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Fund for Non-governmental Organisations: Framework document

The EEA Financial Mechanism & The Norwegian Financial Mechanism 2004-2009

NOTICE

An initial version of this document was prepared by the Polish NGO Office (Brussels and Warsaw) with considerable input from WWF Norway. The document took account of 28 written comments received on the proposed NGO FUND during the 07 April conference held in Warsaw and a public consultation held over the period 11-28 April 2005.

Following discussions between the Financial Mechanism Office and the Ministry of the Economy and Labour in Warsaw, the FMO has reviewed all documents and comments received. On the basis of the telephone conference on 25 August, we propose that this document serve as the basis on which the Ministry of Regional Development will prepare the specifications for the chosen procedure to select the Intermediary body / bodies for the NGO FUND.

1. Introduction

May 1, 2004 saw not only the enlargement of the European Union, but also of the European Economic Area (EEA). On that day, the 10 new member states of the EU became parties to the EEA Agreement, which sets out that Norway, Iceland and Liechtenstein (the EEA EFTA states) are part of the EU's Internal Market.

The EEA EFTA states have agreed to enhance cohesion within the EEA and to focus this on the new member states, including Poland, as well as Greece, Portugal and Spain. To that effect, they have established the EEA Financial Mechanism and the Norwegian Financial Mechanism (the Financial Mechanisms). The two mechanisms, administered by the Financial Mechanism Office in Brussels, aim to reduce social and economic disparities within the EEA. Commitments under the Financial Mechanisms can be made from 1 May 2004 to 30 April 2009.

The EEA Enlargement Agreement and the Financial Mechanisms aim to strengthen relations between the EEA EFTA states and Poland to the mutual benefit of their peoples.

The enhanced co-operation between the EFTA states and the Republic of Poland will contribute to securing a stable, peaceful and prosperous Europe, based on good governance, democratic institutions, the rule of law, respect for human rights and sustainable development.

2. General provisions

2.1. In order to ensure participation of civil society organisations in the reduction of economic and social disparities within the EEA (and in this case, in Poland in particular), there will be constituted special Fund for Non – governmental Organisations. In order to select NGO Fund Intermediary/-ies to implement the Fund, applications for between one and three Funds for Non-governmental Organisations, hereinafter referred to jointly as the NGO FUND, will be gathered through a negotiated procedure with publication¹. The FUND will be established in accordance with Article 8 (*Specific Forms of Grants Assistance*) of the Memoranda of Understanding on the Implementation of the Financial Mechanisms. The final decision on the NGO FUND will be subject to approval by the Financial Mechanism Committee and the Norwegian Ministry for Foreign Affairs.

2.2. The assistance available in the proposed NGO FUND will constitute 7% of the overall net amount committed by the donor countries in the Financial Mechanisms – this amounts to € 37.35 million over the period running from the establishment of the NGO FUND to April

¹ According to the Polish Public Procurement Law of 24.01.2004, art.54 and following: 'Negotiated procedure with publication means contract award procedures in which, following a public notice, the awarding entity shall negotiate the terms of the public contract with economic operators of his choice and shall subsequently invite them to submit their tenders.'

2009². The NGO FUND may make its last commitments on December 31, 2009 and final disbursements to end beneficiaries on April 30, 2011.

