

**RULES OF PROCEDURE OF THE OPEN CALL AND SELECTION
OF PROJECTS PROPOSALS**

AS PART OF

THE PROGRAMME “LOCAL DEVELOPMENT”

***UNDER THE EUROPEAN ECONOMIC AREA FINANCIAL MECHANISM 2014-2021
AND THE NORWEGIAN FINANCIAL MECHANISM 2014-2021***

Warsaw, April 2020

Table of contents

INTRODUCTION.....	3
I. Legal basis of the call.....	3
II. Social and economic context of the call.....	3
III. Objectives of the Programme and projects.....	5
IV. Comprehensive and unique nature of the Programme and projects.....	7
V. Thematic scope and type of project activities.....	8
A. Local development and poverty reduction.....	8
5.1. Main problems and challenges.....	8
5.2. The thematic scope.....	9
5.3. Project activities.....	11
B. Good management, responsible institutions, transparency.....	13
5.4. Key problems and challenges.....	13
5.5. Thematic scope.....	13
5.6. Project activities.....	14
VI. Project outline.....	15
VII. Complete project proposal.....	15
7.1. Composition of complete project proposal.....	15
7.2. Development Plan.....	15
7.3. Action Plan.....	16
7.4. Involvement of the local community.....	18
7.5. Educational activities.....	19
VIII. Accessibility standards.....	19
IX. Eligible applicants.....	21
X. Project partners.....	22
XI. Structure and schedule of the selection of project proposals.....	23
11.1. Stage I - open call and the selection of about 50 towns.....	23
11.2. Stage II.....	24
XII. Expert support on the part of the Ministry of Development Funds and Regional Policy ..	26
XIII. Method of submission of the project outlines (1 st stage) and complete project proposals (2 nd stage).....	28
XIV. Project implementation phase.....	29
XV. Financing of projects.....	30
XVI. Eligibility of costs.....	31
XVII. Project contract.....	32
XVIII. Payment system.....	33
XIX. Final Provisions.....	34
Attachments.....	34

INTRODUCTION

The Ministry of Development Funds and Regional Policy invites small and medium-sized Polish towns¹ to participate in the call for applications (hereinafter referred to as the “call”) organised as part of the Programme *Local Development* financed under the EEA Financial Mechanisms and the Norwegian Financial Mechanism 2014-2021, hereinafter referred to as the “Programme”.

The Programme aims at supporting towns which are in the most difficult social and economic situation in developing and implementing the sustainable approach to the local development and thereby in reducing negative development phenomena.

I. Legal basis of the call

The Programme *Local Development* was included into the *Memorandum of Understanding (MoU)* on the implementation of *the EEA Financial Mechanism and the Norwegian Financial Mechanism 2014-2021* – international agreements signed on 20 December 2017 between the Polish Government and Donor states (Norway, Iceland and Liechtenstein)².

The Programme was formally accepted by Donor States by the Agreement on Programme “Local Development” signed between the Financial Mechanism Committee, Norwegian Ministry of Foreign Affairs and the Ministry of Development Funds and Regional Policy, on 25th March 2019, which became a basis for issuing the decision concerning the launch of this Programme for the Programme Operator.

II. Social and economic context of the call

Over the last decades Poland has made considerable efforts to get closer to the level of the most developed countries of the European Union. Nevertheless, this development is very differentiated and dependent on natural conditions of a given region and often its location. In Poland there are regions as well as towns and cities (in particular these large ones) which to a greater extent adjusted to global development trends and those which become more and more marginalised, increasing their distance to the fast growing centres (this concerns mainly smaller and medium-sized towns). These development discrepancies accelerate **depopulation processes**. The forecast of the Central Statistical Office concerning the number of population in the years 2008-2035 indicates that during 28 years the population of Poles will be systemically declining. It is anticipated that in 2020 it will reach the number of 37, 838,000 persons and in 2035 - 35,993,000³. The decline in population is related to the low fertility rate and emigration, mainly economic one. Since Poland joined the EU, the significant number of Poles (about 2 million) has emigrated abroad. Regardless of whether the migration is permanent or temporary, it is a fact that mainly young people from less

¹Which are on the list of **255 towns** indicated in the Strategy for Responsible Development (SRD) adopted by the resolution of the Council of Ministers on 14 February 2017.

² <http://www.eog.gov.pl/media/49569/MoU.pdf>

³ http://stat.gov.pl/cps/rde/xbcr/gus/L_prognostyka_ludnosci_PL_2008-2035.pdf

developed regions, including often small and medium-sized towns emigrate. Thus, **depopulation** related to multi-directional migrations (also to more developed regions of Poland) is one of the challenges facing these towns. Depopulation has a strong regional dimension and concerns in particular the eastern, northern and southern part of the country. The intensive migration, including women of reproductive age, the fall in birth rate as well as more and more increased life expectancy have an impact on intensifying negative demographic trends, i.e. on a progressing **ageing** of the Polish society. It is estimated that in 2035 the number of deaths in Poland will exceed the number of births by 180,000. Depopulation and negative demographic trends are directly connected with the **housing situation**. The unfavourable situation in this regard has a direct negative impact on the social and demographic situation as well as professional mobility of citizens. There are still unsatisfied housing needs, in particular among young people. Apartments constructed by the development sector with a small share of council flats for rent dominate.

The economic sphere is another significant level of development disparities. A more dynamic level of economic development may be observed in large cities (in particular capitals of voivodeships) and their metropolitan areas. In this regard small and medium-sized towns are characterised by stagnation, which may result in a **higher unemployment rate**, further ongoing **lower pace of economic growth** intensified by unfavourable demographic trends, low productivity and innovation level of local enterprises.⁴

Another problem which can be observed is **alarmingly low air quality** in the whole country. Poles breathe the most polluted air in Europe - according to the WHO data of 2016 33 out of 50 the most polluted cities are located in Poland; according to the European Environment Agency (EEA) data of 2017 cities from Poland and Bulgaria “won” the ranking of the most polluted cities in EU. The European Commission and EEA indicate that bad air is responsible for almost 45,000 premature deaths in Poland every year. Poland has the largest share in the emission of the majority of harmful substances into the atmosphere - according to the 2017 report of the European Environment Agency.⁵ The situation is particularly worrying with respect to PM_{2,5}, PM₁₀ and benzo(a)pyrene. Poland obtained the worst rank in EU in terms of benzo(a)pyrene, and in the case of PM_{2,5} - it was last but one. According to the data of the last report drawn up by the Chief Inspectorate of Environmental Protection, the PM₁₀ limit values set out by law are exceeded on 90% of the territory of Poland. In the case of the carcinogen or mutagenic benzo(a)pyrene concentration limit values for substances were exceeded in all air monitoring zones in the country. These values are exceeded many times - up to 1000% of the standard⁶.

The limited institutional capacities of self-government administration are the last but a very important problem in the smooth functioning of the town. Unlike in large cities, smaller urban centres have greater difficulties in diagnosing their key problems and development challenges as well as selection and implementation of projects in the most adequate manner in relation to the identified problems and challenges. These issues are largely due to the lack of regular diagnoses, analyses of local situation and the lack of permanent, multifaceted urban monitoring, constituting the most up-to-date and reliable source of information on the

⁴ <http://www.oecd.org/eco/outlook/economic-forecast-summary-poland-oecd-economic-outlook.pdf>

⁵ <http://www.eea.europa.eu/publications/air-quality-in-europe-2017>

⁶ <http://www.polskialarmsmogowy.pl/polski-alarm-smogowy/smog/szczegoly,smog-w-polsce-smog-w-europie,20.html>

town's level of development. Furthermore, in small and medium-sized towns there are no strategic documents (including, for example, those concerning the adaptation to climate change, low-carbon economy or sustainable transport) or they are of poor quality. They do not contain a comprehensive strategy outlining clear development objectives or more often - their practical implementation is incomplete or incorrect. As a result, small and medium-sized towns need support in developing new strategic documents or improving the existing ones. Moreover, there are no coordination and cooperation between public institutions and other entities responsible for the implementation of strategic documents. Furthermore, in particular in small and medium-sized towns the limited share of various stakeholders in decision-making processes can be observed, which often leads to conflicts with the local community, lack of citizens' trust in the authority or misguided investments. Deficiencies in the above-mentioned entire area are the effect of the inappropriate organisational and substantive preparation of officials of the self-government for fulfilling their obligations.

The high concentration of all above (and other related to them) unfavourable elements results in the marginalisation of urban areas in which it occurs. Currently conducted regeneration processes in towns aim at improving the situation in the most degraded areas of towns, and they do not concern the whole towns as such.

