of Agriculture, Environment and Rural Affairs (DAERA) the right to recover Grant Aid from the Applicant if the conditions of the Letter of Offer are breached during the period within which the Letter of Offer conditions must be adhered to.

- 1.2** The Letter of Offer together with the 'Terms and Conditions of Grant Aid' form a legally binding contract and you should read both carefully before accepting the offer of Grant Aid. If you are in doubt regarding the terms of the offer, you should discuss the matter with your legal representative. The offer and subsequent Grant Aid draw down is subject to strict adherence to the allocation for specific items and activities as detailed in the table at Annex 2 to the Letter of Offer; Schedule of Eligible Expenditure, and all conditions detailed in this 'Terms and Conditions of Grant Aid' booklet.
- 1.3** By accepting the Letter of Offer you are also accepting the Terms and Conditions set out in this 'Terms and Conditions of Grant Aid' booklet. Failure to adhere to the Terms and Conditions of the offer may result in the full grant aid given under the Letter of Offer being deemed invalid and require any assistance already provided to be repaid.
- 1.4** In submitting claims for reimbursement of expenditure there is a need to adhere to the procurement requirements provided to you by the Local Action Group and outlined to you at the pre-application workshop. It is a strict requirement to have competitive tenders or quotations for project expenditure. Expenditure in breach of this requirement will be deemed ineligible and no Grant Aid will be payable.

2. Definitions and Abbreviations

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| Application Form | the application form submitted by you to obtain Grant Aid for the project to be funded as detailed in the Letter of Offer. |
| the Applicant | refers to the legal entity or person that signed and submitted the application form; accepted the offer and terms and conditions; and is responsible for ensuring compliance with obligations of the offer throughout the period of the Letter of Offer. |
| Asset | any asset of the Applicant / Beneficiary for which any payment of Grant Aid has been made under the Letter of Offer to which this booklet refers. |
| Audit Trail | record of financial transactions supported by; original documentation for procurement, invoices, receipts and bank statements to support the implementation and operation of the project. |
| “beneficiary” | (i) a person who has applied for and been granted approval for a project (ii) in relation to any time after a Rural Development payment has been made in connection with the project, the person to whom the payment was made; or (iii) any person who has undertaken to assume the conditions of an approval in place of a previous beneficiary; |
| Claw back Period | the period of the Letter of Offer during which, if irregularities are discovered, the project or business fails, the business is sold or relocates outside the Local Action Group area, repayment of all or part of the assistance already provided will be requested. |
| Commitments & Other Obligations | Actions the beneficiaries undertake to carry out or are requirements that the beneficiaries need to respect. |
| the Commission or EC | the European Commission. |
| ‘DAERA’ or ‘the Department’ | the Department of Agriculture, Environment and Rural Affairs. |
| De Minimis Aid | assistance from a public source for a trading activity which is below the threshold of aid requiring prior notification and approval from the Commission. Commission Regulation (EU) 1407/2013. |
| EAFRD | European Agricultural Fund for Rural Development. |
| Eligible Expenditure | means works or services or equipment as set out under, Annex 1 of the Letter of Offer, and procured in line with the rules by the Applicant in carrying out the project and admitted by DAERA, and others as Administrators, at its absolute discretion for the purpose of payment of Grant Aid. |
| EU | the European Union. |

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| EU assistance | means assistance payable pursuant to the Rural Development Regulation 1305/2013 from the European Agricultural Fund for Rural Development (EAFRD) in accordance with the European Regulations. |
| Grant Aid | the EAFRD funding specified in the Letter of Offer to which this terms and conditions booklet refers or any part or parts thereof as the case may be. |
| Grant Rate | the percentage of the cost of individual items or services that will be used to calculate the amount of Grant Aid payable up to the maximum amount set by the Schedule of Eligible Expenditure to the Letter of Offer. |
| Horizontal Implementing Regulation | means Commission Implementing Regulation (EU) No. 809/2014 laying down rules for the application of Regulation (EU) No. 1306/2013 of the European Parliament and of the Council with regard to the integrated administration and control system, rural development measures and cross compliance. |
| Irregularity | any departure from the operation of the agreement of the Letter of Offer Contract between the Applicant and the Local Action Group. |
| Local Action Group (LAG) | the LAG appointed to implement the local development strategy. |
| Rural Development Strategy | the approved LAG Development Strategy (The Strategy is available from your Local Action Group). |
| Managing Authority | Department of Agriculture, Environment and Rural Affairs (DAERA). |
| Networking | sharing of experience and good practice between Regions and Local Action Groups. |
| NIRDP | the Northern Ireland Rural Development Programme 2014-2020. |
| NIRDP Monitoring Committee | Committee established as required by EU Regulation 1306/2013 to oversee the implementation of the Northern Ireland Rural Development Programme 2014-2020. |
| Rural Network | The Rural Network for Northern Ireland, which will provide a range of services and support for those involved in the delivery of the NIRDP. |
| Objective | means the project objective as set out in Annex 1 to the Letter of Offer. |
| Operation | an investment, plan, commitment, project or action which is the subject of an application. |
| Project Start Date | the start date for the project is the date of the Letter of Offer, provided the Local Action Group has received the completed Form of Acceptance from the applicant within 28 days from the date of the Letter of Offer. |
| Project End Date | the date the Applicant agreed with the Local Action Group for completion and payment of all the items and activities as listed at Annex 2 'Schedule of Eligible Expenditure' |

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| Project Targets | the scheme targets to be achieved as a result of the grant provided to carry out the project. |
| Project De-brief & Review Process | An independent process through which an applicant will have the opportunity to demonstrate to a Review Panel that the decision not to award funding was unreasonable or that the proper procedures were not followed. |
| the Paying Authority | DAERA. |
| the Rural Development Programme 2014-2020 | Priority 6; Promoting Social Inclusion, Poverty Reduction and Economic Development in Rural Areas of the Northern Ireland Rural Development Programme 2014 – 2020 submitted by the United Kingdom to the European Commission in accordance with the Rural Development Regulation 1305 / 2013, as approved by Commission Decision 808/2014. |
| the Rural Development Regulation | means Regulation (EU) No. 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development. |
| the Letter of Offer Contract | means the letter to which this Booklet is attached, setting out the project for which all grant aid received by ‘the Applicant’ from DAERA will be expended. |
| the Project | the project as initially described in the Applicant application form, and assessed and approved by way of the Letter of Offer contract from the Local Action Group. |
| the Property | all the buildings, equipment, furniture, fixtures, fittings and other assets owned or used by the Applicant in connection with the project, situated as specified on the Application and on the Letter of Offer. |
| Schedule of Eligible Expenditure | means the list of eligible items and services as annexed to the Letter of Offer at Annex 2. |

3. General Conditions

- 3.1** The Applicant must not seek or make an application for any financial assistance from any other Government Department, public body or agency in respect of expenditure for which the Grant Aid is or may become payable under the terms of this Letter of Offer without written notification to the Local Action Group.
- 3.2** The Applicant must not without the prior written consent of the Local Action Group transfer or assign any of its rights or obligations under the Letter of Offer.
- 3.3** Grant Aid provided under the Letter of Offer does not imply any further commitment to the project when the terms of the Letter of Offer are completed.
- 3.4** The Applicant will be sufficiently served by any letter, notice or demand by the Local Action Group or DAERA if it is delivered by hand, left at the Applicant's last known address, sent by post addressed to the Applicant at that last known address or delivered to an e-mail address which the applicant has previously availed of to communicate with either the Local Action Group or DAERA.
- 3.5** In the case of any dispute arising on the interpretation of the conditions contained within the Letter of Offer and Terms and Conditions of Grant Aid booklet the decision of the Local Action Group and DAERA shall be final and binding.
- 3.6** The Applicant must maintain in good condition all property, equipment, machinery, furniture, fixtures, fittings, and assets owned or used by the Applicant in connection with the project.
- 3.7** The Applicant, by accepting the Letter of Offer, indemnifies the Local Action Group and DAERA against all claims, proceedings, actions, damages, legal costs, expenses and any other liabilities in respect of death, personal injury, disease transmission, loss of or damage to property arising out of or in any way connected with the performance or non-performance by the Applicant of all or any activities associated with the project and without prejudice to the generality of the foregoing the use, misuse, malfunction or failure of any plant, machinery or equipment approved for Grant Aid under this Letter of Offer. Neither DAERA nor the Local Action Group shall be liable for any injury, damage or loss (of any kind) howsoever caused relating to the project.
- 3.8** No aspect of the activity being funded should be party political in intention, use or presentation; or likely to be perceived as discriminatory on grounds of religion, colour, race, gender or disability. Any activities, such as campaigning, by the Applicant must be in furtherance of, and ancillary to, its main purposes. The Local Action Group and DAERA shall judge as to whether or not any activity of the Applicant offends against this clause.

Suspension of Payments by the European Commission

- 3.9** All payments under the Letter of Offer from the Local Action Group are subject to DAERA's receipt of funding from the European Commission. Should such receipts, from the European Commission be suspended, reduced or terminated; the Department may suspend, reduce or terminate payments of funding in respect of the Applicant's Letter of Offer from the Local Action Group. In that case neither the Local Action Group nor DAERA shall be liable for any consequential losses.

4. The Project

Offer of Grant Aid

- 4.1** The Grant Aid to be provided is offered in respect of the project described in the initial application, and as specified on the Letter of Offer, including any amendments submitted in writing by the Applicant, approved by the Local Action Group and accepted by the applicant. Annex 2 to the Letter of Offer specifies the items and/or activities agreed as eligible for Grant Aid together with the indicative breakdown of costs. Annex 3 details the project and RDP targets to be achieved through the implementation of the project.
- 4.2** No Grant Aid will be payable on any:
- work started or completed;
 - invoices or receipts dated; or
 - expenditure incurred or paid,
- prior to the Project Start Date (provided the Applicant accepted the Letter of Offer in writing by signing the Form of Acceptance and returning same to the Local Action Group within the 28 day period), or after the agreed end date for the project as specified in the Letter of Offer.
- 4.3** Any equipment, materials or buildings funded under the Letter of Offer may only be used for the purposes of the approved project.

Changes to the Project

- 4.4** The Grant Aid shall be used only for the purposes of the project as defined in the Applicant's application and set out in Annex 1 of the Letter of Offer. Any intended changes to the project or the project timescales must be notified in writing in advance to the Local Action Group. The written notification must explain how the revised project achieves the objective and scheme targets as specified in the application form and business plan and agreed for the LoO, and must demonstrate how the project continues to offer added value. Continuation of Grant Aid will be subject to:
- (i) where required, re-assessment of the revised project by the Local Action Group;

- (ii) written approval of the Local Action Group and formal amendment to the Letter of Offer by issue of a Letter of Variation to the Applicant; and
- (iii) acceptance of the Letter of Variation by the Applicant.

Only one extension to the project end date is allowed.

- 4.5** Claims submitted that differ materially from the approved application without prior notification and approval will automatically incur penalties, and may result in the full assistance provided under the Letter of Offer being deemed invalid and require Grant Aid already paid to be repaid by you either partially or in full.

Level of Assistance

- 4.6** The amount of Grant Aid payable will be strictly as specified in the Schedule of Eligible Expenditure. Therefore, before signing this contract, the Applicant must ensure that the Grant Aid set out at Annex 2 of the Letter of Offer 'Schedule of Eligible Expenditure' agrees with their understanding of the amount of assistance available. Any cost overruns will be borne by the Applicant.

