ANNOUNCEMENT OF A CALL FOR PROPOSALS

The Minister of Climate as the Operator of the "Environment, Energy and Climate Change" Programme announces a call for proposals for co-financing of projects aimed at "Increasing the efficiency of energy generation in existing small hydropower plants (up to 2MW)", to be financed from the European Economic Area Financial Mechanism 2014-2021 with an amount of EUR 3,000,000, i.e. PLN 12,995,700[1].

1. Aim of the Call for Proposals

The main aim of the Call for Proposals[2], intended to co-finance projects in the programme area: *Renewable Energy, Energy Efficiency, Energy Security* shall be to increase the efficiency of energy production from renewable sources and to mitigate the potential adverse environmental impact of existing small hydropower plants (up to 2MW) through their modernisation.

Implementation of the project should result in the reductions of CO2 emissions while maintaining the highest cost efficiency.

Projects should include educational activities aimed at training professionals in the field of hydropower.

2. Type of projects

The purpose of the projects shall be to modernise existing hydropower plants (up to 2MW) to increase their efficiency and reduce their impact on the environment through measures such as:

- Modernisation of equipment and installations for energy production;
- Safety improvements;
- Adaptation of hydroelectric power plants to environmental protection requirements and other legal obligations, including requirements resulting from River Basin Management Plans. Such as clearing river sections, updating the size of non-detrimental flows and protective measures limiting the impact of hydroelectric plants on water fauna;
- Reconstruction with the purpose to adapt the installation for the sale of energy directly to a final recipient (on the direct line or possibly within energy cooperatives);
- Educational/training activities.

[1] The amount of the allocation of the Call for Proposals given in EUR and subsequently recalculated into the national currency and expressed in PLN, using an average monthly currency exchange rate as published in the Official Journal of the European Union (the C series), calculated for the last six months preceding the month when the call is announced, where EUR 1= PLN 4.3319). Grant amount in PLN is indicative. The grant shall be awarded in EUR, but the funds shall be paid in PLN, based on the European Commission's monthly accounting exchange rate of the Euro (EUR/PLN) for the month in which the payment of the funds will be made.

[2] In line with the Programme Agreement for the EEA Grants Programme for "Environment, Energy and Climate Change" in Poland

Prior to the modernisation, the power of the installation cannot be higher than 2 MW.

The projects selected within the scope of this call will contribute to achieving the Programme's Outcome 4: "Increased renewable energy production" and Output 4.1 "Hydropower energy potential installed" which indicators and targets are listed on the table below, in accordance with Annex I to the Programme Agreement, signed in Warsaw on 7th February 2020.

Programme Area	Outcome/ Output	Expected programme results	Indicator	Unit of measurement	Baseline values	Target value
PA12	Outcome 4	Increased renewable energy production	Estimated annual CO2 emissions reductions (in tonnes/year)	tonnes/year	0	27 790
			Estimated production in MWh/year in electricity from hydro power	(MWh/year)	0	4 660
	Output 4.1	Hydropower energy potential installed	Installed capacity (of the new or refurbished installations) from production of hydropower electricity (in MW)	MW	0	1.2
			Number of improvements in small hydropower plants reducing their impact on the environment, in particular on aquatic fauna	Number	0	10
			Number of small hydropower plants with improved technical infrastructure or water retention conditions	Number	0	10
			Number of professionals trained in hydropower	Number	0	30

3. Eligible applicants

The following entities are eligible applicants and may apply for grants as part of the Call for Proposals:

- SMEs and large enterprises;
- The National Water Management Holding Polish Waters[3].

4. Donor partnership projects

In accordance with art. 7.2.2 of the Regulation, any public or private entity, commercial or non-commercial, as well as non-governmental organizations established as a legal person either in the Donor States, Beneficiary States[4] or a country outside the European Economic Area that has a common border with Poland, or any international organization or body of agency thereof, actively involved in, effectively contributing to, the implementation of a project, are considered eligible project partners.

Projects submitted in partnership with an entity from the Donor States (Norway, Iceland, Liechtenstein) will receive additional points in accordance with the merit criteria.

In the case of a donor partnership project submitted in a partnership with an entity from the Donor States, at the submission stage of the grant application, the Applicant is required to present a letter of intent, a partnership agreement or other evidence to confirm the cooperation with the Project Partner from the Donor.

Prior to the conclusion of a project agreement on the implementation of a project submitted in partnership with a partner from the Donor States, the submission of a signed partnership agreement in the English language and its translation into the Polish language shall be required.