III. Objectives of the Programme and projects

A. Programme level

The Programme *Local Development* aims at strengthening social and economic cohesion in the country by improving the quality of environment (in particular air quality), accessibility and the standard of life of inhabitants of small and medium-sized towns. According to the provisions of the *Strategy for Responsible Development (SRD)*, due to the occurrence of intensifying negative phenomena, towns, which lose social and economic functions, are characterised by stagnation or low pace of development, and require special intervention.

Providing these towns with the comprehensive and concentrated support will allow for limiting or reversing negative trends occurring in them as well as it will contribute to their improved functioning as attractive places for living and working.

Intermediate objectives include:

- 1) Strengthening of the capacity of self-government territorial units for more effective town management and the creation of its development policy in accordance with the idea of *human smart city*⁷;
- 2) improving the quality of preparation and implementation of plans and strategic processes in towns;
- 3) strengthening of the capacity of self-government entities for creating lasting mechanisms of social participation and involvement of inhabitants as well as public and private entities in the town management in accordance with the idea of *human smart city*;

⁷Expressed and implemented in the competition carried out by the Ministry of Development Funds and Regional Policy : HUMAN SMART CITIES. *Smart cities co-created by inhabitants.*

- 4) strengthening of the social dialogue with the simultaneous involvement of citizens in the process of co-creation and co-deciding about the town;
- 5) enhancing the accessibility of urban spaces for groups which are vulnerable or threatened by a social exclusion due to their limitations;
- 6) establishing cross-sectoral and international cooperation as well as cooperation between units of self-government in order to exchange expertise as well as more efficient preparation and implementation of strategic and development activities in towns;
- 7) dissemination of the idea of a comprehensive and integrated approach to the development of the town, in particular a smart one, among self-government entities and citizens.

This Programme will be complementary with other programmes, inter alia, with the package for medium-sized towns 2020, Urban Partnership Initiative, integrated system of supporting innovativeness, the Accessibility Plus Programme 2018 - 2025, the Home Plus Programme, revitalisation programmes.

B. Project level

The above objectives of the Programme directly translate into the goals to be implemented by the projects. Each project will contribute to raising the standard of living of city/town residents and improve the dialogue between local governments and residents, responding to their needs to a greater extent. The objectives, outcomes and outputs of projects will be in detail defined at the second stage of the call. Relevant methodology along with results framework, including all indicators shall be delivered to applicants qualified to the second stage of the call.

Depending on the project scope and specifics the following indicators shall be obligatory:

Project objective 1: Improved quality of life in small and medium-sized Polish municipalities:

- Annual number of days with favourable air conditions meeting EU standards in selected municipalities;
- Annual number of published vacancies suitable for people with disabilities in selected municipalities;
- Level of satisfaction of persons participating in local-level public consultations with the quality of consultations;
- Number of jobs created in selected municipalities (disaggregated by gender, age);
- Number of young people aged 15-29 completing vocational education or work-based learning in local companies in selected municipalities⁸ (disaggregated by gender);
- Share of public and private buildings in selected municipalities with improved energy efficiency;
- Share of public buildings in selected municipalities meeting accessibility standards;

⁸ Both public and private companies.

- Unemployment rate among graduates in selected municipalities;

Project outcome 1.1: Local development plans elaborated

- Number of local professional staff trained in preparing Development Plans (disaggregated by gender);
- Number of local residents participating in public stakeholders' consultations related to Development Plans (disaggregated by gender, age);

Project outcome 1.2: Local development plans implemented:

- Length of cycle lanes built in selected municipalities (in km);
- Number of awareness raising campaigns carried out ;
- Number of individuals trained in starting up own businesses;
- Number of investments aimed at improving air quality in selected municipalities;
- Number of local professional staff trained in implementing Development Plans (disaggregated by gender);
- Number of measures carried out to encourage young people aged 15-29 to participate in vocational education or work-based learning in local companies;
- Number of new investments meeting the accessibility standards;
- Number of public and private buildings in selected municipalities supported to improve energy efficiency;

Project outcome 1.3: Optimisation of local public administration supported:

- Number of local professional staff trained (disaggregated by gender)

Project objective 2: Improved responsiveness of local government/ administration to citizens' needs

Project outcome 2.1: Framework for improving governance at local level created

- Number of local professional staff trained in implementing Public Governance Review recommendations (disaggregated by gender)

Bilateral objective. Enhanced collaboration between Beneficiary and Donor sState entities involved in the programme

Bilateral outcome: Cooperation between beneficiary and donor state entities supported:

- Number of participants from Poland in exchanges (disaggregated by gender, Donor State);
- Number of participants from donor states in (disaggregated by gender, Donor State);
- Number of training courses co-organised by donor and Polish entities;

IV. Comprehensive and unique nature of the Programme and projects

Project activities concerning the development policy of the entire town are of an innovative nature due to their multidimensionality and comprehensiveness as well as combination of non-investment elements with infrastructure undertakings. The Programme is the only

instrument in Poland providing towns with support both in the sphere of building institutional capacities and the implementation of development tasks (including investment ones) which are the response to the diagnosed comprehensive problems.

From the Programme's point of view it is necessary to collect experiences from the implementation of projects which may be used by other towns in the similar situation and with similar needs. Recommendations, concrete experience and solutions arising during the implementation of projects could be used by other entities, in particular by town authorities after adjusting them to their specificity and local conditions. Comprehensiveness and pilot nature of projects will be an important element in the content-related evaluation of applications for funding, in particular the potential of developing recommendations of solutions which could be used by other towns.

V. Thematic scope and type of project activities

Each project must relate to programme areas: *Local development and poverty reduction (A)* and *Good governance, responsible institutions, transparency (B)*.

Thematic scope and project activities (divided into both above mentioned areas), discussed in this section of the Rules of Procedure, are mandatory both in the project outline (1st stage of the call) and the complete project proposal (2nd stage of the call), referred to in the further part of the Rules of Procedure.

A. Local development and poverty reduction

5.1. Main problems and challenges

The project outline and the complete project proposal (specifically the Development Plan referred to in point VII of the Rules of Procedure) should include a systemic approach to the local development and poverty alleviation as well as assume the strategic, integrated and comprehensive town management aiming at improving the situation of inhabitants in broadly understood problem areas, inter alia : environmental protection, effective and clean energy, small and medium-sized enterprises, business, education, housing conditions, employment, health, transport management systems.

For the above reasons, the **main problems and challenges**⁹ in the context of town development to which applicants should refer are the following:

- decreasing air quality,
- depopulation, migration from medium-sized and small towns to cities and metropolitan areas,
- ageing population,
- lack or low level of accessibility standards,
- weaker economic growth/low level of local entrepreneurship,
- progressing suburbanisation¹⁰,

⁹It is possible to ignore those problematic issues which do not occur or occur in a given town within limited scope. One can also refer to other problems in the town if they are a significant development challenge or important crisis situation.

- marginalisation of urban districts in which social and economic problems cumulate,
- low level of safety of pedestrians and cyclists.

5.2. The thematic scope of implemented projects should be multifaceted and integrated. Thus, it is recommended to implement activities from many interrelated fields to obtain a synergy effect with increased impact on the local development of a given town.

As a minimum, every project outline/ complete project proposal has to refer to environmental, social and economic dimensions:

- **Environmental dimension**, e.g.:
 - reduction of harmful gas and dust emission,
 - adaptation to climatic change,
 - reduction of emission from individual heating systems in the town,
 - conversion from traditional to renewable sources of energy,
 - energy efficiency,
 - innovative solutions and green technologies,
 - investments in green and blue infrastructure,
 - green urban areas,
 - low/zero carbon public transport,
 - other eco-friendly transport solutions, etc;
- **Social dimension**, e.g.:
 - **Implementation of accessibility standards in accordance with the assumptions of the Accessibility Plus Programme 2018-2025¹¹ (obligatory aspect)**,
 - social policy in particular taking into consideration marginalised areas of the town and groups of persons threatened by a social exclusion,
 - implementation of housing policy in social and investment terms (inter alia, universal design, sustainable housing estates, housing innovations, the system of managing municipal real estate resources, the Social Housing Association, mechanisms of supporting the accessibility of apartments, development of rental housing),
 - promotion of investments and social innovations in the development of local communities in poorer areas,
 - innovative solutions for the support of social participation,

¹⁰The process of *suburbanisation* is defined as a population shift from central urban areas into suburbs, resulting in uncontrolled development of towns. This negative phenomena causes the increase in town management costs and rendering various services in growing areas (maintenance of roads/transport/schools/hospitals, etc.). Increasing social and environmental costs of suburbanisation are equally important.

