EEA Financial Mechanism 2014-2021

PROGRAMME AGREEMENT

between

The Financial Mechanism Committee
established by Iceland, Liechtenstein and Norway

and

The Department of Assistance Programmes, Ministry of Development Funds and Regional Policy,
hereinafter referred to as the "National Focal Point",
representing Poland,
hereinafter referred to as the "Beneficiary State"

together hereinafter referred to as the "Parties"

for the financing of the Programme "Energy and climate change"

hereinafter referred to as the "Programme"

Chapter 1
Scope, Legal Framework, and Definitions

Article 1.1
Scope

This programme agreement between the Financial Mechanism Committee (hereinafter referred to as the FMC) and the National Focal Point lays down the rights and obligations of the Parties regarding the implementation of the Programme and the financial contribution from the EEA Financial Mechanism 2014-2021 to the Programme.

Article 1.2
Legal Framework

1. This programme agreement shall be read in conjunction with the following documents which, together with this programme agreement, constitute the legal framework of the EEA Financial Mechanism 2014-2021:

(a) Protocol 38c to the EEA Agreement on the EEA Financial Mechanism 2014-2021;

(b) the Regulation on the implementation of the EEA Financial Mechanism 2014-2021 (hereinafter referred to as the "Regulation") issued by the Donor States in accordance with Article 10(5) of Protocol 38c;

(c) the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2014-2021 (hereinafter referred to as the "MoU"), entered into between the Donor States and the Beneficiary State; and

(d) any guidelines adopted by the FMC in accordance with the Regulation.

2. In case of an inconsistency between this programme agreement and the Regulation, the Regulation shall prevail.

3. The legal framework is binding for the Parties. An act or omission by a Party to this programme agreement that is incompatible with the legal framework constitutes a breach of this programme agreement by that Party.

Article 1.3
Definitions

Terms used and institutions and documents referred to in this programme agreement shall be understood in accordance with the Regulation, in particular Article 1.6 thereof, and the legal framework referred to in Article 1.2 of this programme agreement.

Article 1.4
Annexes and hierarchy of documents

1. Annexes attached hereto form an integral part of this programme agreement. Any reference to this programme agreement includes a reference to its annexes unless otherwise stated or clear from the context.

2. The provisions of the annexes shall be interpreted in a manner consistent with this programme agreement. Should the meaning of any provision of the said annexes, so interpreted, remain inconsistent with this programme agreement, the provisions of the annexes shall prevail, provided that these provisions are compatible with the Regulation.

3. Commitments, statements and guarantees, explicit as well as implicit, made in the preparation of the programme are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in the annexes to this programme agreement.

Chapter 2
The Programme

Article 2.1
Co-operation

1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this programme agreement.

2. The Parties agree to provide all information necessary for the good functioning of this programme agreement and to apply the principles of implementation as set out in the Regulation.

3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme.

4. In executing this programme agreement the Parties declare to counteract corrupt practices. Further, they declare not to accept, either directly or indirectly, any kind of offer, gift, payments or benefits which would or could be construed as illegal or corrupt practice. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to this programme agreement.

Article 2.2
Main responsibilities of the Parties

1. The National Focal Point is responsible and accountable for the overall management of the EEA Financial Mechanism 2014-2021 in the Beneficiary State and for the full and correct implementation of

this programme agreement. In particular, the National Focal Point undertakes to:

(a) comply with its obligations stipulated in the Regulation and this programme agreement;

(b) ensure that the Certifying Authority, the Audit Authority, the Irregularities Authority and the Programme Operator properly perform the tasks assigned to them in the Regulation, this programme agreement and the programme implementation agreement;

(c) take all necessary steps to ensure that the Programme Operator is fully committed and able to implement and manage the Programme;

(d) take the necessary measures to remedy irregularities in the implementation of the Programme and ensure that the Programme Operator takes appropriate measures to remedy irregularities in Projects within the Programme, including measures to recover misspent funds;

(e) make all the necessary and appropriate arrangements in order to strengthen or change the way the Programme is managed.