In order to support the process of establishing partnerships with partners from the Donor States, the Programme Operator encourages applicants to consult the information provided on the EEA Grants website and in the Partnership Guide, which is an attachment to the present Announcement.

[3] The National Water Management Holding Polish Waters is a state legal person composed of the following organizational units:

- National Water Management Board with headquarters in Warsaw
- 11 Regional Water Management Boards
- 50 Water Catchment Area Boards
- 330 Water Supervision Authorities.

[4] Beneficiary States: Poland, Lithuania, Latvia, Estonia, Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Greece, Malta, Cyprus, Croatia, Slovenia, Portugal.

5. Amount allocated to the Call for Proposals

EUR 3,000,000 i.e. PLN 12,995,700[5]

6. Grant rate

The grant rate of the requested co-financing shall be up to 50% of eligible expenditures.

7. Minimum grant amount

EUR 200,000, i.e. PLN 866,380. [6]

8. Maximum grant amount

EUR 1,400,000 i.e. PLN 6,064,660.[7]

9. Period of eligibility of expenditures in projects

The period of eligibility of expenditures in projects shall start on the day that the Programme Operator (the Ministry of Climate) decides to award the project grant.

The period of eligibility of expenditures in projects shall expire on 30 April 2024.

10. Evaluation and selection process

The Applicant shall fill in an application for the award of a grant and, subsequently, submit it to the National Fund for Environmental Protection and Water Management (hereinafter the National Fund) in the manner described in Section *Date and manner of the submission of grant applications* of the Announcement of the Call for Proposals.

The evaluation of a project shall consist of an administrative evaluation (based on administrative and eligibility criteria) as well as a merit evaluation comprised of stage one and stage two (based on merit criteria).

An administrative evaluation of projects shall consist in verifying a project to determine whether it meets or fails to meet the administrative and eligibility criteria (the so-called yes-no evaluation).

The administrative evaluation lasts up to 4 weeks counted from the date of submission of the application, excluding the time needed for appeal procedure.

If even one administrative/eligibility criterion is not met, the Applicant shall be invited to correct or improve it or to provide an explanation. Failure to submit an application within the

[5] Amount in PLN is indicative. The grant shall be awarded in EUR, but the funds shall be paid in PLN, based on the European Commission's monthly accounting exchange rate of the Euro (EUR/PLN) for the month in which the payment of the funds will be made.
[6] As above
[7] As above

period specified in the announcement, cannot be improved / supplemented and thus results in leaving the application without consideration.

The Applicants whose applications will be rated negatively or left without consideration at this stage shall be informed in writing of the reasons for negative evaluation or leaving without consideration and be able to appeal the decision to the National Focal Point via the Programme Operator.

A merit evaluation shall consist of two stages:

- Stage one of the evaluation: covering compliance with the applicable rules for the award of state aid, the principles of equal opportunity and non-discrimination, an assessment of the financial condition of the Applicant and an assessment of the eligibility of the project. This shall be a yes or no evaluation.

The Applicants whose applications are rejected at this stage shall be informed in writing of the reasons for rejection.

There is no possibility to appeal at this stage.

- Stage two of the evaluation: consisting in points-based scoring of a project by at least two external and independent experts designated by the National Fund which shall be selected in a competition procedure. The experts shall evaluate a project separately in accordance with the stage two merit criteria as published in the Announcement of the Call for Proposals.

The merit evaluation (stage I and stage II) lasts up to 12 weeks counted from the day of the notification about positive results of the formal evaluation, excluding the time needed for appeal procedure.

The Applicants who do not accept the score which they are given shall be able to appeal it to the Programme Operator.

At each stage of the merit evaluation, the Applicant may be asked once and in writing for clarifications on the application submitted.

The National Fund shall draw up a draft ranking list of positively evaluated projects, taking into account the results of assessments delivered by external experts. Applications shall be ranked in order of decreasing scores. The ranking of projects shall be based on the average of the scores given by experts. In case of a discrepancy between the experts' scores exceeding 30% of the higher score, the National Fund shall commission an independent evaluation of the application to a third external expert. In such cases, for the purpose of preparing the ranking list of projects, the average of the numbers of points in the two closest scores shall be used.

The Applicants whose applications are rejected after stage two of the merit evaluation shall be informed in writing of the reasons for rejection and their right to appeal the decision to the Programme Operator.