¹¹ [https://www.muir.gov.pl/strony/zadania/program-dostepnosc-plus/o-programie/#Program%20Dost%C4%99pno%C5%9B%C4%87%20Plus:](https://www.muir.gov.pl/strony/zadania/program-dostepnosc-plus/o-programie/#Program%20Dost%C4%99pno%C5%9B%C4%87%20Plus)

- comprehensive revitalisation activities (in all aspects),
- reduction of unemployment and poverty,
- increasing the level of education at various levels,
- creating a network of effective local/regional public transport,
- improving the safety of pedestrians and cyclists,
- counteracting suburbanisation processes,
- reducing labour migration from small and medium-sized towns to large centres,
- implementation of senior policy - addressing challenges of ageing society,
- adjusting the offer of the town to the human life cycle and demographic changes taking place in it,
- animation and activating projects for children and youth,
- development of educational and healthcare services, etc.
- **Economic dimension**¹², e.g.
 - supporting entrepreneurship and local economy,
 - supporting innovativeness of local entrepreneurs,
 - strengthening of local labour market, in particular in terms of persons entering/ adapting to the labour market,
 - linking the education system with the needs of local labour market, etc.,
- **Spatial dimension** (non-obligatory), e.g.:
 - higher density residential housing in inner-city areas/town centres,
 - restoring the importance of the main street/marketplace of the town as an important functional centre and meeting place,
 - organising a new structure of real estate division in marginalised/degraded areas of towns in order to prepare them for new functions;
 - creating the system of managing municipal real estate resources - the bank of real estate for, inter alia, the exchange of real estate, formulating offers for investors, carrying out investment - with the use of existing legal tools and analytical tools on the real estate market;
 - organising attractive public spaces and communication routes in inner-city quarters, etc.
- **Dimension of financing the town development** (non-obligatory), e.g.
 - establishing public private partnerships for financing investments in the town;

¹² Apart from supporting the creation or maintenance of incubators/innovation or entrepreneurship centres which are excluded from the support in the Programme.

- involving private investors, tenants' associations and housing cooperatives in financing investments in the town;
- creating multiannual financing programmes, multiannual investment plans, budgets of self-governments in order to provide financing of project activities from self-government resources;
- concepts of seeking various sources of funding, taking into consideration European funds, etc.
- **Cultural dimension** (non-obligatory) - only for towns based on tourism, e.g.:
 - cultural heritage protection, in particular in marginalised areas of the town;
 - support and development of services concerning culture, recreation and tourism, etc.
- **Dimension of smart city management** (non-obligatory), e.g.:
 - smart networks/systems of utilities management, electricity supply networks, heating networks, gas supply networks, sewage networks, waste management, street lighting, etc.
 - smart systems of town management, including traffic/transport in the town as well as monitoring systems, inter alia, of air quality, security, volumes of pedestrian traffic and vehicle traffic, waste management, supply networks, etc.; on the basis of open data,
 - innovative use of data concerning the town, its inhabitants and users,
 - urban audit, etc.

5.3. Project activities

All eligible project activities should be aimed at preparing, designing and implementing actions for the integrated and sustainable urban development.

a) Examples of non-investment activities:

- Support to evidence-based policy making:
 - detailed sectoral strategies;
 - operational plans;
 - schedules, systems, plans and action programmes, project implementation concepts;
 - urban management and development standards;
 - analyses, studies, expert opinions, evaluations;
 - documentation for carrying out urban audit;
 - public consultation plans, social dialogue strategies;
 - detailed cooperation plans (inter alia with private and/or social entities, eg the multiannual cooperation programme with non-governmental organisations, universities, research institutions, entrepreneurs);

- assumptions of changes to studies of conditions and directions for spatial development and of changes to (local) spatial development plans;
- feasibility studies, tender documentation, environmental impact assessment of the project, construction projects or engineering projects, preliminary cost estimates, investor's cost estimates and technical documentation for investments resulting from a detailed analysis and diagnosis of the city's needs identified in eligible thematic areas, under the projects;
- Programme, implementation activities, including:
 - those aimed at social activation of groups threatened by exclusion;
 - support programmes for seniors,
 - support programmes for persons with disabilities,
 - professional activation programmes for the unemployed,
 - professional development/advisory programmes,
 - support programmes for the most vulnerable/those in the most difficult situation,
 - the implementation of the development housing solutions,
 - activities aimed at promoting equal opportunity for the most vulnerable groups,
 - educational programmes for children and youth,
 - the dissemination of knowledge and best practices at the local level and the preparation of common strategies to combat poverty,
 - the development of the exchange of knowledge about apprenticeship systems, business start-ups and business incubators,
 - the training and/or participatory methods based on capabilities and development to address the problem of unemployment in different groups, in particular among young people and cultural and ethnic minorities,
 - the enhanced access to social-aid and health-care services,
 - the development programme of a smart city,
 - other activities resulting from the diagnosis and included in the *Development Plan*.
- b) Investment activities:
 - those resulting from a thorough diagnosis, analyses carried out at the 1st and 2nd stage of the call,
 - those covering the thematic area mentioned in point 5.2,
 - those defined as priorities for the implementation of project objectives and solutions to key development problems in the city,
 - the obligatory activities including the implementation of accessibility standards¹³ in accordance with the assumptions of the *Accessibility Plus Programme 2018-2025*,

¹³ Specified in Annex No. 2 to the Guidelines on the implementation of the principle of equal opportunities and non-discrimination, including accessibility for people with disabilities and the principle of equal opportunities for women and men as part of EU funds for 2014-2020.

- **all planned investment expenditures must not exceed 60% of the total project eligible expenditures.**

The project activities may be implemented by a beneficiary or its establishments/budget units independently, partners or external entities selected in accordance with the valid law, including the Public Procurement Law and the Public Activity and Voluntarism Act as well as in accordance with the regulations on state aid and de minimis aid.

B. Good management, responsible institutions, transparency

Irrespective of the development dimension mentioned in point V A, projects are also aimed at enhancing competences, the quality of services and the accountability of the public administration. The improved organisation and increased competences of employees will allow the local self-government to deliver a more effective support to citizens and to contribute to improving the quality of life in their communities. Good public governance, including the rule of law, contributes to building confidence among residents in the local authorities as institutions managing the local development.

5.4 Key problems and challenges¹⁴ in this area to be considered during the preparation of the project outline/ complete project proposal (Action plan) include:

- insufficient knowledge and competences of officers of the self-government administration to carry out an efficient urban development policy (in city halls and other local public institutions which are responsible for, inter alia, employment, social care, health care, environmental protection, etc.);
- the lack of skills/competences to correctly diagnose problems and development challenges and to select adequate mitigation measures;
- the ambiguous division of tasks between different units/entities of the self-government, overlapping duties or competence gaps, the hindered flow of information and rather inefficient decision-making processes;
- excessive bureaucracy and regulations, lengthy and complex procedures which are not friendly for local communities;
- the lack of standards or poor transparency of activities and decisions made by officers and local authorities;
- the lack of confidence in local public institutions and their competences among communities;
- the insufficient dialogue between officers/authorities and residents and other groups of local shareholders.

5.5. Thematic scope

In this programme area, project outlines and complete project proposals (*Action Plans*, which set out the directions for activities and development in terms of good governance at the local level), should address the following matters (depending on the needs of the respective city):

¹⁴ It is also possible to skip these problems which do not exist or hardly exist in a specific city. It is also possible to refer to other challenges faced by the city in the respective area, if they are a significant problem.

- enhancing the operational standards and competences of the local public administration and its services,
- reducing the “silos” problem in relation to the activities of individual units of the local administration and supporting the effective flow of information both inside offices and between offices and citizens,
- reducing the level of over-regulation and bureaucracy at the local level,
- promoting and implementing the culture of openness, transparency, the rule of law, in particular by strengthening the structures of cooperation between units of the self-government and residents, non-governmental organisations, business, etc., by means of smart solutions (e.g. digital platforms),
- extending the involvement of residents in co-decision and co-management processes in cities,
- civic budgets.

5.6 Project activities

Under this programme area the implementation of the following activities as a minimum should envisaged:

- 1) building institutional capacities and developing competences of the local public administration;

The activity may be carried out as the minimum activity through educational activities aimed at acquiring knowledge and developing competences of urban officers, including: conferences, trainings, workshops, seminars, meetings, apprenticeships, study visits, exchange programmes for officers, Internet websites, IT platforms (knowledge centres), newsletters, mailing lists and other ICT-based tools. These mechanisms should be a basis to develop skills and enhance the quality of services rendered by officers at the local level, as well as to educate and deliver leaders of the local development as models for other units of the self-government.

