

Local Development Programme (call for proposals – 2nd stage) **Questions and Answers**

Eligible activities of the proposal

1. What is the possibility of shaping the scope of the project activities in relation to thematic catalogues indicated in the Rules of procedure of the open call and selection of projects proposals?

It is mandatory to include three mandatory dimensions (environmental, social and economic) in the Local Development Plan, as well as institutional dimensions in the Action Plan. It should be stressed, however, that the thematic catalogues themselves within the dimensions indicated in section 5.2 of the Rules (Thematic Scope) have open and exemplary nature. This means that the applicant can define additional activities in a given thematic area (e.g. other environmental challenges) in the project, relating to the specifics and needs of a particular city.

Please note that experts will award points not only for the number of dimensions and actions indicated in their scope but above all for their legitimacy in the context of the diagnosed city problems, their actual correlation and the need to intervene in this regard. More information as to the aforementioned scope can be found in the content-related evaluation grid available on the Programme webpage: <http://www.eog.gov.pl/en/site/news/second-stage-of-the-call-for-proposals-under-the-local-development-programme-launched/>

2. Does the project allow to purchase means of public transport that will be used in municipal and trans-municipal transport?

In accordance with donor rules, the Programme provides for the possibility to purchase fixed assets, i.e. in this case also means of public transport, which will be used in municipal and trans-municipal transport. Nevertheless, it should be borne in mind that eligible expenditure is depreciation during the project and, in exceptional cases, where they are justified by the importance for achieving the project objective, as compatible with the Programme Operator, the total purchase value may be eligible. In the present case, the purchase of means of transport must be due to problems of the applicant city and its inhabitants, various analyses in terms of substance and effectiveness of such expenditure and implementing documents resulting thereof, including the Local Development Plan (one of the main project documents on the basis of which the comprehensive development of the city will be implemented). It should be borne in mind that this expenditure must also be proportionate to the project's intended results and its value.

In addition, it should be added that low/zero-emission public transport, other environmentally friendly transport solutions or sustainable urban mobility solutions fall within the eligible thematic scope of the Programme. If the analysis of the problems/needs of the city also results in the need and legitimacy of the development of public municipal/trans-municipal transport, the measures suggested by you may be considered eligible. However, these issues will be assessed on an individual basis in the context of a specific development concept of the applicant city.

3. Do the project activities have to concern only the city area or can they also cover the whole commune or go beyond?

As a rule of thumb, the Programme's goal is to develop good practices in the field of city development. Focusing on a specific urban area is intended to increase the likelihood of implementation of a real noticeable change (with the intention that it will serve as a benchmark for other cities). Therefore, all activities undertaken in the project outside the city must have a positive impact on the beneficiary's city and its residents/users (e.g. organization of municipal public transport in order to facilitate commuting to work in the city). In justified cases, the impact of the project may affect not only the city area but also surrounding rural areas. Obviously such an approach must be justified by the needs of the city, carried out diagnosis and be reflected in the planned project activities.

With regard to the implementation of project undertakings outside the applicant's commune area, this may only be allowed in very exceptional cases, justified, e.g. by specifics, natural and technical conditions of the given project which must be located outside the applicant location. In such situations, sufficient detailed justification is needed in the context of improving the quality of life of the applicant's city dwellers.

In the case of urban-rural communes project activities/undertakings should apply to the entire commune, i.e. both the urban part and the surrounding rural part.

4. From which point the expenditure in the project is considered eligible?

From the moment of taking the decision on granting the co-financing the costs in the project may be considered eligible (i.e. it is an earlier point than the date of signing the project contract).

5. Can the eligible actions include for example the construction of a nature and health facility/access road to the planned urban investment/site drainage?

Due to the fact that the projects should be comprehensive in nature and relate to the impact on the city's development, their activities should result from the analysis of the city's situation and its needs supported by public consultations. The effects of these analyses/consultations should be reflected in the Local Development Plan which will specify in detail the development directions of the beneficiary city. Should the document produce the city's development needs related to the implementation of the aforementioned activities then they can be considered eligible.

6. How to attest the tourist profile of the city?

On the one hand, this can be done, e.g. by indicating relevant entries in the city's strategy/other strategic documents or by showing that the revenues from the tourism represent majority in the communes' budget, etc.

On the other hand if a city would like to reprogram its development directions and become a city with a tourist profile (e.g. through the implementation of a project in the *Local Development Programme*) it must demonstrate sufficient tourist potential that can allow it.

Considering the above, a city with a tourist profile does not mean a city where this function is dominant, but important for the city's development. The city has potential in this area and wants to use it. This function is inevitably part of the city's economic strategy, and both functions interpenetrate.

Considering the above, a city with a tourist profile does not mean a city where this function is dominant but important for the city's development. The city has potential in this area and wants to use it. This function is, of course, an element of the city's economic strategy, and both functions interpenetrate.

7. Is it acceptable to include in the Local Development Plan activities supporting the development of recreational services by creating public recreational infrastructure that increases the attractiveness of living and settling in the city?

Yes. If the development of recreational services by creating a public infrastructure is aimed at improving the quality of life of residents, which will encourage them to stay and work in the city (or possibly encourage new residents to move), then such action is eligible.

8. Basic rules regarding cost eligibility

- ✓ Incurred during the eligibility period;
- ✓ Related to the subject of the contract and indicated in the detailed project budget;
- ✓ Proportional and necessary to implement the project;
- ✓ Used exclusively for the implementation of the project's objectives and results in a manner consistent with the principles of economy, efficiency and effectiveness;
- ✓ Identifiable and verifiable (accounting records) and determined in accordance with applicable accounting standards;
- ✓ In accordance with the requirements of applicable tax and social legislation.

More information on the eligibility of costs in projects can be found in the *Guidelines for applicants under the Local Development Programme* published on the Programme website.

9. Will there be an additional approval procedure for the infrastructure project? Will it be sufficient to indicate such a project in the Local Development Plan?

There is no mentioning about infrastructure project but only about investment activities or projects. All comprehensive activities related to the city's development (infrastructural and soft), as well as plans connected with it should, therefore, be included in the Local Development Plan. The entire complete project proposal (i.e. in this context the Local Development Plan) containing a detailed description of the activities will be subjected to content-related assessment. There will, therefore, be no separate approval procedure for project activities (including investment activities).

10. Will it be possible to create full-time employment for the duration of the project under the project activities of non-investment nature? This relates to hiring a fitness trainer/ animator to conduct classes and various physical activities with youth, seniors and people at risk of social exclusion?

Will it be possible, as part of project activities of non-investment nature to create/build the City brand and to organize a comprehensive promotion of the City and local entrepreneurs and manufacturers, i.e. rebuilding the City's website, exhibitions, fairs, study visits? These activities would be aimed at promoting the City and local entrepreneurs in the country and abroad and thus economic development and stimulation of local entrepreneurship.

The starting point for establishing actions, i.e. tools for city development, is a problem and potential diagnosis indicating the main development barriers but also potentials and as and hence as a result the best, most desired directions of the city's development in order to achieve a real improvement in the standard of living of the city's residents and users. Taking such analysis of urban conditions as a starting point, one should set development goals and propose for them either the directions/nature of the planned activities or generally indicate activities as tools for achieving the project objectives.

From the Programme rules point of view it is possible to employ project management and implementation personnel for the duration of the project. However one needs to answer the question to what extent it is rational and justified in the broad context referred to above.

We can find a similar situation with regard to tasks aimed at increasing the city's investment attractiveness. It will be crucial to demonstrate here the direct and substantial impact of such activities on the economic sphere and improvement of the city's position in this respect. All elements referred to in the question are in principle eligible but they will be considered on a case by case basis in the context of the whole concept presented by you.

11. What is the time period for which the Local/Action Plan is to be developed? Will its validity end along with the implementation of the project? If the period of validity is to be longer what is the formal basis for it?

The idea of the Programme is to prepare a development plan for the city as a long-term document that will set directions for its development in the term that is longer than the project duration. The project should, therefore, constitute initiation and strengthening of the desired changes, and not implement the full effect of the change in the city. The applicant submitting the Complete Project Proposal undertakes at the same time to implement the project and the LDP (Local Development Plan)/AP (Action Plan) as a long-term policy of the city. The LDP/AP going beyond the project period should represent an evolving instrument, constantly updated and extended providing a basis for conducting city development policy.

12. Does the preparation of the Local/Action Plan constitute an eligible cost?

Due to the fact that expenditure in the project is eligible from the point at which the decision to grant the co-financing is made the preparation of a Local/Action Plan does not represent an eligible cost.

13. If the existing municipal swimming pool is modernized in order to create a modern water recreational infrastructure (e.g. aquapark) and after 5 years – after the end of validity period – entry fees will be charged – will the VAT of this investment be ineligible? Will this

constitute public aid? It is possible to implement such an investment if it results from diagnosis and needs?

In theory, such an investment is possible but one should analyse whether it has a strategic and significant impact on the city's development. Project activities must correspond to the objectives of the project and the diagnosis of problems. These activities should relate in an integrated and comprehensive manner to the development policy of the entire city foreseeing the implementation of both non-investment elements, as well as key/priority infrastructure projects.

It should also be remembered that measures that meet the conditions of public aid cannot be eligible under the Programme.

The rules related to generating revenue in projects, eligibility/ non-eligibility of costs (incl. VAT) are discussed in detail in the *Guidelines for applicants under the Local Development Programme* published on the Programme website: www.eog.gov.pl/media/85470/Wytyczne_dla_wnioskodawcow_Rozwoj_Lokalny_luty2020_d_o_publicacji.pdf

14. Part of the actions that emerge from the diagnosis, analysis and problems of the city are planned on surface waters within the city area, which are the property of the State Treasury in the management of Polish Waters. Will the city need documents confirming right to dispose of at the CPP submission stage? Is it enough to have a letter of intent, e.g. Polish Waters as a Partner?

There is no such obligation at the CPP submission stage. These documents may be attached or the relevant information may be included in the CPP/LDP. A letter of intent with a partner is of course obligatory. It should specify the division of tasks between partners, in particular showing their added value in the implementation of individual undertakings/ activities.

15. Is it possible to administer the real estate, e.g. poviast road when the investment is being carried out by the city, which is a common solution in local governments?

Such a solution is possible provided that the beneficiary is able to guarantee the administration of the property in question for at least 5 years following the end of the project, i.e. in the period of sustainability indicated in the project contract.

16. Can the city, when planning an investment project under the Local Development Programme, which is necessary for further development of the city, plan the investment process from preparation, elaboration of technical documentation, obtaining permits, preparation of cost estimates through its implementation? What documents will be required at the stage of submitting the Complete Project Proposal?

According to the information indicated in the Rules of procedure of the open call and selection of projects proposals, both soft (at least 40% of project value) and investment (max. 60%) activities should be implemented under the project. Ideally, planning of project activities (to be implemented in the project) should include all subsequent stages, from in-

depth sector-specific diagnostics / analytics, through preparation of documentation, permits, to physical implementation of the investment. This means that preparatory activities should be implemented as part of the project, as the implementation should result in fact from in-depth diagnoses and analyzes that will take place at the stage of the LDP or even during the implementation of the project. For this reason, to make sure that the given activities / undertakings are a reflection of actual, priority problems or development potentials of the city, we would like the entire above process to take place during the project implementation. In exceptional situations, where a given problem would come out of the analyzes and diagnoses (because it has such a dominant significance for the city), it is possible to implement the undertaking / action previously started (before the decision on financing the project it will be ineligible expenditure), but the burden of defending such a method the approach rests with the applicant submitting the CPP.

At the stage of the Complete Project Proposal no additional documents are required apart from those referred to in the CPP form and any additional documents will not be subject to assessment.

17. How should the concept of undertaking in a project be understood?

By undertaking we mean a single, indivisible (or difficult to divide) investment or non-investment initiative. We did not indicate the exact definition of the undertaking, so we leave you some freedom in the design of activities and undertakings. However, please do not use the key of one tender procedure, and rather the intervention logic - whether it is possible to separate components, stages, etc. in a given initiative - it will be an action or it can be considered as indivisible - an undertaking.