- 2.3. The NGO FUND will be designed to provide assistance to non-governmental organisations as well as other social partners implementing small-scale projects (hereinafter referred to as NGO-projects) within the priority sectors of the Financial Mechanisms. The FUND will be implemented as a block grant in accordance with Article 2.2.3.1 of the Rules and Procedures for implementation of the two Financial Mechanisms as well as the Guidelines on block grants and other relevant Guidelines. The existence of the NGO FUND does not preclude NGOs from applying for funding under separate instruments available under the Financial Mechanisms.
- 2.4. In order to make the NGO FUND effective in addressing the opportunities for dealing with specific development issues offered by non-governmental organisations, the NGO FUND will provide funding for the following focus areas:
 - Democracy and civil society
 - Environmental protection and sustainable development
 - Equal opportunities and social integration
- 2.5. Based on the scope and quality of received applications, the Focal Point can, after consultation with the Financial Mechanism Office, decide to forward for approval by the Financial Mechanisms one application for one NGO FUND covering the three focus areas referred to below, or up to three applications, each covering at least one of the three focus areas (but concerning no more than three intermediary bodies in total). The NGO FUND will be implemented by the applicant(s) (NGO Fund Intermediaries), which will present relevant expertise and capabilities. The NGO Fund Intermediary will operate in accordance with the guidelines on block grants as well as the terms and conditions set out in the agreement made with the NGO Fund Intermediary body (-ies).
- 2.6. The implementation of the NGO FUND will follow the appropriate Rules and Procedures of the Financial Mechanisms together with the guidelines in respect to transparency and accountability. The implementation of the NGO FUND will be assessed for conformity with the principles of sustainable development (including environmental and social aspects), gender equality, good governance, and the potential for strengthening bi- or multi-lateral relations between Poland and the EEA EFTA states.
- 2.7. The potential NGO Fund Intermediary should, as much as practicable, base its applications on the principles set forth in this document. The potential NGO Fund Intermediary will include in its application(-s) the proposed selection criteria and procedures for approval of

² Commitments under the Financial Mechanisms to the NGO FUND can be made until 30 April 2009.

grants, provisions on monitoring and reporting, and provisions regarding financial flows as well as further define the possible areas of intervention within the focus areas proposed below and priority areas stipulated in the Rules and Procedures of the Financial Mechanisms.

All documents concerning the Financial Mechanisms are available on the Internet on www.eog.gov.pl (in Polish) and on www.eeagrants.org (in English).

3. Focus areas of the NGO FUND

Non-governmental organisations play a basic role in the democratic system. They are essential to mobilizing and engaging citizens that wish to play an active and responsible role in generating public benefit. Non-governmental organisations make sustainable development a reality for all. Those established by citizens themselves with the purpose of mobilising their fellow-citizens and communities, whether for dealing with problems of democracy, social and economic inequality, environmental protection and sustainable development, are one of the building blocks of modern society.

Ensuring that the benefits of EEA expansion and integration are made available to all in Poland depends on the effectiveness, outreach and capabilities of the Polish NGO sector. This is because NGOs provide one of the links between those governing and those governed. NGOs design and implement public benefit activities that complement and enhance those of government. Most importantly, NGOs enable citizens and local communities to participate in ensuring that economic development takes full account of democracy, social and environmental issues.

The NGO FUND will strengthen civil society in Poland to the benefit of the country as a whole. In order to be eligible for funding support, the NGO-projects must conform to the priority sectors set out in Article 6 of the Memoranda of Understanding for the Financial Mechanisms, namely:

- protection of the environment
- sustainable development
- conservation of European cultural heritage
- development of human resources
- health and childcare
- implementation of legislation in the field of internal security and border control, such as support for 'Schengen' action plans
- regional policy and cross-border activities
- implementation of *acquis communautaire* through technical assistance
- academic research

In respect of this overall framework, the NGO FUND will concern the three focus areas described in the point 2.4. The NGO-projects funded are expected to support the principles of sustainable development (including environmental and social aspects), gender equality and good governance. The examples given for the areas of intervention are illustrative and not exclusive.

I. Democracy and Civil Society

Overall objective

The meeting of democratic standards and adherence to the values of the European Union played a considerable role in the assessment of Poland in the run-up to EU membership. The future economic and political development of Poland depends, however, on the increased involvement of its citizens in the decision-making processes. A vibrant and effective civil society is one of the essential pre-conditions of a modern and successful democratic system. An independent NGO sector, which constitutes an important pillar of civil society, provides opportunities for collective action at a local, regional and national level. It helps to develop the spirit of citizenship, encourages civic participation and ensures effective oversight over public authorities.