- 2) facilitating and enhancing operational standards of the local self-government;

The tasks should refer to the creation/improvement of mechanisms reducing bureaucracy, legal provisions or regulations, a more transparent and efficient division of tasks and exchange of information in offices, a better coordination of activities between different units of city halls and the offices and other public entities at the local level. Under the aforementioned activity, it is necessary to consider the creation and application of the standards of openness, transparency and the rule of law in the functioning of public offices;

- 3) building confidence among citizens in public institutions at the level of the local self-government;

The minimum tasks in this respect should establish permanent, solid and inclusive mechanisms of public participation by engaging residents and shareholders in decision-making processes.

VI. Project outline

There will be two stages of the project selection under the call: project outline (I stage) and complete project proposals (II stage), as in detail explained in Section XI of the Rules of procedure.

In the first stage of the call applicants submit the initial general concept of the project, the so-called project outline, in accordance with the form constituting Annex No. 2 to the Rules of Procedure, which provides information on its obligatory content.

VII. Complete project proposal (2nd stage of the call)

7.1. Composition of complete project proposal

In the second stage of the call, selected applicants will submit a complete project proposal, in accordance with Annex No. 3 to the Rules of Procedure, which should contain the following elements:

- Development Plan, developed at 2nd stage of the call, referred to in item 7.2 of the Rules of Procedure;
- Action plan prepared at 2nd stage of the call, referred to in point 7.3 of the Rules of Procedure;

At the same time, each project must carry out project activities (referred to in points 5.3 and 5.6 of the Rules of Procedure) resulting from both of these Plans, integrating them together, where possible and justified.

- educational activities referred to in point 7.5 of the Rules of Procedure;
- project management (optional),
- a financial auditor/public officer verifying expenses incurred in the project (if applicable).

7.2. Development Plan

7.2.1 In order to enable the comprehensive solution of urban problems and creating the multifaceted local development, already at Stage II of the call 50 selected self-governments will be obliged to prepare, together with complete project proposals, the so-called **Development Plans**, i.e. multisectoral, strategic programmes of social and economic development of towns covering the following obligatory dimensions as a minimum:

- environmental
- social
- economic,

referred to in point 5.2 of the Rules of Procedure.

Depending on specific problems and needs of particular towns, every *Development Plan* may refer to various aspects as part of the above dimensions and additionally address others (spatial, cultural, financing the development, smart management of the town).

Applying municipalities must provide an integrated, comprehensive and multisectoral nature of their *Development Plan* and activities contained therein. The use of such an approach will be subject to content-related evaluation at the stage of submitting complete project proposals.

7.2.2. Obligatory elements of the *Development Plan*

Every Development Plan must consist of the following elements:

1. The characteristics of the town in terms of its demographic, environmental, social and economic and geographic conditions
2. Diagnosis of deficits, problems and development barriers of the town (minimum) in the environmental, social, economic and demographic areas
3. Objectives and development needs of the town
4. Analysis of capacities and strengths of the town as tools supporting the solution of diagnosed problems.
5. Description of activities planned to be taken in response to identified problems and objectives, with indicating their hierarchy, importance for the development, the rationale for implementation and interrelations/complementarity:
 - 5 a) main activities,
 - 5 b) follow-up activities,taking into consideration accessibility standards in both types of activities.
6. Social participation - the manner of including a local community into the process of preparing and implementing the *Development Plan*¹⁵
7. Estimated schedule of the implementation of the *Development Plan*
8. Financial analysis of the *Development Plan*, including recognising of possible sources of financing of planned activities and their estimated values
9. Risk analysis and risk management analysis
10. The system of implementing the *Development Plan* and the procedure of its modification
11. Monitoring of progress in the town development on the basis of implemented activities, together with determination of indicators
12. Evaluation of results of implementing the *Development Plan*
13. Linking the Development Plan to strategic and planning documents of the town
14. Attachments (e.g. statistical data)

7.3. Action Plan

7.3.1 In order to establish and implement higher governance standards at the local level, as soon as at the 2nd stage of the call, the applicants will prepare the so-called **Action Plan** which is an attachment to the complete project proposal aimed at enhancing the competences and services of the self-government and at enhancing openness and transparency of offices.

¹⁵ In line with assumptions stipulated in point 7.4 of the Rules

The applicants who will be granted funding will carry out concrete actions in the aforementioned respect, as mentioned in the Action Plan referred to in Point 5.6 of the Rules of Procedure.

The Action Plan should establish a framework for improving governance at the local level and standards for a more efficient public administration, open to cooperation with residents and encouraging them to participate in decision-making processes concerning local matters and urban co-governance. Such an approach will allow to better adjust the activities of the self-government to the needs of citizens and will contribute to strengthening socio-economic cohesion.

The *Action Plan* should be prepared in **consultation** with residents and other urban users. Plan should determine communication strategies with citizens and involve them in the decision-making processes. Improving operational standards of the local administration and its cooperation with citizens, consultation mechanisms, co-decision making processes and co-governance processes naturally strengthen the principle of accessibility and all of them should therefore be determined by following the requirements of the Accessibility Plus Programme 2018-2025.

7.3.2. Obligatory components of the Action Plan

Each and every *Action Plan* must include the following components:

1. a description of the current functioning of the local administration (operational standards, competence level) and its cooperation with external shareholders;
2. a diagnosis of deficits and problems in the functioning of the local administration and its cooperation with external shareholders;
3. objectives and needs of the *Action Plan*;
4. a description of activities to be carried out in response to the identified problems and objectives, including their significance for improving the functioning of the local administration and accessibility standards;
5. citizen participation - the method for involving the local community in the preparation and implementation of the *Action Plan*¹⁶;
6. an estimated implementation schedule of the *Action Plan*;
7. a risk analysis and risk management;
8. a system for implementing the *Action Plan* and a procedure for its modification;
9. the monitoring progress in the improvement of the functioning of the local administration on the basis of the completed activities, including the specification of indexes;
10. the evaluation of results of the implementation of the *Action Plan*.

Projects will be managed in accordance with the following principles: strengthening the participation and inclusion of different entities, accountability, integrity, responsiveness, , transparency, effectiveness and efficiency and legal compliance.

¹⁶ In line with assumptions stipulated in point 7.4 of the Rules

Furthermore, the Programme will involve the creation and implementation of a system to combat irregularities, incorrect management or corruption, allowing the identification of such incidents and the application of appropriate sanctions, with the aim to implement the good governance policy. It will be used by all beneficiaries during the implementation of projects.

7.4. Involvement of the local community

Taking into account the subject matter and objective of the call for applications, both the preparation stage of the complete project proposal (i.e. Development Plan and Action Plan) and the project implementation stage, should include **involving the local community** (to be understood as residents, social and economic organisations, local businesses, academic institutions, etc.) in the activities carried out by applying different techniques and participatory tools aimed at the maximum possible involvement of residents and other target groups/shareholders in the decision-making process during the planning and implementation of different project activities, as mentioned in point 5.3 and 5.6 of the Rules of Procedure of the open call for proposals.

Involving the local community in the project is aimed at ensuring that residents co-decide on project activities, at the same time on the urban policy development.

At the stage of complete project proposal the activities aimed at involving the local community should include: education and informing residents and other stakeholders about planned project activities and consultation and co-decision making procedures, with the aim to maximum involvement of residents and other stakeholders in the planned project activities directly or via their representatives.

At the stage of project implementation the activities aimed at involving the local community should include, inter alia: education, informing residents and other stakeholders about planned and ongoing project activities, activating participation methods (consultation and co-decision making procedures), with the aim to involve residents and other stakeholders in the planned and ongoing project activities, animation activities engaging the local community at all stages of the project implementation to the largest possible extent.

The project outline (in general) and the complete project proposal (in detail) of the applicants should discuss the tools and participation methods planned/in use which are to involve the local community in the preparation of the complete project proposal and the implementation of project activities. Simultaneously, they must be proved as being adequate, rational and effective in comparison with the planned project activities specified in the Local Plan (point 6) and the Action Plan (point 5) and provide a method for using the results of the public participation for the project and possibly for the further urban development policy.

Especially at the stage of preparing complete project proposals, depending on the capacity of applicants, all the participatory tools and techniques aiming to set up a contact and cooperation with groups of stakeholders shall be considered equally adequate and effective regardless of the form taken: direct meetings, events or interactions as well as indirect methods involving use of ICT or traditional channels of communication such as e.g. paper questionnaires, post, telephone, etc.

NOTE: A given complete project proposal will not be recommended for funding if during the content-related assessment, a section concerning the inclusion of the local community receives 0 points.