2. The FMC shall, subject to the rules stipulated in the legal framework referred to in Article 1.2 of this programme agreement, make available to the Beneficiary State a financial contribution (hereinafter referred to as "the programme grant") to be used exclusively to finance the eligible cost of the Programme.

Article 2.3
Objective and outcomes of the Programme

1. This programme agreement sets out the objective, outcome(s), outputs, indicators and targets for the Programme.

2. The National Focal Point shall ensure that the Programme Operator implements and completes the Programme in accordance with the objective, outcome(s), outputs, indicators and targets set for the Programme.

Article 2.4
Programme grant

1. The maximum amount of the programme grant, the programme grant rate, and the estimated eligible cost of the Programme shall be as specified in this programme agreement.

2. In case the Programme is also supported by the Norwegian Financial Mechanism, this programme agreement shall be interpreted in conjunction with the agreement regulating that support.

3. The financial plan annexed to this programme agreement shall:

(a) contain a breakdown between the Programme's budget headings;

(b) indicate the agreed advance payment, if any.

4. The management cost of the Programme Operator shall not exceed the amount specified in this programme agreement.

Article 2.5
Special conditions and programme specific rules

1. This programme agreement shall list any conditions set by the FMC with reference to paragraph 2 of Article 6.3 of the Regulation. The National Focal Point shall ensure compliance with these conditions and take the necessary steps to ensure their fulfilment.

2. The National Focal Point shall ensure compliance with any other programme specific rules laid down in this programme agreement.

Article 2.6
Programme implementation agreement

With reference to Article 6.8 of the Regulation and without prejudice to paragraph 2 thereof, the National Focal Point shall, before any payment is made to the Programme, sign a programme implementation agreement with the Programme Operator. The National Focal Point shall notify the FMC of such signing.

Article 2.7
Reporting

The National Focal Point shall ensure that the Programme Operator provides financial reports, annual programme reports and a final programme report in accordance with Chapter 9 and Articles 6.11 and 6.12 of the Regulation as well as statistical reporting in accordance with guidelines adopted by the FMC.

Article 2.8
External monitoring

The external monitoring and audit referred to in Articles 11.1, 11.2, 11.3 and 11.4 of the Regulation shall not in any way relieve the National Focal Point or the Programme Operator of their obligations under the legal framework regarding monitoring of the Programme and/or its projects, financial control and audit.

Article 2.9
Modification of the Programme

1. Unless otherwise explicitly stipulated in this programme agreement, any modification of the Programme is subject to prior approval by the FMC.

2. Programme specific exceptions from paragraph 1, if any, are set in the annexes to this programme agreement.

3. Expenditures incurred in breach of this article are not eligible.

4. Should there be a doubt as to whether the proposed modifications require approval by the FMC, the National Focal Point shall consult the FMC before such modifications take effect.

5. Requests for modifications shall be submitted and assessed in accordance with Article 6.9 of the Regulation.

Article 2.10
Communication

1. All communication to the FMC regarding this programme agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the FMO), which represents the FMC towards the National Focal Point and the Programme Operator in relation to the implementation of the Programme.

2. To the extent that original documents are not available in the English language, the documents shall be accompanied by full and accurate translations into English. The National Focal Point shall bear the responsibility for the accuracy of the translation that it provides and the possible consequences that might arise from any inaccurate translations.

Article 2.11
Contact information

1. The contact information of the Programme Operator is as specified in this programme agreement.

2. The contact information for the FMC and the Financial Mechanism Office are:

Financial Mechanism Office
Att: Director
EFTA Secretariat
Rue Joseph II, 12-16
1000 Brussels
Telephone: +32 (0)2 286 1701
Telefax (general): +32 (0)2 211 1889
E-mail: fmo@efta.int

3. Changes of or corrections to the contact information referred to in this article shall be given in writing without undue delay by the Parties to this programme agreement.