Pre-Payment Conditions for the Project

- 4.7** The project must remain within the area of the funding LAG. The Project or agreed phase of the project must be completed as specified on the agreed Project Schedule of Key Tasks, Timescales and Special Conditions (Annex 1) and Schedule of Eligible Expenditure (Annex 2).
- 4.8** The bank account arrangements for the project must have been confirmed by return of a completed Bankers Automated Clearing System (BACS) form to DAERA Grants & Subsidies Branch, Orchard House. The Local Action Group will explain this to you.
- 4.9** Receipt of a completed claim as provided for at Annex 4 by the date specified in Annex 1: Timescales for the Project.
- 4.10** The Local Action Group shall not approve payment of Grant Aid under the Letter of Offer until the Applicant has provided:
- (a) documentary evidence satisfactory to the Local Action Group that the project has been completed within the agreed start and end dates;
 - (b) documentary evidence satisfactory to the Local Action Group that the agreed eligible expenditure for delivery of the project has been incurred by the Applicant;
 - (c) written confirmation of VAT status (on the Declaration Section of the Claim Form) ; If the VAT status of the project items or work, the supplier or the applicant changes, the Local Action Group must be informed immediately.
 - (d) documentary evidence satisfactory to the Local Action Group of compliance with the procurement procedures provided by the Local

Action Group and as specified in the Applicant Procurement Guidance document and as outlined at the LAG pre-application workshop you attended.

- (e) written evidence satisfactory to the Local Action Group of confirmation of the amount and source of any other Grant Aid or funding towards the total project costs;
- (f) written evidence, by way of the signed Form of Acceptance attached to the Letter of Offer that the information provided in the application form is true and correct, and that all previous public funding received over the 3 fiscal years (the current business/organisation accounting year and the previous 2 accounting years) period has been declared;
- (g) documentary evidence satisfactory to the Local Action Group that the necessary insurance cover has been obtained;
and where applicable,
- (h) evidence of compliance with any specific special conditions agreed for your project as detailed by the Local Action Group on the Letter of Offer at Annex 1;
- (i) written evidence satisfactory to the Local Action Group that all necessary statutory approvals for carrying out of the project have been obtained;
and
- (j) where title to the property, land or site (as appropriate to the project) is not held by the Applicant, documentary evidence of the owner's legal agreement to lease the property, land or site to the Applicant is required as detailed below, unless otherwise specified in the special conditions specific to your project at Annex 1 as follows :-

Where the applicant is a **private applicant**;

- ✓ For capital build where total grant aid of more than £50,000 is awarded for building, or renovation/refurbishment/development works the period of the lease must cover not less than 25 years from the date of the Letter of Offer,
- ✓ For capital build where total grant aid of £50,000 or less is awarded for building or renovation/refurbishment works the period of the lease must cover not less than 10 years from the date of the Letter of Offer,
- ✓ In all other cases (i.e. non capital build) the lease period should at the very least cover the period from the date of the Letter of Offer, until 5 years following the date of the final payment to the project. This lease period can be made up of a number of shorter-term consecutive leases where their renewal is closely monitored by the LAG to ensure continuity for the full lease period.

For all other applicants

- ✓ For capital build where total grant aid of more than £50,000 is awarded for building or renovation/refurbishment works the period of the lease must cover not less than 25 years from the date of the Letter of Offer,

- ✓ For capital build where total grant aid of more than £10,000 but less than £50,000 is awarded for building or renovation/refurbishment works the period of the lease must cover not less than 10 years from the date of the Letter of Offer,
- ✓ In all other cases the lease period should at the very least cover the period from the date of the Letter of Offer, until 5 years following the date of the final payment to the project. This lease period can be made up of a number of shorter-term consecutive leases where their renewal is closely monitored by the LAG to ensure continuity for the full lease period.

Alternative arrangements for NDPB, Strategic Body or a local council;

A Development Agreement between the landowner or lessee and the applicant may be put in place as an alternative to the lease agreement. As the risk to this type of project not completing is reduced, the Development Agreement, **regardless of the activity involved**, should cover a period of not less than 7 years from the date of the Letter of Offer.

** **Please Note.** No other funding used to develop or deliver the project may be sourced from European Union monies. Throughout the lifetime of the project the Local Action Group must be informed in advance of any changes to source(s) of funding.*

Targets to Be Achieved Through Implementation of the Project

- 4.11** The RDP Scheme targets to be achieved through implementation of the project are listed at Letter of Offer, Annex 3. These are the targets (for example new business created, number of new jobs created); that you agreed would be achieved if Grant Aid was provided to help you carry out your project. Progress towards achievement of these targets will be monitored as described at Section 11.2 Provision of Information and may include a project visit as outlined in Section 13 Project Inspections.

5 Eligible Expenditure

- 5.1** All expenditure incurred for which Grant Aid will be claimed must be eligible in terms of the Rural Development Programme 2014-2020 and in accordance with the requirements of the European Community and in particular EU Regulations.
- 5.2** The Applicant must comply with these Terms and Conditions of Grant Aid.
- 5.3** The Applicant must seek written clarification from the Local Action Group where there is any doubt as to the interpretation of these Terms and Conditions of Grant Aid.

- 5.4** It is the responsibility of the Applicant to take the above actions as necessary to ensure that expenditure is eligible and that each claim is mathematically correct.
- 5.5** All goods, services and works agreed for the implementation of the project must be sourced in accordance with the Applicant Procurement Guidance provided by the Local Action Group and as outlined at the pre-application workshop you attended. At all times due consideration must be given to ensure best value for money and open, fair and transparent competition.
- 5.6** Where a variance to a procurement contract is required the Applicant should seek **prior written approval** from the Local Action Group and ensure that the required contract variation procedures are followed as set out in this guidance.
- 5.7** If the Applicant claims normal procurement procedures cannot be carried out, then **full written** justification must be provided to the Local Action Group **in advance** of any purchase being made and **written** approval granted by the Local Action Group. Failure to notify the Local Action Group will deem the purchase ineligible to receive Grant Aid.
- 5.8** Consumable items or project running costs are not eligible and must not be included on any claims for payment of Grant Aid. It should be noted that only those activities and items listed under the Schedule of Eligible Expenditure (Annex 2) are eligible for claiming payment of Grant Aid.

6 Match Funding

- 6.1** All Applicants are required to contribute to the cost of implementing the project by providing an element of matched funding. The Letter of Offer cannot issue until the Local Action Group has sufficient evidence to prove the total funding package will be in place to fund the project.
- 6.2** The amount of match funding required will be the difference between the total project cost and the total amount of grant awarded.
- 6.3** Private sector applicants, including Social Economy Enterprises, offered funding under the Rural Business Investment Scheme must provide evidence of match funding from a private source e.g. own savings, bank loan etc. Match funding contributions from public monies are not eligible to support claims for payment of Grant Aid from the private sector.
- 6.4** In the case of non-private sector projects, easement is afforded in that the level of match funding may be reduced to 25%.

7 Financial Management

- 7.1** The financial management system for the project must demonstrate effective controls and must present clear audit trails at all times.

- 7.2 The Applicant's accounting records or system must clearly identify all monies received and expended under this project and this Grant Aid.
- 7.3 The Applicant must have written procedures, appropriate to the size and nature of the business, for expenditure and financial control including bank account details, cheque signatories, and expenditure authorisation levels.
- 7.4 The Applicant must immediately inform the Local Action Group in the event of the identification of any errors in Grant Aid claims, acts of fraud and/or any circumstance that has caused or is likely to cause a loss or misuse of Grant Aid. Subsequently the Applicant must submit a full and detailed report in writing to the Local Action Group. Upon receipt of this information, the Local Action Group will determine next steps.
- 7.5 Documentary evidence of financial transactions must be retained for the period as specified under Retention of Documentation (Section 12) to show that the goods or services supported were received and paid for by the Applicant.

8 Bank Account

- 8.1 All match funding must be available from or lodged in the same bank account to which the EAFRD Grant Aid will be paid. All expenditure incurred by the applicant for implementation of the project must also be made from this bank account.
- 8.2 Non private sector Applicants that wish to retain a cost centre account system for the purposes of managing the EAFRD funded project will be required to demonstrate to the Local Action Group's satisfaction that its system guarantees a clear audit trail with regard to all aspects of the project's finances.
- 8.3 Applicants wishing to adopt this arrangement must obtain **prior written approval** from the Local Action Group. Should subsequent systems checks by the Local Action Group, agents of the Department or the Commission reveal shortcomings, then this will be considered an irregularity and a penalty may be imposed.
- 8.4 Any change of bank account must be agreed with the Local Action Group and notified in advance to DAERA Grants and Subsidies Branch by way of a new BACS form.
- 8.5 All EU Grant Aid payments will be made electronically by BACS to a UK bank account. DAERA may use these bank account details for other legitimate purposes in line with the Data Protection Act 1998 and Freedom of Information legislation.

9 Claims For Grant Aid and Payments

9.1 Grant Aid shall be paid in arrears on receipt of a properly completed official claim form as provided with the Letter of Offer. No other types of claim form will be accepted. Final Claim forms must be submitted to the Local Action Group within 28 days from the agreed end date for the project unless otherwise stated on Annex 1, Special Conditions specific to the Project.

9.2 Claim forms at Annex 4 must be accompanied by evidence to support the eligible expenditure incurred. This means that the Applicant must, as far as possible, provide original documentation for all expenditure included on the claim for payment of Grant Aid as follows:

- the specification used to seek quotations/tenders for the grant aided items;
- the required number of dated, itemised, authorised quotation/tendering documents, relevant to the value of the items or services procured;
- invoices or receipts, as applicable, marked with the date of payment and cheque number or if relevant details of alternative payment method. A copy of each cheque issued must also be provided;
- bank statements; Electronic Bank Statements are acceptable when:-
 - a) The electronic print-out should include the name of the bank, the applicant's name and bank account number. The applicant may submit this print out with the claim, however at the pre-payment site visit the on-line bank account must be accessed by the applicant in the presence of the admin unit staff for validation of the transactions relevant to the claim. The Admin Unit staff can then record this check on the printed statement provided with the claim.

or

b) The bank statement is accessed on-line by the applicant in the presence of the Admin Unit staff to validate the transactions pertaining to the claimed item(s) and a record of the Admin Unit staff validation is recorded onto the statement.

For expenditure to be considered as eligible, payments must have been debited from the Applicant's bank account.

9.3 Where an applicant purchases goods or services from outside the United Kingdom;

- Invoices in Euros should be claimed in sterling and the date of calculation will be the date the currency transaction clears the applicant's bank account. If payment is arranged through the Council's bank account the exchange rate applied by the bank may be used, however any charges in respect of this foreign exchange transfer are **not eligible** for reimbursement. In all other cases the European Central Bank website link below must be used for this calculation.

- Invoices in any other currency should also be claimed in sterling. If payment is arranged through the Council's bank account the exchange rate applied by the bank may be used, however any charges in respect of this foreign exchange transfer are not eligible for reimbursement. In all other cases applicants should use the European Central Bank website below to firstly calculate the amount in Euros and then convert this to sterling. The date of calculation will be the date the currency transaction clears the applicant's bank account.

<http://www.ecb.int/stats/exchange/eurofxref/html/index.en.html>

- 9.4** Where a relative of the Applicant has provided any of the goods, or services for which Grant Aid is claimed the Local Action Group will seek to confirm that the agreement on conflict of interest as detailed under Section 26 has not been breached.
- 9.5** Where a project includes capital/construction work, the Local Action Group must receive:
- the approved building plans/drawings; and
 - building control approval of the completed building/construction works for the site or building where the project is located. A Quantity Surveyor's report indicating concurrence with expenditure in terms of necessity, accuracy and value must also be submitted where the grant amount awarded for the capital/construction work is more than £50,000.
- 9.6** A representative of the Local Action Group will complete a pre-payment site visit to the project. Items to be verified will include:
- validity of procurement and expenditure documentation;
 - receipt of the supported items and services;
 - completion of the project as specified in the Project Schedule at Annex 1;
 - that the project funded is operational as described in the application form and LOO,
 - acknowledgement of support from the EAFRD and the Northern Ireland Rural Development Programme as detailed under Publicity (Section 14).
- 9.7** The Local Action Group will also require a six monthly written declaration from the applicant on progress towards or achievement of the agreed Scheme targets to be achieved through implementation of the project.
- 9.8** DAERA EU Verification Branch will also complete a pre-payment site visit on 5% of the projects where Applicant claims for Grant Aid have been submitted by the Local Action Group to DAERA for payment.
- 9.9** Phased payments can only be claimed in line with the terms as detailed by the Local Action Group in the Special Conditions specific to your project at Annex 1.

