



REPUBLIC OF KOSOVA

Ministry of Economic Development (MED) Kosovo Digital Economy Project (KODE)

Guidelines for Call for Applications 05/19

This document is prepared following the provisions of the Grant Operations Manual's (GOM) publicly available at:

<http://mzhe-ks.net/sq/baza-ligjore-e-projektit-441#.XFqOWIW2ncs>) and intend to provide specific guidance for Internet Service Providers (ISPs) that intend to apply under the Call for applications 05/19. In case of discrepancies, provisions of those Guidelines prevail over those in GOM.

General Definitions

Applicant – is a legal person that fulfills the criteria for acceptance established in the Call for Application and who submits Grant Application. For the purpose of this Call for applications, Applicants that have mutual shareholders / owners, will be considered the **same** (one) Applicant.

Application – submission of all required documents to the KODE-Project Implementation Unit; Term “Application” and “Grant Application” have the same meaning for the purpose of this document;

Beneficiary – Applicant that was selected and that has signed a Grant Agreement with the KODE-Project Implementation Unit (KODE-PIU); Term “Beneficiary” and “Service Provider” have the same meaning for the purpose of this document.

Call for Applications – public announcement for receiving applications;

Contract – the contract signed by the selected Applicant and the KODE-Project Implementation Unit; Term “Contract” and “Grant Agreement” have the same meaning for the purpose of this document;

Acceptable expenses or investments - expenses and (or) investments that are supported with public means;

Ex-post monitoring period – period of 7 years after the investment, during which the beneficiary has to preserve the objective of the investment and all the conditions based on which he/she was selected and rated;

Grant – non-returnable financial reimbursement of the defined by the Grant Agreement amount of the Eligible expenditure that is provided to beneficiary under the KODE Project;

Project – planned investment submitted by the applicant; Term “Project” and “Sub-Project” have the same meaning for the purpose of this document;

Project Implementation Period – the period from signing of the contract by both parties (KODE-PIU and the beneficiary) until the final payment by KODE-PIU;

Evaluation – process of rating of acceptable applicants, their rating based on listing and their nomination as “selected for financing” and allocation of financial means.

1. Application process

Grant Application process consists of the following stages depicted in the Figure 1. Subsections that follow will elaborate the procedures in more detail.

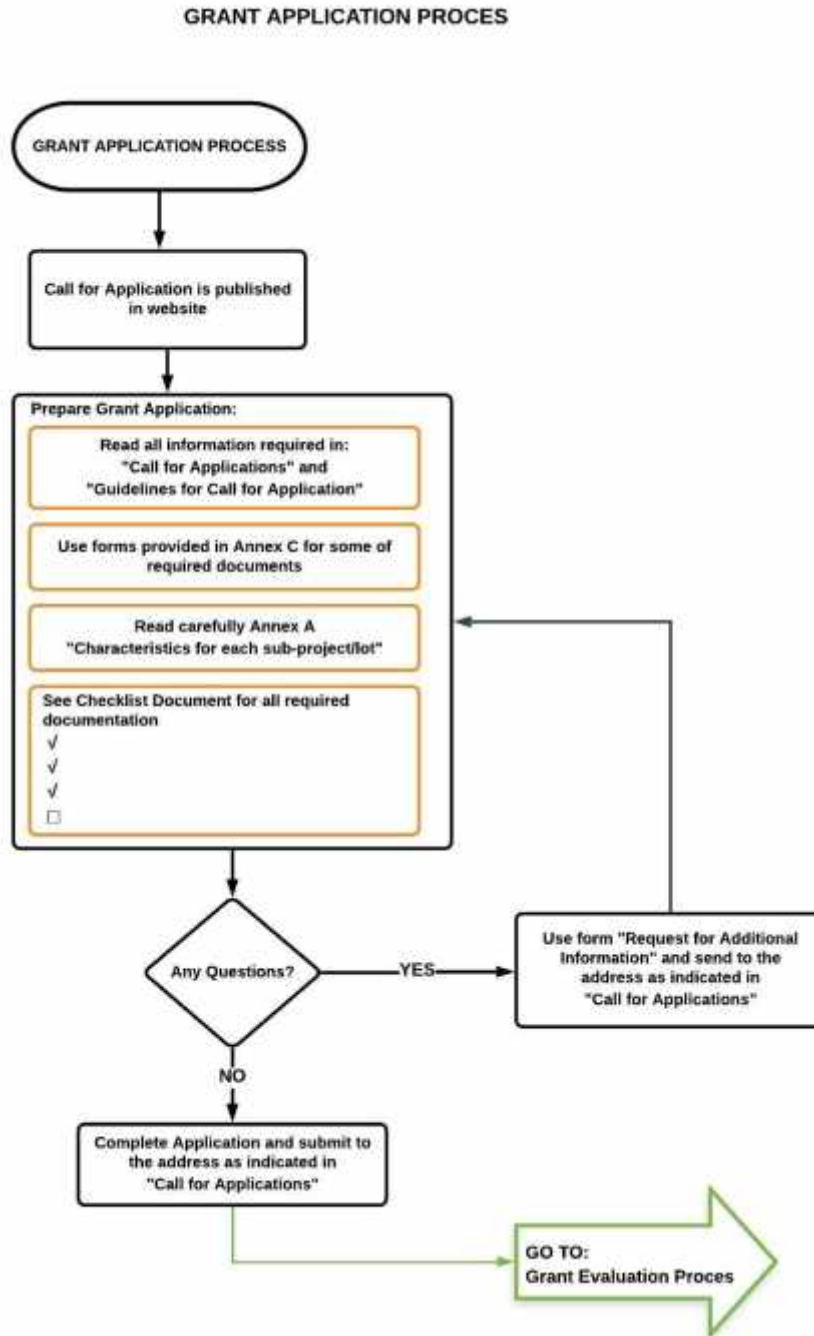


Figure 1. Application process of the Grant Scheme for each stage of the proces

1.1 Eligibility criteria for potential beneficiaries

- (1) Potential beneficiary of the Grant Scheme shall be an ISP as defined by the Law No 04/L-109 on Electronic Communications (October 04, 2012), shall be authorized by ARKEP (Regulatory Authority for Electronic Communications and Postal services) for the provision of Internet Services and / or Fixed Networks and shall be engaged in the provision of the Internet Services and / or Fixed Networks for at least one calendar year (in case of the group / consortium of potential beneficiaries, at least one of the members to the group / consortium). This criterion shall be confirmed by the copy from the “*Notification Register of Entrepreneurs authorized by ARKEP for the provision of public electronic communications networks and/or services*”¹; copy shall include the date of start of the activities. The applicant must be listed on the register for offering Internet Services and / or Fixed public network type of activity for no less than 1 calendar year before the submission date;
- (2) Potential beneficiary (in case of the group / consortium of potential beneficiaries, at least one of the members to the group / consortium) at the moment of submission of the Grant Application shall provide internet services and / or fixed public network to at least 350 own subscribers. This criterion shall be confirmed by the KODE-PIU based on the information from ARKEP’s most recent quarterly report;
- (3) Potential beneficiary of the Grant Scheme shall have no debt with the State of Kosovo. This criterion shall be confirmed by the certification issued by Tax Administration of Kosovo (not older than 3 months counting from the date of the submission of the Grant Application);
- (4) Potential beneficiary of the Grant Scheme shall provide Proof from the Commercial Court that it is not in court proceedings or previously convicted of a criminal offense, and not be under the bankruptcy or liquidation case, not older than three months prior to the submission of the award.
- (5) Potential beneficiary shall be registered as economic operator in Business Registry of Kosovo. This criterion shall be confirmed by the copy of Certification of Business Registry, Fiscal Number Certificate and a copy of VAT Certificate.
- (6) The Grant Application Insurance shall be in the amount of 1,000.00 EUR for each of the LOTs that the Applicant intends to apply and for a validity period of 60 days. An Insurance Model is provided in Annex C “Related Templates for Applicants” (see number 2) and may be issued from a standard bank or insurance company licensed by Central Bank. In case of consortium, Grant Application Insurance shall be made in the name of the leader of the consortium.

¹ The register is maintained by ARKEP

Proofs verifying compliance with the eligibility criteria (3) and (4) shall be provided **only for awarded ISP** prior to the issuance of the notification letter of Grant Award and invitation to sign Grant Agreement.

Subcontractors that are part of the Grant Application shall be eligible to participate in the activities funded by the Grant Scheme by complying with criteria (3), (4), and (5).

1.2 Technical requirements

Selected beneficiary through implementation of the Sub-project shall deploy broadband infrastructure in the uncovered areas (refer to subject to the Call for Applications) and make the services available to all (100 percent of) the households and institutions, including schools and health centers, located in the relevant area.

Following the technologically neutral approach, technical specifications of the broadband infrastructure deployed under Sub-projects shall ensure the following quality characteristics of the provided services:

- a) Access to guaranteed download speed of at least 100 Mbps upgradable to 1 Gbps for all public institutions, including schools and health centers;
- b) Access to guaranteed download speed of at least 100 Mbps upgradable to 1 Gbps for all households.
- c) For households, access and provided services shall be offered in the same conditions as in other zones where the selected beneficiary operates (same commercial package for the same price – everywhere).

Deployed infrastructure shall guarantee service requirements at defined above speeds in terms of reliability (e.g. uninterrupted connectivity) and quality (e.g. guaranteed connection speed).