A draft ranking list shall be submitted for review at a session of the Selection Committee. In justified cases, the Selection Committee may modify the ranking list. The Chairperson shall submit a list of recommended projects with justification for modifications to the Programme Operator, along with a reserve list and a list of rejected projects, as well as the reasons for their rejection.

The final decision on the award of a grant shall be taken by the Programme Operator.

11. Payment scheme

Each Project Promoter may receive payments to the project in the form of:

– advance payments

The amount of a single advance payment may not exceed 40% of the total grant amount. The first advance payment shall be made to the Project Promoter within 30 days of the date of submission of the request for an advance payment[8].

Subsequent advance payments shall be made on the condition that 70% of all the previously made advance payments is settled in payment requests or returned as an unused advance payment.

Detailed obligations and restrictions for the use and settlement of advance payments are specified in the Guide for Applicants which is an attachment to the present Announcement.

– reimbursement

Payments to the Project Promoter shall be made on the basis of approved payment requests.

The total amount of advance payments and reimbursements may not exceed 90% of the total grant amount.

– final payment.

The final payment representing 10% of the total project grant amount shall be made after the final project report is approved.

12. Eligible expenditures, excluded costs, in-kind contribution, expenditure documentation

12.1 Expenditures are eligible in accordance with the general rules laid in Article 8 of the Regulation on the implementation of the EEA Grants 2014-2021, with the following exceptions:

Direct expenditures:

- Equipment:

The purchase of used equipment shall not be eligible.

The rules for the settlement of expenditures shall be laid down by the Programme Operator in the project contract.

Indirect costs:

Indirect costs shall be all eligible costs which cannot be identified by the Project Promoter and/or the Project Partner as directly attributable to the project.
The only allowable method for identifying indirect costs shall be a flat rate of up to 25% of total direct eligible costs, excluding the direct eligible costs of subcontracting and the costs of resources made available by third parties which are not used on the premises of the Project Promoter or Project Partner, in accordance with Article 8.5(1)(b) of the Regulation.

[8] In case of this call the interim payments in pre financing instalments are also considered advance payments.

The detailed method for calculating indirect costs has been developed by the Programme Operator and can be downloaded below.

The method for calculating the indirect costs and their maximum amount shall be determined in the project contract. The method for calculating the indirect costs of a Project Partner shall be stipulated in the partnership agreement between the Project Promoter and the Project Partner.

12.2 Excluded costs are specified in Article 8.7 of the Regulation.

12.3 Own contribution:

In principle, the own contribution shall be made in cash.

In order to secure some or all of the own contribution, the beneficiary may use financial instruments in the form of funds made available under the National Fund loan programme. Detailed information about the loans programme is available on the website of the National Fund.

12.4 Cost documentation

The costs incurred under the project should be documented with the help of received invoices or accounting documents of equivalent probative value. The specific obligations of the beneficiary in this respect are specified in the project agreement.

In the case of donor partnership projects, the Project Partner whose primary location is in one of the Donor States may provide proof of expenditures incurred in the form of a report of an independent auditor or a competent and independent public officer, certifying that the claimed costs have been incurred in accordance with the Regulation, the relevant law and national accounting practice.

13. Date and manner of the submission of grant applications

The date of the notice of the call for proposal – 18.05.2020

The opening date for receiving applications from Applicants – 01.07.2020

The closing date for receiving applications from Applicants – 30.10.2020 **at 3 p.m.**

The manner of submitting applications

A grant application shall be prepared using only the Grant Application Generator (GAG). The detailed rules for the submission of a grant application using the GAG are laid down in the Competition Rules which are an attachment to the present Announcement.

Grant applications, along with attachments, shall be submitted to the National Fund in electronic form via the GAG available on the National Fund website.[9] The grant application form is available along with instructions for filling in the application at the following address: https://gwd.nfosigw.gov.pl.

Two options for signing an electronic application shall be allowed:

a. using a certified electronic signature which produces legal effects equivalent to those of a handwritten signature;

[9] Preparing the application in the GAG will be possible from the opening date for receiving applications.

b. using a trusted profile on the Electronic Platform for Public Administration Services (ePUAP).

Application submission date

The prepared applications shall be submitted in electronic form using the GAG.

The date of submission of the application is the date and time of receipt of the application at the inbox of the National Fund on the ePUAP Platform, confirmation of which is the Applicant's receipt of an electronic confirmation of submission of the application (e-mail containing the date and time of receipt of the application on the National Fund inbox).