The focus area for democracy and civil society under the NGO FUND financed through the Financial Mechanisms aims to increase knowledge of and respect for rule of law, developing citizenships skills, and citizens' rights and responsibilities and gender equality. The NGO FUND will support actions that promote civic and NGO involvement in public life, including their engagement in the public scrutiny over state and local government institutions. The NGO FUND will give priority to actions aimed at strengthening non-governmental organisations, which are fundamental in influencing the quality and sustainability of democracy and human rights.

Possible areas of intervention

- Respect for democratic rules: protection of human rights, advancement of gender equality and rights (in both the public and private domains), advancement of women in decision-making positions, prevention of women and children trafficking, countering of racism, xenophobia and all forms of discrimination (particularly minority and disadvantaged groups, including refugees and immigrants), securing citizens access to information, legal aid and justice, promoting participation in and transparency of public life (i.a. through citizenship education), preventing corruption, advancing the cause of discriminated or wronged groups, public scrutiny aimed at increasing the transparency of public decision-making;
- Provision of knowledge on civil society and democratic processes: research, analyses, feasibility studies, publications and debates on the state of democracy and civil society and possible development scenarios; cooperation between NGOs and academic institutions in the field of social and economic innovations and participatory democracy;
- Institutional capacity building of NGOs and enhancement of the civil society sector: training and consulting for NGOs, increasing accounting, auditing, evaluation and

fundraising skills of NGOs, developing long-term operational strategies, investment in facilities and fixed assets, promoting self-regulatory mechanisms, building coalitions capable of advocating for systemic changes in the public benefit interest, enhancement of strategic cooperation between NGOs and public administration;

II. Environment Protection and Sustainable Development

Overall objective

NGOs in Poland face considerable challenges in respect of environmental and sustainable development policy as a result of EU membership. At the same time, they now have at their disposal a considerable regulatory and judicial means to back actions aimed at environmental protection and sustainable development that can be used to further the diversity of nature and ecological sustainability in Poland. Public participation, awareness raising and competence building at regional and local level will be crucial in using EU and EEA funds in an ecologically sustainable manner.

The focus area on environmental protection and sustainable development under the NGO FUND financed through the Financial Mechanisms aims to contribute to building public understanding at local and regional levels, in both urban and rural settings, of the need for environmental sustainability and generating opportunities for citizen action and involvement. It aims to promote partnership between environmental NGOs and local and regional authorities responsible for implementing EU and national environmental regulations.

Possible areas of intervention

- Environmental education: healthy lifestyles, environment friendly consumption, green workplace and green procurement, use of environmentally friendly means of transport, traffic calming in municipalities, environmentally friendly businesses, water and energy savings and use of renewable sources of energy, prevention of waste production and waste recycling etc;
- Natural heritage conservation: facilitating multi-stakeholder dialogue on environment and sustainability issues; promoting conflict-resolution methods, building public support for conservation of natural heritage, promoting the economic role of national parks and protected areas, protection of wildlife and natural reserves, land stewardship, supporting eco-tourism and eco-agriculture, revitalisation of historical gardens and parks;
- Enforcement of environmental law: NGO-projects related to NGOs involvement and facilitation in the implementation of environment legislation and monitoring of its

execution (for instance EU law directives and other international obligations), developing rules and procedures that prevent eco-bribes;

III. Equal Opportunities and Social Integration

Overall objective

Non-governmental organisations are often key to the resolution of social problems and the empowerment and reintegration of marginalised groups. Their actions are particularly valuable since they allow citizens to resolve issues they and their neighbours face. The empowerment of local actors provides for multifaceted and sustainable development of local communities.