In case of underground (non-overhead) deployment of infrastructure, for backbone and (or) backhaul deployments shall be used the ducts of minimum 80 mm diameter or double ducts of 40 mm each with objective to be large enough to cater for several cable networks and different network topologies. For the last mile deployments, the ducts shall be of minimum of 40 mm diameter each.

The development of the broadband infrastructure under Sub-projects shall be implemented in accordance with the rules and standards established by the Regulation No. 05/2017 on the construction, installation, and monitoring of electronic communications infrastructure, approved by MED.

It is required that materials, components and other network elements deployed by the beneficiaries under Sub-projects shall meet the latest standard requirements of the International Telecommunications Union's (ITU) recommendations for communication cables.

Following the process of the identification of the uncovered (white) areas as it is envisaged in Grant Operations Manual, MED has pre-identified a number of white areas. Identification of those white areas is based on the information gathered from the ISPs, the information available from the Regulatory Agency for Electronic Communications and Postal Services (ARKEP), as well as information collected by the MED staff during the site visits to and the meetings with the inhabitants of the visited cadastral zones (during May - June 2019). Based on the geography of each uncovered area and locations within the area (e.g. separate villages), more detailed information is provided in Annex A “Characteristics of each sub-project – Lot”.

In the case when during the process of the Call for Applications a white area changes its status (the area is covered by fixed broadband infrastructure outside this project), the area will be removed from the list of white areas and the activities of the Call for Applications for that area will be terminated.

The ISP that has intervened in the declared white zone and has not submitted the Declaration of Interest to the Ministry during public consultations for that area, then that ISP will be sanctioned and will not be eligible to participate in the Calls for Applications.

In case the potential deployment of the aerial (overhead) infrastructure, based on the results of the pre-examination of the terrain by MED, some of the existing electricity poles are found not suitable for the deployment of broadband infrastructure, deployment of the new poles is foreseen instead and added as part of deployment of broadband infrastructure. The minimum number of new poles to be added and other requirements for each subproject (Lot) for the Call for Applications 05/19 are defined below:

Specific Requirements for each Sub-project/LOT

The number of potential clients that shall be taken into account by the Applicant is the number of households reported by residents, see Annex A "*Sub-projects Characteristics - Lot*".

Sub-project 1 (LOT 1) Bilincë – Llovcë - Sllubicë

It is estimated that it is necessary to add new poles (at least 5 poles) in the areas where the KEDS poles are not in good condition. In Sub-project 1 - Bilincë – Llovcë - Sllubicë, there are 2 Elementary schools which shall be included as part of public institutions that have to be provided with free of charge internet access for a period of 5 years counting from the completion of sub-project.

Sub-project 2 (LOT 2) Hërticë – Turuçicë

It is estimated that it is necessary to add new poles (at least 20 poles) in the areas where the KEDS poles are not in good condition. In Sub-project 2 - Hërticë – Turuçicë, there is 1 Elementary school and 1 Health Institution, which shall be included as part of public institutions

that have to be provided with free of charge internet access for a period of 5 years counting from the completion of sub-project.

Sub-project 3 (LOT 3) Dikancë

It is estimated that it is necessary to add new poles (at least 10 poles) in the areas where the KEDS poles are not in good condition. In Sub-project 3 - Dikancë, there is 1 Elementary school which shall be included as part of public institutions that have to be provided with free of charge internet access for a period of 5 years counting from the completion of sub-project.

Sub-project 4 (LOT 4) Vragoc – Babiq – Pishtan – Rosulë – Millovancë - Kërstoc

Based on terrain condition, for this sub-project it is foreseen that broadband infrastructure must be laid down underground. In this case, for backbone and (or) backhaul deployments shall be used the ducts of minimum 80 mm diameter or double of 40 mm for backhaul, each to be large enough to cater for several cable networks and different network topologies. For the last mile, ducts shall be of minimum 40 mm diameter. Deployment of underground broadband infrastructure must be in compliance with the Regulation No. 05/2017 on the construction, installation, and monitoring of electronic communications infrastructure.

In Sub-project 4 - Vragoc – Babiq – Pishtan – Rosulë – Millovancë - Kërstoc there is 1 Elementary school which shall be included as part of public institutions that have to be provided with free of charge internet access for a period of 5 years counting from the completion of sub-project.

Sub-project 5 (LOT 5) Zebincë – Manishincë - Strazhë

It is estimated that it is necessary to add new poles (at least 5 poles) in the areas where the KEDS poles are not in good condition. In Sub-project 5 - Zebincë – Manishincë - Strazhë, there are 2 Elementary schools and 2 Helathcare Institutions, which shall be included as part of public institutions that have to be provided with free of charge internet access for a period of 5 years counting from the completion of sub-project.

1.3 Economic requirements

Selected Applicant (ISP or consortium) shall ensure:

- a) Free of charge access to guaranteed download speed of at least 100 Mbps upgradable to 1 Gbps for a period of at least 5 (five) years, after completion of the Sub-project, to the public institutions, incl. schools and health centers, in the relevant uncovered area or areas;

After completion of the Grant Agreement and before the final payment is made, an ISP, in order to comply with the Declaration / Commitment, if applicable as foreseen 2.1 *Technical documentation section* in paragraph (5), shall obtain and submit to the KODE-

PIU a guarantee from the bank or from an insurance company in the amount of 2% of Grant Agreement (any shall be licensed by Central Bank of Kosovo).

- b) Wholesale access and passive wholesale access under fair and non-discriminatory conditions, including physical unbundling to the subsidized infrastructure as early as possible before starting the network operation. All types of the wholesale access to the subsidized infrastructure should be offered for at least a period of 7 (seven) years after the completion of Sub-project; access to the passive infrastructure elements (such as ducts) shall not be limited in time. The access obligations shall be enforced irrespective of any change in ownership, management or operation of the subsidized infrastructure.

Third parties' effective wholesale access to a subsidized broadband infrastructure is an indispensable component of any State measure supporting broadband. In particular, wholesale access enables third-party operators to compete with the selected applicant (when the latter is also present at the retail level), thereby strengthening choice and competition in the areas concerned by the measure while at the same time avoiding the creation of regional service monopolies.

Wholesale access pricing should comply with principles and methodologies established by ARKEP following the recommendations of the EU's Broadband Guidelines and requirements put forth by the Global Block Exemption Regulation²;

- c) Retail pricing for the services provided over the subsidized infrastructure shall be equal or below the average retail pricing level in the competitive (usually urban) areas of the country;

Objective of securing comparable pricing level is to avoid discriminatory conditions between urban / rural subscribers across the country and promote regional cohesion through the wider adoption of the broadband services among the rural population.

If not provided otherwise by the Grant Agreement, comparability of the retail pricing shall be monitored by ARKEP based on the established methodology and following the principles and recommendations of the EU's Broadband Guidelines and GBER.

The ISP should consult ARKEP on access conditions, including pricing, and in the event of dispute between access seekers and the ISP (infrastructure operator).

1.4 Eligible expenditure (costs)

² For instance, General Block Exemptions Regulation (GBER) Art. 52, Paragraph 6 allows ISPs to establish the price: "The wholesale access price shall be based on the pricing **principles set by the national regulatory authority** and on benchmarks that prevail in other comparable, more competitive areas of the Member State or the Union taking into account the aid received by the network operator. The national regulatory **authority shall be consulted on** access conditions, including **pricing**, and in the event of dispute between access seekers and the subsidized infrastructure operator."

Grant funds shall be used to cover up to 50% of costs for deployment of broadband infrastructure in specific and prior defined areas. Beneficiaries will ensure that the financing is used to cover only those costs that are considered eligible and necessary to carry out the Applicant's Project, thus assuring that the deployment of broadband infrastructure is implemented in the most economical, efficient, and transparent manner. The eligible costs under the Grant Scheme shall include the following:

- (a) Investment costs for the deployment of a passive broadband infrastructure;
- (b) Investment costs of broadband-related civil engineering works; and
- (c) Investment costs for the deployment of next generation access (NGA) networks.

The eligible expenditure includes costs of materials and works, cost of equipment's, poles, etc. Plus, other types of expenditure normally be incurred in this types of investment: supervision, other consultants, environmental safeguards measures, restoration works, Direct employee cost that are Identifiable and verifiable and being recorded in the accounting records of the beneficiary.

1.5 Non-eligible expenditure

Non-eligible expenditure include, but is not limited to the following: Expenses made before signing of the contract with MED; VAT; Purchase, renting or leasing of land and existing facilities; Fines, financial sanctions and court expenses; Second hand equipment; Bank charges, bank guarantee fees and similar charges; Conversion expenses, fees and losses due to currency exchange; Any expenses for maintenance, depreciation or rent; Any expenses from public administration in managing and implementing the assistance; Expenses regarding the purchase with leasing; such as leasing margin, expenses for refinancing loan interest, general expenses and overheads such as advertising, legal and accounting fees, travel expenditures, telephone bills, utilities and related costs.) and insurance expenses;

1.6 Safeguards requirements

All ISP involved in broadband deployment shall follow the environmental review process presented in the **Environmental and Social Management Framework (ESMF)**³, as follows:

STEP 1: ISP prepares and submits an initial sub-project (lot) design for the call for applications together with the Environmental Risk Assessment Questionnaire Following an open call for applications process, in which a winning ISP is identified, MED (PIU) screens the sub-project in line with the ESMF (Environmental and Safeguards Management Framework) (and based on design, Environmental Risk Assessment Questionnaire available in the Annex C and other

³ http://mzhe-ks.net/repository/docs/KODE_ESMF_draft_1_7_20.4.2018_English_FINAL_Apr23.docx

information) and informs the ISP of follow-up requirements and EA (environmental assessment based on ESMF framework) required for grant processing (a site-specific ESMP or ESMP Checklist, templates available in the ESMF or justification why EA is not needed for C category sub-projects).