18. The city plans to build a public sports facility, but it is not possible to build a back-up building in the same place. In this situation, the lease of a part of the nearby building belonging to the cooperative is being considered. Is it possible to incur eligible costs in the project for the modernization / improvement of foreign infrastructure and for how long after the end of the project the lease agreement must be in force to maintain the durability of the project? Do we still need to meet any other conditions, e.g. guarantee that the building will not be sold during the project's lifetime? Does the durability period count from the end of the project or from the payment of the last tranche of refunds?

As far as the leasing of the building for the project is concerned, this cost is eligible. Of course, the validity of such a solution will be assessed during the substantive evaluation of the Complete Project Proposal. Lease costs can be considered eligible if they are justified in the project and meet the eligibility requirements (see the following Guidelines). However, in accordance with the provisions of the Programme Agreement, the Programme Operator must ensure that beneficiaries:

- Retained ownership of all buildings purchased, constructed, renovated or rebuilt under the project for a period of at least 5 years from the end of the project and continued to use such buildings for the benefit of the general purposes of the project during the same period;
- Maintained all buildings purchased, built, renovated or rebuilt under the project appropriately insured against losses, such as fire, theft and other insurable events, both during the implementation of the project and for at least 5 years after the end of the project; and

- They have set aside adequate funds for the maintenance of any buildings purchased, built, renovated or rebuilt under the project for at least 5 years after the end of the project. Specific resources for this obligation will be specified in the project contract.

In our opinion, the above provisions exclude the eligibility of renovation or modernization of buildings not owned by the beneficiary.

Pursuant to the provisions of the Regulations (Article 6.4, paragraph 1 d), ownership should be the beneficiary or beneficiary may transfer it to another entity indicated in the application (Complete Project Proposal). In the latter case, it should take place in justified cases (presumably already during the implementation of the project) so that the property serves the purposes referred to in the first indent cited above. The conditions referred to in all three above indents therefore apply to both the beneficiary and the entity to which the beneficiary transfers (exceptionally) ownership. It should be a public entity to make sure that it will be using real estate to achieve the project's objectives - public goals in the long term.

Please note that under the project both purchase and construction of real estate is allowed. The provisions of Art. 8.6, Regulations on the implementation of Financial Mechanisms, including for the construction: para. 3. These provisions indicate the conditions that must be met in order for such construction to be considered eligible (ownership should be transferred to the beneficiary or the entity specified by him in the application, except that it could not be transferred to another entity during the period of durability project).

In the case of a lease, your requirements apply to ensure project sustainability - ensure project durability for a period of 5 years from the Programme Operator's approval of the final report on project implementation. Durability in this case means that the beneficiary should ensure the correct operation of the project for 5 years, and therefore also guarantee the possibility of leasing during this period.

We also encourage you to read the provisions of the Guidelines for applicants under the Local Development Program:

http://www.eog.gov.pl/media/85470/Wytyczne_dla_wnioskodawcow_Rozwoj_Lokalny_luty_2020_do_publikacji.pdf. , which explain especially the eligibility of costs

19. Will activities consisting in providing urban areas for future economic investments (eg as part of an industrial park) to be considered eligible in the light of the provisions of Rules of procedure of the open call and selection of projects proposals?

Pursuant to the provisions of the open call rules, to support the creation or maintenance of incubators / innovation / entrepreneurship centers, it is excluded from assistance in the Programme due to the possibility of unauthorized state aid.

Nevertheless, if we deal with the development of industrial areas (which are the property of the city), which is to contribute to the increase in the area of the industrial park, we can talk about preparatory and universal action (the area for investment is potentially prepared for all companies) and not having impact on market disruption. It is important that the preparation of the area for future investments is not dedicated, i.e. directed to one, e.g. already identified entrepreneur, only potentially for all companies. This eliminates the condition of

selectivity, which means that the support will not be classified as state aid. In addition, at the next stage (if planned) it is important that the sale of plots to investors takes place through competitive, transparent, unlimited and unconditional tenders to eliminate state aid at the second level, i.e. on the city - investor line.

From this point of view, providing infrastructure of urban industrial areas as an element of exercising public authority will be eligible under the Programme.

- 20. In the process of defining the New Development Path, during meetings with stakeholders devoted to the activities, the need to implement an investment involving the construction and launch of an educational park in the city was discussed. Due to the planned scope of the park's activities requiring professional management, the owner of the nature center plans to entrust the management and running of the park to an operator selected by way of a public procurement. In such a case, will the rules on project profitability described in the Guidelines apply? Will the income generated by the operator selected in the competitive mode from the activities conducted on the basis of the infrastructure implemented in the project reduce the amount of grant under the project?**

In the opinion of the Programme Operator, an analysis of the profitability of the project should be carried out, because the revenues (income) from the operation of the educational park will have an impact on the costs incurred by the commune for the maintenance of this park (contractor's remuneration). We would also like to point out that the owner of the educational park should be the city, and the contractor mentioned would only run its activity.

- 21. The Guidelines for applicants under the Local Development Programme include information (page 11) that: "For each measure (basic and complementary), a separate financial analysis should be prepared in a time perspective equal to at least the period of the Local Development Plan, consisting in the use of the "Long-term financial forecast simulations." Does this also apply to basic activities implemented by project Partners (e.g. NGO) from EEA / NMF funds?**

A financial analysis should be prepared for each basic activity (regardless of who is its implementer). Obviously, the model "Long-term financial forecast simulations" includes only those financial items that have an impact on the finances of local government units (the impact on the partner's finances is not taken into account here). The above means that the financial data of the action (included in the budget of local government units) entered into the LDP/AP Project Generator will be exported to the " Long-term financial forecast simulations" model (thus a separate financial analysis of the action will be carried out in accordance with the Guidelines). Moreover, as part of the financial analysis of the LDP, such an action will be included in the table of indicative financial frameworks of all activities (basic and complementary), specifying at least: the entity implementing the action, including entities other than local government units, the time scope and indicative amounts of financial resources necessary to implement the activities, broken down by their sources of financing.

A separate issue to be regulated is the financial and institutional credibility of the Partner (especially in the case of costly activities /undertakings), which must be demonstrated in the

form of an appropriate statement or declaration. In the statement or declaration, the Partner certifies the financial capacity to implement the project for which is responsible.

- 22. A separate issue to be regulated is the partner's financial and institutional credibility** (especially in the case of costly activities), which must be demonstrated in the form of an appropriate declaration. In the declaration the partner / applicant certifies the financial capacity to implement the project for which is responsible. The partner's financial and institutional capacity to implement the project may be confirmed in one of the following ways:
1. an appropriate entry in the letter of intent;
 2. partner's declaration submitted along with the complete project proposal;
 3. beneficiary's declaration that the partner has the financial capacity to participate in the project.

- 23. According to the "Guidelines for the Applicant", at the stage of developing the LDP, a profitability analysis should be carried out, covering each of the basic undertakings in terms of its potential revenue generation. Does the project profitability analysis also apply to basic undertakings submitted for implementation by the Project Partner (e.g. NGO)?**

Yes, the performance of the project profitability analysis also applies to basic undertakings submitted for implementation by the Project Partner, because it is part of the project financed by the EEA FM / NFM and is subject to the same regulations as the activities carried out directly by the applicant (city).

As part of the preparation of the Local Development Plan, at the stage of identifying projects for co-financing, each of the applicant is required to carry out an analysis of the profitability of the project (all undertakings carried out by both the City and the Partner / Partners).

For this purpose, an analysis should be made of all revenue-generating undertakings included in the basic activities, including those for which the Partner is responsible.

- 24. Profitability analysis should be done at the level of undertakings? Activity? Or at project in general?**

The profitability analysis of the project (of all undertakings that make up the basic activities of the CPP/AP) is carried out when net income is shown in one / any of the undertakings from the group of undertakings that make up the basic activity.

In order to determine the necessity to conduct a profitability analysis of the project, the following sequence of events is helpful:

1. If we do not identify revenues in any basic undertaking - we do not conduct an analysis of the profitability of undertakings and projects.
2. If we identify revenues in any basic undertaking - we conduct an analysis of the profitability of this undertaking.
3. If there is no net income in the profitability analysis of this basic project, we do not carry out a profitability analysis of the project.
4. If there is a net income in the profitability analysis of this basic undertaking - we conduct the analysis for the project (other basic undertakings)
5. The project will be considered profitable if the difference between the sum of revenues related to all undertakings included in the basic activities and the sum of costs incurred

during the project implementation and its durability exceeds zero. Then, the funding for such a project will be reduced by the value of the net income obtained. Profitability analysis is performed for the period of implementation and durability.

- 25. In the Guidelines for Applicants (February 2020), chap. 6 describes the principles of the profitability analysis with examples, eg table no. 1 and 2. In both cases, the income occurs after the completion of the project. Should we do the same when we obtain income lower than the costs (i.e. there will be no income), but this income will be obtained during the implementation of the project and not during the durability period? We anticipate, for example, the purchase and provision of chargers for electric cars and there will be income during the project implementation. If it is lower than the costs, is it not necessary to reduce the subsidy?**

In the case of the purchase and provision of chargers for electric cars, income will be generated during and after the completion of the project. Then, the profitability analysis is calculated taking into account the revenues and costs both from the implementation stage and after the completion of the project, i.e. during the durability period. If the costs during the implementation period and after the completion of the project are greater than the generated revenue, the project is not profitable and we do not have to carry out a profitability analysis for the entire project, i.e. all basic projects. If the costs during the implementation period and after the completion of the project are lower than the generated income, the project is profitable and we must carry out profitability analyzes for the entire project, i.e. all basic undertakings. The total result of the profitability calculation for the entire project will decide about the subsidy reduction. A project will be considered profitable if the difference between the sum of revenues related to all undertakings included in the basic activities and the sum of costs incurred during the project implementation and its durability is greater than zero. Then, the funding for such a project will be reduced by the value of the net income obtained. Profitability analysis is performed for the period of implementation and durability.

- 26. In such a case, if it turns out that the basic undertaking implemented by the Partner generates profit, or is it necessary to prepare a Profitability Analysis for the entire project, including revenues and costs on all basic undertakings included in the LDP, implemented by the project partners and the beneficiary (together with his organizational units, municipal companies)?**

Yes, in the case of identifying the basic project generating income (regardless of whether it is an undertaking for which the applicant city or the Project Partner is responsible), it is necessary to prepare a profitability analysis for the entire project, including revenues and costs for all basic undertakings implemented by the city and partners.

After analyzing individual basic undertakings and finding that one/ several basic undertakings generates profit, you should prepare a profitability analysis for the entire project, all participants - the city and partners, because it may turn out that despite generating net income in some undertakings, the entire project (due to high operating costs) will not generate net income or it will be lower than for individual undertakings.

27. The city is also planning undertakings related to the construction or reconstruction of the road in accordance with the consent for the implementation of a road investment. The land will be purchased by way of an administrative decision for compensation. Can the cost of the claims be eligible under the Programme ? Art. 12 Act of April 10, 2003 on special rules for the preparation and implementation of investments in the field of public roads applies here.

If the compensation and its amount are determined on the basis of the act and include components resulting from the law, it will be an eligible cost - but here it is important to also take into account what results from the Regulations and applies to the eligibility of real estate purchase, because the Regulations set certain restrictions and requirements (Art 8.6 of the Regulations).

Partnerships in projects

28. National partnership:

a) Can the outlined concept of the partnership be changed at the stage of preparation of the Complete Project Proposal?

At the outline stage of the project, the only thing required was to indicate the intention to implement the potential project in the partnership and to identify potential partners sector and generic specific. Based on this general scheme a Complete Project Proposal will be developed. Nevertheless at this stage depending on the conclusions of the preparatory work carried out (e.g. extended diagnostic stage or cooperation with the adviser) a greater or lesser change in the concept of development or the scheme of partnership may take place.

b) Does the partner have to be listed on 255 eligible applicants list?