Article 2.12
Representations and Warranties

1. This programme agreement and the awarding of the programme grant is based on information provided by, through, or on behalf of the National Focal Point to the FMC prior to the signing of this programme agreement.

2. The National Focal Point represents and warrants that the information provided by, through, or on behalf of the National Focal Point, in connection with the implementation or conclusion of this programme agreement are authentic, accurate and complete.

Chapter 3
Projects

Article 3.1
Selection of projects and award of grants

1. The National Focal Point shall ensure that the Programme Operator selects projects in accordance with Chapter 7 of the Regulation and this programme agreement.

2. Eligibility of project promoters and project partners is stipulated in Article 7.2 of the Regulation and, in accordance with paragraph 4 thereof, subject only to the limitations stipulated in this programme agreement.

3. Pre-defined projects shall be outlined in this programme agreement.

4. The National Focal Point shall take proactive steps to ensure that the Programme Operator complies fully with Article 7.5 of the Regulation.

Article 3.2
Project contract

1. For each approved project a project contract shall be concluded between the Programme Operator and the Project Promoter.

2. In cases where a project contract cannot, due to provisions in the national legislation, be made between the Programme Operator and the Project Promoter, the Beneficiary State may instead issue a legislative or administrative act of similar effect and content.

3. The content and form or the project contract shall comply with Article 7.6 of the Regulation.

4. The National Focal Point shall ensure that the obligations of the Project Promoter under the project

contract are valid and enforceable under the applicable law of the Beneficiary State.

Article 3.3
Project partners and partnership agreements

1. A project may be implemented in a partnership between the Project Promoter and project partners as defined in paragraph 1(w) of Article 1.6 of the Regulation. If a project is implemented in such a partnership, the Project Promoter shall sign a partnership agreement with the project partners with the content and in the form stipulated in Article 7.7 of the Regulation.

2. The partnership agreement shall be in English if one of the parties to the agreement is an entity from the Donor States.

3. The eligibility of expenditures incurred by a project partner is subject to the same limitations as would apply if the expenditures were incurred by the Project Promoter.

4. The creation and implementation of the relationship between the Project Promoter and the project partner shall comply with the applicable national and European Union law on public procurement as well as Article 8.15 of the Regulation.

5. The National Focal Point shall ensure that the Programme Operator verifies that the partnership agreement complies with this article. A draft partnership agreement or letter of intent shall be submitted to the Programme Operator before the signing of the project contract.

Chapter 4
Finance

Article 4.1
Eligible expenditures

1. Subject to Article 8.7 of the Regulation, eligible expenditures of this Programme are:

(a) management costs of the Programme Operator in accordance with the detailed budget in the financial plan;

(b) payments to projects within this Programme in accordance with the Regulation, this programme agreement and the project contract.

2. Eligible expenditures of projects are those actually incurred by the Project Promoter or project partners, meet the criteria set in Article 8.2 of the Regulation and fall within the categories and fulfil the conditions of direct eligible expenditure set in Article 8.3 of the Regulation, the conditions regarding the use of standard scales of unit costs set in Article 8.4 of the Regulation as well as indirect costs in accordance with Article 8.5 of the Regulation.

4. The first date of eligibility of expenditures in projects shall be set in the project contract in accordance with Article 8.13 of the Regulation. The first date of eligibility of any pre-defined projects shall be no earlier than the date on which the National Focal Point notifies the FMC of a positive appraisal of the pre-defined projects by the Programme Operator in accordance with paragraph 3 of Article 6.5 of the Regulation.

5. The maximum eligible costs of the categories referred to in paragraph 1 are set in this programme agreement. Programme specific rules on the eligibility of expenditure set in this programme agreement shall be complied with.

Article 4.2
Proof of expenditure

Costs incurred by Programme Operators, Project Promoters and project partners shall be supported by documentary evidence as required in Article 8.12 of the Regulation.

Article 4.3
Payments

1. Payments to the Programme shall be made when all relevant conditions for payments stipulated in this programme agreement and the Regulation have been fulfilled.