7.5. Educational activities

Taking into consideration the pilot nature of the call for applications, **an important component of the project implementation will involve activities aimed at disseminating knowledge about the application of urban governance solutions**, at the stage of the project implementation. They are aimed at:

- building a space for cooperation to exchange experiences about the achieved effects among a wider group of entities, including in other cities, eg in the respective voivodeship, functional area, association the beneficiary belongs to. The information should be consulted with the Programme Operator in advance and ensure that its representative may participate in the planned information events,
- using the Programme Operator to inform about the preparation and implementation of project activities, potential problems and solutions and elaborated patterns,
- acquiring knowledge and enhancing qualifications of officers of the city hall – the beneficiary and representatives of other public institutions in the city in terms of the aforementioned solutions.

The aforementioned educational activities should use, inter alia, the following tools: conferences, workshops, seminars, meetings, apprenticeships, study visits, exchange programmes for officers, Internet websites, newsletters, mailing lists and other tools based on modern communication technologies, delegating an employee or employees of the office to carry out information activities in relation to the project.

An obligatory outcome of the project with educational activities will be the preparation of a summary documentation on the project implementation and the presentation of the achieved good practices and experiences.

Upon the approval by the Programme Operator, the prepared documents will be made available to all those interested in their implementation. Furthermore, at the request of the Programme Operator beneficiaries will also be obliged to deliver the complete documentation created during the project implementation.

NOTE: A complete project proposal, which will receive 0 points for educational activities during the content-related evaluation, will not be recommended for funding.

VIII. Accessibility standards

8.1. The sustainable development should equally include the economic growth and the dimension of cohesion and social solidarity to be measured by the enhanced quality of life of all residents of cities, including the groups with specific needs and threatened by social exclusion. The *Accessibility Plus Programme 2018-2025* has been developed to enhance the quality of life and ensure the independence of seniors and persons with permanent or temporary physical or mental constraints.

8.2. The accessibility standards should be taken into consideration in the prepared project outline (to the extent mentioned below), complete project proposals (and in the *Development Plan* and the *Action Plan*) and during the implementation of projects.

8.3. Depending on the planned project scope, the accessibility standards may have the following dimensions:

- architectural;
- transport;
- digital;
- information and promotion;
- training;
- educational,

and take the following forms:

- innovations and social solutions, including educational and information programmes and campaigns,
- the policy for seniors (silver economy),
- ITC solutions,
- universal design,
- the enhanced architectural accessibility of buildings, etc.

8.4. Forms for supporting accessibility standards in the Programme:

- a) financing project activities which cover accessibility standards under approx. 15 co-financed projects;
- b) grants for accessibility-related and smaller-scale measures up to PLN 100 000 per applicant - for applicants who will not be granted funding (under the 2nd and 1st stage of the call for proposals).

8.5. Process of granting funds for implementing accessibility standards:

(A) Stage I of the call for project outlines – in the project outline form, all applicants should provide the proposed accessibility-related measures with the value of up to PLN 100 000. They should be preceded by an analysis/diagnosis and public consultations to identify the factual needs of the municipality and its residents/stakeholders in this respect. These matters will be evaluated by experts appointed to assess the project outline based on the content-related evaluation sheet for the project outline (Attachment No. 4b) to these Rules of Procedure of the open call for proposals. In particular, the respective assessment will cover compliance with the assumptions of the *Accessibility Plus Programme 2018-2025*, the justification and rationality of the proposed activities. The evaluation may be positive or negative, whereby the project outlines which will be evaluated negatively will not receive a grant of up to PLN 100 000 PLN. Such grants will be granted to the applicants which have not been qualified to the 2nd stage of the call for applications, in case there are savings in the implementation of the 15 funded projects, in the order assumed in the reserve list prepared

upon the completion of the 1st stage of the call. Should an applicant decide not to accept the grant or should its accessibility-related measures be assessed negatively, the Programme Operator will offer the grant to the following applicant on the reserve list which has been evaluated positively in this respect.

(B) Stage II (call for complete project proposals) - approx. 50 applicants qualified to this stage will include the aspect of accessibility in the prepared Development Plans (in point 5) and the Action Plans (in point 4) under concrete project activities (as mentioned in point 8.4.a). For 15 projects that will receive funding, please see point (C).

Approximately 35 applications which will not be selected for funding at the 2nd stage of the call for applications, will be able to receive a subsidy up to PLN 100 000 for accessibility-related activities in their cities. The condition is a positive opinion of appraising experts on the proposed accessibility-related measures (made either during the assessment of the project outline or the complete project proposal – in the latter document in cases explained in next paragraph).

In case the evaluation of accessibility-related measures mentioned in point 8.4. b) (up to PLN 100 000) is negative at the 1st stage or the applicant decides to up-date or modify the accessibility-related measures in comparison with the information included in the project outline, the applicant may make appropriate changes in this area in the complete project proposal.

(C) Stage III (project implementation) - approx. 15 co-financed complete project proposals will implement project activities (investment and non-investment) under the Development Plan and the Action Plan including the enhanced accessibility standards (as mentioned in point 8.4.a).

8.6. There will be a possibility provided that activities for enhancing accessibility standards mentioned in point 8.4 may be carried out directly by city halls or its units or budgetary establishments or self-government legal persons established based on separate statutes to perform public tasks, depending on the area and type of intervention. They will mostly refer to different areas of the socio-economic life, including different public entities (e.g. social welfare centres, cultural centres etc.), public utility buildings or residential building owned by the city. To perform their statutory tasks in this respect, cities will have the possibility to make use of the competences of non-governmental organisations.

IX. Eligible applicants

9.1. The applicant may be exclusively one municipality with the status of a city, which is on the list of 255 cities¹⁷ specified in the Strategy for Responsible Development.

9.2. In relation to the fact that the Polish Academy of Sciences has delimited 122 cities¹⁸ for the purposes of the Strategy for Responsible Development, which lose their socio-economic functions to the largest extent and thus require specific support, they will be awarded additional scores at the 1st stage of the assessment of the project outlines.

9.3. One applicant must not submit more than one project outline/ complete project proposal.

¹⁷ List of eligible towns is an Annex 1 to the Rules of Procedure.

¹⁸ https://www.mr.gov.pl/media/36254/Delimitacja_miast_srednich_SOR_11.pdf

X. Project partners

10.1. It is recommendable to implement projects both in a cross-sectoral partnership and in a partnership between units of the self-government (on the national and international level - with units of the Donor States, i.e. Norway, Iceland and Liechtenstein).

10.2. National partners may not be natural persons, civil-law partnerships, commercial companies, excluding municipal and state-owned legal persons and social housing associations.

10.3. At the stage of outlining the project, the applicant presents a structure of the national partnership (without specifying concrete partners) which will be the basis for preparing the complete project proposal. The partnership should factually be concluded at the stage of preparing the complete project proposal the mentioned partners are already actively involved in. Upon submitting the complete project proposal, the obligatory attachment will include a letter of intent which should specify the division of tasks and roles of individual project partners. Before signing a project contract, the Applicant will be required to submit the draft partnership contract / agreement to the Programme Operator for approval. Not later than at the stage of signing the project contract, the applicant is obliged to deliver concluded partnership contract / agreement.

10.4 The national partnership should be established with entities which make a contribution to the project in the form of human, organisational, technical or financial resources, jointly implement the project at each stage, by following the conditions specified in the agreement or partnership contract.

10.5 The agreement and partnership contract contain elements referred to in art. 7.7. Regulation on the Implementation of the EEA Financial Mechanism 2014-2021 and the Regulation on the Implementation of the Norwegian Financial Mechanism 2014-2021 (hereinafter referred to as the Regulations).

10.6. The agreement or partnership contract must not be concluded between related parties in the meaning of Annex I to Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty Text (O.J. of the EU L 187 of 26.06.2014, p. 1).

10.7. Entity which is not eligible to receive a funding must not be party to the agreement or partnership contract¹⁹.

10.8 Partners from the Donor States may be exclusively units of the self-government of Norway, Iceland and Liechtenstein. At the 2nd stage of the call, the Applicants will participate in study visits during which they will be able to familiarize themselves with the activities of the above-mentioned entities. The partnerships will be concluded after receiving a favourable project grant decision, which implies that those municipalities which will be granted funding will also be supported in searching for and entering into such cooperation under their projects.

¹⁹ In particular, pursuant to art. 207 par. 4 of the Act of August 27, 2009 on public finance (Journal of Laws of 2017, item 2077, as amended).

NOTE: It should therefore be born in mind that each of the 50 applicants will reserve part of the estimated budget for activities of potential partners from the Donor States as soon as at the stage of preparing the budget for the complete project proposal, irrespective of whether the respective partnership will ultimately be concluded or not.

A given complete project proposal will not be recommended for funding unless a budget line for bilateral activities was included in the total project budget.