The partner city in the project does not have to be listed on 255 eligible applicants list. In accordance with the Programme's assumptions and objectives, projects and their effects should focus on beneficiary cities (partnership leaders) therefore, despite the possibility of entering into partnerships with other local governments, all activities/investments that will be carried out outside the city must be justified by the leader city needs and have an impact on the implementation of its development goals set forth in the project. It is not possible to finance a partner's activities the effects of which do not affect the quality of life in a leader city. In other words, it is not possible to finance the partner's activities that relate to the area of their local government unit area or other than the leader city.

c) Can a local government unit or other eligible entity be a partner in more than one project?

Is the potential partnership between cities from the list of 54 qualified for the second stage of the cities' competition allowed?

Yes, there is no limit to the multiple presence of a given entity as a partner. The real nature of the partnership and demonstrating its added value for project activities and the beneficiary's city should be remembered here. In each case, it is necessary to analyse the added value of the partnership and organizational capabilities of the given unit in terms of implementing one project as a leader and participating in another as a partner.

In the case of possible partnerships among 54 selected cities, there is no formal prohibition to enter into partnerships.

However, this may raise some problems related to, e.g. with a concentration of support in the applicant's commune area, demonstration of the actual added value for the applicant from having such a partner - implementation of actions by this partner. Moreover, the partners should maintain constant cooperation on the LDP and AP from the beginning of their creation (i.e. de facto diagnosis) which may call into question the actual desire/possibility to include a "competitor" into the entire application process.

In relation to the above issues, the legitimacy and effectiveness of such partnerships will be examined in detail by experts assessing Complete Project Proposals.

It should also be remembered that transferring funds between partners (on a reimbursement basis) is obviously possible also in this case, however, this should not be a charge for, e.g. city X's advisory services (this applies not only to partnerships among 54 cities but more broadly to partnerships with any other entities including other LGUs).

d) What is the definition of a municipal company for the use of the Local Development Programme?

The Ministry of Development Funds and Regional Policy (MFRP) for the purposes of the call defines municipal legal entities as entities in which at least 51% of stocks/shares are owned by the local government unit.

e) How to choose a partners for the project?

The Regulations do not impose on applicants the obligation to use a competition procedure when choosing partners. It is important, however, that the partnership has a real dimension, i.e. that the partners brings their personal, organizational, technical, etc. resources to the project and participate, as much as possible, at all stages of project preparation and implementation.

f) Does the selection of a partner from outside the public finance sector, NGO, etc. require a competition procedure/implementation act?

The Implementation Act does not apply here, the choice of partner does not have to be based on it. As indicated in the Rules of procedure of the open call and selection of projects proposals it must be the actual partner (not the contractor delivering services, works, etc.), included in work at least from the stage of preparation of the Complete Project Proposal (LDP, AP) to all stages of the project implementation.

g) Can the entrepreneur be a partner in the project?

Formally there is no such possibility, however, this does not exclude the option of including such unit in the consultation process regarding project activities (e.g. when the entrepreneur is a significant employer in the city and therefore worth including in the consultation on the shape of the city's economic development plans).

h) Is there a template of the partnership agreement and when should such agreement be submitted?

In the event entering into a partnership agreement, a letter of intent should be included in the Complete Project Proposal.

The partnership agreement should be delivered and accepted by the Programme Operator before signing the project agreement. The Operator will verify the partnership agreements before signing project contracts, hence they should be forwarded in advance. Applicants will be informed about the deadlines in this respect before the end of the call for proposals.

There is no single valid template of the partnership agreement, the initiative in this respect rests with the applicants.

It should be noted that art. 7.7 paragraph 2 of the Regulations sets out the minimum requirements for such an agreement, the correctness of which will be verified by the Programme Operator before signing the project agreement with the beneficiary. Therefore, the Operator allows various solutions in this type of contracts, provided that they comply with the Regulations, therefore no formula was imposed in this respect. This solution seems to be beneficial for applicants and leaves some freedom in shaping partnership agreements.

i) What if a partner is found to be ineligible?

An ineligible partner does not result in rejection of the project proposal nevertheless during the content-related assessment such partner is not considered as a partner and is not subject to assessment.

j) What is the legal basis for selecting a partner and for the operation of the partnership?

The legal framework for the implementation of the EEA and Norwegian Financial Mechanisms 2014-2021 does not specify the procedure for selecting a partner in projects implemented by beneficiaries. This is due to the specific role of such an entity in the preparation and implementation of the project. According to the definition in art. 1.6.1 lit. in the Regulation, the partner is "a legal entity actively participating in the implementation of the project and effectively contributing to it; partner has the same economic and social goal as the beneficiary who is to be achieved through the implementation of the project". In this context one should understand the provisions of Art. 7.7 paragraph 6 of the Regulations, which states that a partner cannot be equated with a contractor within the meaning of the public procurement law. Cooperation with a project partner is not the same as cooperation with an entity that carries out specific services, supplies or construction works for a fee on the basis of a civil law contract. Such partnership, i.e. being in fact execution for the beneficiary of the project, limited to the implementation of a specific contract indicated by the contracting authority, accounted for in a manner appropriate for public procurement, not referring in any way to the economic and social objective common to the beneficiary, will not fulfill the definition partnerships and as such will not be in line with art. 7.7 paragraph 6 Regulations.

The partner selection procedure is therefore determined by the applicant, who may (but does not have to) apply competition modes or partner selection mechanisms provided for in other programmes. The legal basis for cooperation with partners is the legal framework for the implementation of the Financial Mechanisms 2014-2021, in particular the provisions of the Regulations. At the same time, in accordance with art. 7.7 paragraph 1 and 2 of the Regulations, it is necessary to conclude an appropriate agreement with the partner, which should include, among

others detailed budget and financial arrangements between the beneficiary and the partner. The regulations also contain detailed rules on eligibility and documentation of expenditure applicable to partners. The above provisions define the legal framework and the basis for financial settlements with the project partner.

k) The real dimension of the partnership and flows of resources on the leader - partner line.

Partners are subject to the same project implementation rules as the beneficiary, therefore they should also apply the Guidelines for applicants. According to the project agreement, the beneficiary is responsible for the correct settlement of the partner and his activities in the project. The leader of the partnership is the recipient of financial assistance and is responsible to the Operator for the implementation of the project agreement and project settlement. Issues regarding financial flows between the Operator and the project leader (beneficiary) are specified in the project agreement. On the other hand, issues regarding financial flows (lump sum / refund) between the leader and project partners are regulated by the partnership agreement. The partners agree among themselves whether it has the form of a lump sum or a refund of expenses incurred, as well as the form of settlements of transferred funds. The applicant indicates in the budget to the CPP the costs of the partner and depending on the chosen form of settlement (as a rule, refund, for small NGOs - advance payments) includes in the budget.

One should remember about the real nature of the partnership and demonstrating its added value for project activities and the city - beneficiary. In each case, you should analyze the added value of the partnership and the organizational capabilities of the unit in terms of implementing one project as a leader and participating in another as a partner.

Pursuant to the Rules of procedure of the open call and selection of projects proposals, co-financing will be transferred to the Beneficiary's bank account open for a given project, no later than within one month of the Programme Operator's approval of the periodic / annual / final report on the project implementation. One bank account will be kept for the project, from which the beneficiary will transfer funds to partners. Please note that the provisions of the model contract regarding the Project state: "Co-financing is transferred by the Program Operator through Bank Gospodarstwa Krajowego (hereinafter" BGK ") to the Beneficiary's bank account in PLN with the number ... open only for these funds. "

The template is available on the Programme website: <https://www.eog.gov.pl/stromy/zapoznaj-sie-z-funduszami/rozwoj-lokalny/nabory-wnioskow/>

l) How should point 10.6 of the Rules of procedure of the open call and selection of projects proposals be interpreted?

The circle of national eligible partners in the Local Development Programme is specified in the Programme Agreement concluded with the Donor States. Pursuant to the Agreement, natural persons as well as commercial private entities (i.e. civil law partnerships, commercial partnerships and capital companies) are excluded from the circle of eligible partners, however, social housing associations (TBS) as well as local government and state legal persons may be partners.

The provision of point 10.6 of the Regulations should be interpreted in the context of the principles of granting public aid in the Programme. In any case where public aid would occur at the level of

both the beneficiary (commune) and project partner, such entities cannot conclude a partnership agreement. Given the general principle of the Programme implementation, according to which the Minister does not grant public aid to beneficiaries, the above provision of the Regulations should be treated only as an additional safeguard for the implementation of the above principles.

m) Is it possible to have an informal partnership in the project?

It is possible to enter into a partnership that will not be based on the transfer of funds between the city and the partner, but on consultative and advisory support during the project implementation. In this case, you should consider whether you need to enter into a partnership agreement. Such cooperation may also be based on informal links. An example is cooperation with an entrepreneur that is important for the city: formally, it is not possible to conclude a partnership agreement, but this does not exclude the option of including such unit in the consultation process on project activities (e.g. when the entrepreneur is a significant employer in the city and it is therefore worth including in consultation on the shape of the city's economic development plans).

n) Can Polish State Railways (PKP) be a partner in the project?

Pursuant to the provisions of the Rules of procedure of the open call and selection of projects proposals, "natural partners, civil law partnerships, commercial law companies, cannot be national partners, except for municipal and state legal persons and social housing associations. Please note that the general status of the future partner "PKP as a capital company with 100% share of public capital (State Treasury or Voivodship)" meets the partner's eligibility conditions, however, it should be borne in mind that it does not indicate who this partner will ultimately be (or PKP SA, or a subsidiary of PKP, or PKP "regional" - and this is crucial because a particular company may no longer meet this requirement). This caveat must be kept in mind. In this case, the possibility of entering into partnership will be examined individually. Please remember that an ineligible partner does not result in the rejection of the Complete Project Proposal, nevertheless during the content-related evaluation it is not considered as a partner and is not subject to evaluation.

o) Can the Project Partner, e.g. the State College, build an infrastructure / new building as part of the project, which / will be located / located on the Partner's premises and will be the property of the Partner?

Under the project, both the purchase and construction of real estate is allowed. The provisions of Art. 8.6, Regulations on the implementation of Financial Mechanisms, including for the construction: para. 3. These provisions indicate the conditions that must be met in order for such construction to be considered eligible (ownership should be transferred to the beneficiary or the entity specified by him in the application, except that it could not be transferred to another entity during the period of durability design).

p) Please take a position on the possibility of partnering with Caritas, which describes itself as an NGO.

The circle of national partners eligible under the Local Development Programme is defined in the Programme Agreement concluded with the Donor States. Pursuant to the Agreement, natural persons as well as commercial private entities (i.e. civil law partnerships, commercial partnerships

and capital companies) are excluded from the circle of eligible partners, however, social housing associations, as well as local government and state legal entities may be partners.

Therefore, from a formal point of view, Caritas as a public benefit organization can be a partner in the project.

Of course, another issue is the substantive need for the existence of such a partnership in the project, which will be examined in detail at the substantive evaluation stage. Moreover, an ineligible partner does not result in the rejection of the project proposal, however, during the content - related evaluation it is not taken into account as a partner and is not subject to evaluation.

- q) Art. 19b of the Act on Public Benefit Activity and Volunteerism speaks of a "Local Initiative" defined in the Act as: a form of cooperation of local government units with their residents in order to jointly carry out a public task for the benefit of the local community. In this formula, the commune signs a contract with the Initiative Group represented by Mr. X and Mrs. Y (minimum two people but may be more). The persons indicated in the contract carry out activities for the benefit of the local community based on their knowledge, organizational resources, material resources and the time they want to devote to others. The costs specified in the contract are borne directly by the commune. In such a case, can the Local Initiative be a Project Partner?**

Such a Local Initiative cannot be a partner, because the parties to the contract for the execution of the local initiative are always the residents submitting the application (i.e. natural persons who, according to the rules of the competition, cannot be partners), regardless of whether they submitted it directly or through authorized entities and organizations (it results directly from the aforementioned act).