STEP 2: The ISP prepares EA (ESMP or ESMP Checklist (attached in Annex C)) and submits to MED for review and approval. MED provides comments. ISP also fulfills EIA (Environmental Impact Assessment) national regulation requirements if applicable (produced and consulted as a stand-alone document or with annexed ESMP).

STEP 3: The ISP revises the ESMP/ESMP Checklist in line with MED comments/requirements (and consults with MED when necessary) and resubmits. MED approves EA when satisfied with the quality and compliance with ESMF and national regulation. STEP 4: All EAs (whether required under the WB or national regulation) will be consulted in accordance with national and WB policies.

STEP 5: The ISP incorporates the consultation comments into the EA upon which the document is final. The recommendations provided in the assessment are further reflected in the sub-project design and implementation plan, including associated estimated costs. EA becomes a part of bidding and contracting documentation.

STEP 6: The Contractor implements EA. The ISP monitors the implementation of the EA mitigation and monitoring plan and regularly reports to the MED. MED supervises the EA implementation (including site visits) and reports to WB in EA implementation and project progress reports, in accordance to the reporting schedule.

For works in the nature protected and sensitive areas (Protected Areas - PA), special requirements and limitations⁴ are the following:

- (i) The works in the protected areas will be fully compliant with the WB policies, national legislation and having full attention of national competent authorities, including those managing the particular PA,
- (ii) No work will be allowed in the critical habitats,
- (iii) No antennas, towers, new earthworks, fixed monitoring stations, mobile monitoring stations and no installations that are falling outside existing installations, are allowed in PAs,
- (iv) No workers' base will be set in PAs, and
- (v) specific nature protecting measures (to be incorporated to ESMPs) will be requested from competent authorities (Kosovo Environmental Protection Agency, Ministry of Environment and Spatial Planning, PA management authority);

⁴ although the works that are planned produce insignificant impacts to the environment, there is still a limited risk from human presence or/and unfavorable timing of works or unfavorable design;

- (vi) Designs that include earthworks decoupled from existing installations will not be allowed in protected areas (e.g. digging trenches outside the road or pipeline route or installation of new poles).

No works on protected cultural heritage buildings (the national list of protected cultural resources applies, if in doubt, Ministry of Culture should be consulted) and sites (e.g. archeological sites) are allowed. All works must be carried out in line with the ESMF.

1.7 Fraud and Corruption

MED requires that the Beneficiary ISP as well as selected Applicants participating in the Projects adhere to the highest ethical standards, both during the selection process and throughout the execution of a contract. In pursuance of this policy, we used the World Bank definitions and terms set forth below:

“corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;

“fraudulent practice” is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;

“collusive practices” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;

“coercive practices” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;

(a) “obstructive practice” is

(aa) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or

(bb) acts intended to materially impede the exercise of the Bank’s inspection and audit rights provided for under paragraph (e) below;

(b) will reject a proposal for award if it determines that the consultant recommended for award has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question;

(c) will declare misprocurement and cancel the portion of the Loan allocated to a contract if it determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds of the Loan were engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the selection process or the implementation of the contract in question, without the Borrower having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur, including by failing to inform the Bank in a timely manner they knew of the practices;

(d) Pursuant to the Bank's Anti- Corruption Guidelines and in accordance with the Bank's prevailing sanctions policies and procedures, may sanction a firm or individual, either indefinitely or for a stated period of time, including by publicly declaring such firm or individual ineligible (i) to be awarded or otherwise benefit from a Bank-financed contract, financially or in any other manner; (ii) to be a nominated sub-contractor, consultant, manufacturer or supplier, or service provider of an otherwise eligible firm being awarded a Bank-financed contract; and (iii) to receive the proceeds of any loan made by the Bank or otherwise to participate further in the preparation or implementation of any Bank-financed project;

(e) Requires that a clause be included in bidding/request for proposals documents and in contracts financed by a Bank loan, requiring (i) bidders, consultants, contractors, and suppliers, and their sub-contractors, sub-consultants, service providers, suppliers, agents personnel, permit the Bank to inspect all accounts, records and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Bank.

2. Grant Application

In response to the Call of Applications interested ISPs within the time period specified in Call for Applications shall submit Grant Applications following the instructions provided.

The Grant Application shall comprise the following:

- a) The Grant Application Form (see the Template Grant Application form in the Annex C-number 1);
- b) Documentary evidence substantiating Eligibility of the beneficiary(is) (as described in sub-section 1.1 of this document);
- c) Documentary evidence substantiating Technical objectives and requirements (as described in sub-section 2.1);
- d) Documentary evidence substantiating the Economical and Financial standing (as described in sub-section 2.2);
- e) Other documents required to comply with the Call for Applications (incl., but not limited to, sub-sections 1.2; 1.3 and sub-section 1.6 Environmental Risk Assessment Questionnaire and / or Environmental Assessment of this document).

Full typical list of documents/templates that needs to be submitted by the applicant as part of the Grant Application is depicted in the Checklist Document that can be found as an annex on this document.

Requested amount for grant (in the Grant Application Form - Annex C) shall exclude VAT.

Applicants shall submit a **Bill of Quantities** with estimated cost for completion of the project, including, among others, planning works, deployment works including civil works, passive infrastructure, active equipment, materials that will be used, cable installation length, quantities for different hardware types, if applicable, new poles and relevant cost. The bill of quantities shall be cumulative for the total project, with the explanation of the total Public (Grant) / Private ratio, taking into account the list of eligible expenditures. All prices specified in the documents shall be stated in EUR (€) and shall include all applicable taxes, duties and other charges.

The prices / costs contained in the Grant Application shall be presented in the format XX, XX (a maximum of two (2) decimal numbers after the decimal point). Any number listed after the second number will not be considered for the purposes of the evaluation.

The proposed prices / costs contained in the Grant Application are final, fixed and are not subject to the revision / adjustment at any stage, except prior to closing of the Call for applications following the procedure defined in the section 2.5 of this Guideline.

Subcontractors that will be part of the Sub-projects shall be declared as part of the Grant Application. Subcontractors that are part of the Grant Application shall be eligible to participate in the activities funded by the Grant Scheme. Evidence on their eligibility must be provided as part of the Grant Application.

An Applicant can apply for all sub-projects/lots but can only be the winner of one sub-project/lot.

An Applicant can apply with just one Grant Application for the same sub-project/lot.

In the case that an Applicant is a potential winner in more than one lot, then the Applicant will be awarded the lot that has the highest evaluation point's difference with the second potential winner in the list. In the case that an Applicant is a potential winner in more than one lot, and in one of the lots is the **sole** applicant that passed the acceptability criteria, and in order to compare the evaluation points, as a reference shall be taken into account the highest evaluation point's difference in comparison with the **estimated price** in the Call for applications and maximum points (30) calculated for the technical criteria.

When a group / consortium provide Grant Application, such a group / consortium shall additionally provide:

- a. Signed statement that all members of the group / consortium are jointly and severally liable for the contents of the group's / consortium's application and, in the event the group / consortium is awarded the Grant, for the implementation of the Grant Agreement;
- b. Signed statement from each of the members, confirming their participation in the group / consortium and confirming that they are not part of singularly and / or of any other group's / consortium's Grant Application submitted to the same Call of Applications;
- c. Statement signed by all the members of the group / consortium authorizing the lead partner of the group / consortium to act on behalf of the group / consortium; and
- d. Each separate members of the group / consortium shall be individually eligible and shall provide evidence on its eligibility per requirements of the Call of Applications. For eligibility criteria (1) and (2) as indicated in the section 1.1 above (eligibility criteria), only one member of the group / consortium shall be eligible.

2.1 Technical documentation

The Grant application shall contain the following technical documentation to comply with the Technical requirements of the Call for applications:

- (1) Plan of the network construction shall include the following:
 - (1.1) List of project activities;
 - (1.2) Project description, which shall contain at least the following:
 - (1.2).1 Network topology and equipment which will be used to offer services in the relevant uncovered area; if applicable, network topology shall include the new poles proposed to be added.⁵
 - (1.2).2 Technology and standards of cables to be used;
 - (1.2).3 Connection Method for all settlements – detailed information on how all households and public institutions of relevant area will be connected (last mile);
 - (1.2).4 Locations of planned network functions placements (incl., distribution points, access points, etc.);
 - (1.2).5 Routes used, including installation of cables (and ducts, if foreseen);
 - (1.2).6 Exact location of the nearest or planned Point of Presence (PoP) to be used and its linkage / connection with the proposed network design for the specific uncovered area;
 - (1.2).7 In the case PoP to be used belong to another ISP, an agreement between the ISP submitting Grant Application and the owner of PoP.
 - (1.3) Bill of quantities with estimated cost for completion of the project, including, among others, planning works, deployment works including civil works, passive infrastructure, active equipment, materials that will be used, cable installation length, quantities for different hardware types, if applicable, new poles and relevant cost. The bill of quantities shall be cumulative for the total project, with the explanation of Public (Grant) / Private ratio;
 - (1.4) Detailed drawings of topography in scale of at least M 1: 1000 in the digital format;
 - (1.5) List of materials and components (illustrated in excel file or equivalent csv format file);

⁵ Nevertheless, during field inspections, for the winning ISPs, before the signing of the contract, the number of new poles to be added needs to be updated in consultation with the MED/KODE-PIU.