- 9.10** No Grant Aid will be payable on any expenditure incurred prior to the Project Start date or after the agreed end date as specified at Annex 1, Project Timescales. There shall be no obligation on the Local Action Group or DAERA to make payment in respect of claims which are received after the agreed date for submission of the Claim Form.
- 9.11** Payments made by DAERA are subject to receipt of Grant Aid from the European Commission and the availability of National funding. Should such receipts be suspended or terminated DAERA may accordingly suspend or terminate payments to Applicants.
- 9.12** It is the responsibility of the Applicant to ensure that all claims are accurate and that they relate to activities and items in accordance with the Schedule of Eligible Expenditure (Annex 2). Irregular activities and transactions are not eligible for Grant Aid and may incur financial penalties as detailed under Reductions and Exclusions (Section 10) of this booklet. The Local Action Group and DAERA accept no liability in respect of any loss attributable to any delay in the payment of claims or to any suspension, reduction or cancellation of Grant Aid.
- 9.13** Payments of Grant Aid will be made by DAERA on receipt of authorised requests to make payments from the Local Action Group and will be subject to the Local Action Group having checked all expenditure, activity and beneficiaries as eligible, in terms of the programme rules and verified project completion through a site visit.
- 9.14** All payments made under the Rural Development Programme 2014-2020 will only be paid by DAERA electronically by BACS.
- 9.15** Applicants should note that where an overpayment of Priority 6 Grant Aid has occurred or claw back is deemed necessary, then DAERA may intercept a claim from any other source within the EAFRD or from EAGF.

10 Reductions and Exclusions

- 10.1** Article 63 of EU Reg 809/2014 requires the sum claimed by the claimant to be compared against the sum determined as eligible for grant assistance and for penalties to be considered if the two sums differ.
- 10.2** Should a claim contain ineligible items of expenditure the sum payable will be reduced. The Admin Unit will calculate if the identified ineligible grant payable to the claimant is more than 10% of the grant amount claimed for the purpose of determining whether a reduction should be imposed.
- 10.3** Where the sum of the ineligible expenditure exceeds 10% of the total claimed, EAFRD Regulations require the reduction will be double that amount unless it can be demonstrated that the Applicant was not at fault for the inclusion of the ineligible expenditure.

10.4 Commitments & Other Obligations are actions the applicant undertakes to carry out or are requirements that the applicant need to respect. Examples of these include:

- Failure to implement the EC's requirements on publicity or procurement;
- State aid and other obligatory procedures.

10.5 Article 35 (3) of EU Reg 809/2014 requires consideration of the severity of the non-compliance with these commitments & other obligations and depends on the importance of the consequences of the non compliance, taking into account the objectives that were not met or the effect on the project as a whole.

11 Provision of Information

10.1 The Applicant shall comply promptly with any requests by or on behalf of the Local Action Group, DAERA or the European Commission for information concerning the implementation, administration, monitoring and evaluation of the project.

11.2 Approved projects will be subject to monitoring and evaluation at regular intervals in the implementation of the project. The specific Scheme targets to be achieved as a result of grant award are detailed at Annex 3 to the Letter of Offer. In order to assess and record progress with achievement of these targets, you will be contacted every 6 months by the LAG. All scheme targets declared by you in relation to this project will be verified by the LAG. In addition to this, the LAG will send you a Post Project Evaluation form which you must complete and submit to the LAG no later than 2 years following your project end date.

11.3 To assist DAERA with an evaluation of the Northern Ireland Rural Development Programme you are also required to provide the LAG with detail of the gender and age grouping details for the beneficiaries of the grant aid.

11.4 The Applicant must make available records and documents as evidence of employee numbers for the period prior to the Letter of Offer and the period up to Post Project Evaluation so that Government Departments or their agents (as detailed at Section 13) can assess and confirm the number and type of new jobs created.

11.5 The Applicant must make available annual business accounts, as prepared by a certified professional. These must detail business income and expenditure for the period prior to the Letter of Offer and the period up to Post Project Evaluation so that Government Departments or their agents (as detailed at Section 13) can evaluate the effectiveness of the Grant Aid provided.

12 Retention of Documentation

1.1 The Applicant is required to retain all original documents relating to the implementation of the project and its financing until 31 December 2030. In no circumstance should any documentation be destroyed or otherwise disposed of without the consent of the Local Action Group. The applicant should inform the Local Action Group if the original documents are to be retained at a different address from that specified at the address of the project.

13 Project Inspections

13.1 The Applicant shall ensure that any party acting in accordance with the offer of Grant Aid and the attached terms and conditions shall have the right to visit the operations relating to the project at the premises notified as the location for the project. It shall be the duty of the Applicant to ensure that such staff and agents are enabled to exercise such rights.

13.2 In compliance with paragraph 13.1 the following Public Bodies and their agents or representatives shall have the right to inspect the project at any time, and to require such further information to be supplied as they think fit and to be provided with such documents or items as they shall require:

- the Local Action Group;
- DAERA;
- Department of Finance;
- the Northern Ireland Audit Office;
- the European Commission; and
- the European Court of Auditors.

13.3 Without prejudice to the foregoing generality, Applicants must keep and make available on request, financial and monitoring records. Computer print-outs can be accepted as proof of payment for the purpose of European Commission audit inspections.

13.4 The Applicant shall explain any unresolved issues arising from financial and/or monitoring returns received or from inspections to the satisfaction of the Local Action Group before approval for a subsequent payment is given.

14 Publicity

14.1 For projects which consider it appropriate to issue a Ministerial invitation to mark the completion of the project, the DAERA Minister must be given priority over other attendees. Applicants should inform the LAG about events, launches and significant publicity events /activities. This will provide an opportunity for the LAG to collect publicity activity as well as provide an opportunity for LAG Board members to attend publicity events.

14.2 The LAG, DAERA and the EU shall be entitled to publish details of the project and grant aid offered, including payments made, at such times and in such a manner as they may decide.

14.3 On acceptance of a LoO the applicant must acknowledge the investment contribution from the EAFRD and DAERA on all information and communication material produced in connection with the project e.g. booklets, leaflets and newsletters etc., - all of which shall contain a clear indication on the title page of the DAERA and EU support provided. This may be achieved by use of the logos as set out below:

- LAG logo;
- DAERA logo;
- RDP logo;
- Standard EU Logo (EU Flag and slogan); and
- LEADER logo.

All logos will be provided by the LAG.

The logos must be accompanied by the following wording:

'This project was part funded under Priority 6 (LEADER) of the Northern Ireland Rural Development Programme 2014-2020 by the Department of Agriculture, Environment and Rural Affairs and the European Union'.

Websites

14.4 For a website developed or enhanced with the support of an RDP grant, the home page must include the logos as stated above at 14.3 along with the following statement:

'This website was developed with support from Priority 6 (LEADER) of the Northern Ireland Rural Development Programme 2014-2020 by the Department of Agriculture, Environment and Rural Affairs and the European Agricultural Fund for Rural Development: Europe investing in rural areas'.

Small Publicity Items

14.5 On small items funded through the programme such as pens, pencils, rulers or USB pens, the applicant may use its own business/organisational logo but must, as a minimum, include the LEADER logo along with the words 'Rural Development Programme 2014-2020'.

Press Articles

14.6 Press articles should include the following text:

'This project was part funded under Priority 6 (LEADER) of the Northern Ireland Rural Development Programme 2014-2020 by the Department of Agriculture, Environment and Rural Affairs and the European Union'.

There is no requirement to include logos in press articles.

Press Adverts – Post Receipt of a LoO

- 14.7** For press adverts where space may be at a premium and to reduce costs the applicant may use only the EU logo (plus slogan) and LEADER logo and replace all other logos with the following text:

'This project was part funded under Priority 6 (LEADER) of the Northern Ireland Rural Development Programme 2014-2020 by the Department of Agriculture, Environment and Rural Affairs and the European Union'.

Other Publicity Material (e.g. flags, banners, signage etc.)

- 14.8** All logos are required as set out at 14.3 above, however where the opportunities to use all the logos and wording are restricted, the applicant must contact the Admin Unit, which will liaise with the Department on a case by case basis. Prior written approval must be obtained from the LAG if all logos and wording are not to be used.
- 14.9** Failure to comply with the logo requirements set out at 14.3 or seek prior written approval from the LAG where these are not to be used, may lead to the application of administrative penalties on any claim for funding.

LEADER acknowledgement at Project Locations

- 14.10** The LAG will provide details of the specific requirements under any Special Conditions within the LoO (**Annex 1**).

15 Value Added Tax (VAT)

- 15.1** It is the responsibility of the Applicant to provide a declaration as to the VAT status of the Applicant or business supported. The VAT amount(s) recorded on the Schedule of Eligible Expenditure are individual schedule items. If the VAT status of the applicant, the project items or activities, or of the supplier of the items **changes** from that communicated at any time prior to the submission of the claim for payment of Grant Aid then the **onus** is on the Applicant to inform the Local Action Group on a timely basis.
- 15.2** Where the Applicant or the business supported is VAT registered with HM Revenue and Customs, any VAT amounts paid on eligible expenditure must be recovered through the normal VAT return process. The amount of VAT that may be recovered by the Applicant from HM Revenue and Customs must be excluded from the eligible cost of the project when calculating Grant Aid and completing the claim form for said aid.

15.3 For non-VAT registered Applicants or businesses supported, the VAT amounts paid on eligible expenditure may be included on claims for payment of Grant Aid.

16 Withdrawal of Grant Aid on Default

16.1 The Local Action Group reserves the right to withhold any or all of the Grant Aid and/or require part or all the Grant Aid already paid to be repaid, and this may include the interest thereon, to DAERA if:

- (i) the applicant is in breach of any of their commitments and obligations under the Letter of Offer and Terms and Conditions of Grant Aid and has failed to remedy such breach within 28 days of a written request from the Local Action Group or DAERA to remedy the breach;
- (ii) there is unsatisfactory progress towards completing the project;
- (iii) the applicant fails to pay or repay to DAERA any sum due by them whether under these terms and conditions or otherwise;
- (iv) the applicant is for any reason no longer able to implement the project;
- (v) an order is made, or an effective resolution is passed, for the winding-up of the applicant or a receiver is appointed in respect of any of the Applicant(s)' assets;
- (vi) the applicant is unable to pay their debts within the meaning of Article 103 of the Insolvency (NI) Order 1989;
- (vii) the applicant ceases to carry on the project for the purposes for which it was established;
- (viii) there is unsatisfactory progress towards meeting the expected activities and timescales as detailed in Annex 1 and the project and scheme outputs and results as detailed in Annex 3 in the Letter of Offer;
- (ix) a conflict of interest is identified as detailed under Conflict of Interest, Section 26 of this booklet;
- (x) any information given to the Local Action Group or DAERA by or on behalf of the applicant in relation to the project is found to be false or misleading or there has been a failure to disclose any material fact which would have had a bearing on the Local Action Group's consideration of the application;
- (xi) fraud or financial irregularity is discovered.

16.2 In such cases as listed above, the applicant will initially be offered the opportunity to provide written explanation of the circumstances and the opportunity to offer a resolution in writing (or by e-mail). The applicant's written explanation must be submitted to the Local Action Group within the timescale set by the LAG.