The focus area on equal opportunities and social integration under the NGO FUND financed through the Financial Mechanisms aims to resolve pressing social problems faced by local communities. One of the main tasks is to encourage initiatives that increase public participation and create equal opportunities for the most vulnerable or disadvantaged social groups, and help non-governmental organisations take up action in areas where the role or the capacity of the state is limited. Other tasks include support to cultural initiatives, as well as the promotion of local and regional development and the exchange of experience in local problem solving.

Possible areas of intervention

- Assistance to and empowerment of the underprivileged: support to social enterprise initiatives; improvement of services and local community actions aimed at social integration, provision of care, empowerment and integration of the underprivileged (the disabled, elderly, homeless etc.); prevention and health promotion, educational and information programmes esp. in the area of childcare and motherhood, access to health services, assistance to neglected, abandoned and disabled children (promotion of family orphanages and foster parenting, day-care facilities, integration of disabled children with their peers, support to NGOs providing services to disabled children and their families), therapeutic and prevention programmes for youth from inner cities and youth at risk; advancement of equal opportunities in education for the underprivileged, professionalisation of services supplied by NGOs (investment in facilities, establishment and implementation of services standards, building up networks);
- Support of sustainable regional and local development: Building partnerships among different actors working at the local and regional level (esp. local governments, business, employers' associations, NGOs) in order to achieve sustainable social development, developing mechanisms combining elements of social reintegration, education and economic development that serve local community growth and fight unemployment, support to the local NGOs coalitions that engage in local problem solving (*powiat* and

gmina levels), developing volunteerism (i.e. through volunteer centres), encouraging corporate social responsibility on local level, development of new models of funding of local community projects, community education programmes, promotion of best practice, transfer of know-how between regions;

- Combining cultural heritage preservation with local communities development: renovation, modernisation and adaptation of historical objects and their surroundings for local community cultural and social purposes (for instance: cultural centres, museums, galleries, children and youth houses, recreation and education zones for children and youth), preservation and promotion of local cultural heritage and tourist attraction around regional traditions, protection and preservation of local martyrdom and memory sites;

NGO-projects that cover more than one priority area are permitted. The NGO Fund Intermediary body will ensure the assessment of the NGO-project is done by persons knowledgeable in all the priority areas concerned. If there is more than one block grant intermediary for the NGO FUND, the application is made by the end recipient in line with the principal focus of the NGO-project. The other NGO Fund Intermediary bodies should cooperate in assessing such an application.

Taking into account the aim of the Financial Mechanisms to strengthen the bi- and multi-lateral relations between Poland and the EEA EFTA states, the NGO FUND encourages the sharing of experience and promotion of best practice as well as activities that enable cross-border cooperation between the inhabitants of Poland, other Baltic region countries as well as the new EU neighbours. The following type of activity will apply to all three of the priority areas:

- Networking: networking and partnership between NGOs across different thematic sectors and geographical areas in Poland in order to increase the overall contribution of citizens; promotion of best practice, transfer of know-how between regions
- Working with NGOs in EEA countries: networking of organizations with expertise and experience in this priority area (exchange of best practice, development of contacts between NGOs, study visits, joint seminars, meetings, partnerships, events).

4. Implementation system

4.1. Block grant facility

The NGO FUND will operate in line with the respective rules of the Financial Mechanisms regarding block grants. These are intended to facilitate the implementation of NGO-projects where each of them or end recipient is too small to be identified a priori or to be administered cost-effectively on an individual basis.

Under the NGO FUND, funds made available to the three priority areas of the NGO FUND will be operated by a total of between one and three NGO Fund Intermediary bodies that have a good understanding of the relevant priority areas and experience in these fields.

The NGO FUND is subject to limitations and obligations imposed by relevant Polish and EU legislation.

4.2. Focal Point

The Ministry of Regional Development is the Focal Point in Poland with the overall responsibility for the implementation of the Financial Mechanisms, including the NGO FUND.

The Focal Point will be responsible for organising a negotiated procedure with publication to select the NGO FUND application(s) to be forwarded to the Financial Mechanism Office.