- (1.6) A Plan for Restoring Works to restore construction sites to the state prior to construction;
- (2) Project plan (drawings of the network design from PoP to locations of the end users) shall be submitted electronically in the GIS format in accordance with MED's Electronic Broadband Atlas specifications.⁶;
- (3) Timeline and dynamic detailed plan of construction phases;
- (4) Dynamic work plan, indicating the start and end time of the sub-project activities, as well as the total time for sub-project implementation;
- (5) Written Declaration / Commitment to provide broadband Internet services of defined quality free of charge for a period of at least five (5) years, after completion of the Sub-project, to the public institutions in the relevant uncovered area or areas;
- (6) Professional staff shall include a Network architect with at least three (3) years of professional experience following the graduation. Contractual agreement, CV and a copy of the university degree (Engineer in Electrical and Computer Engineering, computer science or equivalent name, or Bachelor level as per occupational profiles) shall be submitted as part of the Grant Application.

Applicants have to submit their data for their existing infrastructure and planned project that they apply under the Grant Scheme to the MED's Broadband Atlas, as per requirements of present Regulation on data collection for electronic communication infrastructure.

2.2 Economic and Financial documentation

The Grant application shall contain the following documentation to comply with the Economic and Financial requirements:

- (1) Financial statement prepared and signed by a licensed auditor for the last 3 (three) years (2018, 2017 and 2016) counting from the date of the Call for applications announcement (notarized copy of license of auditor shall be attached) or Annual Declaration issued by the Tax Administration;
- (2) Total Revenues from telecommunications and related activities of the potential beneficiary (ISP) for the last 3 years (2018, 2017, 2016) shall be equal or more to the estimated value of the Grant Amount for the sub-project (lot) that Applicant applies, as indicated in the Call for Applications. Revenues from other activities will be excluded from the comparison.
- (3) In case selected and before signing the Grant Agreement, A guarantee from standard bank or insurance company licensed by Central Bank in favor of the MED in the amount of 10 %

⁶ The regulation on data collection for electronic communication infrastructure <https://gzk.rks.gov.net/ActDetail.aspx?ActID=18318> <http://mzhe-ks.net/> and related link to access Broadband Atlas:

of the Grant Agreement for implementation period. This guarantee shall not vary during the Grant Agreement and its renewals periods for any reason whatsoever.

2.3. Submission of the Grant application

Per requirements outlined in the section 1 (Application Process), section 2.1 and 2.2 and Annex C, the applicant shall prepare the original (one) set of documents comprising Grant Application and clearly mark it "Original". In addition, the applicant shall prepare and submit 1 (one) copy of the "Original" Grant Application which shall be clearly marked as "Copy". Grant Application need to be provided also in the electronic form in CD or flash drive within the "Original" envelope.

The "Original" Grant Application and "Copy" of the Grant Application shall be sealed in separate envelopes. In front of each envelope shall be written the following:

- "Original" or "Copy";
- Reference number of the Call for applications as indicated in the announced Call for applications; and
- Full name and address of the applicant.

Both sealed envelopes shall then be placed in one envelope; the envelope shall be properly sealed. At the front of the envelope shall be written the following:

- The address where Grant Applications shall be submitted as indicated in the announced Call for Applications;
- The reference number of the call for applications as indicated in the announced Call for applications; and
- Warning that the envelope should not be opened before the date and time of Grant Applications opening as indicated in the announced Call for applications.

Applications shall be received by the KODE-PIU at written address and no later than the date and time indicated in the Call for applications.

2.4. Withdrawal, substitution and modification of the submitted Grant Application

Except if otherwise indicated in the Call for applications, an applicant shall be able to withdraw, substitute, or modify its submitted Grant Application by sending a written notice / request to the KODE-PIU. Such notice / request shall be duly signed by an authorized representative. Each substitution or modification of the Grant Application shall be accompanied by the respective written notice. Such notices must be:

- Submitted with proper sealing and marking of applications and in addition, the respective envelopes shall be clearly marked "Withdrawal," "Substitution," or "Modification"; and

- Received by the KODE-PIU before the Call for applications is closed.

Grant Applications requested to be withdrawn shall be returned to the applicants unopened.

Grant Application cannot be withdrawn after Call for applications is closed and before the expiry of its validity period.

2.5 Opening of Grant Applications

KODE-PIU is responsible for the opening of the Grant Applications. KODE-PIU shall conduct the opening of the Grant Applications in public at the address, date and time indicated in the Call for applications.

Every applicant has the right to have an authorized representative present to observe the opening of Grant Applications. Representative should present duly filled authorization and ID document upon arrival.

If withdrawals, substitutions or modifications were allowed, first the envelopes marked “Withdrawal” shall be opened and read out and the envelope with the corresponding Grant Application shall not be returned to the relevant applicant unopened. If the withdrawal envelope does not contain a copy of the “power of attorney” confirming the signature as a person duly authorized to sign on behalf of the applicant, the corresponding application will be opened. Next, envelopes marked “Substitution” shall be opened and read out and exchanged with the corresponding application being substituted, and the substituted application shall not be opened, but returned to the applicant. Envelopes marked “Modification” shall be opened and read out with the corresponding applicant.

No application withdrawal, substitution or modification shall be permitted unless the corresponding withdrawal, substitution or modification notice contains a valid authorization to request the withdrawal, substitution or modification and is read out at the applications opening. Only envelopes that are opened and read out at the applications opening shall be considered further.

All other envelopes shall be opened one at a time, reading out: the name and address of the applicant, the total application value specified in the application submission form and whenever possible, unit prices. When for not instantaneous reasons unit prices cannot be read, such prices in any case shall be visible to all representatives of applicants in the public opening, e.g. posting them or using any other appropriate method that guarantees transparency. In any case, every page of any financial proposal shall be signed during the public opening by a representative of another applicant. All this shall be recorded in the minutes of the applications opening meeting, which shall be signed by the KODE-PIU Procurement Specialist and by all participants in the process of applications opening. Copies of such minutes shall immediately be distributed to all applicants.

3. Stages of and responsibilities during the Evaluation process

KODE-PIU is responsible for conducting preparatory stages of the evaluation process – Application’s Acceptability Control.

Based on the final evaluation results, KODE-PIU is responsible for preparing and publishing of the Aligned list of the Grant Applications. Evaluation committee is responsible for conducting Assessment and Evaluation of the Grant Applications.

KODE-PIU shall be available to assist Evaluation committee in case during the evaluation process would be required explanations and clarifications from the applicants regarding their submitted Grant Applications. The KODE-PIU may request applicants to supplement or clarify the certificates and /or documents submitted as part of the Grant Application.

Grant Evaluation process consists of the following stages depicted on the Figure 2. Subsections that follow will elaborate the procedures in more detail.

GRANT EVALUATION PROCESS

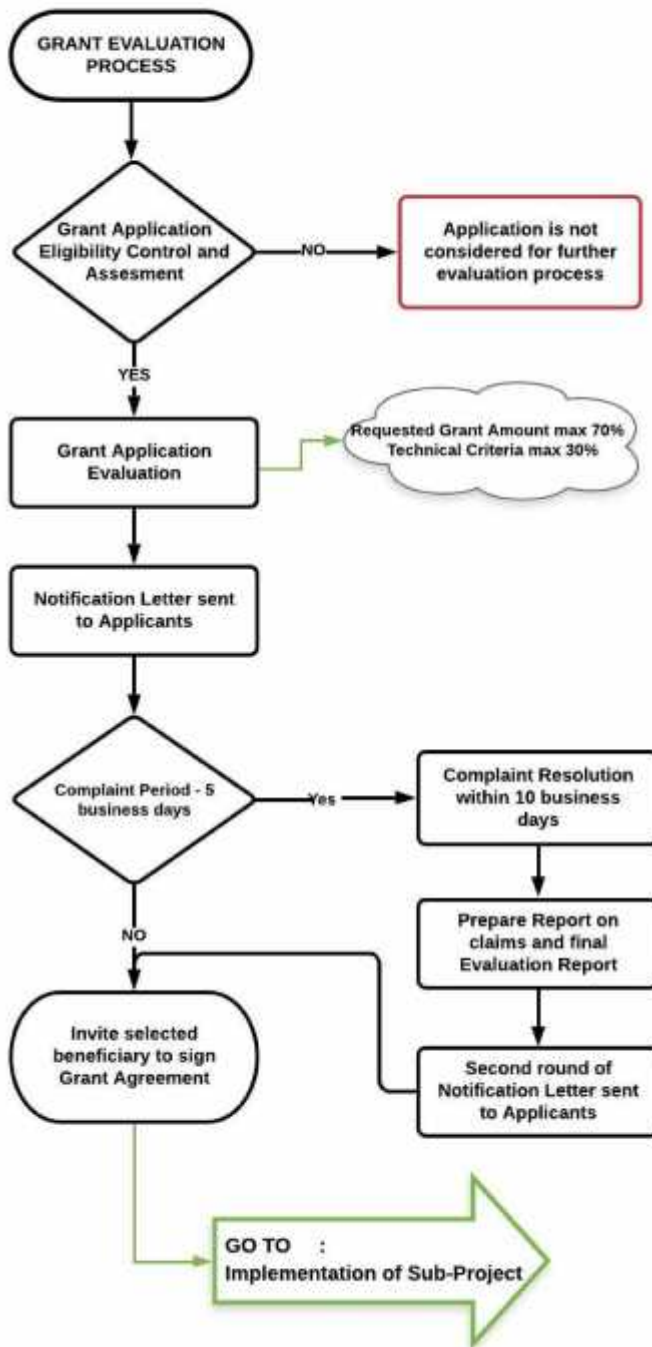


Figure 2. Grant Evaluation Process

3.1 Grant Application's eligibility control and assesment

Purpose of this stage is to establish if the applicant complies with the formal requirements established by Grant Operations Manual and Call for applications.