16.3 Having considered the applicant's reply, the Local Action Group is required to give the applicant notice in writing of its proposed decision with a statement of its reasons. The applicant should be afforded the opportunity to attend a de-

brief to discuss the reasons for the LAG decision. During this de-brief discussion the basis for the decision should be communicated to the applicant. This de-brief discussion must be fully documented and this documentation retained in the project file.

- 16.4** At this stage, applicants who feel that the correct decision was not made have access to a two stage formal Review Process procedure. This procedure is an opportunity for applicants to explain and demonstrate how the LAG's decision should be changed.
- 16.5** The applicant should be informed of the formal Review Process and advised that a decision will be reviewed only under the following criteria:-
- that the outcome was a decision that no reasonable person would have made on the basis of the information provided; and/or
 - that there was a failure in adherence to procedures or systems that materially affected or could have materially affected the decision.
- 16.6** The applicant must submit a request for a formal review in writing within 28 days of the date of the decision letter or 14 days after the discussion has been held, whichever is the later. The request must clearly demonstrate the grounds in line with those stipulated above, upon which a formal review is being requested.
- 16.7** Where the Local Action Group determines that a suspected fraud or financial irregularity has, in their opinion, occurred, criminal proceedings may be instigated against the applicant as the Local Action Group may in its sole discretion so determine. The Local Action Group will refer the matter to DAERA, the Managing Authority, at this stage.

20 Termination or Suspension

- 20.1** The Local Action Group may terminate or suspend the project and seek repayment where any other event occurs in relation to the Applicant which, in the opinion of the Local Action Group and DAERA, might reasonably be expected to materially and adversely affect its liability to comply with its obligations under the Letter of Offer and Terms and Conditions of Grant Aid.

21 Repayment of Grant Aid

- 21.1** The amount to be repaid by the Applicant will be set by the Local Action Group following consideration of the circumstances of the irregularity.
- 21.2** For cases involving fraud, financial irregularity or provision of false information, recovery of the full amount paid will be sought.
- 21.3** In all other cases, the repayment amount will be proportionate to the unexpired clawback period of the Letter of Offer.

22 Disposal of Assets

22.1 Regulation (EU) 1303/2013 – Article 71 ‘Durability of operation’ states that where, within 5 years of the final payment, the funded project ceases or relocates, changes in ownership, or substantially changes in nature the amount of Grant Aid paid in respect of the project must be repaid.

22.2 With approval from the Local Action Group the amount of Grant Aid to be repaid will be calculated on the following basis:-

- Disposal during 1st year following last payment of Grant Aid 100%.
- Disposal during 2nd year following last payment of Grant Aid 80%
- Disposal during 3rd year following last payment of Grant Aid 60%
- Disposal during 4th year following last payment of Grant Aid 40%
- Disposal during 5th year following last payment of Grant Aid 20%

22.3 Where the funded project changes from the purpose intended within this 5 year period, without the prior written agreement of the Local Action Group, the full amount of Grant Aid must be repaid.

23 Interest Charges on Repayments of Grant Aid

23.1 In the event that the Department had made a written demand for repayment of Grant Aid, the Department shall be entitled to interest on the amount due in accordance with the Rural Development Programme Regulations (Northern Ireland) 2015 (SR No. 326 of 2015).

24 Environmental Impact

24.1 In accepting the Letter of Offer, the Applicant undertakes to implement the project in a manner which has the most positive impact on the environment, including, where possible, procuring material and equipment from sustainable sources.

25 Sharing of Information, Data Protection and Freedom of Information

25.1 In order to meet the requirements specified in Article 86 of EU Regulation 1305 of 2013, information provided by the Applicant on the Application Form, Claim Form or other sources will be held on computer. This information will be used for the administration of applications and for monitoring and evaluation purposes. The Department has the right to share information with other Departments, Agencies, and implementing bodies to enable them to prevent fraudulent applications or for detecting crime and to co-ordinate processing of complementary applications.

25.2 Some or all of the information provided by the Applicant may be disclosable under the Freedom of Information Act 2000 or the Department may also use it for other legitimate purposes in line with the Data Protection Act 1998 and Freedom of Information legislation.

26 Conflict Of Interest

26.1 In accepting the Letter of Offer, the Applicant confirms that should any conflict of interest, however arising, occur, between the Applicant and any other member of the Company/Board, employee of the Applicant, person or other entity corporate or otherwise associated with the Applicant, then, the Applicant, shall not, without the approval of the Local Action Group, engage such person or persons in connection with the project for the provision of facilities or services or enter into any contract of employment, supply or service contract with such person or persons. Any conflict of interest identified at a later stage in the implementation of the project may lead to the withdrawal of the Letter of Offer and the recovery of any monies paid.

27 Law and Jurisdiction

27.1 The Letter of Offer is governed by and shall be construed in accordance with the laws of Northern Ireland and the Applicant hereby agrees that the Courts of Northern Ireland shall have exclusive jurisdiction to hear and determine any disputes arising out of or in connection with this Contract.

28 Fraud

28.1 The Applicant must inform the Local Action Group immediately if fraud or attempted fraud is suspected.

28.2 Applicants delivering projects outside of the private sector are required to draw up a policy document that places effective controls for the deterrence and prompt detection of fraud should it occur.

28.3 All incidents of fraud or attempted fraud either reported to the Local Action Group or DAERA or discovered by their staff or agents through the monitoring and verification process will be reported to DAERA Central Investigation Service for full investigation and possible legal action.

(i) The organisation (and/or its representatives) may be prosecuted if it fails, without reasonable excuse, to comply with any condition subject to which financial assistance has been given to the organisation requiring it to inform the Department of any event whereby the financial assistance becomes repayable.

(i) The Department may by notice require the organisation to furnish to the Department such information, or to produce for examination on behalf of the Department such books, records or other documents, as may be specified in the notice for the purpose of enabling the Department to

determine whether any condition subject to which the financial assistance is given is satisfied or is being complied with or whether the financial assistance has become repayable in whole or in part in accordance with any such condition.

- (iii) The organisation (and/or its representatives) may be prosecuted if in purported compliance with a notice issued under paragraph (ii) it knowingly or recklessly makes any statement or produces any document which is false in a material particular.
- (iv) The organisation (and/or its representatives) may be prosecuted, if without reasonable excuse, it fails to comply with a notice under paragraph (ii).

(iv) It will be the responsibility of the Organisation to take whatever action is necessary to minimise the risk of fraud and to notify the Department immediately of any instances of attempted, suspected or proven fraud. Following a Departmental investigation, all instances of suspected fraud will be reported to the Police and criminal proceedings may be instigated if deemed appropriate.

29 Projects involving the Building of Property and / or the refurbishment of Property or Land.

Legal Charge on Property or Land

- 29.1** An important payment pre-condition occurs where grant aid of more than £50,000 is awarded to projects (except where the project is located on Council or privately owned land) for the building, development or refurbishment of any land or property.
- 29.2** When submitting their application, the applicant must provide a solicitor's letter detailing the following
 - a) Where the property is registered in Land Registry the applicant must provide an up to date copy of the relevant Land Registry Folio together with an up-to-date Folio map.
 - b) Where the property has not been registered in Land Registry the applicant must provide copies of all title deeds for the property to include coloured copy maps and if the property is held under a lease a copy of the freehold title held by the landlord should also be provided.
 - c) Any pre-existing charge(s) on the property/land.
 - d) The amount secured by any pre-existing charges over the property and the date when these will be eligible for release, together with a copy of any priority agreements in existence which regulate the priorities of the

pre-existing charges. Applicants for grant must also confirm if the owners of the pre-existing charges will agree to allow the DAERA Charge to take first priority over the pre-existing charges and to enter into a Deed of Priority to this effect (the Department will generally seek a first priority charge to secure grant funding awarded under a Letter of Offer).

- e) Where existing charges are in place, the current valuation for the property/land (i.e. valuation no more than 6 months old).
- f) If the applicant holds the property with a leasehold title a copy of the lease must be provided to include coloured copy lease map. The lease allows for implementation of the project as specified by the project application and associated documents.
- g) In any cases where the property is held in the name of Trustees, the latest Deed of appointment of Trustees by which the current Trustees of the organisation were appointed must be provided, together with a copy of the Declaration of Trust under which the Trustees hold the property; and a signed and dated copy of the Constitution of the organisation.

29.3 The applicant is required, prior to any payment of grant aid, to execute and register a legal charge in favour of the DAERA, over the land or property, with Companies House and Land Registry or Registry of Deeds.

No grant can be released to the applicant until evidence of registration has been produced to the satisfaction of DAERA. Where a Charge is to be registered in Land Registry a copy letter of acknowledgement from Land Registry confirming receipt of application for registration, together with an undertaking by the solicitor to furnish original registered Charge and copy updated folio after registration in Land Registry has taken place, will suffice.

Confirmation of Ownership or Leasing Arrangements

29.4 Where a project involves property, land or site development, the Local Action Group must receive:

- (i) written confirmation from the Applicant's solicitors that the Applicant owns and holds the Title Deeds for the property, land or site where the project will be located; or
- (ii) a copy of the legally signed Long Term Lease/Title Deeds for the property, land or site where the project will be located showing the Applicant as the legal lessee/owner.

Lease agreements in respect of projects offered Grant Aid must be in-line with that agreed to meet their requirements at paragraph 4.10(j) of this booklet.

30 Planning Permission and other Legal Provisions

- 30.1** All planning permission, building by law approvals and building regulations must be complied with. Certification of this compliance must be submitted to the Local Action Group. A qualified engineer/architect or other such person who is suitably qualified to issue such certification must undertake such certification.
- 30.2** All works shall be carried out in accordance with the provisions of all relevant statutes, regulations and byelaws. The onus of obtaining all consents, permissions and compliance, etc, including consent to enter on, or interfere with land, other property or right of any person or persons, rests with the Applicant.

31 De Minimis Aid

- 31.1** The Letter of Offer is funded under the European Agricultural Fund for Rural Development regulations. These regulations require that offers of Grant Aid comply with State aid rules.
- 31.2** If your Offer of Grant Aid is classified as De Minimis State Aid, the Local Action Group will have recorded this on the first page of your Letter of Offer.
- 31.3** Any aid granted under a De Minimis Letter of Offer constitutes 'de minimis aid' and must comply with Commission Regulation (EU) 1407/2013. In accordance with this Regulation a single undertaking cannot receive more than €200,000 in de minimis aid over any period of three fiscal years. The Letter of Offer must be retained until 31 December 2030, and made available, on request, by any UK public authority or agency or the European Commission asking for information on 'de minimis' aid.

32 Networking and Promotion

- 32.1** The Applicant is required to provide access to the project for the purpose of facilitating 'good practice visits' from the NIRDP Monitoring Committee, the Northern Ireland Rural Network and the European Commission or other bodies as organised by the Local Action Group or DAERA.

33 Withdrawal of Application

- 33.1** The applicant can withdraw the application for Grant Aid partially or in total at any time unless paragraph 33.2 below applies. The notice of withdrawal must be made in writing to the LAG. A withdrawal shall put the claimant into the position he was in before he submitted the Grant Aid application or part of the Grant Aid application in question. Consequently, repayment of Grant Aid can be required.

- 33.2** However, where the applicant;
- a) has already been informed of an irregularity;
- or

b) has been given notice of the intention to carry out an on the spot check within the meaning of EC Regulation 809/2014 and the subsequent check reveals an irregularity(ies),

withdrawals shall not be authorised in respect of the parts of the aid application affected by the irregularities.



Department of
**Agriculture, Environment
and Rural Affairs**
www.daera-ni.gov.uk



**Terms and Conditions of Grant Aid provided under
Priority 6;
Promoting Social Inclusion, Poverty Reduction and Economic Development in
Rural Areas
Northern Ireland Rural Development Programme 2014 - 2020**

**The Letter of Offer together with the 'Terms and Conditions of Grant Aid' form
a legally binding contract**

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1. Purpose of The Letter of Offer and Terms and Conditions of Grant Aid

- 1.1** The Letter of Offer and Terms and Conditions of Grant Aid form a contract between the Local Action Group (LAG) and the Applicant. These documents state:
- the amount of Grant Aid which is available for the Applicant to claim;
 - the conditions which must be met by the Applicant in order to claim this Grant Aid; and
 - the period of the Letter of Offer during which the terms and conditions must be complied with.