Applications submitted after the deadline shall not be considered.

The Programme Operator shall allow one Applicant to submit more than one application under the same call, under the following conditions: (i) the projects cannot include the exact same measures; (ii). i*f* an applicant submits more than one application for the exact same measures, the application submitted first will be assessed and subsequent ones rejected.
The Programme Operator does not allow for changes to the application by the applicant after it has been submitted.

14. Legal framework and programme documents

- Programme Agreement for the EEA Grants Programme for "Environment, Energy and Climate Change" in Poland;
- Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2014-2021 between Iceland, the Principality of Lichtenstein, the Kingdom of Norway and the Republic of Poland on 20.12.2017;
- Regulation on the implementation of the European Economic Area Financial Mechanism 2014-2021;
- Procurement Guidelines for the EEA Grants 2014-2021 and the Norway Grants 2014-2021;
- Guidelines on the Information and Visual Identification for the EEA Grants 2014–2021and the Norway Grants 2014–2021;
- Guidelines on Appeals and any other guidelines governing fulfilling tasks connected with EEA Financial Mechanism 2014-2021 implementation adopted by the FMC or NFP published at www.eog.gov.pl website

15. List of attachments to the call announcement

- Competition Rules;
- Administrative and eligibility criteria; merit criteria;
- Checklist's template;
- Partnership Guide;

- Methodology for calculating indirect costs;
- Project agreement template (will be published later);
- Guide for Applicants.

16. List of attachments required for a grant application

The following attachments shall be enclosed with a grant application:

1. Feasibility Study for a project applying for the EEA Grants 2014–2021 and the Norway Grants with active financing model based on the requirements posed by the Manual for Creating a Feasibility Study for a project applying for the EEA Grants 2014–2021 and the Norway Grants;
2. Technical and ecological appendix;
3. Methodology for calculating CO2 emissions reduction;
4. Administrative permits and decisions, which allow the project to be implemented, or a schedule for their obtaining;
5. Energy network connection agreement;
6. Approval of the owner, manager or perpetual usufructuary of the grounds, on which the project is supposed to be implemented, in cases where the Applicant is not the owner, manager or perpetual usufructuary of said ground (where applicable);
7. Documents confirming a project partnership – a letter of intent with an entity from the Donor States, a partnership agreement with an entity from the Donor States or other proof of cooperation between partners (where applicable);
8. Calculation of indirect costs, based on the methodology for the calculation of indirect costs (where applicable);
9. Documents confirming the legal form of the Applicant;
10. Documents confirming authorisation of the Applicant's representatives;
11. Financial documentation, based on the legal form of the Applicant and the form of their financial reporting;
12. Documents confirming the balance of sources of funding for the project (based on the legal form of the Applicant and the financing source, the Applicant shall present documentation confirming full balance of the sources of funding)
13. Attachments adequate for info-promo activities in accordance with appendix 3 to the Regulation on the implementation of the EEA Grants 2014–2021 and the Norway Grants 2014-202, such as: communication Plan of the project, website of the project – graphic concept and navigation chart, schedule of trainings, workshops, conferences, events and festivals, along with their planned duration and range of topics (where applicable);
14. Other documents, submission of which by the Applicant is deemed necessary.

In accordance with Article 7.3 of the Regulation on the implementation of the EEA Financial Mechanism 2014-2021, the grant application should include information regarding all consultants involved in the preparation of the application.

17. Language of an application grant

Grant applications, along with attachments, shall be submitted in the Polish language. In addition, the following shall be submitted in the English language:

- a letter of intent, a partnership agreement or other proof of cooperation between partners (in the case of partnership projects with foreign entities, particularly, those from the Donor States);
- a brief summary description of the project, along with the justification of the need to implement the project and the roles of partners (included in a grant application - in the Summary tab).

18. Contact with the Programme Operator

Any queries about the Call for Proposals shall be sent to the following e-mail address:

National Fund for Environmental Protection and Water Management

e-mail: mfeog_energia@nfosigw.gov.pl

Ministry of Climate

e-mail: mfeog@klimat.gov.pl

Questions shall be answered as soon as possible, but at the latest within 7 working days.

Reporting irregularities:
Citizens who have had suspicions of maladministration and corruption in relation to the Financial Mechanisms may report them to the Financial Mechanism Office, the National Focal Point and other relevant institutions listed on the EEA Grants website.