29. Foreign partnership

- Only local government units from donor countries (Norway, Iceland and Liechtenstein) are allowed as foreign partners;
- Formally no other entities apart from the ones indicated above can become foreign partners. This does not preclude the possibility of informal inclusion (e.g. joint planning of activities, meetings and workshops) of other foreign entities (e.g. the border partner city) in the project if it is justified by the needs, objectives and planned activities of the project. In such informal partnerships, there is no possibility of a flow of funds between entities;
- A partnership with entities from the Donor States is not mandatory, and will not be evaluated at the stage of preparation of the complete project proposal (CPP). Nevertheless, the obligatory appendix for CPPs is the applicant's expectations towards the potential foreign partner and the requirement to reserve a part of the project budget for the activities of potential partners from the Donor States. **If no funds are reserved for the purpose of such potential partnership the application will not be subject to content-related assessment.**

The Norwegian Association of Regional and Local Authorities (KS) will support Applicants/Beneficiaries in the search for potential partners from Donor-States. Given the experience and knowledge of local government units from Donor-States, e.g. in the field of universal design, senior citizen policy, building the capacity and efficiency of local administration, in particular in participatory (with the participation of residents) city management, Polish cities have the chance to use this output on their own ground to support their own development.

Possible signing of the contract with the abovementioned units will take after signing the contract for the project implementation.

Useful information on partnerships with entities from the donor countries, including the possibility of searching for partners, can be found at: <https://www.eog.gov.pl/strony/sotykej-z-funduszy/znajdz-partnera-z-panstw-darczyncow/>

Eligible applicants

30. Does the score and place on the ranking list of 54 cities qualified for the second stage of the call process matter when assessing the Complete Project Proposals?

No, in the second stage of the call, application forms (CPP) will be evaluated anew without taking into account the current score or place of the city on the ranking list in the first stage.

The CPP's content-related evaluation grid is available on the Programme website: <http://www.eog.gov.pl/en/site/news/second-stage-of-the-call-for-proposals-under-the-local-development-programme-launched/>

31. Eligible applicants – please indicate the list of 122 cities which received additional points in the 1st stage of the call for proposals process.

The analyses of the Polish Academy of Sciences show that almost half of the 255 medium-sized cities in Poland are at risk of marginalization and crisis. For a full list of 122 cities losing their socio-economic functions diagnosed by the Polish Academy of Sciences follow the link: <https://www.funduszeuropejskie.gov.pl/strony/wiadomosci/wsparcie-rozwoju-srednich-miast/>

Financing of projects and project activities

32. If the investment expenditure provided for in the project exceeds 60% of eligible costs is it possible to finance it under the Programme to the maximum extent (i.e. 60%) while the occurred difference – as above – would be covered from the applicant's own funds?

In accordance with the requirements of the donors and the provisions of the Rules "All planned investment expenditure may not exceed 60% of the total eligible expenditure of the project". This means that if this limit is exceeded funding will be reduced accordingly. Then these expenses can be implemented outside the project with their own funds.

The city increasing the total value of eligible costs of the project (e.g. from 10 million euros in maximum funding by another 2 million euros, thus increasing the value of the project (total

eligible costs), must ensure that the 60/40 ratio is maintained. So, if the city provides its own contribution and will increase the project's qualified value by 2 million euros, it will have to spend EUR 1.2 million on investment and EUR 0.8 million on non-investment activities from its own resources to maintain this proportion - as part of the project agreement. In summary, if the city wants to spend 2 million euros only for the investment itself, and not for non-investment undertaking, it is better to make it a follow - up activity financed from own resources.

33.How should the investment/ non-investment activities be understood?

The key to assessing an operation in terms of its nature (investment or non-investment activity) is not to include the category in current or investment expenditure. Municipalities have some freedom in this respect and can approach the subject of expenditure accounting differently. The Programme Operator knows a number of cases where, for example, preparation of documentation was considered as investment expenditure and in others as current expenditure. Qualification depends on the treasurer's decision.

The concepts of investment and non-investment activities constitute a different conceptual order (this distinction favours the comprehensiveness of the project) than the conceptual order resulting from the act on public finances and accounting act (capital/ investment and current expenses). It is a matter of adopting a conceptual convention that must be applied consistently.

Investment activities should be understood as project activities listed in point 5.3 of the Rules of procedure of the open call and selection of projects proposals. These activities must result from diagnosis and analysis, as well as, among others be defined as priorities for achieving the project's goals and solving key development problems.

An example for an investment activity of the Local Development Plan (LDP) called 'Modern city beach in the city of X' will consist of investment projects, e.g. modernization of the city beach, reclamation of lake X, reconstruction of the access road to the beach.

Non-investment activities should be understood as project activities listed in point 5.3 of Rules of procedure of the open call and selection of projects proposals, other than 'investment' ones.

Example -a non-investment activity of the LDP: "Modern urban beach in the city of X - investment preparation", will include the following non-investment activities such as: conducting an architectural competition, preparing a construction documentation with obtaining a building permit (despite the fact that the documentation will be a component of the investment in the future, or it will be included immediately investment expenditure - always in accordance with the decision of the municipal Treasurer), promotion of the modernized facility, etc. Construction documentation for the needs of the investment should be understood in accordance with the Rules of procedure of the open call and selection of projects proposals as part of a non-investment activity.

The Programme Operator, after selecting the project, provides the beneficiary with a grant for a non-investment activity (within the meaning of the Local Development Programme nomenclature) under the investment or current paragraph, in accordance with the beneficiary's agreed demand indicated in the payment schedule. It is the beneficiary who qualifies funds in the sense of belonging to investment or current expenditure (within the meaning of the act on public finances) and this qualification has consequences for the analysis of the financial effects of implementing a given project for future budgets (under the Multiannual Financial Plan simulations module).

An example of the division into investment and non-investment activities under the Local Development Plan (LDP) and the Action Plan (AP):

<i>Specification:</i>	LDP	AP
Investment activities (up to 60%)	55%	5%
Non-investment activities (min. 40%)	20% (e.g. documentation)	20%

34. Should the investor's supervision regarding investment tasks be treated as an investment or non-investment expenditure?

Similarly to the above-mentioned question 30 for the development of construction documentation, the investor's supervision should be treated similarly as a service - a non-investment activity.

35. How should you understand "the implementation of the development housing solutions" indicated in the sample catalog of non-investment activities (point 5.3 a of the the Rules of procedure of the open call and selection of projects proposals)?

The cited point of the Rules of procedure refers entirely to non-investment activities, therefore implementation should be understood in this context as generally the preparation of further implementation documents (e.g. detailed implementation plan, selection regulations (e.g. tenants, etc.), financial feasibility analysis, etc., or organizational and communication activities being a non-investment part of the implementation process.

36. Can purchases of specialized ICT equipment and software, e.g. domain applications for the implementation of human smart cities projects be made from the soft part of the budget (max. 40%) as e.g. AP elements (but also LDP)?

Construction works or purchases of goods in excess of PLN 10000 each are considered investment activities.

The given provision refers to individual purchases or construction works that do not constitute a related whole (they are not ordered in one public procurement). In this case, any individual small purchase or construction work below PLN 10 000 will not constitute investment expenditure. Please be careful not to divide related purchases or construction works into smaller categories in order to actually increase investment expenditure in the project.

Purchase of equipment will therefore be capital expenditure. When it comes to the implementation of a service (e.g. an order to develop a software or application) this it can be considered a soft expenditure.

37. Exchange rate risk – due to the fact that the value of co-funding and contract will be expressed in euros and project funding will be paid in PLN there is a possibility of exchange rate risk that will be borne by the beneficiary.

38. Tranches – will be determined individually for individual projects (taking into account the nature and scope of project activities). Co-financing in the form of payment in advance is possible up to a level of 90% of the value of co-financing. The value of the last tranche may not be less than 10% of the value of co-financing (refund).

The beneficiary may receive another tranche after spending at least 70% of the previous tranche.

More information on expenditure eligibility and reporting in projects can be found in the *Guidelines for applicants under the Local Development Programme* published on the Programme website.

39. Are indirect costs eligible in the project?

Please note that in accordance with the Rules of procedure of the open call and selection of projects proposals (point 16.2), eligible costs are expenditure meeting the conditions referred to in art. 8.2. Regulations on the implementation of the EEA Financial Mechanism and the Norwegian Financial Mechanism for 2014-2021¹. According to this document, indirect costs are eligible - for both the beneficiary and the partners.

40. Can the remuneration of trainees under the project which will concern the organization of internships for students of the local university in local enterprises be the eligible expenses ?

In this aspect, two main issues should be noted. Firstly, re-granting, i.e. transferring funds to other entities for the implementation of micro-projects (and internships can be considered as such) is prohibited by donors. Therefore, it should be considered who and how should transfer such funds to trainees (with the help of an entrepreneur who would transfer them to trainees under contracts, there would certainly be re-granting). The second issue is public aid. Regardless of how these funds would be transferred, financing the remuneration for the trainee will most likely constitute public aid for this entrepreneur. The municipality would therefore be an entity providing such assistance with full legal consequences and reporting obligations.

41. Can the remuneration of apprentice tutors and the purchase of materials for practical vocational training, as part of a project that will involve the organization of apprenticeships for high school students in local enterprises, be the eligible expenditure in the project? Trainees' guardians will be employees of enterprises or their owners. Yes, the expenditure indicated is eligible.

42. If the project is implemented in the design and build formula, are all costs incurred under this investment eligible? i.e. documentation costs and construction costs? Should the costs of technical documentation be separated and these costs included in the so-called soft projects?

¹ https://www.eog.gov.pl/media/69455/Regulacje_MFEOG_na_lata_2014_2021_FINAL2019_02_07.pdf

Documentation costs in the investment implemented in the design and build formula or implemented traditionally are treated as soft activities, i.e. we include in the min. 40% of the project value.

43. Should any own contribution or non-eligible costs of project tasks be included in the Multiannual Financial Forecast (WPF) at the time of submitting the Complete Project Proposal to the Ministry?

The Rules of procedure of the open call and selection of projects proposals do not impose such a requirement on applicants (in the submitted Complete Project Proposal). Nevertheless, it will be required to enter funds into the WPF for those cities that will receive funding. For applicants who are unsure about the implementation of the project, there is no obligation to do so. Please also refer to the abovementioned Guidelines for applicants, which in point 5 refer to activities planned in the project in the context of WPF.

44. In view of the questions in which part of the budget of the Complete Project Proposal (CPP) to put the budget for activities related to management, bilateral cooperation, education and promotion - we confirm that above items can function independently in the detailed budget (CPP) but it will not be a formal error if the city will also indicate them in the Action Plan and we confirm that the expenses for these activities do not have to (although may) be covered by a detailed financial analysis of their impact on the budgets of future years, because they are expenses resulting only from the implementation of this specific project (one-off - i.e. they do not have any consequences for future budgets) and fully financed from the grant from the EEA FM / NFM.

45. Which currency rate should I use to project budget in euro?

In accordance with the Guidelines for applicants, the budget is drawn up both in Euro and Polish currency. Currency conversions from PLN to EUR should be made using the average NBP exchange rate as of December 23, 2019: EUR 1 = PLN 4.2554. Please note that according to Rules for the selection of projects: Currency conversions from PLN to EUR should be made using the average exchange rate of the National Bank of Poland on the day of providing applicants with written information about qualifying for the second stage of the call. The actual transfer of the above information to the cities took place on December 23, 2019 (despite the fact that the letters contained the date 19 December 2019).