XI. Structure and schedule of the selection of project proposals

The procedure of the project selection for the funding consists of two following stages:

11.1. Stage I - open call for 255 towns indicated in SRD and the selection of about 50 towns

Due to the nature of the Programme and the need of developing comprehensive solutions for towns, at the first stage of the call about 50²⁰ towns-applicants will be selected to participate in the further competition procedure.

This selection will be made on the basis of the evaluation of formal conditions and content-related criteria contained in the formal evaluation grid for the project outline, constituting Attachment no. 4a to the Rules of Procedure of the open call for proposals and content-related evaluation grid for the project outline, constituting Attachment no. 4b to the Rules of Procedure.

The Cooperation Committee composed, of the Programme Operator and foreign partners (the Association of Local and Regional Authorities of Norway (KS) and the Organisation for Economic Cooperation and Development (OECD)) accepted formal conditions and content – related evaluation criteria and the text concerning the announcement of the call.

Project outlines meeting formal conditions will be subject to content-related evaluation. Applicants rejected by the Programme Operator at the stage of formal evaluation may submit an appeal against its negative result to the National Focal Point (NFP), about which they will be informed by the Programme Operator. In the event of the appeal acceptance, the project outline will be transferred for further evaluation.²¹

Taking into consideration the Programme objective, the content-related evaluation will be based on the criteria measuring the scale of **negative** phenomena, experienced by a given town, (among others: the most polluted, losing their social and economic functions to greatest extent, with the accumulation of unfavourable phenomena, including demographic ones) and **positive** ones (quality of prepared project outlines), in accordance with the content-related evaluation grid for the project outline.

For the above reasons, 122 towns, referred to in SRD, with the largest concentration of negative phenomena will receive additional points in the content-related evaluation.

²⁰In the case of a larger number of high quality project outlines, the Programme Operator may decide to increase the number of towns which will be able to participate in the 2nd stage of the call.

²¹More details in this regard are in Rules for formal evaluation (Attachment no. 6 to the Rules of Procedure of the open call for proposals).

The content-related evaluation of every outline will be made by three experts independent on one another, including at least one external one in relation to the Programme Operator.

The preliminary version of the ranking list along with a summary justification of conducted content –related evaluation process is submitted by the Programme Operator to the Project Selection Committee for discussion and evaluation. The Committee is composed of the Programme Operator representatives, an external expert and representative of KS, as well as observers - representatives of OECD, Donor States and the National Focal Point

By decision of the Project Selection Committee, the applicant may be requested to provide explanations regarding the content of the outline. The request is sent to the applicant by the Programme Operator in an electronic form and forwarded to the e-mail address provided in the outline. After receiving the request, the applicant is obliged to confirm its delivery. The applicant is obliged to respond in accordance with the requirements of the request, in particular regarding the form, date (not longer than 5 working days from the date of receipt of the request), and to the e-mail address provided in the request. The lack of a response within the indicated period results in rejection of the project outline.

In exceptional situations, in case of justified doubts of the Project Selection Committee for a given project outline, the Programme Operator, at the Committee's request, invites an expert evaluating this project outline to take part in the Committee meeting, in order to familiarize with the additional justification of the assessment.

The decision on the selection of outlines for the 2nd stage will be made by the Project Selection Committee on the basis of recommendations of evaluating experts. Formal approval of the ranking list of the project outlines, including reserve list, which will be qualified for the 2nd stage of the call shall be made by the Programme Operator.

After the completion of the content-related evaluation the Programme Operator immediately provides the applicant with written information on the completion of the evaluation of the outline and its result, giving the number of points received or the information on meeting or failure to meet content-related criteria. Furthermore, the information contains the justification for the evaluation.

This information is final and there can be no appeal against it.

The list of outlines selected in the 1st stage is published on the website www.eog.gov.pl.

It is estimated that this stage will last for about 7-8 months (depending on the number of submitted outlines).

11.2. Stage II - preparation of Development Plans and Action Plans by towns selected in Stage I (Phase I) and selection of about 15 projects for funding (Phase II)

a) Phase I: About 50 towns selected at Stage I will receive comprehensive, non-financial expert support from the Association of Polish Cities (APC) and the Institute of Urban and Regional Development (IURD) (as part of the so-called predefined project referred to in Point XII) in order to develop a complete project proposal, in accordance with the template

constituting Attachment no. 3 to the Rules of Procedure of the open call for proposals, containing as the attachments: **Development Plan and Action Plan.**

The duration of Phase I will be dependent on the pace of Applicants' work and the progress of cooperation with experts from APC and IURD. It will last for minimum 6 months.

b) Phase II: About²² 15 complete project proposals (out of 50 from Stage I of the call) will be selected for funding.

Complete project proposals will be selected on the basis of evaluation of formal conditions and content-related criteria published after the selection of 50 project outlines.

Applications meeting formal conditions will be subject to content-related evaluation. Applicants rejected by the Programme Operator at the stage of formal evaluation may submit an appeal against its negative result to the National Focal Point (NFP), about which they will be informed by the Programme Operator. In the event of the appeal acceptance, the application will be transferred for further evaluation.²³

Content-related evaluation will be based on the criteria stipulated in the content-related evaluation grid of the complete project proposal²⁴.

Content-related evaluation of every project proposal will be made by three experts independent on one another, including at least one external expert in relation to the Programme Operator.

The preliminary version of the ranking list along with a summary justification of conducted content –related evaluation process is submitted by the Programme Operator to the Project Selection Committee. The ranking list includes complete project proposals that have received at least 60% of the total points at the content-related evaluation stage.

By decision of the Project Selection Committee, the applicant may be requested to provide explanations regarding the content of the complete project proposal. The request is sent to the applicant by the Programme Operator in electronic form and forwarded to the e-mail address provided in the project proposal. After receiving the request, the applicant is obliged to confirm its delivery. The applicant is obliged to respond in accordance with the requirements of the request, in particular regarding the form, date (not longer than 5 working days from the date of receipt of the request), and to the e-mail address provided in the request. The lack of response within the indicated deadline results in the inability to place a complete project proposal on the list recommended for funding.

In case of justified doubts of the Project Selection Committee for a given complete project proposal, the Programme Operator, at the Committee's request, invites an expert evaluating this project to take part in the Committee meeting, in order to familiarize with the additional justification of the assessment.

²²The Programme Operator may decide on increasing the number of towns which will be able to receive funding in the case of larger number of high – quality complete project proposals .

²³More details in this regard are in Rules for formal evaluation (Attachment no. 6 to the Rules of Procedure of the open call for proposals).

²⁴The document will be published by the completion of Stage I of the call.

The Project Selection Committee, based on expert assessment, may propose transfers within the project budget or lower than the requested grant amount if it identifies costs that it considers ineligible, unjustified or overstated compared to market rates.

Budget adjustment can only apply to those complete project proposals that have received at least 60% of the total points at the content – related assessment stage. In the case of a large number of complete project proposals that will meet this criterion, the Committee may raise the above-mentioned percentage threshold. In any case, the amount proposed by the Committee may not exceed the amount applied for by the Applicant.

The Programme Operator, at the request of the Project Selection Committee, presents the applicant in electronic form and submits to the e-mail address provided in the application, proposals for budget changes together with the question whether the applicant agrees to implement the project after such a change, while maintaining the essence of the project and appropriate quality standards. The applicant's failure to respond within the requested deadline, as well as the lack of consent of the applicant to introduce the proposed changes results in the rejection of the complete project proposal.

Before making the final decision on recommending complete project proposals for funding, the Project Selection Committee members review the ranking list created after the experts' assessment. The Project Selection Committee may make changes in the ranking list of projects in justified cases.

Based on the assessment of experts, the Committee develops a recommendation on the ranking list of projects for funding.

The Selection Committee submits to the Programme Operator a list of complete project proposals recommended for funding, a reserve list and a list of proposals rejected along with justification, together with the minutes of the Committee's meeting.

The Programme Operator decides which complete project proposals shall be supported.

After the completion of the content-related evaluation the Programme Operator immediately provides the applicant with a written information on the completion of the evaluation of the project proposal and its result, giving the number of points received or the information on meeting or failure to meet content-related criteria. Furthermore, the information contains the justification for the evaluation.

This information is final and there can be no appeal against it.

The ranking list of complete project proposals is published on the website www.eog.gov.pl.

It is estimated that this phase will last for about 4-5 months.