Grant Application shall be found ineligible and shall not be considered for further evaluation process in the following cases:

- Grant Application was submitted after the deadline for submission of the Grant Applications established by the relevant Call for applications;
- Grant Application does not contain documents as required by section 1.1 of this Manual. Compliance with the eligibility criteria is assessed based on the review of the submitted documents.

Grant applications received after the deadline established by the Call for applications shall be returned unopened to the indicated address of the applicant.

All eligible Grant Applications are subject to the assessment.

Grant applications with inaccurate or false data / information shall be declared as unacceptable and shall not be considered for further evaluation.

Importantly, all Grant Applications must comply with the requirements of Environment Review presented in the ESMF.

The below shall be verified as part of the Grant Applications' assessment process:

1. Grant Application submitted in the timely manner as indicated by the Call for applications;
2. Requirements for the preparation of the Grant Application as stated in the Grant Operations Manual and Call for applications have been respected; deviations from the established requirement shall be explained; Compliance is assessed based on the review of the submitted documents.
3. Grant Application for sub-project is technically adequate for the respective uncovered area;
4. Technical and human capacity is sufficient to adequately manage subsidized infrastructure and provide services, e.g. whether the applicant has sufficient and adequately capable staff (employees) to run the business;

5. Planned purchases / deployments / civil works are in line with the needs of the Sub-project (e.g. not more than needed for equipment, materials etc.) and comply with relevant rules and documentation;
6. Planned purchases / construction / civil works are in compliance with the latest technological standards;
7. Proposed activities of Sub-projects are in line with the ESMF;
8. Estimated costs for purchases / construction / civil works shall be reasonable; the applicant must ensure that the costs foreseen for the investments under the Sub-projects are in line with market prices. In exceptional cases when the applicant has planned significantly higher costs for purchases / construction / civil works, it shall provide 3 market offers that justify significantly higher costs. Such proposals shall be included as part of the Grant Application. In cases of the clear mismatch with the market offers, shall be declared as unacceptable and shall not be considered for further evaluation;
9. The schedule for purchases / construction / civil works is realistic and gives the possibility for the investment to be completed within the period required by the Call for applications;
10. With regard to all acceptable investment and unacceptable ones the conditions for the level of public assistance and the level of private assistance have been presented accurately;

3.2 Evaluation of the Grant Applications

All Grant Applications that have passed eligibility control and assesment will be considered for further evaluation as described below.

Objective of the evaluation is to select the most economically and technically, incl. in terms of budget, advantageous Grant Application to build, manage, and commercially exploit broadband networks in the uncovered areas and at the same time requesting the smallest matching grant amount.

Evaluation of application will be conducted based on, weights and evaluation methods to be used by the Evaluation committee. Criterias for assessing the Grant Applications are provided in the Table below.

1. Economic criteria: The price of the Grant Application (Grant amount requested) will be valued 70 (seventy) percent of total number of points. Points will be calculated applying the evaluation method defined by the formula outlined in table below. When assigning greater number of points, the formula lists higher the Grant applications that request the lowest Grant amount.

The maximum Grant amount requested by the applicant shall not exceed 50 (fifty) percent the total cost (total eligible investment cost) of broadband infrastructure deployment in the respective uncovered area.

2. Technical criteria: Technical criteria will be valued 30 (thirty) percent of the total number of points, taking into consideration relevant technical documentation depending on type of deployment (additionally please consult section 2.1 of this document).

Technical criteria will be evaluated differently for overhead and underground infrastructure deployments:

a. In case of **overhead** infrastructure deployment:

2.1a. Plan of the network construction - **15 points**;

2.2a. Sub-project plan (drawings of the network design from Point of Presence (PoP) to locations of the end users) submitted electronically in the Geographic Information System (GIS) format in accordance with MED's Electronic Broadband Atlas and the MED Regulation⁷ - **10 points**;

2.3a Dynamic work plan, indicating the start and end time of the sub-project activities, as well as the total time of sub-project implementation. **5 points**;

b. In case of **underground** infrastructure deployment (sub-project/Lot 2)::

2.1b. Plan of the network construction - 10 points;

2.2b. Sub-project plan (drawings of the network design from PoP to locations of the end users) submitted electronically in the GIS format in accordance with MED's Electronic Broadband Atlas and the MED Regulation - 10 points;

2.3b. Technical Solution for trench digging and a Plan for Restoring Works to restore construction sites to the state prior to construction; - 5 points;

2.4b. Dynamic work plan, indicating the start and end time of the sub-project activities, as well as the total time for sub-project implementation - 5 points.

⁷ The regulation on data collection for electronic communication infrastructure <https://gzk.rks.gov.net/ActDetail.aspx?ActID=18318> and related link to access Broadband Atlas: <http://broadband.rks.gov.net/>

Criteria		Description	Weight ⁸	Evaluation method
1	Economic Criteria	Points < 100 x %> for the lowest application value requesting total Grant amount, calculated as half or less of the total eligible investment cost. Application scores are calculated proportionally.	70%	$P_p = \frac{P_s}{P_t} \times [70\%]$
2	Technical criteria	Technical criteria shall be valued 30 (thirty) percent of the total points	30%	Q_i
			100%	$P_T = P_p + Q_i$
<p><i>Note:</i> P_p = Points for the total public support application (part of the total eligible investment cost) P_t = total requested grant amount P_s = lowest-priced grant amount, Q_i = Total Points for technical criteria (max 30) P_T = total points for the application</p>				

Table 1. Evaluation criteria, weights and evaluation methods to be used for the evaluation of the Grant Applications

During the evaluation of the Grant Applications, Evaluation committee among others may perform the following, as needed:

- Correct an error in Grant Application that is of a purely arithmetical nature if such an error is discovered during the evaluation of the Grant application. The correction cannot be higher than 2 (two) percent of the total Grant amount requested through the Grant Application. In such a case, offered price unit by the applicant in its financial proposal shall be deemed to be a prevailing price over any other contradictory price. When unit prices are not required, elements of the single price of the total price offered by the operator in its financial proposal shall be deemed to be prevailing price over the total price. KODE-PIU shall provide all applicants with a written notice of any such correction;
- Request clarifications regarding submitted Grant Application. Request for clarification and the response must be conducted in writing. Any unsolicited clarification submitted by an applicant shall not be considered.

3.3 Evaluation report, Notification Letters and Grant Award

⁸ Weight given to each of the criteria (in % - total of all weighs shall be equal to 100)

After the evaluation of the Grant Applications is completed by the Evaluation Committee and preliminary evaluation report is prepared:

- KODE-PIU will prepare send the Evaluation report to the World Bank for “no objection”; In the Evaluation report, based on compliance with the formal requirements, submitted Grant Applications shall be grouped into: 1) ineligible Grant applications (Grant Applications that did not pass the eligibility control, i.e. did not comply with the formal requirements) and 2) evaluated Grant Applications. The report shall be signed by the Evaluation Committee.
- After “no objection” is received from the Bank, within 3 business days KODE-PIU will prepare and send Notification Letter to all the applicants;
- Timeframe for submission of the complaint is 5 business days counting from the date of the Notification Letter sent to the potential beneficiaries;
- Within 10 business days, Evaluation Committee must review all the claims and prepare the Report on Claims together with the final Evaluation report and notify Bank;
- KODE-PIU will send second round of Notification Letters with the final results to respective recipients. If applicable, Notification Letter shall include the results of the claim review.
- After completion of the above steps, KODE-PIU will invite selected beneficiary for signing Grant Agreement.

4. Grant Agreement

Grant Agreement will be signed by KODE Project Director or Project Coordinator and authorized person of selected beneficiary within 10 business days after the publishing of the Final Award Report. If Grant Agreement is not signed by the beneficiary within 10 business days, the second potential beneficiary from the list of Final Award Report will be invited to sign the Grant Agreement.

All the beneficiaries will sign a standard Grant Agreement. Template Grant Agreement is included in the Annex B. The Grant Application, together with all the documents submitted as part of the evaluation process, shall become the integral part of the Grant Agreement. The Grant Agreement remains in force from the moment of signing until the end of the monitoring period. Duration of the monitoring period is 7 years counting from the completion of the implementation of Sub-project. Completion period for the implementation of the Sub-projects cannot exceed 3 months for each area.

As the expected selection approach for the execution of the grant matching scheme is Commercial Practices (CP), as per paragraph 6.46 in the Procurement Regulations for IPF Borrowers: Goods, Works, Non-Consulting Services and Consulting Services dated July 1,

2016, the grant scheme documentation shall be following the Procurement Regulations for IPF Borrowers and the New Procurement Policy Framework of the World Bank.

4.1 Implementation of the Sub-Project

The Beneficiary ISP is required to carry out the Project diligently and efficiently in accordance with the terms of the Grant Agreement and with sound technical, economic, financial, managerial, environmental, and social standards and practices. The Beneficiary ISP is required to maintain policies and procedures adequate to enable KODE PIU to monitor and evaluate the progress of the Project and the achievement of its objectives.