In particular, the Focal Point will prepare and submit for clearance to the Financial Mechanism Office a negotiated procedure with publication for an NGO FUND operating within the three focus areas of the NGO FUND. The call will comply with the Open Calls Guide, the Rules and Procedures as well as relevant Guidelines of the financial mechanisms, and provide references to the application form, application form user guide and the examples of indicators as well as this framework document. Once cleared, the Focal Point will publish the contract notice for NGO FUND applications in the three focus areas.

The Focal Point will appoint an NGO FUND evaluation committee whose role will be the assessment of proposals submitted by the applicants for NGO Funds' intermediary (-ies) and the provision of recommendations to the Focal Point on the selection of the NGO Fund proposals. The evaluation committee's role will be assessment of the offers submitted by the applicant that will include the system of management of the NGO Fund. The members of the evaluation committee will be subject to scrutiny to avoid conflict of interest.

The Financial Mechanism Office organises an appraisal of the potential intermediary (-ies) of the NGO FUND offers received from the Focal Point and consults the European Commission. The Financial Mechanism Office submits a reasoned recommendation for decision to the Financial Mechanism Committee or Norwegian Ministry for Foreign Affairs, which may approve or reject the offers for the intermediary (-ies) of the NGO FUND.

A grant offer letter/reasoned refusal is sent to the Focal Point. There shall be a disclaimer saying final decision on grant award will be taken by the Financial Mechanism Committee/Norwegian Ministry of Foreign Affairs and that there will be a conditional entry-into-force clause in the

agreement with the NGO Fund Intermediary(-ies), conditioned upon approval of the application by the donors and the entry into force of the Grant Agreement between the donors and Poland.

Detailed procedures for the selection of the NGO FUND Intermediary, as well as selection criteria can be found in section 6 of the document.

The Monitoring Committee for the Norwegian Financial Mechanism and the EEA Financial Mechanism will be responsible for monitoring the absorption of funds under the NGO FUND.

4.3. Intermediary body

An intermediary body (of which there will be between one and three) will be responsible for the implementation of grants made within the priority area/areas, including: announcing availability of grant assistance, detailing the application procedures and processing applications, assessment of the applications, transferring funds to end-recipients, monitoring the progress of the NGO-projects implemented by end recipients, storing the documentation, reporting to the Focal Point. Detailed rules and procedures as well as NGO-project selection criteria will be stipulated in an implementation agreement between the Focal Point and the NGO Fund Intermediary.

Should there be more than one intermediary body, the Grant Agreement will contain provision on how they must join forces to fund certain horizontal tools required for the functioning of the NGO FUND (such as partner search mechanisms, evaluation mechanisms, promotional material for the NGO FUND, measures to encourage cooperation and joint projects between Polish NGOs and organisations from the EEA EFTA states, exchange of information on end recipients and on the organisations funded / excluded from funding).

The implementation set-up for grants will be an essential part of the grant application submitted by the potential Intermediaries (cf. 6.2 below).

In the implementation of the grants, the NGO Fund Intermediate body(-ies) will observe the rules of transparency, impartiality, accountability and avoidance of conflict of interest. The NGO Fund Intermediary body(-ies) will be not eligible to apply for funding in any of the three focus areas of the NGO FUND, neither can it use the block grants resources for its own operational activities unless otherwise stipulated in the Grant Agreement between the Beneficiary State and the Financial Mechanism Committee and/or the Norwegian Ministry for Foreign Affairs.

4.4. End recipients

End recipients will implement NGO-projects funded by the NGO FUND within the three focus areas. The end recipient will need to comply with the detailed implementation procedures of the intermediary body, which will form part of the Grant Agreement for the NGO FUND.

4.5. Grounds for exclusion

Applicant is not entitled to participate in tenders and calls for proposal (either to be a block grant intermediary or an end recipient) if it is bankrupt or having its affairs administered by the courts; if the organisation's management has been convicted of an offence concerning professional misconduct or is guilty of grave professional misconduct proven by any means that the Focal Point can justify; it has not fulfilled obligations relating to the payment of social security contributions or the payment of taxes.