XII. Expert support on the part of the Ministry of Development Funds and Regional Policy

Applicants and Project Promoters will receive the following forms of support:

- a) external expert support of the Association of Polish Cities and the Institute of Urban and Regional Development in cooperation with KS²⁵ and OECD²⁶ as part of the so-called predefined project:²⁷
- at Stage I of the call - experts from the Association of Polish Cities will present and provide access to the analytical tool "Local Development Monitor" enabling diagnosis of the city's development status, based on indicators from public statistics, in social, economic and environmental dimensions, in combination with these values indicators for cities in the comparative group operating in similar conditions. It is a tool supporting the applicant in carrying out the diagnosis of development problems.
 - at Stage II of the call - providing comprehensive expert support for about 50 towns participating in preparing the Development Plan (LDP) and Action Plan (AP), in particular in the following areas:
 - needs analysis, diagnosing problems, defining areas requiring support, financial analysis;
 - preparation or verification of strategic documents in various areas (e.g. low-emission economy, adaptation to climate change, public transport, etc.);
 - developing a methodology for city self-assessment;
 - assessment of cities based on the Sub-national Public Governance Review and recommendations included therein;
 - development of the Action Plan;
 - preparation of the Development Plan.
 - during the implementation of projects - content-related support for about 15 towns participating in Stage III (including enhanced forms of social consultations, trainings for town management capacity- building, etc.) in order to provide the successful implementation of DP and AP through permanent advisers for towns and sectoral advisers recruited when necessary. The supervision over maintaining the main direction of the project and ensuring its content-related correctness.

As part of the predefined project the broad expert support for effective stimulation of endogenous capacities of local development will be provided mainly through the effective, integrated cross-sectoral and, where appropriate, inter-municipal cooperation and building

²⁵ The Association of Local and Regional Authorities of Norway (KS) will participate in the project as a Donor Project Partner. KS associates 422 Norwegian municipalities and 18 counties as well as 500 municipal enterprises. Through study visits, contacts with member municipalities and educational institutions KS will provide project participants with targeted technical assistance as well as the access to Norwegian experience in the town management and participation of citizens.

²⁶The Organisation for Economic Cooperation and Development (OECD) will prepare the *Local Public Governance Review* describing institutional capacities of towns related to good management which will be at the same time a guide for project promoters.

²⁷The project aims at strengthening of broadly understood management capacities of a significant number of Polish municipalities. The project will support municipalities in preparing examples of efficient implementation of integrated Development Plans and widely disseminate a tested, innovative and integrated approach in this regard. Examples of success will be accompanied by operational and legislative recommendations supporting integrated management of local development in Poland.

their institutional capacities - at all main stages of project implementation. In addition, APC and IURD will support:

- implementation of modern tools of real estate management and financial management in 15 municipalities,
 - updating town strategic and operational documents in order to adjust them to DP and AP standards,
 - carrying out trainings for town management capacity building for the project staff,
 - monitoring of progress in the development of towns participating in the project,
 - creating the network for the exchange of experience for project participants, including Norwegian experience, including establishment and development of bilateral relations at the level of predefined project and particular projects,
 - disseminating experience throughout the country in order to reach a wide range of Polish municipalities,
 - promotion of Financial Mechanisms and recommendations of the *Local Public Governance Review*, the project, its products and objectives.
- b) **training activities** - e.g. conferences, trainings, workshops organised by the Programme Operator carried out both during developing a complete project proposal and implementing the project. They aim at gaining knowledge and improving qualifications of officials and representatives of other public institutions responsible for the co-creation and implementation of project activities.

XIII. Method of submission of the project outlines (1st stage) and complete project proposals (2nd stage)

13.1. The project outline form (in the 1st stage) / complete project proposal (in the 2nd stage) with attachments should be submitted in a written or electronic form.

13.1.1. In a written form (in a paper form), please submit in person, by post or courier to the following address:

Ministry of Development Funds and Regional Policy
Department of Aid Programmes
Wspólna Street 2/4
00-926 Warsaw

Documents must be submitted / placed in a sealed envelope with the words "The Call - Local Development" and with the full name of the Applicant and its address,

13.1.2. The electronic form should be sent on the ePUAP platform to the electronic box of the Ministry of Development Funds and Regional Policy .

13.2 The project outline (1st stage) and the complete project proposal (2nd stage) should be submitted in Polish and English²⁸ (one copy each). For documents, regardless of the form of their submission indicated in point 13.1, one should attach their versions in the form of editable files supported by MS Word and MS Excel (for documents submitted in writing in paper form: on a CD / DVD / flash drive or by e-mail to the following address: rozwojlokalny@mfipr.gov.pl).

13.3 The paper and electronic versions of submitted documents in both languages must be identical.

13.4 Submitted outline (in the 1st stage) / a complete project proposal (in the 2nd stage) must be signed legibly in a designated place (in the case of documents submitted in writing in paper form) or with a qualified electronic signature (in the case of documents submitted on the ePUAP platform) by the mayor / president of the city. In the event that the signature is made by another person, the original or a copy of the document delegating the authorization of such a person to represent the applicant must be attached.

13.5 The deadline for submitting the project outlines (submission to the Programme Operator) expires on the date referred to in the call announcement.

13.6 The deadline for submission of complete project proposals (submission to the Programme Operator) will be provided to Applicants selected in the 1st stage of the call, but it cannot be earlier than 6 months from the date of announcement of the 1st stage results.

13.7. The date of delivery to Programme Operator is:

1) date of posting (date of postmark) - only in the case of posting in the Polish post office of the designated operator within the meaning of the Act of November 23, 2012 - Postal Law, whereas outlines / complete project proposals that will be sent to the Programme Operator's office referred to in point 13.1.1 shall be considered to be submitted on time if delivered to the Programme Operator within 14 days²⁹ from the date of completion of the 1st and 2nd stage of call for proposals.

2) in the case of submitting in person, sending via another postal operator than the designated operator, referred to in point. 1) or by courier - the date of receipt to the seat of the Programme Operator referred to in point 13.1.1;

3) in the case of sending on the ePUAP platform - the date of receipt on the electronic inbox of the Ministry of Development Funds and Regional Policy (address: /MIR/SkrytkaESP).

XIV. Project implementation phase

14.1. The project implementation may start from the date of announcement of the list of complete project proposals selected in the 2st stage of call for proposal. **Projects must be completed by April 30, 2024.** The date of substantive completion and settlement of all

²⁸ The Development Plan and Action Plan should be submitted only in the Polish with summary in English. The summary of each plan should not exceed 15 A4 pages. If the Action Plan has up to 15 pages, a translation of the whole document should be provided.

²⁹ The provisions of the Code of Administrative Procedure shall be used to calculate the dates indicated in the the Rules of Procedure of the open call for proposals and annexes.

project activities indicated in the application is considered as the date of completion of the project implementation.

14.2 Implementation of every project will be based on the assumptions of the Development Plan containing both soft and investment undertakings and the Action Plan stipulating activities increasing institutional capacities.

14.3 At the stage of the implementation of projects Project Promoters will receive the continuous support in the form of external experts financed under the predefined project referred to in Point XII of the Rules of Procedure of the open call for proposals.

14.4 It is strictly forbidden to collect any charges or fees for the participation in workshops, seminars, conferences or other events nor for any documents prepared under the projects.

14.5 Ex-ante and ex-post evaluation of towns - Project Promoters participating in the Local Development Programme will be carried out by the Programme Operator with the support of the Association of Polish Cities in order to examine the actual progress in the development process of these towns.

14.6 At each stage of project implementation, Project Promoters are obliged to apply the promotion and labelling rules, resulting from Annex No. 3 to the Regulations "Information and Communication Requirements" and the manual "Communication and visual identification. Norwegian and EEA Funds 2014-2021"³⁰.

XV. Financing of projects

15.1. The call for applications is financed from the Norwegian Financial Mechanism and the EEA Financial Mechanism in 85% and from the state budget in 15%.

15.2. The total value of the call for applications amounts to EUR 102 647 058.

15.3. Each project may receive funding in the amount of EUR 3 - 10 million. The value of the project contract will be given in euro.

15.4. Project budgets as part of complete project proposals and annexes to project contracts will be prepared in PLN. The conversion of the funding/ project value from EUR to PLN for budgetary purposes will be made using the average NBP exchange rate as of the day of submitting to applicants the written information about qualifying for the 2nd of the call for proposals.

15.5. The grant rate will amount up to 100% of the eligible costs, whereby the applicant may make its own financial contribution.

15.6. The funding will be transferred to the bank account of the applicant for the respective project, not later than within one month from the approval of the project financial interim/final report by the Programme Operator.

15.7. It is not allowed to finance any activities which have been co-financed from the Financial Mechanisms and other non-refundable aid measures.

³⁰ http://www.eog.gov.pl/media/49605/Wymogi_dotyczace_Informacji_i_Promocji_1.pdf ,
http://www.eog.gov.pl/media/53673/Podrecznik_komunikacji_EOG_Nor_PL.pdf

15.8. Additional funds which have not been used during the implementation of projects will be allocated by the Programme Operator to other projects which have already been approved³¹ or accessibility-related activities up to PLN 100 000, as mentioned in point 8.4 b) of the Rules of Procedure of the open call for proposals, in accordance with the following schedule.