The Beneficiary ISP shall maintain accounting to enable verification of eligible expenditures. The Beneficiary ISP shall maintain a Work Diary throughout the project implementation, in order to make it more easy and efficient for the technical and financial verification of the project.

The Beneficiary ISP shall enable KODE PIU to review/monitor the implementation of the Project, its operation and any relevant records and documents, and prepare and furnish all such information as KODE PIU shall reasonably request relating to the implementation of the Project.

The Beneficiary ISP is required to implement the Project in accordance with the Grant Agreement. Any significant deviation from the Grant Agreement (for example, sub-Project is not on schedule for completion within timeframe defined in the Grant Agreement, proposed milestones are not achieved) requires prior written consent of KODE PIU.

Implementation of the sub-project consists of the following stages depicted in the Figure 3.

IMPLEMENTATION OF SUB-PROJECT

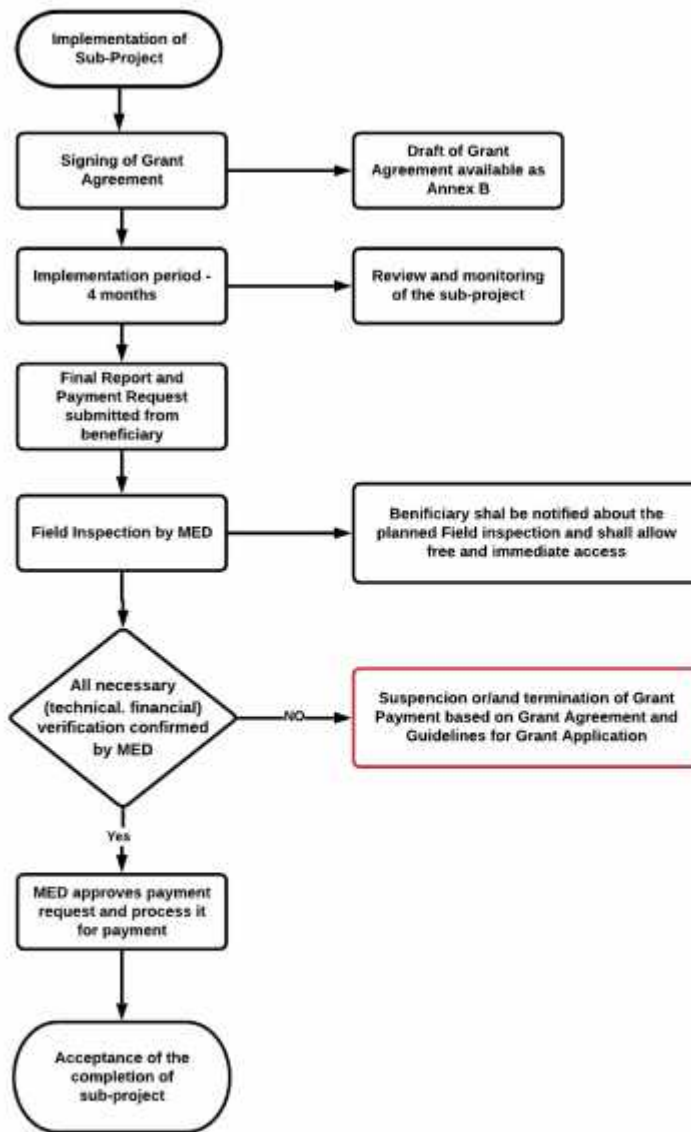


Figure 3. Implementation of sub-project

4.2 Grant Payments

The disbursement of the Grant amount to the selected beneficiary shall be linked to the completion of the Sub-project. The selected beneficiary would need to match the investment

with their own funds. After the investment is completed and its implementation is confirmed by the KODE-PIU, selected beneficiary (ISP) will receive complete Grant amount.

100% of the reimbursable amount will be paid upon completion of the investment, submission of invoices, in the field verification and certification of all works. The contracting authority (MED) reserves the right to perform additional controls on site, during the implementation of investment for all the period of Grant Agreement duration, for those who require modification to the original plan and (or) include hidden and unmeasurable works (may also define thresholds).

The Project Manager / Commission for Technical Acceptance are responsible for Grant Agreement management and monitoring, collecting and verification of delivery documents, acceptance of works, services and issuance of acceptance certificates, monitoring of execution of warranty and maintenance services by Suppliers and ensure that broadband services of the defined quality are supplied / available in the relevant areas. In addition, Financial Specialist of KODE-PIU will be responsible for financial management related checks.

Request for payments that will be provided in MED's website shall be submitted by the beneficiary to MED in accordance with the Grant Agreement. Together with the request for payment, beneficiary is obliged to declare any changes (prior agreed) from the Grant Agreement in completing the Sub-project (e.g. planned works, time schedule, etc.).

The KODE-PIU maintains a register where all the Claims for Payment are recorded as received, indicating the date received, documenting the administrative checks performed, and steps taken and the status of the payment processing.

The request for payment shall include a financial report on investment, comparing budget to actual values, and including a statement of expenditure, and as well as evidences of the incurred payments for the all subproject investment eligible expenditure. As evidences of the incurred expenditure shall be attached the invoices, contracts, and receipts and fiscal coupon(s) or bank transfer evidence for payment under €500, while for payments of higher value than €500 the receipt and the bank transfer evidence. The evidence for having conducted procurement procedures shall also be included if such thing is stipulated by Grant Agreement.

Submitted requests for payments are also subject of technical acceptance documented by the respective commission report, following verification and field inspections.

Other verifications, field inspections, and reports by KODE-PIU are also considered. During the verification process, KODE-PIU may seek from the beneficiary clarifications and additional information as needed.

The KODE-PIU checks the submitted documents completeness and compliance. If during administrative control it is confirmed that the "Claim for payment" is not complete – some

documents are missing or there is a need of additional clarifications/explanations, the Claim for payment will be considered incomplete.

In case of discrepancy and missing information, KODE PIU will send a “Notification for clarification of the documents” to the ISP Beneficiary in order to inform him/her about the documents that he/she needs to send.

The beneficiary is obliged to send the documents within 7 calendar days from the receipt of notification. In case ISP Beneficiary hasn’t sent the requested documents within the required deadline, the Claim for payment will be rejected. The invoices, which are deemed unacceptable according to the acceptance criteria, will not be financed.

In case ISP Beneficiary has provided the documents, but still there are uncertainties and/or missing documents, the Claim for payment is considered not eligible. The Claim for payment will be rejected.

In case ISP Beneficiary has sent the requested documents and it is confirmed that the Claim for payment is complete and the documents are eligible. The KODE-PIU will prepare a memo confirming the completeness and compliance of the payment request and sign it. The memo will be part of the payment authorization file.

4.3 Review and approval of the project final report and financial report

The review and approval of the Project Final Report, financial report and supporting documentation is done in accordance with the provisions of the Grant Agreement. The review and approval of the report will take approximately two-four weeks to complete and will be subject to field inspection (refer to section 5 of the Guideliens).

In case of changes in objectives from the original proposal of the Grant Application, if any, the KODE-PIU approval should be sought and finalized before the payment request is submitted. Otherwise the payment request will not be accepted.

The following verifications and controls are performed on the validity of the evidence submitted with the payment request. The verifications are conducted by the PIU monitoring and evaluation specialist, PIU procurement specialist and the financial management specialist.

	Control Activity	Responsible
1	Completeness, conformity and consistency of the project report with the grant agreement, project outputs, and the field visits.	Monitoring and evaluation specialist, Project Coordinator

2	Completeness, conformity and consistency of the project financial report with the original budget, and submitted evidence,	Financial specialist	management
3	Formal correctness and the validity of the general supporting documents (eg. the ID copy, the bank account confirmation VAT registration)	Financial specialist	management
4	Formal correctness and the validity of the general supporting documents (eg. Contracts and procurement evidence)	Procurement specialist	
5	Verification of invoices (correct name, address, identification information and bank account of the payee)	Financial specialist	management
6	Check if the payee's information in the invoice is the same as in the contract and payment documents;	Financial specialist	management
7	Check mathematical accuracy of reports and invoices.	Financial specialist	management
8	Check whether the deliverables and outputs are duly approved by the Commission for Technical Acceptance	Monitoring and evaluation, Coordinator, & Financial Management Specialist	
9	Verification of supporting documents (monthly statements; actual re-measurement; timesheets/Work Diary; proofs of actually incurred expenditures; bills of lading; manufacturers' authorization; deliverables; as applicable.	Commission for Technical Acceptance	
10	Verification of unit rates price and quantities, if needed.	Commission for Technical Acceptance; Financial Management Specialist	

Table 2. Control checklist

The financial management specialist will review the conformity of the financial report submitted and consistency with the supporting evidence submitted. The actual expenditure will be compared with the approved project budget.

The beneficiary is allowed up to five (5) percent variation of expenses from the total Approved Grant amount, a written request for variations of expenses up to 5 percent of the total approved grant amount must be submitted to KODE-PIU for approval. Project Manager will initially analyze the request and propose to KODE-PIU for acceptance or rejection of the request. Before approval of the request, KODE-PIU will ensure the availability of sufficient funds. The approval for such variations should be sought before the payment request is submitted for processing to MED. Otherwise, the payment request will be rejected.

The financial management specialist calculates the total value of support based on accepted cost items, which is then compared to grant amount included in the grant agreement.