The Letter of Offer provides the LAG and the Department of Agriculture, Environment and Rural Affairs (DAERA) the right to recover Grant Aid from the Applicant if the conditions of the Letter of Offer are breached during the period within which the Letter of Offer conditions must be adhered to.

- 1.2** The Letter of Offer together with the 'Terms and Conditions of Grant Aid' form a legally binding contract and you should read both carefully before accepting the offer of Grant Aid. If you are in doubt regarding the terms of the offer, you should discuss the matter with your legal representative. The offer and subsequent Grant Aid draw down is subject to strict adherence to the allocation for specific items and activities as detailed in the table at Annex 2 to the Letter of Offer; Schedule of Eligible Expenditure, and all conditions detailed in this 'Terms and Conditions of Grant Aid' booklet.
- 1.3** By accepting the Letter of Offer you are also accepting the Terms and Conditions set out in this 'Terms and Conditions of Grant Aid' booklet. Failure to adhere to the Terms and Conditions of the offer may result in the full grant aid given under the Letter of Offer being deemed invalid and require any assistance already provided to be repaid.
- 1.4** In submitting claims for reimbursement of expenditure there is a need to adhere to the procurement requirements provided to you by the Local Action Group and outlined to you at the pre-application workshop. It is a strict requirement to have competitive tenders or quotations for project expenditure. Expenditure in breach of this requirement will be deemed ineligible and no Grant Aid will be payable.

2. Definitions and Abbreviations

| | |
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| Application Form | the application form submitted by you to obtain Grant Aid for the project to be funded as detailed in the Letter of Offer. |
| the Applicant | refers to the legal entity or person that signed and submitted the application form; accepted the offer and terms and conditions; and is responsible for ensuring compliance with obligations of the offer throughout the period of the Letter of Offer. |
| Asset | any asset of the Applicant / Beneficiary for which any payment of Grant Aid has been made under the Letter of Offer to which this booklet refers. |
| Audit Trail | record of financial transactions supported by; original documentation for procurement, invoices, receipts and bank statements to support the implementation and operation of the project. |
| “beneficiary” | (i) a person who has applied for and been granted approval for a project (ii) in relation to any time after a Rural Development payment has been made in connection with the project, the person to whom the payment was made; or (iii) any person who has undertaken to assume the conditions of an approval in place of a previous beneficiary; |
| Claw back Period | the period of the Letter of Offer during which, if irregularities are discovered, the project or business fails, the business is sold or relocates outside the Local Action Group area, repayment of all or part of the assistance already provided will be requested. |
| Commitments & Other Obligations | Actions the beneficiaries undertake to carry out or are requirements that the beneficiaries need to respect. |
| the Commission or EC | the European Commission. |
| ‘DAERA’ or ‘the Department’ | the Department of Agriculture, Environment and Rural Affairs. |
| De Minimis Aid | assistance from a public source for a trading activity which is below the threshold of aid requiring prior notification and approval from the Commission. Commission Regulation (EU) 1407/2013. |
| EAFRD | European Agricultural Fund for Rural Development. |
| Eligible Expenditure | means works or services or equipment as set out under, Annex 1 of the Letter of Offer, and procured in line with the rules by the Applicant in carrying out the project and admitted by DAERA, and others as Administrators, at its absolute discretion for the purpose of payment of Grant Aid. |
| EU | the European Union. |

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| EU assistance | means assistance payable pursuant to the Rural Development Regulation 1305/2013 from the European Agricultural Fund for Rural Development (EAFRD) in accordance with the European Regulations. |
| Grant Aid | the EAFRD funding specified in the Letter of Offer to which this terms and conditions booklet refers or any part or parts thereof as the case may be. |
| Grant Rate | the percentage of the cost of individual items or services that will be used to calculate the amount of Grant Aid payable up to the maximum amount set by the Schedule of Eligible Expenditure to the Letter of Offer. |
| Horizontal Implementing Regulation | means Commission Implementing Regulation (EU) No. 809/2014 laying down rules for the application of Regulation (EU) No. 1306/2013 of the European Parliament and of the Council with regard to the integrated administration and control system, rural development measures and cross compliance. |
| Irregularity | any departure from the operation of the agreement of the Letter of Offer Contract between the Applicant and the Local Action Group. |
| Local Action Group (LAG) | the LAG appointed to implement the local development strategy. |
| Rural Development Strategy | the approved LAG Development Strategy (The Strategy is available from your Local Action Group). |
| Managing Authority | Department of Agriculture, Environment and Rural Affairs (DAERA). |
| Networking | sharing of experience and good practice between Regions and Local Action Groups. |
| NIRDP | the Northern Ireland Rural Development Programme 2014-2020. |
| NIRDP Monitoring Committee | Committee established as required by EU Regulation 1306/2013 to oversee the implementation of the Northern Ireland Rural Development Programme 2014-2020. |
| Rural Network | The Rural Network for Northern Ireland, which will provide a range of services and support for those involved in the delivery of the NIRDP. |
| Objective | means the project objective as set out in Annex 1 to the Letter of Offer. |
| Operation | an investment, plan, commitment, project or action which is the subject of an application. |
| Project Start Date | the start date for the project is the date of the Letter of Offer, provided the Local Action Group has received the completed Form of Acceptance from the applicant within 28 days from the date of the Letter of Offer. |
| Project End Date | the date the Applicant agreed with the Local Action Group for completion and payment of all the items and activities as listed at Annex 2 'Schedule of Eligible Expenditure' |

| | |
|--|--|
| Project Targets | the scheme targets to be achieved as a result of the grant provided to carry out the project. |
| Project De-brief & Review Process | An independent process through which an applicant will have the opportunity to demonstrate to a Review Panel that the decision not to award funding was unreasonable or that the proper procedures were not followed. |
| the Paying Authority | DAERA. |
| the Rural Development Programme 2014-2020 | Priority 6; Promoting Social Inclusion, Poverty Reduction and Economic Development in Rural Areas of the Northern Ireland Rural Development Programme 2014 – 2020 submitted by the United Kingdom to the European Commission in accordance with the Rural Development Regulation 1305 / 2013, as approved by Commission Decision 808/2014. |
| the Rural Development Regulation | means Regulation (EU) No. 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development. |
| the Letter of Offer Contract | means the letter to which this Booklet is attached, setting out the project for which all grant aid received by ‘the Applicant’ from DAERA will be expended. |
| the Project | the project as initially described in the Applicant application form, and assessed and approved by way of the Letter of Offer contract from the Local Action Group. |
| the Property | all the buildings, equipment, furniture, fixtures, fittings and other assets owned or used by the Applicant in connection with the project, situated as specified on the Application and on the Letter of Offer. |
| Schedule of Eligible Expenditure | means the list of eligible items and services as annexed to the Letter of Offer at Annex 2. |

3. General Conditions

- 3.1** The Applicant must not seek or make an application for any financial assistance from any other Government Department, public body or agency in respect of expenditure for which the Grant Aid is or may become payable under the terms of this Letter of Offer without written notification to the Local Action Group.
- 3.2** The Applicant must not without the prior written consent of the Local Action Group transfer or assign any of its rights or obligations under the Letter of Offer.
- 3.3** Grant Aid provided under the Letter of Offer does not imply any further commitment to the project when the terms of the Letter of Offer are completed.
- 3.4** The Applicant will be sufficiently served by any letter, notice or demand by the Local Action Group or DAERA if it is delivered by hand, left at the Applicant's last known address, sent by post addressed to the Applicant at that last known address or delivered to an e-mail address which the applicant has previously availed of to communicate with either the Local Action Group or DAERA.
- 3.5** In the case of any dispute arising on the interpretation of the conditions contained within the Letter of Offer and Terms and Conditions of Grant Aid booklet the decision of the Local Action Group and DAERA shall be final and binding.
- 3.6** The Applicant must maintain in good condition all property, equipment, machinery, furniture, fixtures, fittings, and assets owned or used by the Applicant in connection with the project.
- 3.7** The Applicant, by accepting the Letter of Offer, indemnifies the Local Action Group and DAERA against all claims, proceedings, actions, damages, legal costs, expenses and any other liabilities in respect of death, personal injury, disease transmission, loss of or damage to property arising out of or in any way connected with the performance or non-performance by the Applicant of all or any activities associated with the project and without prejudice to the generality of the foregoing the use, misuse, malfunction or failure of any plant, machinery or equipment approved for Grant Aid under this Letter of Offer. Neither DAERA nor the Local Action Group shall be liable for any injury, damage or loss (of any kind) howsoever caused relating to the project.
- 3.8** No aspect of the activity being funded should be party political in intention, use or presentation; or likely to be perceived as discriminatory on grounds of religion, colour, race, gender or disability. Any activities, such as campaigning, by the Applicant must be in furtherance of, and ancillary to, its main purposes. The Local Action Group and DAERA shall judge as to whether or not any activity of the Applicant offends against this clause.

Suspension of Payments by the European Commission

- 3.9** All payments under the Letter of Offer from the Local Action Group are subject to DAERA's receipt of funding from the European Commission. Should such receipts, from the European Commission be suspended, reduced or terminated; the Department may suspend, reduce or terminate payments of funding in respect of the Applicant's Letter of Offer from the Local Action Group. In that case neither the Local Action Group nor DAERA shall be liable for any consequential losses.

4. The Project

Offer of Grant Aid

- 4.1** The Grant Aid to be provided is offered in respect of the project described in the initial application, and as specified on the Letter of Offer, including any amendments submitted in writing by the Applicant, approved by the Local Action Group and accepted by the applicant. Annex 2 to the Letter of Offer specifies the items and/or activities agreed as eligible for Grant Aid together with the indicative breakdown of costs. Annex 3 details the project and RDP targets to be achieved through the implementation of the project.
- 4.2** No Grant Aid will be payable on any:
- work started or completed;
 - invoices or receipts dated; or
 - expenditure incurred or paid,
- prior to the Project Start Date (provided the Applicant accepted the Letter of Offer in writing by signing the Form of Acceptance and returning same to the Local Action Group within the 28 day period), or after the agreed end date for the project as specified in the Letter of Offer.
- 4.3** Any equipment, materials or buildings funded under the Letter of Offer may only be used for the purposes of the approved project.

Changes to the Project

- 4.4** The Grant Aid shall be used only for the purposes of the project as defined in the Applicant's application and set out in Annex 1 of the Letter of Offer. Any intended changes to the project or the project timescales must be notified in writing in advance to the Local Action Group. The written notification must explain how the revised project achieves the objective and scheme targets as specified in the application form and business plan and agreed for the LoO, and must demonstrate how the project continues to offer added value. Continuation of Grant Aid will be subject to:
- (i) where required, re-assessment of the revised project by the Local Action Group;

- (ii) written approval of the Local Action Group and formal amendment to the Letter of Offer by issue of a Letter of Variation to the Applicant; and
- (iii) acceptance of the Letter of Variation by the Applicant.

Only one extension to the project end date is allowed.

- 4.5** Claims submitted that differ materially from the approved application without prior notification and approval will automatically incur penalties, and may result in the full assistance provided under the Letter of Offer being deemed invalid and require Grant Aid already paid to be repaid by you either partially or in full.

Level of Assistance

- 4.6** The amount of Grant Aid payable will be strictly as specified in the Schedule of Eligible Expenditure. Therefore, before signing this contract, the Applicant must ensure that the Grant Aid set out at Annex 2 of the Letter of Offer 'Schedule of Eligible Expenditure' agrees with their understanding of the amount of assistance available. Any cost overruns will be borne by the Applicant.