46. Question about the "Annex to KPP- Budget" available at www.eog.gov.pl.

In the collection "Annex to KPP- Budget" available at: <https://www.eog.gov.pl/strony/aktualnosci/rozpoczyna-sie-ii-etap-naboru-wnioskow-do-programu-rozwoj-lokalny/> sheet 1 ie "budget" looks different than the one presented in Sheet no. 2 "Instruction". As the "Budget" table does not indicate the currency in which the "Unit rate" should be presented - the cities intuitively assumed PLN, all the more so as the next two columns are indicated in PLN (which is a natural consequence of calculations). Meanwhile, there is Euro in the "Instructions". How it should be?

The most important thing is what is in the "budget" tab, not "instructions" (the latter had an indicative value as to the editorial form of the entry). The unit price should be in PLN. On the

occasion of your question, we identified a discrepancy in the English version of the template - the column was missing - the amount of funding in euro. The discrepancy was corrected immediately.

47. Is the beneficiary obliged to place an information board at the place of implementation of each undertaking if it is of a typically non-investment nature, the value of which exceeds € 50,000 (due to the cyclical nature of the project implementation until 2024) and the undertaking will take place in different locations in the City?

During the implementation of the project, the beneficiary is obliged - in accordance with the requirements of the Communication and Visual Identification Manual - to place an information board at the place of implementation of each undertaking that meets the following requirements:

- a) the total amount of public funds allocated to the undertaking exceeds EUR 50,000;
- b) the undertaking concerns the financing of the physical facility, infrastructure and construction activities;

and further in the promotion manual we read: "If you fund a physical object, create a commemorative plaque."

Taking into account the above provisions (and referring to the EU funds), in the case of such soft / non-infrastructure undertakings, there is no formal obligation to put up a table, only e.g. posters, roll-ups in places such as training courses. Nevertheless, taking into account the possible costs of materials, in this case it actually seems rational to place one board, e.g. at the City Hall.

Project documentation

48. How should the preparation of Local Development Plans and Action Plans be treated in the context of the planned amendment (probably in the second half of 2020) of the *Act on the principles of conducting development policy*?

In the assumptions of the call prepared Plans should not play a strategy function but rather be used to change or update the strategy of the commune.

The Plans in question constitute integral elements of the complete project proposal and as such should be approved, i.e. by mayor/ president order or adoption by the city council of a directional resolution (which would be the best solution for obtaining the highest force of applicable LDP/AP) accepting the scope of the application submitted in the Programme. On the other hand, a resolution of the city council regarding LDP and AP should be taken at least for projects that will receive funding.

At the same time, all substantive works carried out while working on the LDP and AP (information from process stages, use of tools) can be used when working on a strategy that will be dealt with as a separate process. From a formal point of view, both processes can take place in parallel. Considering the work on the amendment of the Act it will probably come into force after the end of the call process for complete project proposals. Nevertheless, it should be remembered that the update of the city's strategy after the entry into force of this amendment to the Act must be carried out in accordance with the new requirements of said Act.

49. The language versions of competition documents: due to the nature of the Programme the source of its financing and implementation with the participation of foreign entities (KS, OECD), the complete project proposal must be prepared in two compatible versions, i.e. in

Polish and English. Meanwhile the Local Development Plan and the Action Plan (mandatory appendixes to CPP) apart from the Polish version requires only a **summary in English** (up to 15 pages per each of plan).

Please remember that the above summaries should be prepared according to following rules:

- summary of the Local Development Plan (LDP) up to 15 A4 pages (or full text - if the document will contain up to 15 pages), including the Table of indicators for the LDP;
- summary of the Action Plan (AP) up to 15 A4 pages (or full text - if the document will contain up to 15 pages), including the Table of indicators for the AP.

If it is necessary to prepare a summary (due to the volume of the Polish versions of the LDP and AP), which will be the subject of analysis of the representatives of the Norwegian side, the Programme Operator recommends that the summary should contain the most important information enabling the assessment of legitimacy, consistency, logic and the quality of the whole concept of city development. In view of the above, we suggest that the summary should refer to all the main elements referred to in the Rules of procedure of the open call and selection of projects proposals, with the main focus being on the LDP and AP core, i.e. diagnostics (as a background, justification for actions), description of activities planned to be undertaken (under and outside the project) and the system of their monitoring (including indicators).

There is no requirement for the translation of the complete project proposal / attachments / above documents for the application were made by a sworn translator (however, it is admissible and will not be a formal error). However, we kindly ask you to be careful and to ensure that the translation complies with the Polish language version, so that the Programme partners (OECD, SC) have no problem analyzing these documents.

The competition documentation in both language versions is available on the Programme website: <http://www.eog.gov.pl/en/site/learn-more-about-the-grants/learn-more-about-local-development-programme/calls-for-proposals/>

50. Is a translation of the letter of intent attached to the CPP required?

A translation of the letter of intent is not required. It is a short document with standard wording and its content cannot influence the assessment of a potential national partnership by the Norwegian side.

51. In the case of a city, the Complete Project Proposal will be signed by the First Deputy Mayor. In accordance with the Regulations, it will be necessary to prepare and attach a relevant authorization. Is the above-mentioned the authorization must be translated into English, as in the case of submitting the project outline? Are there top-down recommendations on what elements must be included in the authorization (e.g. whether the title of the submitted CCP must be provided)?

The authorization does not have to be translated, we will check it during the formal evaluation, so it is not necessary for the Norwegian side. We do not recommend what elements must be included in the authorization, it may be a general authorization for the deputy president / mayor to sign contracts / incur financial obligations or an authorization to sign and submit a specific, complete project proposal.

52.Preparation of competition documentation: a complete project proposal (together with the Local Development Plan and the Action Plan): due to the nature of the Programme the Operator recommends, in addition to the substantive support of experts under the pre-defined project, independent preparation of competition documents by cities without the support of external companies. The idea of the competition is based on the preparation of a comprehensive city development plan in cooperation with all city units (e.g. social welfare centres, cultural institutions, educational establishments, etc.) and above all in consultation with residents. Such an approach is at the same time an element of building the capacity and efficiency of the local administration which is fully involved in preparing the vision of the city's development which will then be implemented.

Employees of communes receive extensive substantive support (expert support/training/workshops/study visits, etc.) as part of the project pre-defined for the independent preparation of projects and their further implementation.

53.Are all the partners required to prepare a Local Development Plan and an Action Plan?

No. The obligation to prepare these documents applies to the leader city of the partnership only which as an applicant submits a complete project proposal. Such an approach aims to achieve, as far as possible, the effect of concentrated support and real change in the beneficiary's commune/city.

Project partners should, however, be involved in developing both plans.

54.Can documents already developed in the city, e.g. development plan, revitalization programme, etc. be used in the preparation of the project?

In connection with the requirement of project comprehensiveness (mandatory dimensions: environmental/social/economic/institutional) in the preparation of the Local Development Plan it is possible to use the analyses/conclusions and objectives indicated in the city's existing strategic documents. Nevertheless it should be taken into account that the Local Development Plan requires an up-to-date analysis of the city's situation and perhaps in more detail than in existing documents. In addition, extensive public consultations are required to properly indicate directions of the city development. If the city already has a strategic document/development programme that partially meets the requirements of the Local Development Plan then it can be used and supplemented/updated (e.g. with current data or consultations with residents) to prepare the Local Development Plan as an appendix to the Complete Project Proposal.

Therefore the city may take advantage of the output of existing documents, however, taking into account the need for more detail and timeliness, a new/current analysis and consultation should be carried out in relation to the preparation of an integrated Local Development Plan.

55.To what extent should Chapter 1 "City characteristics" in the Local Development Plan coincide with Chapter 1 "City characteristics" in the Action Plan?

Please note that the characteristics of the city in terms of the Action Plan (AP) are assessed in II.1. (Diagnosis of deficits and problems, including the characteristics of the functioning of local administration) – content-related assessment grid. Also in part of the grid referring to

AP dot cad there is a reference to the city's characteristics only in terms of the AP's thematic scope. The content-related assessment grid shows the difference between the characteristics for the LDP and AP. Please note that, given the nature of the documents that the city is to prepare, the Local Development Plan generally refers to the socio-economic and environmental situation, and the Action Plan to the institutional capacity of local administration. This results from both the thematic scope of these documents indicated in the Regulations and the scope of evaluation, which is specified in the content-related assessment grid for the Complete Project Proposal. Also in each of these documents, reference should be made to the city's characteristics in terms of the nature of the document to the extent indicated above. Therefore, the city's characteristics will be assessed in the content-related assessment grid both in terms of aspects characteristic for the LDP and for the AP. Also, when preparing documents, you obviously do not duplicate information in the LDP and AP, but in each of these plans you refer to the city's characteristics in terms of a given plan.

56. Do the design documents require the approval of the city council?

From the Programme point of view there is no requirement for such acceptance of the Local Development Plan or the Action Plan which does not preclude the city's authority from adopting such a resolution. Explanations in this regard can also be found under item 21.

57. What are the differences between the scope of the Project Outline and the Complete Project Proposal?

The basic features and differences of both documents are indicated by the summary below:

LOCAL DEVELOPMENT Programme – Outline vs. Complete project proposal

Project outline	Complete project proposal
✓ General problem diagnosis of the city	✓ Problem diagnosis of the city (in LDP and AP)
✓ Initial concept of city development/project activities	✓ Detailed concept of city development/specific project activities (in LDP and AP)
	✓ Information and promotion
	✓ Project management
	✓ Project timeframe
✓ Dissemination of good practices	✓ Dissemination of good practices
✓ Accessibility dimension and horizontal policies	✓ Accessibility dimension and horizontal policies
	✓ Planned effects and project sustainability
✓ Planned effects and project sustainability	✓ Planned effects and project sustainability (in LDP and AP)
✓ Lack of budget	✓ Project budget
✓ Lack of appendixes	✓ Appendixes

In addition, it should be remembered that in the course of project preparation, analysis carried out, counselling or public consultation a complete project proposal may differ in substantive scope from the Project Outline. Nevertheless, the main problem diagnosed at the preparation stage of the

Project Outline should remain the same whereas in both documents the only approach to solving it may change. Relationships between diagnosed problems and their hierarchy may change in the course of work on the Complete Project Proposal. It should be remembered that the design logic has to be preserved so the diagnosis/consultation carried out at the preparation stage of the Project Outline will, as far as possible, be taken into account and used at the stage of preparation of the complete project proposal and included Plans.

58. What is Local Development Monitor (LDM) used for?

It is a tool (prepared by the Association of Polish Cities) that allows for a synthetic assessment of the socio-economic potential of the commune over time and in relation to other communes with a similar function in the settling structure of a country's. Therefore, this is not an assessment in absolute terms but always in comparison with what is happening in local government units constituting comparative groups. It is not an assessment in the formal sense either, but a starting point for analysis. Thus, it is a support for authorities and residents in the preparation of decisions primarily of a strategic nature.

The monitor represents, therefore, a very good tool for cities to carry out analyses for the needs of preparing both the Project Outline and the complete project proposal.

The Local Development Monitor, representing a tool for analysis, is used to prepare a diagnosis of the state of the commune, identify and assess strengths, weaknesses, opportunities and threats (a more specialized form of SWOT analysis). It may, therefore, be used extensively as a diagnostic tool in the preparation of strategies, plans, programmes and projects.

The Local Development Monitor is available on the Local Government Analysis System website: <http://www.systemanaliz.pl>.

59. Is it possible, when making a diagnosis of the socio-economic situation using the Local Development Monitor and observing the negative trend of a specific indicator, to automatically conclude that this is a city's developmental problem? How to select cities for comparison with their own city? Is it possible to use their own data more current than 2017, i.e. last available in LDM?