A control checklist will be completed indicating all the control activity performed and signed accordingly from responsible party. The KODE-PIU will prepare a memo confirming that the project is executed in accordance with the Grant Agreement. The control checklist will be attached to the memo

The claim for payment shall include but not limited to: request for payment, duly approved financial report and statement of eligible expenditure comprising the total investment cost, evidence submitted by the ISP, checklist of all the verification conducted, duly approved acceptance completion report by the Commission for Technical Acceptance, payment authorization by the KODE-PIU director.

Before the payment authorization by the KODE-PIU director, the following activities will be ensured:

- Control of invoices (format, signatories and content),
- Physical control of the articles described on the invoice,
- Compare the invoice amount with fiscal coupon or bank transfer amount,
- Verification of employees engaged in activities through declarations made to Tax Authorities of Kosova. Only the identifiable and verifiable costs will be approved,
- Comparison of provided expenditures with total eligible investment costs approved by MED,
- Verification of costs for all investments by comparing it to real and transparent market price, and
- Additional necessary activities in order to ensure that the investment has been completed in accordance with Grant Agreement to the application and invoices delivered.

4.4 Authorization of the claim for payment

If it has been confirmed that the project is implemented in accordance with the Grant Agreement, the process will continue with authorization of the Claim for payment.

The authorization form is completed by the Project coordinator, and confirmed by the Project director. The authorization form is submitted to the Budget and Finance Department for execution, together with the payment claim file. A notification letter for the authorized amount is sent to the ISP beneficiary providing information on the authorized amounts and the reasons for deductions, if any. All payments to the ISP Beneficiary will be made in Euros.

The payment claim comprises:

- Authorization form
- Beneficiary Payment claim
- All the reports and documentary evidence submitted by the beneficiary
- A memo confirming the completeness and compliance of the payment request.
- The technical acceptance confirming that the project is implemented in accordance with the Grant Agreement.
- The control checklist will be attached to the memo.
- Any relevant correspondence with the beneficiary during the execution of the above procedures.

4.5 Execution of Payments

The authorization form, payment claim, and all the duly approved evidence is submitted to the budget and finance department. The budget and finance department (i) verifies the completeness of the supporting evidence in compliance with the manual and the grant agreement; (ii) in collaboration with the Treasury enters the awardee data in the KFMIS (Kosovo Financial Management Information System); (iii) enters the payment request in the KFMIS.

The payment request is further (i) reviewed and cleared by the certifying officer and (ii) finally approved by the CFO (Chief Financial Officer) and CAO (Chief Administrative Officer).

4.6 Suspension and Termination of Grant payments

Attempts to defraud (e.g. bill forgery, misuse of procurement procedures, purchase of second-hand machinery or equipment, etc.) shall be sanctioned with temporarily suspension of the Grant payment in the amount that is subject of fraud. In case not resolved, further sanctions may

include permanent suspension of the Grant payments and exclusion from the whole Grant Scheme.

Incompliance with the ESMF, mitigation and monitoring plan (a part of the ESMP or ESMP Checklist) or national legislation shall (temporarily) cease the release of funds (payments) until the incompliance is resolved.

Incompliance with the provisions of the Grant Agreement can result in suspension of the funds (payments) in instances established by the Grant Agreement.

In case of suspension of Grant payment, KODE PIU will send a written notice to the Beneficiary with the information about the existence of a breach and with request to the Beneficiary to rectify the breach within thirty (30) calendar days from the date of the notice. In case the Beneficiary does not resolve the breach, KODE PIU/MED has the right to terminate the Grant Agreement. Failure to fulfill project objectives (technical and economic requirements) will also lead to termination of Grant payment.

Prior to issuance of the termination notice to the Beneficiary, the decision to terminate the Grant Agreement will be reviewed and approved by MED`s Technical Acceptance Committee within thirty (30) calendar days.

5. Monitoring

After the sub-project is fully completed, a final report for the sub-project must be submitted to KODE PIU by the Beneficiary, not later than the last calendar day of the completion of sub-

project stipulated in the Grant Agreement. The Technical Acceptance Committee will certify the report following the investigations and field inspections.

All the Grant Agreements shall be monitored by KODE-PIU during the implementation of Sub-projects and for 7 (seven) years after the implementation.

Monitoring shall be conducted based on the obligations and commitments assumed under the Grant Agreement. Compliance with the obligations and commitments are subject to verification (if required, in the field): during the execution of the work, before the payment of financial means- after the Sub-project has been completed; and during *ex-post* monitoring period.

While exact applicable measures shall be established by the Grant Agreement, failure to comply with the obligations and / or commitment foreseen in the Grant Agreement may result in termination of the Agreement. In case of failure to comply with the Grant Agreement, payments made to the beneficiary shall be returned. Any attempt to defraud must be reported and shall be treated as the misuse of the public funds.

During the monitoring process KODE-PIU shall specifically check if supply of services provided over the subsidized broadband infrastructure and conditions of provision of said services comply with the requirements foreseen under the Grant Agreement.

Environmental issues shall be included in Environmental Assessment document, and the KODE-PIU shall regularly supervise environmental compliance of Sub-project activities.

Monitoring of the sub-project consists of the following stages depicted in the Figure 4.

MONITORING OF SUB-PROJECT

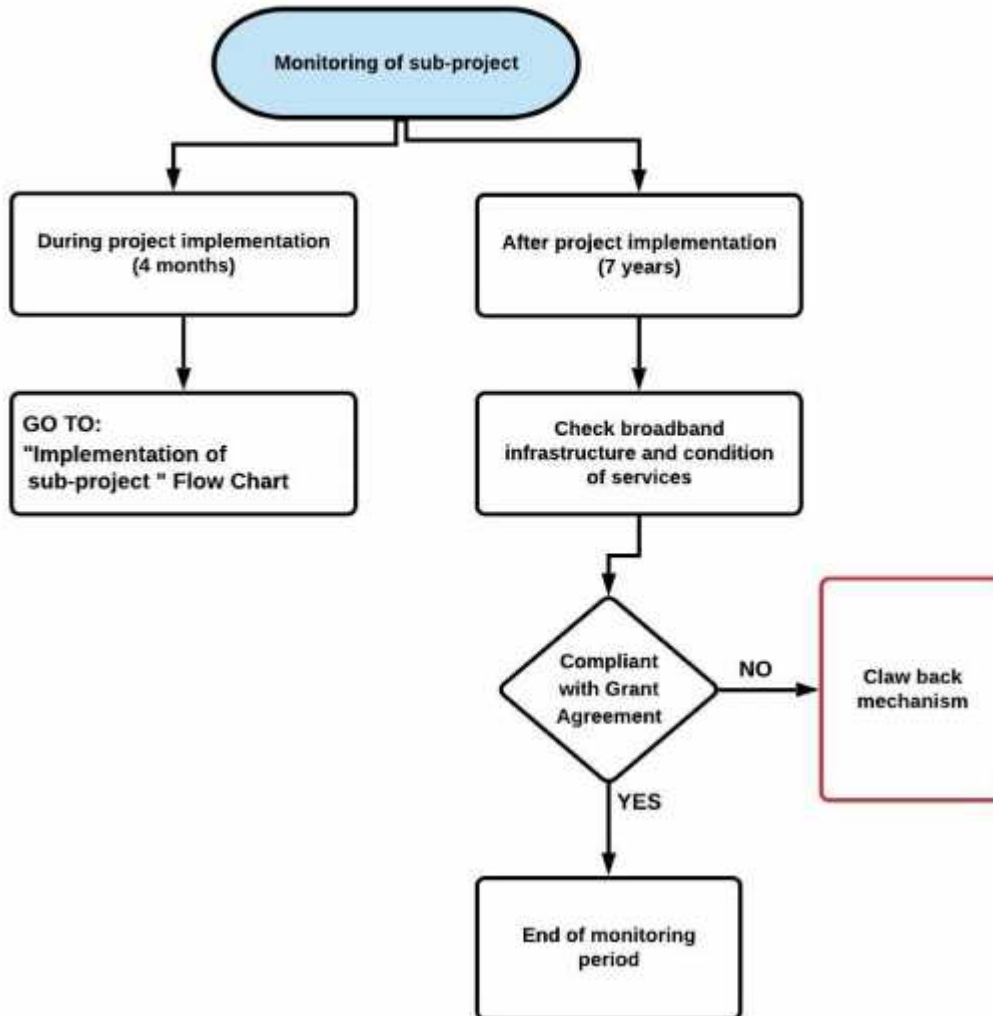


Figure 5. Monitoring of sub-project

5.1 Field Inspections

For each Sub-project shall be planned at least 3 (three) field inspections: 1) before the publication of Call for applications; 2) before the acceptance of the completion of sub-project; and 3) during the *ex-post* monitoring period (up to 7 years after the implementation of the Sub-project). Field inspection will be conducted by Project Manager / Commission for Technical Acceptance. During the execution of the contract, KODE PIU will conduct field inspections and other verifications whenever needed.

Beneficiary shall be notified about the planned Field inspection and shall allow free and immediate access to all the activities and documentation related to the inspected Sub-project, including, but not limited to the subsidized infrastructure, installed equipment and documentation that may be requested by the KODE-PIU or the auditors hired independently through KODE-PIU or assigned by the Kosovo's National Audit Office.

If the above condition fails to be applied, the return of the grant and sanctioning of the applicant will follow.

Upon review and approval of the reports (and upon positive outcome from the on-site monitoring visit), the beneficiary will be eligible for their expenditure reimbursed. These reports must be received by KODE-PIU in hard copy and in electronic form.