Pre-Payment Conditions for the Project

- 4.7** The project must remain within the area of the funding LAG. The Project or agreed phase of the project must be completed as specified on the agreed Project Schedule of Key Tasks, Timescales and Special Conditions (Annex 1) and Schedule of Eligible Expenditure (Annex 2).
- 4.8** The bank account arrangements for the project must have been confirmed by return of a completed Bankers Automated Clearing System (BACS) form to DAERA Grants & Subsidies Branch, Orchard House. The Local Action Group will explain this to you.
- 4.9** Receipt of a completed claim as provided for at Annex 4 by the date specified in Annex 1: Timescales for the Project.
- 4.10** The Local Action Group shall not approve payment of Grant Aid under the Letter of Offer until the Applicant has provided:
- (a) documentary evidence satisfactory to the Local Action Group that the project has been completed within the agreed start and end dates;
 - (b) documentary evidence satisfactory to the Local Action Group that the agreed eligible expenditure for delivery of the project has been incurred by the Applicant;
 - (c) written confirmation of VAT status (on the Declaration Section of the Claim Form) ; If the VAT status of the project items or work, the supplier or the applicant changes, the Local Action Group must be informed immediately.
 - (d) documentary evidence satisfactory to the Local Action Group of compliance with the procurement procedures provided by the Local

Action Group and as specified in the Applicant Procurement Guidance document and as outlined at the LAG pre-application workshop you attended.

- (e) written evidence satisfactory to the Local Action Group of confirmation of the amount and source of any other Grant Aid or funding towards the total project costs;
- (f) written evidence, by way of the signed Form of Acceptance attached to the Letter of Offer that the information provided in the application form is true and correct, and that all previous public funding received over the 3 fiscal years (the current business/organisation accounting year and the previous 2 accounting years) period has been declared;
- (g) documentary evidence satisfactory to the Local Action Group that the necessary insurance cover has been obtained;
and where applicable,
- (h) evidence of compliance with any specific special conditions agreed for your project as detailed by the Local Action Group on the Letter of Offer at Annex 1;
- (i) written evidence satisfactory to the Local Action Group that all necessary statutory approvals for carrying out of the project have been obtained;
and
- (j) where title to the property, land or site (as appropriate to the project) is not held by the Applicant, documentary evidence of the owner's legal agreement to lease the property, land or site to the Applicant is required as detailed below, unless otherwise specified in the special conditions specific to your project at Annex 1 as follows :-

Where the applicant is a **private applicant**;

- ✓ For capital build where total grant aid of more than £50,000 is awarded for building, or renovation/refurbishment/development works the period of the lease must cover not less than 25 years from the date of the Letter of Offer,
- ✓ For capital build where total grant aid of £50,000 or less is awarded for building or renovation/refurbishment works the period of the lease must cover not less than 10 years from the date of the Letter of Offer,
- ✓ In all other cases (i.e. non capital build) the lease period should at the very least cover the period from the date of the Letter of Offer, until 5 years following the date of the final payment to the project. This lease period can be made up of a number of shorter-term consecutive leases where their renewal is closely monitored by the LAG to ensure continuity for the full lease period.

For all other applicants

- ✓ For capital build where total grant aid of more than £50,000 is awarded for building or renovation/refurbishment works the period of the lease must cover not less than 25 years from the date of the Letter of Offer,

- ✓ For capital build where total grant aid of more than £10,000 but less than £50,000 is awarded for building or renovation/refurbishment works the period of the lease must cover not less than 10 years from the date of the Letter of Offer,
- ✓ In all other cases the lease period should at the very least cover the period from the date of the Letter of Offer, until 5 years following the date of the final payment to the project. This lease period can be made up of a number of shorter-term consecutive leases where their renewal is closely monitored by the LAG to ensure continuity for the full lease period.

Alternative arrangements for NDPB, Strategic Body or a local council;

A Development Agreement between the landowner or lessee and the applicant may be put in place as an alternative to the lease agreement. As the risk to this type of project not completing is reduced, the Development Agreement, **regardless of the activity involved**, should cover a period of not less than 7 years from the date of the Letter of Offer.

** **Please Note.** No other funding used to develop or deliver the project may be sourced from European Union monies. Throughout the lifetime of the project the Local Action Group must be informed in advance of any changes to source(s) of funding.*

Targets to Be Achieved Through Implementation of the Project

- 4.11** The RDP Scheme targets to be achieved through implementation of the project are listed at Letter of Offer, Annex 3. These are the targets (for example new business created, number of new jobs created); that you agreed would be achieved if Grant Aid was provided to help you carry out your project. Progress towards achievement of these targets will be monitored as described at Section 11.2 Provision of Information and may include a project visit as outlined in Section 13 Project Inspections.

5 Eligible Expenditure

- 5.1** All expenditure incurred for which Grant Aid will be claimed must be eligible in terms of the Rural Development Programme 2014-2020 and in accordance with the requirements of the European Community and in particular EU Regulations.
- 5.2** The Applicant must comply with these Terms and Conditions of Grant Aid.
- 5.3** The Applicant must seek written clarification from the Local Action Group where there is any doubt as to the interpretation of these Terms and Conditions of Grant Aid.

- 5.4** It is the responsibility of the Applicant to take the above actions as necessary to ensure that expenditure is eligible and that each claim is mathematically correct.
- 5.5** All goods, services and works agreed for the implementation of the project must be sourced in accordance with the Applicant Procurement Guidance provided by the Local Action Group and as outlined at the pre-application workshop you attended. At all times due consideration must be given to ensure best value for money and open, fair and transparent competition.
- 5.6** Where a variance to a procurement contract is required the Applicant should seek **prior written approval** from the Local Action Group and ensure that the required contract variation procedures are followed as set out in this guidance.
- 5.7** If the Applicant claims normal procurement procedures cannot be carried out, then **full written** justification must be provided to the Local Action Group **in advance** of any purchase being made and **written** approval granted by the Local Action Group. Failure to notify the Local Action Group will deem the purchase ineligible to receive Grant Aid.
- 5.8** Consumable items or project running costs are not eligible and must not be included on any claims for payment of Grant Aid. It should be noted that only those activities and items listed under the Schedule of Eligible Expenditure (Annex 2) are eligible for claiming payment of Grant Aid.

6 Match Funding

- 6.1** All Applicants are required to contribute to the cost of implementing the project by providing an element of matched funding. The Letter of Offer cannot issue until the Local Action Group has sufficient evidence to prove the total funding package will be in place to fund the project.
- 6.2** The amount of match funding required will be the difference between the total project cost and the total amount of grant awarded.
- 6.3** Private sector applicants, including Social Economy Enterprises, offered funding under the Rural Business Investment Scheme must provide evidence of match funding from a private source e.g. own savings, bank loan etc. Match funding contributions from public monies are not eligible to support claims for payment of Grant Aid from the private sector.
- 6.4** In the case of non-private sector projects, easement is afforded in that the level of match funding may be reduced to 25%.

7 Financial Management

- 7.1** The financial management system for the project must demonstrate effective controls and must present clear audit trails at all times.

- 7.2 The Applicant's accounting records or system must clearly identify all monies received and expended under this project and this Grant Aid.
- 7.3 The Applicant must have written procedures, appropriate to the size and nature of the business, for expenditure and financial control including bank account details, cheque signatories, and expenditure authorisation levels.
- 7.4 The Applicant must immediately inform the Local Action Group in the event of the identification of any errors in Grant Aid claims, acts of fraud and/or any circumstance that has caused or is likely to cause a loss or misuse of Grant Aid. Subsequently the Applicant must submit a full and detailed report in writing to the Local Action Group. Upon receipt of this information, the Local Action Group will determine next steps.
- 7.5 Documentary evidence of financial transactions must be retained for the period as specified under Retention of Documentation (Section 12) to show that the goods or services supported were received and paid for by the Applicant.

8 Bank Account

- 8.1 All match funding must be available from or lodged in the same bank account to which the EAFRD Grant Aid will be paid. All expenditure incurred by the applicant for implementation of the project must also be made from this bank account.
- 8.2 Non private sector Applicants that wish to retain a cost centre account system for the purposes of managing the EAFRD funded project will be required to demonstrate to the Local Action Group's satisfaction that its system guarantees a clear audit trail with regard to all aspects of the project's finances.
- 8.3 Applicants wishing to adopt this arrangement must obtain **prior written approval** from the Local Action Group. Should subsequent systems checks by the Local Action Group, agents of the Department or the Commission reveal shortcomings, then this will be considered an irregularity and a penalty may be imposed.
- 8.4 Any change of bank account must be agreed with the Local Action Group and notified in advance to DAERA Grants and Subsidies Branch by way of a new BACS form.
- 8.5 All EU Grant Aid payments will be made electronically by BACS to a UK bank account. DAERA may use these bank account details for other legitimate purposes in line with the Data Protection Act 1998 and Freedom of Information legislation.

9 Claims For Grant Aid and Payments

9.1 Grant Aid shall be paid in arrears on receipt of a properly completed official claim form as provided with the Letter of Offer. No other types of claim form will be accepted. Final Claim forms must be submitted to the Local Action Group within 28 days from the agreed end date for the project unless otherwise stated on Annex 1, Special Conditions specific to the Project.

9.2 Claim forms at Annex 4 must be accompanied by evidence to support the eligible expenditure incurred. This means that the Applicant must, as far as possible, provide original documentation for all expenditure included on the claim for payment of Grant Aid as follows:

- the specification used to seek quotations/tenders for the grant aided items;
- the required number of dated, itemised, authorised quotation/tendering documents, relevant to the value of the items or services procured;
- invoices or receipts, as applicable, marked with the date of payment and cheque number or if relevant details of alternative payment method. A copy of each cheque issued must also be provided;
- bank statements; Electronic Bank Statements are acceptable when:-
 - a) The electronic print-out should include the name of the bank, the applicant's name and bank account number. The applicant may submit this print out with the claim, however at the pre-payment site visit the on-line bank account must be accessed by the applicant in the presence of the admin unit staff for validation of the transactions relevant to the claim. The Admin Unit staff can then record this check on the printed statement provided with the claim.

or

b) The bank statement is accessed on-line by the applicant in the presence of the Admin Unit staff to validate the transactions pertaining to the claimed item(s) and a record of the Admin Unit staff validation is recorded onto the statement.

For expenditure to be considered as eligible, payments must have been debited from the Applicant's bank account.

9.3 Where an applicant purchases goods or services from outside the United Kingdom;

- Invoices in Euros should be claimed in sterling and the date of calculation will be the date the currency transaction clears the applicant's bank account. If payment is arranged through the Council's bank account the exchange rate applied by the bank may be used, however any charges in respect of this foreign exchange transfer are **not eligible** for reimbursement. In all other cases the European Central Bank website link below must be used for this calculation.

- Invoices in any other currency should also be claimed in sterling. If payment is arranged through the Council's bank account the exchange rate applied by the bank may be used, however any charges in respect of this foreign exchange transfer are not eligible for reimbursement. In all other cases applicants should use the European Central Bank website below to firstly calculate the amount in Euros and then convert this to sterling. The date of calculation will be the date the currency transaction clears the applicant's bank account.