Data in the LDM comes from the Local Database of the Central Statistical Office of Poland (CSO) and from the own work of the APC (Association of Polish Cities) Office based on the data of the Ministry of Finance. The CSO Local Database is filled with data for the previous year in the second half of the following year. In order to present another round of annual LDM indicators – all data (variables) must be available otherwise the city image in the analytical sense will be patchy. This is the reason for the lack of data for 2018 in the LDM. In autumn 2019, they will already be available in LD (Local Database) and then APC will supplement them in the LDM tool. When making a diagnosis and using the LDM tool the city should analyse its own data on the nominal values of the indicators for 2018 wherever already has them from their own sources. This will determine whether the previously observed trends (in terms of the nominal values of the indicators) are current or whether they change with respect to their own city. Whereas determining the relation of the situation in their own city to the trend in the comparative group will be possible only after completing the data for all members of the comparative group and therefore after completing all the data in LD. Such a delay in publishing statistical data is understandable for methodological reasons (data verification by the

Central Statistical Office) although it does not facilitate ongoing analyses. In the meantime, it is worth observing trends in their own data. Should they be correlated with negative trends in other indicators in this subarea and the area of analysis within the LDM this may be evidence of real crisis phenomena but always in comparison with the results in the comparative group. This methodological disclaimer should always be remembered when using the LDM tool.

The values of the basic and synthetic indicators are always calculated on the basis of data for all LGUs from the comparison group. How many of them we decide to display on the screen in the form of small "circles" is of ancillary nature only and for the purposes of visual interpretation. Cities for display should be selected from those we know in practical terms, while those direct comparisons should allow drawing broader practical conclusions. For this reason, it is worth choosing to display units from their own voivodship (region) or part thereof (sub region) because those are probably better known. The number of JSTs for which data appears in graphical form of "circles" in no way affects the result of the calculation of the value. It is only a complementary help for the purposes of interpretation of the analysed phenomenon in the comparative group, all may be displayed but the picture will impossible to read.

Finally, it should be emphasized that the results and interpretations with the use of LDM tool do not represent an assessment in a strict and formal sense but only a starting point for your own analysis within the unit management team, because real socio-economic processes go beyond the phenomena noted and visible in public statistics. It should also be remembered that the analytical mechanism used shows phenomena in our city always in comparison to how these values of the same indicators are shaped in cities representing comparative groups.

In summary:

- Do not automatically (thoughtlessly) draw conclusions from the LDM. In each situation the conclusions should be confirmed by other indicators, analyses or feelings. LDM is an "indicator" of challenges and an advantages rather than their "verifier".
- LDM provides for the possibility to select any city from the comparison group. You can, of course, make comparison with other cities but based on direct values (and not standardized as in LDM). Then you need to select data individually for comparison.
- LDM currently has at its disposal the data for 2018 (similar to available state statistics). Of course, if possible, the latest available data should be used.

More practical information can be found in the "Manual for using the Local Development Monitor" – available for download at <http://www.systemanaliz.pl/monitor-rozwoju-lokalnego> (click the icon "show help") to open access to the written manual, instructional film and the list of JSTs in the comparison groups).

The video recording of the LDM workshop in Poznan of June 19, can be found on the APC website and on the APC Facebook account – direct link: <http://bit.ly/2J5EQwV>

60. Should the role of ZMP city advisers be included in the description of the involvement of consultants in the Complete Project Proposal form?

No, the applicant should not enter ZMP and IRMIR advisers because it is only about external consulting, and not about advisers working for this purpose as part of a predefined project.

A system of indicators for measuring the progress of project implementation under the Programme

61. Should indicators for basic or also supplementary measures be included in the Table of Indicators for LDP and AP?

In the tables of LDP and AP indicators, please enter only indicators for basic activities, not supplementary ones.

62. Is the material sent by letter of 10 June this year have auxiliary character for writing documents, whether they should be completed and sent to the Operator?

According to the information we have included in the letter, the tables of indicators (as part of the monitoring system) are to be part of the Local Development Plan and the Action Plan. In order to fill them in, please use the indicators that we provided you with in the order we indicated - first obligatory (those that will apply to your planned project activities), then main ones (min. 1 per activity), and if this the list lacks a matching indicator, you can use the auxiliary indicators or suggest the indicator yourself. To sum up, together with the submission of LDP and AP, as their integral element, you must submit to the Operator both completed indicator tables. Of course, they must correspond to the planned activities in both Plans.

63. "number of investments aimed at improving the air condition in a commune" - is it all investment in the area of commune or just commune investment? When it comes to all investments, where to get such data and what determines whether the investment is aimed at improving the air condition in the commune?

This indicator was included as a result of the implementation of the Local Development Plan, and thus of the project implementation. Its base value is 0, which means that it refers to investments carried out in the course of project implementation and such an applicant / beneficiary should take into account. If applicant/ beneficiary has knowledge about private investments implemented in commune during the project, he may include them, but we note that the target value is 30, thus on average 2 investments per city.

64. "number of job advertisements published per year in a given municipality and accessible to persons with disabilities"; how to recognize an advertisement available to people with disabilities? is it about the commune office's announcements or about all the offers published within the commune? or only those published by the employment office or e.g. on other portals, like OLX?

Such advertisements should have a special annotation about the preference for people with disabilities or that they are addressed to them. This requirement applies primarily to public administration, but private sector announcements may also occur. The footnote to this indicator is provided by the source - the employment office or the Central Statistical Office.

65."number of jobs created in a given commune (broken down by sex and age)"; is it about jobs in the Commune Office and subordinate units or in the whole commune? Where to get this data from?

The base value of this indicator is 0, which means that we are studying it in the context of the project implementation - how many jobs were created at that time. The target value for all is 200 jobs. The indicator is quite high, so it can be recommended to municipalities to provide all the jobs they know about (e.g. from the labor office, broadly understood local administration or public enterprises, etc.). Payroll / employment contracts were indicated as the source of verification.

66."number of young people between the ages of 15 and 29 completing vocational education or apprenticeships / internships at local enterprises (public and private) in the given municipality (broken down by gender)"; where to get this data, after all, entrepreneurs are not obliged to register and report to the commune all organized internships?

This indicator applies to both public and private enterprises, of which the commune has knowledge, because by default the indicator should refer to project and supplementary activities, i.e. those included in the Local Development Plan. They may be persons referred by the commune for internships to enterprises.

67."number of activities carried out to encourage young people aged 15-29 to participate in vocational education or apprenticeships / internships at local enterprises"; the indicator is to take into account activities carried out by which entities? all? i.e. both dependent and independent of the municipality?

Again, as a minimum, they should be commune activities (minimum 1 action per commune) or subordinate units or project partners.

68."level of satisfaction of persons participating in public consultations at local level with the quality of these consultations"; how to measure this indicator?

This indicator should be tested by surveying the public.

69."percentage of public and private buildings with increased energy efficiency in the municipality"; How to determine increased energy efficiency? What is the threshold for this efficiency?, the conditions resulting from the regulation on technical conditions change almost every year, where to get these data? After all, private investors do not report the energy parameters of their facilities to the commune.

As indicated above, the commune gives such data about which it has knowledge (perhaps in the course of project implementation or as complementary activities, such investments will take place with the participation of the commune). No energy efficiency parameters are specified here (it is stated that this is to apply to indicators that have undergone thermo-modernization or other process of increasing energy efficiency), therefore a flexible, favorable for the commune approach should be adopted. The target (average) indicator is the increase in the percentage of such buildings by 5%.

70."number of public and private buildings in the municipality co-financed to improve energy efficiency"; where to get this data? what types of co-financed to consider?

It's about funding from the project (under Norwegian funds), so the city must have knowledge of them. The target indicator for all beneficiaries is 50 in total.

71. "percentage of public buildings that meet the accessibility standards in the commune"; are these buildings owned by the commune or all public buildings in the commune? where to get reliable data, what specific standards should be verified?

According to the Rules of procedure of the open call and selection of projects proposals, we define accessibility standards in accordance with the Accessibility Plus Programme 2018-2025. All public buildings are involved. The average target indicator for all beneficiaries is an increase of 10%.

72. "number of new investments meeting accessibility standards"; all? including private ones?, on the other hand, is it possible for any new investment not to meet the accessibility standards?

Yes, this applies to all investments, including universal design. Please also note that the applicant should interpret the general and vague definitions of indicators in applicants favor, i.e. obtain data only to the extent and from sources in which city is able to obtain it. As to the sources of verification, donors usually provide the beneficiary's details. The original source itself is therefore either the commune office itself or the data it receives from outside, regardless of the source. The Operator does not want impose on cities where they are to obtain data.

73. The table of indicators according to the list of required documents at the second stage of the call is part of the 15-page abbreviation of LDP in English. According to the instruction for indicators, to each measure adopted for implementation under the LDP/ AP should be assigned at least 1 indicator. In the case of a larger number of actions, and around thirty are planned, the table will cover the greater part or even complete the entire 15 pages of the summary. Please explain how the required content of the abbreviation can be met while maintaining all its required elements of the LDP description.

If you exceed the recommended 15 pages of translation, it will not be a formal error that will eliminate you from further evaluation. We remind you that it has to be only a summary of the LDP (not a translation of the entire document) in English, which should contain the most important information. The table with indicators can also be condensed, e.g. by using a smaller font.

Nevertheless, we can assume that if the LDP summary takes max. 15 pages is the translation of the indicators' tabel is not included in this limit and must be translated in full.

74. "Objective of project no. 2: Better adaptation of local administration to the needs of its citizens; Project result 2.1: Creation of a framework for the improvement of management processes at the local level; Indicator: number of local administration employees trained in implementing recommendations from the Review of the State of Management in the Local Government (broken down by gender). How should this indicator be related and when the above-mentioned Review will it be available?"

The OECD review in Polish will be available in November this year. Individualized (according to the assumptions of Action Plans of the cities - beneficiaries) training (for 150 local government employees) on the implementation of the recommendations will be conducted by the Association of Polish Cities (APC) in the cities in the first period of the third stage (implementation of selected projects).

Cities should plan as an indicator of the result 1 in Action Plan: "Number of trained local administration employees in implementing the recommendations of the Management Review in the Local Government" Base value: 0, target value: 10 (or more - as appropriate to the needs of local government units).

The training itself will not generate direct costs for cities - it will be conducted as part of the APC consulting services in cities (personal or online training in accordance with the development of the epidemic situation).

Are we talking strictly about training or do we also take into account participants of meetings on Action Plan?

Only training is included in both the baseline and target value

75. Programme Operator makes the following assumption regarding the base year - regarding mandatory indicators in the CPP/AP - due to the fact that it is necessary to aggregate the values from cities by the National Contact Point of the EEA / NFM in the Ministry at the country level (i.e. all cities) one specific year must be established, and for the indicators proposed directly by cities in the CPP and PRI - they are free to set the base year (2019 or 2020).

Therefore, regarding the mandatory indicators:

- in the LDP, 2019 is set for the reference year, because in October 2020 there will not be official data from the Central Statistical Office for 2020. However, if as at the date of submitting CPP for translation by the applicant, the Central Statistical Office data for 2019 is not available, the base and target values will be determined before the conclusion of the co-financing agreement - in the base value item, enter "no data" or refer to data for 2018.

- in AP, the year 2020 is set for the reference year. It is possible, because the subject of measurement are current phenomena, counted from the moment of submitting CPP and that can be counted by City Halls without the need to refer to GUS data. Data for 2020 can also be aggregated at the level of all cities (for the purposes of monitoring by NFP at the Local Development Programme level), so there are no obstacles to choosing a more current reference year.

It should be added that in the case of 6 indicators (example: "the percentage of public and private buildings with increased energy efficiency in a municipality"), the base value will only be established at the beginning of Phase III - as a result of e.g. natural measurement or opinion polls, which we previously informed about in the MFIPR letter of June 10, 2020 (page 2: "In the case of six indicators for Objective 1, applicants selected for funding will be asked before the start of the project implementation to state" 0 "in the given issues, e.g. through research or audit. For the LDP/AP tables, however, the percentage target value of these indicators should be indicated").