15.9. At the first stage of the implementation of the Programme (until the end of 2021), in view of potentially low savings in the projects financed both from the EEA Financial Mechanism and the Norwegian Financial Mechanism, the Programme Operator will first allocate the unused funds to the accessibility-related activities up to PLN 100 000 by following the reserve list prepared at the 1st stage of the call. In case there are significant savings at this stage, the funds will be aggregated by the Programme Operator with the potential aim to co-finance an additional project from the reserve list prepared after the 2nd stage of the call for application at a later stage.

15.10. At the middle stage of the Programme (until the end of 2022), additional unused funds from the co-financed projects will be aggregated by the Programme Operator with the potential aim to co-finance an additional project from the reserve list.

15.11. At the last stage of the implementation of the Programme (during the 1st or 2nd quarter of 2023), depending on the amount of savings and the source of funds for projects and the origin of the generated savings, the Programme Operator will follow the following procedure:

(1) not later than during the 1st quarter of 2023, the Programme Operator will come up with a proposal to co-finance an additional project from the reserve list – in case the total aggregated savings from one Financial Mechanism³² will allow to finance 70% of the approved budget for the project³³ as a minimum;

(2) The Programme Operator will come up with an offer to co-finance other ongoing projects – as long as the source of financing these projects and the origin of the generated savings allow to do that;

(3) The Programme Operator will come up with an offer to co-finance accessibility-related activities up to PLN 100 000 in accordance with the reserve list prepared at the 1st stage of the call for applications.

XVI. Eligibility of costs

16.1. Upon the receipt of funding, the expenditures incurred for the submitted projects may be deemed eligible from the starting date of its implementation, however not earlier than the date mentioned in point 14.1 of the Rules of Procedure of the open call for proposals.

³¹ The approved projects mean both approx. 15 co-financed projects and additional projects included in the reserve list which has been approved by the Project Selection Committee.

³² Savings from the projects which are financed from the EEA Financial Mechanism may be allocated exclusively to projects financed from the same source. The same applies to the Norwegian Financial Mechanism.

³³ In case an applicant expresses its readiness to implement the project by making its own contribution of not less than 30% of the project value, the respective project contract will be signed. In case the applicant is not interested in the implementation of the project for justified reasons, an offer of funding will be directed to the following applicant from the reserve list.

16.2. Expenses that meet the conditions referred to in art. 8.2 of the *Regulation on the implementation of the EEA Financial Mechanism and the Norwegian Financial Mechanism for 2014-2021*³⁴, hereinafter referred to as the *Regulation*.

16.3. All eligible costs fulfil the principles and conditions specified in Chapter 8 of the *Regulation*. No specific eligibility principles for direct and indirect expenditures are applicable to this Programme.

16.4. The remuneration of the statutory accountant carrying out controls of the project, in accordance with the project contract (Attachment No. 5 to the Rules of Procedure of the open call for proposals), should be deemed an obligatory eligible project cost.

16.5. The project management costs should reflect, inter alia, the amount of remunerations in the respective unit and be proportionate to the specifics of the planned substantive activities. The justification and rationality of the planned project management costs will be examined at the stage of the content-related assessment of the complete project proposal.

16.6. Ineligible costs were specified in Art. 8.7 of the *Regulation*.

16.7. The Project Promoter may incur expenditures from the funding exclusively by means of a separate bank account.

16.8. The fact that the Project Promoter and national project partners have incurred expenditures will be confirmed with appropriate financial/accounting documents confirming the incurring of an expenditure or a protocol of the statutory auditor on the template specified in attachment to the project contract, subject to point 16.9.

16.9. In case the total value of all expenditures incurred by a beneficiary and national project partners will not be lower than EUR 100 000 along with project interim financial report only a set of financial/accounting documents and a protocol of the statutory auditor will be submitted.

16.10. Irrespective of point 16.9, during the verification of the project interim financial report the Programme Operator may request a Project Promoter to provide the financial/accounting which confirm that the expenditures have been incurred.

16.11. Partners from the Donor States submit only the report of the independent auditor, as mentioned in Art. 8.12.4 of the *Regulation*, as a confirmation that their expenditures are correct.

16.12. If the project or activity carried out by the Project Promoter from the received funds provides for the granting of public aid or de minimis aid, the Project Promoter is obliged to ensure that the aid complies with the rules of granting it and to perform other obligations required by the entity granting the aid.

XVII. Project contract

17.1. If funding is awarded for the implementation of the project, the applicant will receive a relevant letter together with a call to provide the documentation necessary to sign the project contract which consists of:

³⁴ https://www.eog.gov.pl/media/69455/Regulacje_MFEOG_na_lata_2014_2021_FINAL2019_02_07.pdf

- 1) a certificate issued by the bank containing data on the applicant's account/s or sub-account created for the purposes of project implementation; a certificate or equivalent document accepted in the bank's practice should be signed legibly (including a name stamp) by a person or persons authorized to use the account;
- 2) document confirming the authority to represent the applicant (in the case when data have changed in relation to those submitted with the complete project proposal);

17.2. The signing of the project contracts based on the submitted complete project proposals and project contract template which constitutes Annex 5 to the Rules of Procedure of the open call for proposals shall take place on dates agreed with the Programme Operator after submission by the applicant of complete documentation necessary to conclude the project contract.

17.3. The project contract is signed by the Programme Operator on its behalf by a person authorized to do so in triplicate.

XVIII. Payment model

18.1. The value of the funding shall not exceed the amount in EUR indicated in the project contract.

18.2. The funding shall be transferred in Polish zlotys in tranches, in the form of advanced payments, up to 90% of the awarded grant subject to point 18.3, and shall be converted by the Programme Operator into euro using the monthly euro exchange rate of the European Commission in the month in which the expenditure was booked on the Programme Operator's account.

18.3. The last tranche of the funding of up to 10% of the total the funding shall be paid in the form of a reimbursement within 30 days of approval of the final project financial report, and only in the amount that shall not exceed the total funding referred to in item 18.1.

18.4. The first payment which cannot exceed 10% of the project budget shall be paid within 14 days of signing the project contract. Subsequent payments shall be successively paid within 30 days from the approval of project interim financial reports submitted by the Project Promoter, only when the minimum of 70% of the previously paid instalments shall be spent by it.

18.5. The estimated value and number of tranches shall be determined individually for each project based on the project implementation schedule included in the detailed budget of the project which shall constitute an annex to the complete project proposal. The value of the tranches shall contain indicative amounts in Polish zlotys given for the purpose of providing funds in the Programme Operator's budget.

18.6. Programme Operator reserves the right to suspend the payment of tranches of the funding in the case of occurrence of irregularities in the project or a significant shift in the project implementation schedule until the irregularities are corrected or a new project implementation schedule is agreed.

18.7. The Project Promoter is obliged to return the unused part of the funding on the terms set out in the project contract concluded in accordance with the form set out in Annex 5 to the Rules of Procedure of the open call for proposals.

XIX. Final Provisions

19.1. Submission of the project outline (in the 1st stage) / complete project proposal (in the 2nd stage) in the call for proposals is tantamount to acceptance of the Rules of Procedure of the open call for proposals.

19.2. The Project Promoter implementing the project shall be obliged on the basis of the concluded project contract to:

- 1) deliver materials from the implemented project at the request of the Programme Operator;
- 2) ensure the participation of Programme Operator representatives in events constituting parts of the project (e.g. conferences);
- 3) provide the Programme Operator with the possibility of placing a link to the project website;
- 4) ensure that the Programme Operator uses the Project Promoter's logotype for information and promotional purposes related to the implemented project.

19.3. Submission of a complete project proposal is tantamount to consent to the use and publication by the Programme Operator of the applicants data for purposes related to the implementation of the Programme.

19.4. The implementation of the project under the Programme is tantamount to consent to the use of the project results by the Programme Operator on the terms specified in the project contract.

19.5. Submitted forms of the complete project proposal with attachments shall not be returned.

19.6. Inquiries can be submitted by fax or e-mail to the number and address specified below, stating *Local Development* in topic line; rozwojlokalny@mfi.pr.gov.pl, fax: **22 273 89 13**.

19.7. Answers to questions about the call for proposals shall be published successively on the website <https://www.eog.gov.pl/>.

Attachments:

1. List of eligible towns
2. Project outline form
3. Complete project proposal form
4. Evaluation grid for the project outline
 - a) Formal;

b) Content-related.

5. Project contract template with attachments
6. Rules for formal evaluation