<http://www.ecb.int/stats/exchange/eurofxref/html/index.en.html>

- 9.4** Where a relative of the Applicant has provided any of the goods, or services for which Grant Aid is claimed the Local Action Group will seek to confirm that the agreement on conflict of interest as detailed under Section 26 has not been breached.
- 9.5** Where a project includes capital/construction work, the Local Action Group must receive:
- the approved building plans/drawings; and
 - building control approval of the completed building/construction works for the site or building where the project is located. A Quantity Surveyor's report indicating concurrence with expenditure in terms of necessity, accuracy and value must also be submitted where the grant amount awarded for the capital/construction work is more than £50,000.
- 9.6** A representative of the Local Action Group will complete a pre-payment site visit to the project. Items to be verified will include:
- validity of procurement and expenditure documentation;
 - receipt of the supported items and services;
 - completion of the project as specified in the Project Schedule at Annex 1;
 - that the project funded is operational as described in the application form and LOO,
 - acknowledgement of support from the EAFRD and the Northern Ireland Rural Development Programme as detailed under Publicity (Section 14).
- 9.7** The Local Action Group will also require a six monthly written declaration from the applicant on progress towards or achievement of the agreed Scheme targets to be achieved through implementation of the project.
- 9.8** DAERA EU Verification Branch will also complete a pre-payment site visit on 5% of the projects where Applicant claims for Grant Aid have been submitted by the Local Action Group to DAERA for payment.
- 9.9** Phased payments can only be claimed in line with the terms as detailed by the Local Action Group in the Special Conditions specific to your project at Annex 1.

- 9.10** No Grant Aid will be payable on any expenditure incurred prior to the Project Start date or after the agreed end date as specified at Annex 1, Project Timescales. There shall be no obligation on the Local Action Group or DAERA to make payment in respect of claims which are received after the agreed date for submission of the Claim Form.
- 9.11** Payments made by DAERA are subject to receipt of Grant Aid from the European Commission and the availability of National funding. Should such receipts be suspended or terminated DAERA may accordingly suspend or terminate payments to Applicants.
- 9.12** It is the responsibility of the Applicant to ensure that all claims are accurate and that they relate to activities and items in accordance with the Schedule of Eligible Expenditure (Annex 2). Irregular activities and transactions are not eligible for Grant Aid and may incur financial penalties as detailed under Reductions and Exclusions (Section 10) of this booklet. The Local Action Group and DAERA accept no liability in respect of any loss attributable to any delay in the payment of claims or to any suspension, reduction or cancellation of Grant Aid.
- 9.13** Payments of Grant Aid will be made by DAERA on receipt of authorised requests to make payments from the Local Action Group and will be subject to the Local Action Group having checked all expenditure, activity and beneficiaries as eligible, in terms of the programme rules and verified project completion through a site visit.
- 9.14** All payments made under the Rural Development Programme 2014-2020 will only be paid by DAERA electronically by BACS.
- 9.15** Applicants should note that where an overpayment of Priority 6 Grant Aid has occurred or claw back is deemed necessary, then DAERA may intercept a claim from any other source within the EAFRD or from EAGF.

10 Reductions and Exclusions

- 10.1** Article 63 of EU Reg 809/2014 requires the sum claimed by the claimant to be compared against the sum determined as eligible for grant assistance and for penalties to be considered if the two sums differ.
- 10.2** Should a claim contain ineligible items of expenditure the sum payable will be reduced. The Admin Unit will calculate if the identified ineligible grant payable to the claimant is more than 10% of the grant amount claimed for the purpose of determining whether a reduction should be imposed.
- 10.3** Where the sum of the ineligible expenditure exceeds 10% of the total claimed, EAFRD Regulations require the reduction will be double that amount unless it can be demonstrated that the Applicant was not at fault for the inclusion of the ineligible expenditure.

10.4 Commitments & Other Obligations are actions the applicant undertakes to carry out or are requirements that the applicant need to respect. Examples of these include:

- Failure to implement the EC's requirements on publicity or procurement;
- State aid and other obligatory procedures.

10.5 Article 35 (3) of EU Reg 809/2014 requires consideration of the severity of the non-compliance with these commitments & other obligations and depends on the importance of the consequences of the non compliance, taking into account the objectives that were not met or the effect on the project as a whole.

11 Provision of Information

10.1 The Applicant shall comply promptly with any requests by or on behalf of the Local Action Group, DAERA or the European Commission for information concerning the implementation, administration, monitoring and evaluation of the project.

11.2 Approved projects will be subject to monitoring and evaluation at regular intervals in the implementation of the project. The specific Scheme targets to be achieved as a result of grant award are detailed at Annex 3 to the Letter of Offer. In order to assess and record progress with achievement of these targets, you will be contacted every 6 months by the LAG. All scheme targets declared by you in relation to this project will be verified by the LAG. In addition to this, the LAG will send you a Post Project Evaluation form which you must complete and submit to the LAG no later than 2 years following your project end date.

11.3 To assist DAERA with an evaluation of the Northern Ireland Rural Development Programme you are also required to provide the LAG with detail of the gender and age grouping details for the beneficiaries of the grant aid.

11.4 The Applicant must make available records and documents as evidence of employee numbers for the period prior to the Letter of Offer and the period up to Post Project Evaluation so that Government Departments or their agents (as detailed at Section 13) can assess and confirm the number and type of new jobs created.

11.5 The Applicant must make available annual business accounts, as prepared by a certified professional. These must detail business income and expenditure for the period prior to the Letter of Offer and the period up to Post Project Evaluation so that Government Departments or their agents (as detailed at Section 13) can evaluate the effectiveness of the Grant Aid provided.

12 Retention of Documentation

1.1 The Applicant is required to retain all original documents relating to the implementation of the project and its financing until 31 December 2030. In no circumstance should any documentation be destroyed or otherwise disposed of without the consent of the Local Action Group. The applicant should inform the Local Action Group if the original documents are to be retained at a different address from that specified at the address of the project.

13 Project Inspections

13.1 The Applicant shall ensure that any party acting in accordance with the offer of Grant Aid and the attached terms and conditions shall have the right to visit the operations relating to the project at the premises notified as the location for the project. It shall be the duty of the Applicant to ensure that such staff and agents are enabled to exercise such rights.

13.2 In compliance with paragraph 13.1 the following Public Bodies and their agents or representatives shall have the right to inspect the project at any time, and to require such further information to be supplied as they think fit and to be provided with such documents or items as they shall require:

- the Local Action Group;
- DAERA;
- Department of Finance;
- the Northern Ireland Audit Office;
- the European Commission; and
- the European Court of Auditors.

13.3 Without prejudice to the foregoing generality, Applicants must keep and make available on request, financial and monitoring records. Computer print-outs can be accepted as proof of payment for the purpose of European Commission audit inspections.

13.4 The Applicant shall explain any unresolved issues arising from financial and/or monitoring returns received or from inspections to the satisfaction of the Local Action Group before approval for a subsequent payment is given.

14 Publicity

14.1 For projects which consider it appropriate to issue a Ministerial invitation to mark the completion of the project, the DAERA Minister must be given priority over other attendees. Applicants should inform the LAG about events, launches and significant publicity events /activities. This will provide an opportunity for the LAG to collect publicity activity as well as provide an opportunity for LAG Board members to attend publicity events.

14.2 The LAG, DAERA and the EU shall be entitled to publish details of the project and grant aid offered, including payments made, at such times and in such a manner as they may decide.

14.3 On acceptance of a LoO the applicant must acknowledge the investment contribution from the EAFRD and DAERA on all information and communication material produced in connection with the project e.g. booklets, leaflets and newsletters etc., - all of which shall contain a clear indication on the title page of the DAERA and EU support provided. This may be achieved by use of the logos as set out below:

- LAG logo;
- DAERA logo;
- RDP logo;
- Standard EU Logo (EU Flag and slogan); and
- LEADER logo.

All logos will be provided by the LAG.

The logos must be accompanied by the following wording:

'This project was part funded under Priority 6 (LEADER) of the Northern Ireland Rural Development Programme 2014-2020 by the Department of Agriculture, Environment and Rural Affairs and the European Union'.

Websites

14.4 For a website developed or enhanced with the support of an RDP grant, the home page must include the logos as stated above at 14.3 along with the following statement:

'This website was developed with support from Priority 6 (LEADER) of the Northern Ireland Rural Development Programme 2014-2020 by the Department of Agriculture, Environment and Rural Affairs and the European Agricultural Fund for Rural Development: Europe investing in rural areas'.

Small Publicity Items

14.5 On small items funded through the programme such as pens, pencils, rulers or USB pens, the applicant may use its own business/organisational logo but must, as a minimum, include the LEADER logo along with the words 'Rural Development Programme 2014-2020'.

Press Articles

14.6 Press articles should include the following text:

'This project was part funded under Priority 6 (LEADER) of the Northern Ireland Rural Development Programme 2014-2020 by the Department of Agriculture, Environment and Rural Affairs and the European Union'.

There is no requirement to include logos in press articles.

Press Adverts – Post Receipt of a LoO

- 14.7** For press adverts where space may be at a premium and to reduce costs the applicant may use only the EU logo (plus slogan) and LEADER logo and replace all other logos with the following text:

'This project was part funded under Priority 6 (LEADER) of the Northern Ireland Rural Development Programme 2014-2020 by the Department of Agriculture, Environment and Rural Affairs and the European Union'.

Other Publicity Material (e.g. flags, banners, signage etc.)

- 14.8** All logos are required as set out at 14.3 above, however where the opportunities to use all the logos and wording are restricted, the applicant must contact the Admin Unit, which will liaise with the Department on a case by case basis. Prior written approval must be obtained from the LAG if all logos and wording are not to be used.
- 14.9** Failure to comply with the logo requirements set out at 14.3 or seek prior written approval from the LAG where these are not to be used, may lead to the application of administrative penalties on any claim for funding.

LEADER acknowledgement at Project Locations

- 14.10** The LAG will provide details of the specific requirements under any Special Conditions within the LoO (**Annex 1**).

15 Value Added Tax (VAT)

- 15.1** It is the responsibility of the Applicant to provide a declaration as to the VAT status of the Applicant or business supported. The VAT amount(s) recorded on the Schedule of Eligible Expenditure are individual schedule items. If the VAT status of the applicant, the project items or activities, or of the supplier of the items **changes** from that communicated at any time prior to the submission of the claim for payment of Grant Aid then the **onus** is on the Applicant to inform the Local Action Group on a timely basis.
- 15.2** Where the Applicant or the business supported is VAT registered with HM Revenue and Customs, any VAT amounts paid on eligible expenditure must be recovered through the normal VAT return process. The amount of VAT that may be recovered by the Applicant from HM Revenue and Customs must be excluded from the eligible cost of the project when calculating Grant Aid and completing the claim form for said aid.

15.3 For non-VAT registered Applicants or businesses supported, the VAT amounts paid on eligible expenditure may be included on claims for payment of Grant Aid.

16 Withdrawal of Grant Aid on Default

16.1 The Local Action Group reserves the right to withhold any or all of the Grant Aid and/or require part or all the Grant Aid already paid to be repaid, and this may include the interest thereon, to DAERA if:

- (i) the applicant is in breach of any of their commitments and obligations under the Letter of Offer and Terms and Conditions of Grant Aid and has failed to remedy such breach within 28 days of a written request from the Local Action Group or DAERA to remedy the breach;
- (ii) there is unsatisfactory progress towards completing the project;
- (iii) the applicant fails to pay or repay to DAERA any sum due by them whether under these terms and conditions or otherwise;
- (iv) the applicant is for any reason no longer able to implement the project;
- (v) an order is made, or an effective resolution is passed, for the winding-up of the applicant or a receiver is appointed in respect of any of the Applicant(s)' assets;
- (vi) the applicant is unable to pay their debts within the meaning of Article 103 of the Insolvency (NI) Order 1989;
- (vii) the applicant ceases to carry on the project for the purposes for which it was established;
- (viii) there is unsatisfactory progress towards meeting the expected activities and timescales as detailed in Annex 1 and the project and scheme outputs and results as detailed in Annex 3 in the Letter of Offer;
- (ix) a conflict of interest is identified as detailed under Conflict of Interest, Section 26 of this booklet;
- (x) any information given to the Local Action Group or DAERA by or on behalf of the applicant in relation to the project is found to be false or misleading or there has been a failure to disclose any material fact which would have had a bearing on the Local Action Group's consideration of the application;
- (xi) fraud or financial irregularity is discovered.