In addition to the formal reports required under the Grant Agreement, it is the beneficiary's obligation to report significant Project events, positive or otherwise, to KODE-PIU. In the event of favorable variations or unforeseen problems, KODE-PIU's early awareness will enable management to work with the Project team in implementing any necessary changes to Project activities, including rescheduling and rebudgeting. Any changes to the Project (e.g., regarding Project implementation, timelines, budget, staff, or deliverables) should be communicated to KODE-PIU in writing, as this requires KODE-PIU's written consent. Such changes may not be effective before the written consent is issued to the beneficiary.

5.2 Audits

The Project's financial statements are subject to annual audits by Kosovo's National Audit Office.

The annual audit scope will be extended to include a relevant sample of matching grants. For the purpose of verification of eligible cost, Bill of quantities submitted by beneficiary ISPs in their technical proposals will be available for audit.

5.3 Grievance Procedures

KODE PIU will establish a grievance process to Applicants who believe that they are unfairly treated by KODE PIU during the grant application, evaluation or implementation process.

Applicants may submit complaints to KODE PIU. The complaint must clearly provide all relevant information in support of such complaint. Complaints may be submitted at any time during the grant application, selection and implementation process as the case may be. Depending upon the type of complaint, KODE PIU should respond adequately, undertaking all the necessary steps towards the complaint resolution.

5.4 Claw back Mechanism

All Grant Payments under the Grant Scheme shall be subject to any claw back, recoupment or forfeiture provisions required by the MED and applicable to the selected ISP in the event of failure to implement the obligations from Grant Agreement.

Checklist of required documents to be submitted by the applicants

The Grant Application must have the documents listed as in the list below and each page must have the number (manually) written.

The Applicant shall prepare the original (one) set of documents comprising Grant Application and clearly mark it “Original”. In addition, the applicant shall prepare and submit 1 (one) copy of the “Original” Grant Application which shall be clearly marked as “Copy”. Grant Application need to be provided also in the electronic form in CD or flash drive within the “Original” envelope.

In the absence of any binding document, missing documentation can be requested to be provided.

Checklist of required documents to be submitted by the Applicant		Obligatory	Optional
I. Formal/Administrative Requirements	Documentary evidence required:		
1. Grant Application Form Completed and Duly Signed	Form provided in Annex C	✓	
Grant Application original documents and copy	1 “Original” and 1 “Copy” Application need to be provided in the electronic form in CD or flash drive	✓	
In the case of applicant applying as a Group of economic operators (Consortium)			
Formal/Administrative Requirements	Documentary evidence required:		
e. Clear statement that all members of the group are jointly and severally liable for the contents of the group’s application and, in the event the group is awarded the contract, the performance of the contract;	a. Signed Statement by all members	✓	
f. Submit a signed statement from each of the members, confirming their participation in the group and that they are not participating singularly and/or in any other group taking part in the same call for applications;	b. Signed Statement by all members	✓	
g. A statement signed by all members of the group authorizing the lead partner to act on behalf of the group; and	c. Signed Statement by all members	✓	
h. All members of such a group shall be eligible and shall provide evidence on their eligibility, as mentioned in the call for applications.	d. Signed Statement by all members	✓	

II. Eligibility Requirements:	Documentary evidence required:		
2. Statement under oath that the operator meets the eligibility requirements.	Declaration signed and stamped using the standard form provided in Annex C (original)		
3. Potential beneficiary of the Grant Scheme shall be an ISP as defined by the Law No 04/L-109 on Electronic Communications (October 04, 2012), shall be authorized by ARKEP (Regulatory Authority for Electronic Communications and Postal services) for the provision of Internet Services and / or Fixed Networks and shall be engaged in the provision of the Internet Services and / or Fixed Networks for at least one calendar year (in case of the group / consortium of potential beneficiaries, at least one of the members to the group / consortium).	Copy from the “ <i>Notification Register of Entrepreneurs authorized by ARKEP for the provision of public electronic communications networks and/or services</i> ” ⁹ ; copy shall include the date of start of the activities and list ISP on the register for offering Internet Services and / or Fixed public network type of activity for no less than 1 calendar year before the submission date;	✓	
4. Potential beneficiary (in case of the group / consortium of potential beneficiaries, at least one of the members to the group / consortium) at the moment of submission of the Grant Application shall provide internet services and / or fixed public network to at least 350 own subscribers.	Confirmation by the KODE-PIU based on the information from ARKEP’s most recent quarterly report that beneficiary provides internet services and / or fixed public network to at least 350 own subscribers.	✓	
5. Potential beneficiary of the Grant Scheme shall have no debt with the State of Kosovo. This criterion shall be confirmed by the certification issued by Tax Administration of Kosovo (not older than 3 months counting from the date of the submission of the Grant Application)	Certification by TAK that there is no debt to the state of Kosovo not older than 3 months.	✓	
6. Potential beneficiary of the Grant Scheme shall provide Proof from the Commercial Court that it is not in court proceedings or previously convicted of a criminal offense, and not be under the bankruptcy or liquidation case, not older than three months prior to the submission of the award. <i>Proofs verifying compliance shall be provided only for awarded ISP prior to the issuance of the notification letter of Grant Award and invitation to sign Grant Agreement</i>	Certification by the Economic Court - (original), issued only for awarded ISP, proving that beneficiary is not in court proceedings or previously convicted of a criminal offense, and not be under the bankruptcy or liquidation case, not older than three months prior to the submission of the award.	✓	

⁹ The register is maintained by ARKEP

7. Potential beneficiary shall be registered as economic operator in Business Registry of Kosovo.	The copy of: 1. Certification of Business Registry, 2. Fiscal Number Certificate and 3. Copy of VAT Certificate	✓	
8. Grant Application Insurance	The Grant Application Insurance certificate in the amount of 1,000.00 EUR for each of the LOTs that the Applicant intends to apply and for a validity period of 60 days. An Insurance Template is provided in Annex C and may be issued in one of the forms indicated below: 1. unconditional bank guarantee, issued by a first-class bank, licensed by Central Bank of Kosovo; or 2. insurance policy issued by a licensed Insurance Company, licensed by Central Bank of Kosovo. <i>In case of consortium, Grant Application Insurance shall be made in the name of the leader of the consortium.</i>	✓	
III. Technical and professional capability:		Documentary evidence required:	
9. The applicant must submit a detailed plan of network construction , as defined in sub-section 2.1 Technical Documentation of Guidelines for Grant Application. This includes the design of a network project plan that is accurate and detailed.	Detailed plan of network construction, including the design of a network project plan, written in narrative form as well as with relevant drawings and electronic material as specified in guidelines for Grant Application in sub-section 2.1 Technical Documentation.	✓	
10. The applicant must submit a dynamic work plan, namely the start and end time of activities, as well as the total time for project implementation.	Detailed Work Plan with the start and end time of activities, as well as the total time for project implementation.	✓	
11. Declaration/Commitment that it will provide broadband Internet services free of charge for a period of at least five years after completion of the project to public institutions in that respective area. After completion of the Grant Agreement and before the final payment is made, an ISP, in order to comply with the Declaration / Commitment, if applicable as foreseen 2.1 Technical documentation shall obtain and submit to the KODE-PIU a guarantee from	A guarantee from the bank or from an insurance company (any shall be licensed by Central Bank of Kosovo) in the amount of 2% of Grant Agreement in favor of the MED. guaranteeing that beneficiary will provide broadband Internet services free of charge for a period of at least five (5) years after completion of the project to public institutions in that respective area.	✓	

the bank or from an insurance company in the amount of 2% of Grant Agreement (any shall be licensed by Central Bank of Kosovo).			
12. The applicant must hire directly or through a contractual arrangement, professional staff, including a Network Architect , this must be proven with CV, copies of university degree for Engineer in Electrical and Computer Engineering (computer science or equivalent name), or Bachelor level as per mentioned profiles. The network architect must have experience of at least three (3) years after graduation.	1. A copy of Network Architect CV, proving experience of network architect at least three (3) years after graduation; 2. Copies of university degree for Engineer in Electrical and Computer Engineering (computer sciences or equivalent), or Bachelor as per the mentioned profiles.	✓ ✓	
IV. Economic and financial capacity:	Documentary evidence required:		
13. Financial statement prepared and signed by a licensed auditor for the last 3 (three) years (2018, 2017 and 2016) counting from the date of the Call for Applications announcement (notarized copy of license of auditor shall be attached) or Annual Declaration issued by the Tax Administration; <i>Total Revenues from telecommunications and related activities of the potential beneficiary (ISP) for the last 3 years (2018, 2017, 2016) shall be equal or more to the estimated value of the Grant Amount for the sub-project (lot) that Applicant applies, as indicated in the Call for Applications. Revenues from other activities will be excluded from the comparison.</i>	Financial statements drafted by a licensed auditor for the three previous years (2018, 2017 and 2016) (Notarized copy of licensing required) or Annual Declaration issued by the Tax Administration.	✓	
14. In case selected and before signing the Grant Agreement, A guarantee from standard bank or insurance company licensed by Central Bank in favor of the MED in the amount of 10 % of the Grant Agreement for implementation period. This guarantee shall not vary during the Grant Agreement and its renewals periods for any reason whatsoever.	Guarantee issued by Bank or Insurance company licensed by Central Bank of Kosovo in favor of the MED in the amount of 10% of the Grant Agreement.	✓	
V. Environmental Risk Assessment Questionnaire for Broadband Infrastructure Deployment – ISP Implemented:	Documentary evidence required:		
15. Environmental Risk Assessment Questionnaire and / or Environmental Assessment.	Provide filled in questionnaire Form Table provided in Annex C.	✓	