5. Financial framework

- 5.1. The total allocation for the NGO FUND will be € 37.35 million. Each of the three focus areas will be allocated one third of the total funding available for grants (€ 12.45 million). The Grant Agreement will contain provisions on possible reallocation of non-committed funds to other focus areas, depending on the number and quality of applications received.
- 5.2. The grants provided from the NGO FUND will generally be in the range from €5,000 to €250,000 per end recipient and will be verified for compliance with State Aid rules.
- 5.3. The management costs of the Intermediary body responsible for implementation of an NGO FUND will be stipulated in the Grant Agreement. The management costs will be a fixed amount and should not exceed 10% of the total eligible costs of NGO-projects funded by the NGO Fund. For the purpose of simplicity, it should be assumed that the management costs of all NGO Fund Intermediaries should not exceed 10% of the total NGO Fund allocation.
- 5.4. The support from the NGO FUND will cover up to 90% of total eligible cost of the NGO-projects implemented under the grants in all NGO FUND focus areas. End recipients are obliged to secure 10% co-financing of total eligible costs. Co-financing by end recipients may be in the form of cash, and/or in-kind contributions and/or overheads. Support from the NGO FUND should normally complement and not replace existing activities supported by Polish public funds, European Union funding and similar financial sources. This does not

exclude the co-financing of the NGO-project from some of the aforementioned funds if the rules of these funds allow to do it.

- 5.5. End-recipients must carry any exchange rate risk that may occur due to fluctuations of the euro compared to the zloty (PLN) or other currencies in respect to the funding of their NGO-project.
- 5.6. For the management costs of the intermediary body/ies, exchange rate fluctuations of the euro compared to the zloty (PLN) within a +/-10% band is to be covered by the intermediary/ies. Fluctuations beyond the +/-10% band will be compensated/reclaimed according to annual recalculations of the exchange rate parity.
- 5.7. Funds disbursed in the framework of the NGO FUND will be available to the Intermediary body (-ies) in instalments (tranches) as advance payments in a manner and period assumed by the block grant intermediary in the application for the NGO FUND. Disbursement of tranches to the NGO Fund Intermediary will only be considered once obligations amounting to at least 90% of the previous tranche have been committed. The last tranche will be paid once a completion report has been submitted and approved by the Financial Mechanisms Committee and the Norwegian Ministry of Foreign Affairs. The size of that tranche will be determined in the Grant Agreement.
- 5.8. Grants admitted to end recipients will be disbursed in the form of instalments (tranches) as advance payments. The last tranche will be disbursed after the intermediary has received and accepted a completion report from the end recipient.
- 5.9. The grants under the NGO FUND shall be provided solely for NGO-projects of a non-for-profit character.

6. Selection of intermediary bodies

6.1. Selection procedure

Between one and three applications for an NGO FUND will be selected through a negotiated procedure with publication to be organised by the Focal Point.. If required, the Ministry will send the negotiated procedure with publication notice to the Office for Official Publications of the European Communities and to the President of the Public Procurement Office. The call will be announced by the Ministry of Regional Development in a publicly available place at its seat, on the following websites: www.mgip.gov.pl, www.eog.gov.pl, www.ngo.pl, www.eeagrants.org, as well as in a national daily paper.

Potential NGO Fund Intermediaries will submit their applications for one of the three NGO FUND focus areas. Where one applicant applies for more than one focus area, separate applications must be made. One applicant can be selected to operate more than one focus area..