16.2 In such cases as listed above, the applicant will initially be offered the opportunity to provide written explanation of the circumstances and the opportunity to offer a resolution in writing (or by e-mail). The applicant's written explanation must be submitted to the Local Action Group within the timescale set by the LAG.

16.3 Having considered the applicant's reply, the Local Action Group is required to give the applicant notice in writing of its proposed decision with a statement of its reasons. The applicant should be afforded the opportunity to attend a de-

brief to discuss the reasons for the LAG decision. During this de-brief discussion the basis for the decision should be communicated to the applicant. This de-brief discussion must be fully documented and this documentation retained in the project file.

- 16.4** At this stage, applicants who feel that the correct decision was not made have access to a two stage formal Review Process procedure. This procedure is an opportunity for applicants to explain and demonstrate how the LAG's decision should be changed.
- 16.5** The applicant should be informed of the formal Review Process and advised that a decision will be reviewed only under the following criteria:-
- that the outcome was a decision that no reasonable person would have made on the basis of the information provided; and/or
 - that there was a failure in adherence to procedures or systems that materially affected or could have materially affected the decision.
- 16.6** The applicant must submit a request for a formal review in writing within 28 days of the date of the decision letter or 14 days after the discussion has been held, whichever is the later. The request must clearly demonstrate the grounds in line with those stipulated above, upon which a formal review is being requested.
- 16.7** Where the Local Action Group determines that a suspected fraud or financial irregularity has, in their opinion, occurred, criminal proceedings may be instigated against the applicant as the Local Action Group may in its sole discretion so determine. The Local Action Group will refer the matter to DAERA, the Managing Authority, at this stage.

20 Termination or Suspension

- 20.1** The Local Action Group may terminate or suspend the project and seek repayment where any other event occurs in relation to the Applicant which, in the opinion of the Local Action Group and DAERA, might reasonably be expected to materially and adversely affect its liability to comply with its obligations under the Letter of Offer and Terms and Conditions of Grant Aid.

21 Repayment of Grant Aid

- 21.1** The amount to be repaid by the Applicant will be set by the Local Action Group following consideration of the circumstances of the irregularity.
- 21.2** For cases involving fraud, financial irregularity or provision of false information, recovery of the full amount paid will be sought.
- 21.3** In all other cases, the repayment amount will be proportionate to the unexpired clawback period of the Letter of Offer.

22 Disposal of Assets

22.1 Regulation (EU) 1303/2013 – Article 71 ‘Durability of operation’ states that where, within 5 years of the final payment, the funded project ceases or relocates, changes in ownership, or substantially changes in nature the amount of Grant Aid paid in respect of the project must be repaid.

22.2 With approval from the Local Action Group the amount of Grant Aid to be repaid will be calculated on the following basis:-

- Disposal during 1st year following last payment of Grant Aid 100%.
- Disposal during 2nd year following last payment of Grant Aid 80%
- Disposal during 3rd year following last payment of Grant Aid 60%
- Disposal during 4th year following last payment of Grant Aid 40%
- Disposal during 5th year following last payment of Grant Aid 20%

22.3 Where the funded project changes from the purpose intended within this 5 year period, without the prior written agreement of the Local Action Group, the full amount of Grant Aid must be repaid.

23 Interest Charges on Repayments of Grant Aid

23.1 In the event that the Department had made a written demand for repayment of Grant Aid, the Department shall be entitled to interest on the amount due in accordance with the Rural Development Programme Regulations (Northern Ireland) 2015 (SR No. 326 of 2015).

24 Environmental Impact

24.1 In accepting the Letter of Offer, the Applicant undertakes to implement the project in a manner which has the most positive impact on the environment, including, where possible, procuring material and equipment from sustainable sources.

25 Sharing of Information, Data Protection and Freedom of Information

25.1 In order to meet the requirements specified in Article 86 of EU Regulation 1305 of 2013, information provided by the Applicant on the Application Form, Claim Form or other sources will be held on computer. This information will be used for the administration of applications and for monitoring and evaluation purposes. The Department has the right to share information with other Departments, Agencies, and implementing bodies to enable them to prevent fraudulent applications or for detecting crime and to co-ordinate processing of complementary applications.

25.2 Some or all of the information provided by the Applicant may be disclosable under the Freedom of Information Act 2000 or the Department may also use it for other legitimate purposes in line with the Data Protection Act 1998 and Freedom of Information legislation.

26 Conflict Of Interest

26.1 In accepting the Letter of Offer, the Applicant confirms that should any conflict of interest, however arising, occur, between the Applicant and any other member of the Company/Board, employee of the Applicant, person or other entity corporate or otherwise associated with the Applicant, then, the Applicant, shall not, without the approval of the Local Action Group, engage such person or persons in connection with the project for the provision of facilities or services or enter into any contract of employment, supply or service contract with such person or persons. Any conflict of interest identified at a later stage in the implementation of the project may lead to the withdrawal of the Letter of Offer and the recovery of any monies paid.

27 Law and Jurisdiction

27.1 The Letter of Offer is governed by and shall be construed in accordance with the laws of Northern Ireland and the Applicant hereby agrees that the Courts of Northern Ireland shall have exclusive jurisdiction to hear and determine any disputes arising out of or in connection with this Contract.

28 Fraud

28.1 The Applicant must inform the Local Action Group immediately if fraud or attempted fraud is suspected.

28.2 Applicants delivering projects outside of the private sector are required to draw up a policy document that places effective controls for the deterrence and prompt detection of fraud should it occur.

28.3 All incidents of fraud or attempted fraud either reported to the Local Action Group or DAERA or discovered by their staff or agents through the monitoring and verification process will be reported to DAERA Central Investigation Service for full investigation and possible legal action.

(i) The organisation (and/or its representatives) may be prosecuted if it fails, without reasonable excuse, to comply with any condition subject to which financial assistance has been given to the organisation requiring it to inform the Department of any event whereby the financial assistance becomes repayable.

(i) The Department may by notice require the organisation to furnish to the Department such information, or to produce for examination on behalf of the Department such books, records or other documents, as may be specified in the notice for the purpose of enabling the Department to

determine whether any condition subject to which the financial assistance is given is satisfied or is being complied with or whether the financial assistance has become repayable in whole or in part in accordance with any such condition.

- (iii) The organisation (and/or its representatives) may be prosecuted if in purported compliance with a notice issued under paragraph (ii) it knowingly or recklessly makes any statement or produces any document which is false in a material particular.
- (iv) The organisation (and/or its representatives) may be prosecuted, if without reasonable excuse, it fails to comply with a notice under paragraph (ii).

(iv) It will be the responsibility of the Organisation to take whatever action is necessary to minimise the risk of fraud and to notify the Department immediately of any instances of attempted, suspected or proven fraud. Following a Departmental investigation, all instances of suspected fraud will be reported to the Police and criminal proceedings may be instigated if deemed appropriate.

29 Projects involving the Building of Property and / or the refurbishment of Property or Land.

Legal Charge on Property or Land

- 29.1** An important payment pre-condition occurs where grant aid of more than £50,000 is awarded to projects (except where the project is located on Council or privately owned land) for the building, development or refurbishment of any land or property.
- 29.2** When submitting their application, the applicant must provide a solicitor's letter detailing the following
 - a) Where the property is registered in Land Registry the applicant must provide an up to date copy of the relevant Land Registry Folio together with an up-to-date Folio map.
 - b) Where the property has not been registered in Land Registry the applicant must provide copies of all title deeds for the property to include coloured copy maps and if the property is held under a lease a copy of the freehold title held by the landlord should also be provided.
 - c) Any pre-existing charge(s) on the property/land.
 - d) The amount secured by any pre-existing charges over the property and the date when these will be eligible for release, together with a copy of any priority agreements in existence which regulate the priorities of the

pre-existing charges. Applicants for grant must also confirm if the owners of the pre-existing charges will agree to allow the DAERA Charge to take first priority over the pre-existing charges and to enter into a Deed of Priority to this effect (the Department will generally seek a first priority charge to secure grant funding awarded under a Letter of Offer).

- e) Where existing charges are in place, the current valuation for the property/land (i.e. valuation no more than 6 months old).
- f) If the applicant holds the property with a leasehold title a copy of the lease must be provided to include coloured copy lease map. The lease allows for implementation of the project as specified by the project application and associated documents.
- g) In any cases where the property is held in the name of Trustees, the latest Deed of appointment of Trustees by which the current Trustees of the organisation were appointed must be provided, together with a copy of the Declaration of Trust under which the Trustees hold the property; and a signed and dated copy of the Constitution of the organisation.

29.3 The applicant is required, prior to any payment of grant aid, to execute and register a legal charge in favour of the DAERA, over the land or property, with Companies House and Land Registry or Registry of Deeds.

No grant can be released to the applicant until evidence of registration has been produced to the satisfaction of DAERA. Where a Charge is to be registered in Land Registry a copy letter of acknowledgement from Land Registry confirming receipt of application for registration, together with an undertaking by the solicitor to furnish original registered Charge and copy updated folio after registration in Land Registry has taken place, will suffice.

Confirmation of Ownership or Leasing Arrangements

29.4 Where a project involves property, land or site development, the Local Action Group must receive:

- (i) written confirmation from the Applicant's solicitors that the Applicant owns and holds the Title Deeds for the property, land or site where the project will be located; or
- (ii) a copy of the legally signed Long Term Lease/Title Deeds for the property, land or site where the project will be located showing the Applicant as the legal lessee/owner.

Lease agreements in respect of projects offered Grant Aid must be in-line with that agreed to meet their requirements at paragraph 4.10(j) of this booklet.

30 Planning Permission and other Legal Provisions

- 30.1** All planning permission, building by law approvals and building regulations must be complied with. Certification of this compliance must be submitted to the Local Action Group. A qualified engineer/architect or other such person who is suitably qualified to issue such certification must undertake such certification.
- 30.2** All works shall be carried out in accordance with the provisions of all relevant statutes, regulations and byelaws. The onus of obtaining all consents, permissions and compliance, etc, including consent to enter on, or interfere with land, other property or right of any person or persons, rests with the Applicant.

31 De Minimis Aid

- 31.1** The Letter of Offer is funded under the European Agricultural Fund for Rural Development regulations. These regulations require that offers of Grant Aid comply with State aid rules.
- 31.2** If your Offer of Grant Aid is classified as De Minimis State Aid, the Local Action Group will have recorded this on the first page of your Letter of Offer.
- 31.3** Any aid granted under a De Minimis Letter of Offer constitutes 'de minimis aid' and must comply with Commission Regulation (EU) 1407/2013. In accordance with this Regulation a single undertaking cannot receive more than €200,000 in de minimis aid over any period of three fiscal years. The Letter of Offer must be retained until 31 December 2030, and made available, on request, by any UK public authority or agency or the European Commission asking for information on 'de minimis' aid.

32 Networking and Promotion

- 32.1** The Applicant is required to provide access to the project for the purpose of facilitating 'good practice visits' from the NIRDP Monitoring Committee, the Northern Ireland Rural Network and the European Commission or other bodies as organised by the Local Action Group or DAERA.

33 Withdrawal of Application

- 33.1** The applicant can withdraw the application for Grant Aid partially or in total at any time unless paragraph 33.2 below applies. The notice of withdrawal must be made in writing to the LAG. A withdrawal shall put the claimant into the position he was in before he submitted the Grant Aid application or part of the Grant Aid application in question. Consequently, repayment of Grant Aid can be required.

- 33.2** However, where the applicant;
- a) has already been informed of an irregularity;
- or

b) has been given notice of the intention to carry out an on the spot check within the meaning of EC Regulation 809/2014 and the subsequent check reveals an irregularity(ies),

withdrawals shall not be authorised in respect of the parts of the aid application affected by the irregularities.