Miscellaneous

76. Is it possible to choose more than 15 projects for co-funding?

The competition documentation indicates the approximate number of outlines and complete project proposals that will be selected (i.e. about 50 outlines and about 15 projects). In the case of selection of Complete Project Proposals depending on the quality and the declared value of submitted projects, the aforementioned number can be higher or lower. Nevertheless, it should be remembered that the funds available for the implementation of projects amount to EUR 102,647,058, while the allowable value of financing of one project vary from EUR 3 to 10 million.

77. Is it allowed to extend the deadline for the submission of Complete Project Proposals?

Due to the coronavirus pandemic situation and the need to allow cities to prepare complete project proposals, the initial deadline of July 31, 2020 was moved to October 30, 2020. Depending on the development of the situation, the Programme Operator does not exclude the possibility of taking further steps aimed at providing all applicants with the conditions necessary for the reliable preparation of applications (Complete Project Proposals).

78. Is it possible to extend the project implementation date?

In justified cases, it is possible to obtain the Programme Operator's consent to extend the project completion date (if its implementation has not been planned by the end of the expenditure eligibility period). It should be remembered that in accordance with the requirements of the Donor States the deadline for expenditure eligibility is set for **April 30, 2024**.

Deadlines for the final project settlement have been indicated in the template project agreement (available on the Programme website). The beneficiary is obliged to prepare a final report within 21 days of project completion.

79. How will the compliance with the accessibility requirements be assessed in the 2nd stage of the call?

Accessibility is an obligatory element of project activities (specified in the Local Development Plan and Action Plan) in accordance with the requirements of the Accessibility Plus 2018-2025 Programme, i.e. the Act on ensuring accessibility for people with special needs and accessibility standards set out by these documents. It should be remembered that meeting the accessibility requirements is one of the access criteria specified in the content-related evaluation grid (failure to do so excludes the project from further evaluation and the possibility of receiving funding).

For more information on the above documents and requirements please visit the following website: <https://www.funduszeuropejskie.gov.pl/strony/o-funduszach/fundusze-europejskie-bez-barier/dostepnosc-plus/>

80. How should the applicant refer to a small grant on accessibility in the Complete Project Proposal?

Please note that under so-called a small grant on accessibility (up to PLN 100,000), as referred to in point 8.4 b) of the open call rules, you indicated in the outline of projects the actions necessary in the city in this respect (both investment and soft activities in accordance with the "Accessibility Plus" Programme were allowed). This point is also included in the Complete Project Proposal (CPP) where proposals from the project outline can be transferred but, if necessary, new activities within the available grant can be proposed. It should be emphasized that the above activities (as a separate grant) are not included in the Local Development Plan (LDP) or included in the detailed project budget attached to the CPP (grant of up to PLN 100,000 in terms of availability should not be additionally added to the total value of the project, but it can be included in the project value). Thus, cities that receive funding from CPP will not carry out activities under the abovementioned small grants. Cities that will not receive such funding will be able to count on the small grants (if their accessibility activities are positively assessed).

Please remember that accessibility aspects can be implemented in both investment and soft measures. In addition, investment activities should include / touch accessibility in accordance with section 5.3. b) of open call rules. This provision refers to various types of investment activities that could more or less directly take into account accessibility (directly - e.g. eliminating barriers, indirect - designing buildings, solutions immediately for people with disabilities or having equal utility for this group).

Accessibility standards must be included in both basic and supplementary activities (in Local Development Plan - mandatory, in Action Plan - where it is possible, e.g. if the nature of institutional development measures enables the implementation of accessibility standards).

81.Can, at institutional part, be forseen investments to improve the accessibility (in all its dimensions) of the office for residents?

Institutional development is understood as the issue of improving the functioning of administration, increasing its competences, better adaptation to the needs of citizens (mainly in the context of improving the provision of services), reorganization of work, etc. The presentation of three specific institutional dimensions has been made in the Rules of procedure of the open call and selection of projects proposals. In justified cases, it is possible to indicate in the Action Plan investment activities, e.g. regarding the digitization of offices, creation of a communication/ consultation platform with residents, etc. In this framework, of course, it is also worth considering accessibility in the Action Plan. The aspect of accessibility, in investment and non-investment dimension, should also be included in the Local Development Plan (it may, for example, constitute a spatial dimension). Please remember, however, that the proposed actions should alone or together be a solution to the most important or very important problems and development barriers of the cit.

82.At what stage should the local community be included in the project activities?

It is advisable to do that the earliest stage of project preparation, i.e. as far as possible, as indicated in the first stage of the call when developing the Project Outline. It should be remembered that one of the main goals of the projects should be the improvement of the quality and standard of living of the city's residents and users. Therefore public consultations should take place as soon as possible and as widely as possible. The applicant/beneficiary should seek different instruments for involving residents in making decisions regarding the identification/implementation of project activities. Of course, it is not possible to implement in the project all ideas submitted by the residents but their potential is still underestimated and insufficiently used by the local administration. It is important, therefore, to carry out far extensive talks with residents, respond to their needs and provide feedback even if the applications submitted will not be implemented. This attitude builds the residents' confidence in local authorities and administration and implements, at the same time, the principles of good governance, subsidiarity and transparency.

Due to the schedule of preparation and submission of the Project Outline, the preparation of detailed consultations was not possible which is why it was recommended to examine the opinion of the inhabitants so as to be able at least set general goals and directions for the city's development. Initiatives in this regard were substantively scored in assessing the Project Outline.

Detailed consultation should be carried out at the development stage of the complete project proposal.

The active participation of the local community and other stakeholders should be guaranteed by tangible actions in the Local Development Plan and the Action Plan.

Activities that include local community cover, inter alia, educating and informing stakeholders about planned and conducted project activities, activating methods of participation (consultation and co-decision procedures) focused on the widest possible involvement of stakeholders in planned and implemented project activities, animation activities engaging the local community at all stages.

83.What characteristics should the project have in line with the Programme's goals and objectives?

- Is focused on **improving the living standards** of residents and users of cities (with the participation of the community);
- Assumes the implementation of an integrated thought-out long-term **vision of the city's development and functioning**;
- Responds to **key problems** and development **barriers**;
- Uses the **strengths** and development **potentials** of the city;
- Is focused on **stopping** or **slowing down negative** development trends or **catalysing positive** changes;
- Basic features: comprehensiveness, complementarity, multi-thematics, modelling potential.

84. Are project management costs eligible and if so at what acceptable level?

Yes, management costs are eligible in the project. We do not indicate in the Rules any acceptable level of these costs but in accordance with its provisions, it should be remembered that "Project management costs should reflect, among others, the level of remuneration in a given unit and be proportional to the specificity of planned substantive activities. The reasonableness and rationality of planned management costs in the project will be examined at the stage of content-related assessment of the complete project proposal".

In addition, it should be remembered that in the course of the project the management costs cannot be increased under any circumstances. It is allowed to reduce them with the transfer to other project expenses.

In addition, please remember that due to the requirements of the open call, where all planned investment expenditure may not exceed 60% in total, and non-investment expenditure is min. 40% of the total eligible expenditure of the project, management costs are obviously included in the second category (i.e. to a minimum of 40% of non-investment expenditure).

85. Can the task planned in the Project Outline start before the decision on projects co-financing? For example, as at today, the investment is already started, is it possible to divide it into stages and include the stage not yet started in the CPP? (Will they be considered as eligible expenses from investment already underway which will be incurred from the day of announcing the list of complete project proposals selected in the second stage of the call?).

Expenditure in the project is eligible from the moment the decision on co-financing is made. The project in the Local Development Programme is unique and as a rule, it is not possible to implement actions already started (unless it is possible to isolate the stage of implementation which in itself can constitute a separate task). We would like to remind you that the project must be based on a current analysis of the city's development needs.

The above issues will be subject to a thorough individual content-related assessment.

86. What is the sustainability period of the project?

One of the obligations the part of the beneficiary, in accordance with para. 6 of the project contract (Appendix 5 to the Rules of procedure of the open call and selection of projects proposals) is to

“ensure project sustainability for a period of 5 years from the Programme Operator's approval of the final report on the project implementation. In particular, the Beneficiary undertakes not to transfer to other entities the ownership of movable or immovable property purchased, built, renovated or modernized under the project by the end of this period”. Sustainability, in this case, means that the beneficiary should ensure the correct operation of the project for 5 years instead of relying on not transferring ownership of the property only. This approach is logical from the project nature point, the need for comprehensive development of the city and ensuring its development direction adopted in the project.

In addition, the Beneficiary's obligations (arising from the contract template attached to the Rules of procedure of the open call and selection of projects proposals) include: insurance of all real estate purchased, built, renovated or modernized under the project against random events such as fire, theft and other customarily insured events, both during the project period and sustainability period, as well as storage of all documentation related to the implementation of the project in a manner that ensures accessibility confidentiality and security and provision of information about its location during the project's sustainability period.

In addition, please note that the obligation to ensure sustainability applies to all activities in the project - ensuring the durability of the project for a period of 5 years from the Program Operator's approval of the final report on the project implementation, applies to both investment and soft undertakings.

87.Can the thermomodernization of a building owned by the commune become one of the projects?

Yes. Investment activities should, as a rule, apply to the facilities that are the property of the city (due to the issue of the project feasibility and maintaining the project effects after its completion and the obligation not to transfer the ownership of movable or immovable property co-financed in the project in any way).

88.Is it possible to carry out comprehensive thermomodernization of the building by "entering into" private apartments (connection to the heating network)? Are we talking about municipal buildings owned by the commune?

Should such actions be justified in the broader context of the development of the city's housing policy/environmental challenges then they may be eligible. Organizational and legal matters related to such modernizations or renovations are the responsibility of the city, and their feasibility must be ensured. In this context, it is necessary to remember that the city must guarantee the sustainability of the project's effects within a period of 5 years after its completion (the project also prohibits the transfer of ownership of movable property or property co-financed in the project for a period of 5 years after its completion).

89.Is the employment of an employee (e.g. in connection with the creation of a place for senior citizens and persons with disabilities) an eligible cost? Does the term project implementing personnel should be understood as all persons actively involved in the project?

If employing an employee is necessary to achieve the city's development goals and such expenditure meets the general eligibility rules then this is the eligible cost.

The term project implementing personnel should be understood as persons actively involved in the project.

Staff costs allocated to the project, i.e. actual wages, social security contributions and other statutory costs included in the wages are eligible.

90. Can social welfare institutions/cultural institutions/municipal companies be partners?

Partnerships with the entities referred to in the question can be entered into. However, it should be remembered that each partnership will be subject to content-related assessment in terms of the actual added value of the given entity for the project implementation. During the aforementioned assessment, the legal status of the partner will be taken into account. Added-value of partners of the applicant, entities subject to the commune, and dependent on them on an ownership basis, and performing tasks ordered by it is lower than entities demonstrating autonomy in relation to the city.

91. Can the grants for the development of economic activity represent an eligible expenditure?

It is about the economic dimension and in it the support for entrepreneurship and the local economy, as well as strengthening the local labour market especially for those entering/adapting to the labour market.

According to the position of the donor states, unfortunately, there is no possibility of re-granting in projects, i.e. the transfer of funds from co-financing from the beneficiary to other entities (not partners) for the implementation of micro-projects by them.

92. Will subsidy schemes for enterprises covered by de minimis aid be eligible, e.g. subsidies for energy-saving technologies or reducing low emissions?

As above. Re-granting of funds is not allowed. All other forms meeting the conditions for state aid should be reported by the communes to Office for Competition and Consumer Protection.

The rules regarding the possibility of granting public aid and de minimis aid under the project are set out in the *Guidelines for applicants under the Local Development Programme* published on the Programme website.

93. Can the activities related to the elimination of energy poverty through temporary subsidies for gaseous fuel for residents after the transition from coal fuel, be eligible in the non-investment part?

It is not possible for communes to directly transfer funds to individuals. The aforementioned situation could potentially be possible only if there are direct settlements between the city council and the gas supplier.

Any relief or benefits offered to individuals could also result in a fiscal burden for them.

94. Can the Norwegian funds be merged with other funding sources (e.g. EU funds, EIB funds) in the context of so-called main and follow-up activities in the project?