Applicants that fulfil the following criteria are eligible to apply to be block grant Intermediary/-ies:

- They have experience in grant-making and in the period of last three years or, if the period of the potential Intermediary's activity is shorter, during that period, they executed at least one service constituting the project/ programme management, based on admitting the grant assistance for the implementation of projects related to one of the three focus areas, financed from the foreign assistance and the value of the managed project accounted for at least 1 mln euro;
- in the period of last three years or, if the period of the potential Intermediary's is shorter, during that period, they executed at least one service constituting the project implementation related to one of the three focus areas, financed with the foreign aid programmes, and the value of the managed project accounted for at least 200 000 euro;
- have at least 5 persons capable of executing the contract, out of who:
 - i. one person acting as project manager has experience in the management of the project/s realized with a contribution of foreign grant assistance (i.e. he/she was a project manager of at least one such project) with a value of at least 1 mln euro
 - ii. three persons implemented project/s with a contribution of foreign grant assistance with a value of at least 200 000 euro
 - iii. one person has at least 2 -year experience as an accountant or internal auditor or any other post related to the financial control in the public finance sector.
- have financial resources or credit capacity amounted to 100 000 euro.

In case potential Intermediary applies for more than one focus area, he/she is obliged to meet requirements determined for each on them cumulatively, i.e.:

- has competence and experience required for each area,
- has staff capable of executing contract in the total value of all areas the potential Intermediary submits his/her offer
- total value of implemented projects, which determine the presence of adequate experience, will be the sum of values of projects required for particular areas,
- has resources in the amount of resources required for particular areas or credit capacity in the total amount required for particular areas.

In case applicants apply jointly to be NGO Fund Intermediary, conditions set out in point above may be fulfilled altogether by all the applicants.

A general set of administrative criteria will be set out in the contract notice. Other criteria will be set out in the Terms of Reference that can be modified after negotiations (due to Public Procurement Law).

A consortium of tenderers may apply for the NGO FUND. In this case, the financial collateral and its total amount apply to the consortium as a whole. The members of such a consortium stipulate plenipotentiary that is responsible for making commitments with the Focal Point on behalf of a consortium. All members of such a consortium bear responsibility for any agreement made with the Focal Point.

The period for submission of requests to participate in tendering shall not be less than 37 days from the date of dispatch of the tender notice. The Focal Point will provide a contact point to which tenderers may address questions. Potential Intermediaries may submit questions of substance in writing up to six days before the submission deadline. The Focal Point will reply to all questions and will make the answers available to all the potential Intermediaries.*

6.2. Appraisal and approval process

Eligible tenderers will submit their NGO Fund application, including implementation arrangements, to the Focal Point. The application should explain *inter alia* the selection process (advertising, assessment arrangements and criteria), arrangements for monitoring of the end recipients, a detailed description of the disbursement system and cash flow assumptions, reporting by end recipients to the intermediary body, arrangements for auditing, etc, as per the Rules and Procedures, the Block Guide Guideline and other relevant Guidelines of the financial mechanisms. The applications should also include the grant application form to be used by end beneficiaries, guidelines on application and other standardised documents developed by the potential intermediary body.

The block grant intermediaries for the NGO FUND will be selected by the Focal Point, taking into account the recommendations of the evaluation committee, according to criteria set out in the Terms of Reference. The Focal Point will pass recommended offer(s) to the

* Taking into account the procedure of negotiations with publication, which does not allow Principal to inform Contractors at the stage of submission of requests to participate in tendering, the Focal Point will reply to all questions of potential intermediaries in writing at the second stage of the procedure, i.e. up to six days before the deadline for submission of bids.

FMO for its appraisal and recommendation to the Financial Mechanism Committee and the Norwegian Ministry of Foreign Affairs.

6.3. Implementation agreement

An implementation agreement shall be concluded between the successful tenderer (NGO Fund Intermediary body) and the Focal Point. This agreement shall set out the terms and conditions as well as the roles and responsibilities of the parties.