2. Payments to the Programme shall take the form of an advance payment, interim payments and payment of the final balance and shall be made in accordance with Articles 9.2, 9.3 and 9.4 of the Regulation.

3. Payments of the project grant to the Project Promoters may take the form of advance payments, interim payments and payments of the final balance. The level of advance payments and their off-set mechanism is set in this programme agreement.

4. The National Focal Point shall ensure that payments are transferred in accordance with paragraph 2 of Article 9.1 of the Regulation.

5. Chapter 9 of the Regulation shall apply to all aspects related to payments, including currency exchange rules and handling of interests on bank accounts.

Article 4.4
Transparency and availability of documents

The National Focal Point shall ensure an audit trail for financial contributions from the EEA Financial

Mechanism 2014-2021 to the Programme in accordance with Article 9.8 of the Regulation.

Article 4.5
Irregularities, suspension and reimbursements

The FMC has the right to make use of the remedies provided in the Regulation, in particular Chapter 13 thereof. The National Focal Point has a duty to take all necessary measures to ensure that the provisions in Chapter 12 and 13 of the Regulation regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.

Chapter 5
Final provisions

Article 5.1
Dispute settlement

1. The Parties waive their rights to bring any dispute related to the programme agreement before any national or international court, and agree to settle such a dispute in an amicable manner.

2. If a demand for reimbursement to the FMC is not complied with by the Beneficiary State, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 1, the Parties may bring the dispute before Oslo Tingrett.

Article 5.2
Termination

1. The FMC may, after consultation with the National Focal Point, terminate this programme agreement if:

(a) a general suspension decision according to Article 13.6 of the Regulation or a decision to suspend payments according to paragraph 1(h) of Article 13.1 of the Regulation has not been lifted within 6 months of such a decision;

(b) a suspension of payments according to Article 13.1 of the Regulation, other than under paragraph 1(h), has not been lifted within one year of such a decision;

(c) a request for reimbursement according to Article 13.2 of the Regulation has not been complied with within one year from such a decision;

(d) the Programme Operator becomes bankrupt, is deemed to be insolvent, or declares that it does not have the financial capacity to continue with the implementation of the Programme; or

(e) the Programme Operator has, in the opinion of the FMC, been engaged in corruption, fraud or similar activities or has not taken the appropriate measures to detect or prevent such activities or, if they have occurred, nullify their effects.

2. This programme agreement can be terminated by mutual agreement between the Parties.

3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism referred to in Article 5.1 or the right of the FMC to make use of the remedies provided in Chapter 13 of the Regulation.

Article 5.3
Waiver of responsibility

1. Any appraisal of the Programme undertaken before or after its approval by the FMC, does not in any way diminish the responsibility of the National Focal Point and the Programme Operator to verify and confirm the correctness of the documents and information forming the basis of the programme agreement.

2. Nothing contained in the programme agreement shall be construed as imposing upon the FMC or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.

3. The FMC does not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused by the Programme or its projects including, but not limited to inconsistencies in the planning of the Programme or its projects, other project(s) that might affect it or that it might affect, or public discontent. It is the full and sole responsibility of the National Focal Point and the Programme Operator to satisfactorily address such issues.

4. Neither the National Focal Point, the Programme Operator, entities involved in the implementation of projects, nor any other party shall have recourse to the FMC for further financial support or assistance to the Programme in whatsoever form over and above what has been provided for in the programme agreement.

5. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the FMC, its members or alternate members, nor the EFTA States, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point or the Beneficiary State, the Programme Operator, Project Promoters or any other third person, in connection, be it direct or indirect, with this programme agreement.

6. Nothing in this programme agreement shall be construed as a waiver of diplomatic immunities and privileges awarded to the European Free Trade Association, its assets, officials or employees.

1. This programme agreement shall enter into force on the date of the last signature of the Parties.

2. This programme agreement shall remain in force until five years have elapsed after the date of the acceptance of the final programme report.