Co-financing from Norwegian funds amounts to up to 100% of eligible expenditure. However, it is possible to make their own contribution (thus raising the value of the project) which may be funds

from different sources (as long as there is no counter indication on the part of these sources). In addition, at the second stage of preparation of the application, the applicant will be required to indicate the source of funding for the proposed follow-up activities (for implementation outside the project). The description of these activities should be limited to the indication of sources of financing other than project funds, i.e. after the end of the project.

Please note that as part of the Local Development Plan, a description of the actions planned to be taken in response to the identified problems and city goals should be provided. We divide these activities into main and follow - up ones:

- main activities are those implemented under the project and from the means of Norwegian funds and optional own financial contribution;
- follow - up activities are those financed from sources other than the project.

95. At what stage and how will 122 cities with the greatest loss of socioeconomic functions be rewarded?

Cities were additionally scored according to the content-related evaluation grid at the first stage of the call for proposals only, i.e. Project Outlines.

96. If the costs of activities within the scope of availability are estimated at above PLN 100,000? is it possible to cover the occurred difference under the applicant's own contribution?

Yes, the situation is acceptable. However it should be remembered that this must be clearly indicated in the Complete Project Proposal, i.e. what will be financed from a grant of PLN 100,000, and from the city resources (and in what amount).

97. Expenses related to the business incubator are ineligible in the project. Can the commune finance them (outside the project) and describe such activities in the project?

Yes, this type of activity cannot be financed under the project but to demonstrate greater project comprehensiveness/complementarity the applicant can describe it in the project documentation.

Please also pay attention to the interpretation given in point 17.

98. The universality dimension, the multiplicity of proposed development solutions will be assessed. On the other hand, each city has its own specificity and the related needs to solve specific problems. How to interpret the relationship between the above universality and the specificity of a given city?

Each project should address the specific conditions of the city, diagnose its problems and create a development concept based on them, as it were tailor-made for a given city. On the other hand, one can imagine the situation when the city's development mechanism can be replicated and solutions already applied in one city can be universal and used by other local governments. Therefore, it may also be about the universality of the approach to solving a specific problem.

99. What can the projects that will not receive funding count on?

First of all, projects that qualify for the second stage receive extensive expert, training and educational support, as well as the participation in the preparation of the Complete Project Proposal alone, will already have an educational value for local administration. Also approx. 35 projects without co-financing contracts will be able to count on small grants of up to PLN 100,000 for activities associated with accessibility measures. Apart from broad support of local governments in the pre-defined project APC also supports cities through the Urban Development Forum which does not exclude any of the 255 eligible cities regardless of the received or lack of funding for the project.

Preparation of the Project Outline, if done primarily with use local administration resources, should also be considered beneficial from the point of view of building the institutional capacity of the local government unit.

100. If in item II.7. of the Project Outline the activities were indicated the cost of which exceeded the allowable PLN 100,000, and in case the city was included in the group of applicants who will receive a grant of PLN 100,000, would it be possible to allocate the grant for the construction of a lift for people with disabilities provided that the costs above PLN 100,000 are covered from commune's own resources?

Yes, such a solution is possible with joint assembly: PLN 100,000 from a small grant plus the city's contribution covering the remaining cost of installing the elevator for people with disabilities. It should be remembered that the legitimacy of such an investment in the context of the city's accessibility needs is assessed by substantive experts.

101. Are investments possible within the mandatory institutional dimension relating to improvement of the capacity of local administration?

As a rule, in an institutional dimension, non-investment activities should be carried out. Nevertheless, it is possible to propose investment activities, if this will entail a real improvement in the work of the office, e.g. through innovative software improving administration efficiency or contact with residents (e.g. platforms, communicators). Innovative and intelligent solutions to improve the efficiency of the office are possible in this area. This concept, however, does not include fitting the offices of employees with computer equipment to carry out everyday tasks.

102. Can the project generate income?

The rules related to generating net income in projects were specified in the *Guidelines for applicants under the Local Development Programme* published on the Programme website.

103. Can the project be implemented in public-private partnership?

Due to the fact that the project cannot be implemented in partnership with a private entity (see item 14 f) under the project, the beneficiary can prepare for the implementation of future activities in PPP format (by carrying out appropriate analyses, prepare studies or prepare a city/partner office to such a solution).

Considering the fact that non-returnable funds will be replaced by repayable funds (e.g. loans), local governments should prepare for new forms of investment financing. Such analysis may be carried out in the project, e.g. in view of PPP, and indicate it in the Local Development Plan as one of the tools that guarantee the city's development.

More information about the possibilities of implementing projects in the PPP format can be found on the website: <https://www.ppp.gov.pl/en/>

104. What is the legal basis of the mayor's order regarding the appointment of an urban team for the preparation of the application (Complete Project Proposal)?

In such a situation we suggest to adopt, as a basis for the appointment of the task force for the preparation of the application (Complete Project Proposal), the provisions of the Act on municipal self-government governing the organization of work in the city hall.

105. What are the requirements for promotional and information activities in the project?

Those can be found in the *Guidelines for Applicants under the Local Development Programme* published on the Programme website.

In addition please familiarize yourself with the requirements for use by the Operator of the project results set out in item 11 of the project contract template.

106. Is resignation from project implementation admissible?

Such a situation represents the final solution to be taken in accordance with the provisions of the co-finance contract. Nevertheless, please note that the Programme Operator is flexible and open to legitimate design changes and modifications. If necessary, together with the beneficiary, we find solutions that allow the project to be completed.

107. Can an investment made on the basis of project documentation carried out as part of a non-investment activity be completed after April 30, 2024?

There is no such obligation arising from the Rules of procedure of the open call and selection of projects proposals. It all depends on what is the subject of the action and the entire project. Nevertheless, the activities must lead to the achievement of the assumed development results, so if most of the EEA funds were directed to the preparation of project documentation for future investments, it will not be easy to demonstrate the implementation of the "main development goals", unless these investments are completed by 30/04/2024, in another way the indicators will at most speak of 'preparation for the implementation of XYZ investments of developmental importance'. Therefore, it is not prohibited but the risk of not receiving high marks in the complete project proposal assessment process increases.

108. Information on the implementation of the Guidelines on the public procurement procedure under the EEA Financial Mechanism 2014-2021 and the Norwegian Financial Mechanism 2014-2021

The production version of the new application Competitiveness Base - Baza Konkurencyjności (BK2021) was launched on August 18, 2020. It will be available at the current address of the Competitiveness Base, i.e. <https://bazakonkurencyjnosci.funduszeuropejskie.gov.pl/>, while the existing database will be moved to the archival address which will be indicated in the notification on the application page.

109. Can the title of the project submitted at the outline stage be changed (maybe more targeted) or is it better to leave it as it was?

The project title may of course be changed in line with the project concept developed and indicated in the Complete Project Proposal.

**110. What is the frequency of submitting payment claims during project settlement?
One per quarter?**

See paragraph 9 of the Project Agreement template. The beneficiary submits a periodic report on the implementation of the project immediately after the financial and material scope enabling the application for another payment is completed. Periodic reports include the settlement of individual payments received by the Beneficiary in the period preceding the submission of a given report and the amount requested for the next reporting period. The periodic report shall not be submitted if in a given period the annual report referred to in para. 1. Therefore, the frequency of reporting will depend on the progress of the work. However, in accordance with point 8 of the Guidelines for applicant: "The periodic report submitted by the Beneficiary includes the settlement of payments received by the Beneficiary in the period preceding the submission of a given report and the amount requested for the next reporting period. At the same time, the interim payment will be paid on the condition that at least 70% of the total amount of co-financing transferred so far is settled" .

111. Is the Applicant obliged to develop and attach to the complete project proposal constituting Annex 3 to the Rules for selection of projects, the communication plan referred to in Annex 3 "Information and Communication Requirements The EEA Financial Mechanism and the Norwegian Financial Mechanism 2014-2021? Are we limited only to the description of point II.4 of the CPP application form - "Information and promotion activities"?

According to the document: Information and Communication Requirements, the EEA Financial Mechanism and the Norwegian Financial Mechanism for 2014-2021 - (available at https://www.eog.gov.pl/media/84398/Wymogi_dotyczace_Informacji_i_Promocji.pdf), applicants should include in their communication plan (the scope is indicated in the above-mentioned document). The space for the information that is required for this plan is point II. 4 Information and promotion activities in the Complete Project Proposal form. Nevertheless, if in this point of the CPP it is not possible to indicate all the information that the applicant wants to include in the communication plan for the project, it is permissible to attach an additional annex to the CPP. In addition, on the website <https://www.eog.gov.pl/strony/zapoznaj-sie-z-funduszami/podstawy-prawne/wycyzne-dotyczace-informacji-i-promocji/wycyzne-dotyczace-informacji-i-promocji/>

you will find Handbook of communication and visual identification - EEA and Norway Grants 2014-2021 - translation into Polish, useful in implementing the communication plan in the project.

112. Please indicate which version (Polish and English) of the Complete Project Proposal form should be used.

The Polish version of the valid documents can be found at:
<https://www.eog.gov.pl/strony/aktualnosci/rozpoczyna-sie-ii-etap-naboru-wnioskow-do-programu-rozwoj-lokalny/>

In the English version, please use the documents available at:
<https://www.eog.gov.pl/strony/zapoznaj-sie-z-funduszami/rozwoj-lokalny/nabory-wnioskow/>

- available at the bottom of the website

We do not require any specific editorial rules (e.g. font size, line spacing) to complete project proposal and attachments, but please remember to respect the indicated limits for the number of characters in specific sections of the CPP form.

113. Will it be possible to submit the documentation in person at the seat of the Ministry with confirmation of receipt?

The competition regulations allow for various forms of document delivery:

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 Investment and Economic Development
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 Investment and Economic Development.

Please note that there have been no changes to the place of submitting documents - MFIPR continues to operate in this respect on an unchanged basis.

Moreover, according to the announcement of the recruitment, the date of receipt by the 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 the outline / complete project proposals submitted to the Programme Operator's seat mentioned above within 14 days from the date of completion of the 1st and 2nd stage of call respectively, will be considered as submitted on time;

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 - date of receipt to the Programme Operator's office;

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.

However, due to the epidemiological situation, we recommend using electronic mailing via the ePUAP platform. Of course, the other forms, in accordance with the above-mentioned guidelines of the Regulations will also be effective.

114. Is it possible to extend the deadline for submitting complete project proposals?

At the current stage of selecting the Complete Project Proposals under the Local Development Programme, it is not possible to extend the deadline for submitting application documents, currently set at 30 October this year. This is not possible due to the following factors:

- the deadline for projects selection has already been extended once, which was justified by an unexpected pandemic situation. The additional three months for the preparation of full project documentation by the applicants met with a positive reaction from the cities and allowed, for example, to change the way of conducting consultations with residents;

- the deadline for eligibility of expenditure in projects was set by the Donors for April 30, 2024 and despite the pandemic and the related complications, there is currently no decision to extend it. In this context, another extension of the call deadline would mean a reduction in the time for project implementation and the risk of not completing all project undertakings;

- extending the deadline for the call for proposals a few weeks before its end would mean unequal treatment of all applicants, in particular those who are advanced in the preparation of the Complete Project Proposals and developed project schedules based on known deadlines (call for proposals or project eligibility);

- from a formal point of view, the decision to extend the call deadline is a decision of the Cooperation Committee for the Local Development Programme, and not only the Programme Operator (Ministry of Development Funds and Regional Policy). The Committee is also composed of representatives of the Programme partners (the Norwegian Association of Local and Regional Authorities - SC and OECD), which means that organizing a meeting of the Committee and making the decision in question (preceded by an appropriate agreement on such a change) is not possible in such a short time.

Detailed information on the Local Development Programme can be found on the website:

<http://www.eog.gov.pl/en/site/learn-more-about-the-grants/learn-more-about-local-development-programme/>