7. Selection of NGO-projects

- 7.1. NGO-projects implemented by end recipients will be selected through a call for proposals open to non-governmental organizations constituted as autonomous legal entities under the laws on associations and foundations in Poland and operating in the areas defined as being of public interest in article 3.2 of the Law on Public Benefit Activity and Voluntarism. For the purpose of the NGO FUND, the social partners (for example: trade unions, employees' and employers' organisations) as well as faith-based organisations are included as NGOs. Organisations set up by or in support of political parties are not eligible.
- 7.2. NGO-projects can involve partners from Poland and relevant organisations from other countries (whether from the EEA EFTA states Iceland, Liechtenstein and Norway, or the other EU member states). Only the Polish NGO can be the applicant for the grant. Potential partners (whether from Poland or other EEA countries) may include NGOs and other entities (such as local authorities, public institutions, commercial companies), but their participation must be justifiable as regards the aims of the NGO-project, and the involvement of the partner(s) must be not-for-profit in nature.
- 7.3. Calls for proposals will be widely advertised, with clear reference to where further information, including all documents describing the application process, the application forms and a user guide are available. The frequency and approximate timing of calls for proposal will be announced for the duration of the NGO FUND's existence in order to allow organisations to plan their work over the medium-term. The calls for proposal will take place at least once a year.
- 7.4. Intermediary bodies will appoint one or more selection committees. These will assess applications and make decisions on grant awards. Each selection committee shall be made up of experts in the respective NGO FUND priority areas, NGO sector specialists, as well as representatives of the Focal Point and the Financial Mechanism Office (as observers).

The selection committees will operate in an open, transparent and accountable manner, and their composition will ensure that due attention is paid to possible areas of conflict of interest. The selection procedures must provide equal treatment of all applicants. Decisions must be communicated to applicants with a reasoned opinion for approval or refusal of funding.

- 7.5. Proposals for NGO-projects should have a result-oriented approach, clearly specifying the anticipated results. The relevant expertise, capabilities, and experience of the applicant will be important criteria for the selection of NGO-projects.
- 7.6. If the NGO-project submitted by an applicant is approved, an agreement is signed between the block grant intermediary body and the end recipient. The intermediary body will make advance payments for all but the last payment due to the end recipient in a manner that ensures adequate financial control and sufficient cash flow to the end recipients. The provision of advance payments together with efficient, rapid reporting and payment cycles are the technical underpinning for the success of the NGO FUND.
- 7.7. The detailed procedures of end recipient selection will be based on detailed proposals made by the potential intermediary bodies as part of the application process. The quality of these procedures will be an element of the evaluation of the NGO FUND application. These procedures will be reviewed by the Focal Point, which shall take into account the recommendations of the contest jury. These procedures shall be subject to approval by the Financial Mechanism Committee and/or the Norwegian Ministry of Foreign Affairs. The final procedures will be set out in the implementation agreement(s).

8. Monitoring and evaluation

- 8.1. Block grant intermediaries shall make the appropriate arrangements on the reporting with end recipients. They should be based on donor states' guidelines on monitoring and reporting as well as detailed arrangements made in the implementation agreement with the Focal Point.
- 8.2. Block grant intermediaries shall provide quarterly and annual progress reports on the implementation of the block grants (including monitoring of sustainable development factors) to the Focal Point in accordance with a schedule of milestones set out in the implementation agreement. The Focal Point reports at least once a year to the Financial Mechanism Office.

8.3. The Financial Mechanism Office monitors the block grants and may draw upon the services of an agent to undertake external monitoring of the block grant and of NGO-projects. The Office and Focal Point are entitled to carry out on-the-spot checks.

8.4. Ex-post evaluation of the block grant may be carried out individually or in the context of the programming framework of Poland.

9. Publicity

Information activities will be carried out in accordance with the Publicity Guidelines of the Financial Mechanisms. The detailed publicity measures by the intermediary body and, if relevant, the end recipient will be specified in the implementation agreement.

10. Financial Control and Audit

Audit and financial control will be carried out in accordance with Article 6 of the Rules and Procedures applied to each of the Financial Mechanisms, as well as the implementation agreement and the implementation contract.