Article 5.4
Entry into force and duration

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This programme agreement is drawn up in two originals in the English language.

For the Donors	For the National Focal Point
Signed in Warsaw on 07/02/2020	Signed in Warsaw on 07/02/2020
.....	.....
Olav Myklebust	Małgorzata Jarosińska-Jedynak
Ambassador Royal Norwegian Embassy, Poland	Minister of Development Funds and Regional Policy

Annex I to the Programme Agreement

Programme Operators and Partners	
Programme Operator:	Ministry of Climate and Environment
Donor Programme Partner:	National Energy Authority (OS) Norwegian Environment Agency (NEA) Norwegian Water Resources and Energy Directorate (NVE)
IPO:	-
Other Programme Partner(s):	-

Programme Objective	Climate change mitigated and vulnerability to climate change reduced

PA	Outcome/Output	Expected programme results	Indicator	Disaggregation	Unit of measurement	Source of verification	Frequency of reporting	Baseline values	Baseline year	Target value
PA13	Outcome 1	Ability of local communities to reduce emissions and adapt to a changing climate increased	Number of inhabitants benefitting from adaptation and mitigation measures	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	280,000
			Number of municipal action plans for mitigation and adaptation supported	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	10
			Number of institutions using the data from the air pollution monitoring equipment[1]	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	1
	Output 1.1	Measures for climate change mitigation and adaptation on municipal	Number of green-blue infrastructure investments supported[2]	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	135

[1] Relates to the air pollution monitoring modelling and reporting PDP.

[2] Investments can be in areas such as (but not limited to): green roofs, rainwater capture measures, water management measures, investments related to flood or drought management. Some of these might be carried out in schools.

		level implemented	Number of professional staff trained	Gender	Cumulative number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	55
			Number of people reached by awareness-raising campaigns	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	225,000
	Output 1.2	Awareness raising activities on climate change mitigation and adaptation carried out	Number of schools involved in awareness raising campaigns	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	32
			Number of people reached by awareness-raising campaigns	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	16,000
			Number of awareness raising campaigns carried out	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	10
			Number of climate change response measures (investments) made in schools	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	40
	Output 1.3	Air pollution analysis and monitoring systems launched	Updated system for assessment of atmospheric deposition in place	N/A	Binary	Project Promoters' records	Semi-annually (APR and September IFR)	No	N/A	Yes
			Number of trainings carried out	N/A	Cumulative number	Project Promoters'	Semi-annually	0	N/A	3

						records, Attendance sheets	(APR and September IFR)			
			Number of professional staff trained	Gender	Cumulative number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	20
	Output 1.4	Projects on circular economy piloted	Number of pilot projects carried out to introduce the circular economy approach	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	6
			Number of people reached by awareness raising campaigns	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	500
			Number of awareness raising campaigns carried out	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	6
PA11	Outcome 2	Environmental status of ecosystems improved	Number of ecosystems with improved ecological status	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	10
			Total surface of areas with improved environmental status (in ha)	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	30,000
			Number of protected species whose condition has improved	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	5
	Output 2.1	Ecosystem management	Number of implemented management plans for protected areas[3]	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and	0	N/A	6

[3] This is in reference to Natura 2000 sites and national and landscape parks, and nature reserves.

		plans implemented					September IFR)			
			Number of awareness raising campaigns carried out	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	11
			Number of people reached by awareness raising campaigns	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	240,000
	Output 2.2	Measures against invasive alien species carried out	Number of invasive alien species whose negative impacts are controlled or reduced	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	3
			Number of awareness raising campaigns carried out	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	7
			Number of people reached by awareness raising campaigns	N/A	Cumulative number	Project promoter's records	Annually (APR)	0	N/A	200,000
	Output 2.3	Improved mapping and assessment of ecosystems services	Number of investigated ecosystem services[4]	N/A	Cumulative number	Project Promoters' records,	Semi-annually (APR and September IFR)	0	N/A	15

[4] Indicator-based mapping and assessment (c.f. work package 4 in description of PDP1) will include at least 15 ecosystem services and cover all sections (Provisioning; Regulation & Maintenance; Cultural) of Common International Classification of Ecosystem Services (CICES) https://biodiversity.europa.eu/maes/common-international-classification-of-ecosystem-services-cices-classification-version-4.3

			Number of investigated ecosystems' subtypes[5]	N/A	Cumulative number	Project Promoters' records,	Semi-annually (APR and September IFR)	0	N/A	20
			Number of professionals reached by knowledge sharing activities	N/A	Cumulative number	Project Promoters' records,	Semi-annually (APR and September IFR)	0	N/A	100
			Preparation of a handbook on ES approach for environmental management	N/A	Binary	Project Promoters' records, Copy of the handbook	Semi-annually (APR and September IFR)	No	N/A	Yes
	Output 2.4	Activities related to the protection of the environment and ecosystems carried out by the NGOs	Number of non-governmental organizations funded by the programme	N/A	Cumulative number	Copies of contracts concluded with Project Promoters, Partnership agreements between Project Promoter and project partners	Semi-annually (APR and September IFR)	0	N/A	16
			Number of initiatives for protection of the environment and ecosystems	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	5
			Number of people reached by awareness raising campaigns	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	300,000

[5] Ecosystem services will be mapped and assessed within the 7 main types of ecosystems in Poland (agroecosystems, forest ecosystems, urban ecosystems, freshwater ecosystems, marine ecosystems, degraded land, landscape level). The main ecosystem types will be divided into a total of at least 20 subtypes according to expert knowledge; e.g. forest ecosystems could be divided into broad-leaved, coniferous and mixed forest.

			Number of awareness raising campaigns carried out	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	15
PA12	Outcome 3	Improved energy efficiency in buildings, industry and municipalities	Estimated annual CO2-emissions reductions (in tonnes/year)	N/A	Annual number	Energy audit reports, Energy certificates	Annually (APR)	0	N/A	600,900 [6]
			Estimated energy production from renewable sources (in MWh/year)	N/A	Annual number	Project Promoters' records	Annually (APR)	0	N/A	25,470
			Estimated primary energy savings (MWh/year)	N/A	Annual number	Project Promoters' records	Annually (APR)	0	N/A	685,700
			Number of people benefitting from increased energy efficiency	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	12,310
	Output 3.1	Energy efficiency in school buildings supported	Number of school buildings for which energy efficiency measures have been implemented	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	15
			Number of awareness raising campaigns carried out	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	15
			Number of people reached by awareness raising campaigns	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	22,000

[6] Estimated CO2 emissions savings based on emissions factors of existing sources to be replaced/modernised of approx.: 0.25 tCO2/MWh for buildings (output 3.1); 0.75 tCO2/MWh for cogeneration (output 3.2); 1 tCO2/MWh for district heating (output 3.3); and 0.34 tCO2/MWh for pellets projects (output 3.4).

			Number of professionals trained (in energy efficiency measures)	Gender	Cumulative number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	33
	Output 3.2	Energy efficiency in industry and power generation supported	Number of industrial processes where energy efficiency (co-generation) measures have been implemented	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	22
			Number of awareness raising campaigns carried out	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	22
	Output 3.3	Municipal (district heating) infrastructure supported	Number of municipalities with improved infrastructure	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	15
			Number of energy efficiency measures implemented for heating system infrastructure	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	15
			Number of awareness raising campaigns carried out	N/A	Cumulative number	Project Promoters' records; Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	15
PA12	Outcome 4	Increased renewable	Estimated annual CO2 emissions reductions (in tonnes/year)	N/A	Annual number	Energy audit reports, Energy certificates	Annually (APR)	0	N/A	27,790

		energy production	Estimated production in MWh/year in electricity from hydro power	N/A	Annual number	Project Promoters' records	Annually (APR)	0	N/A	6,500
			Estimated added production in MWh/year in thermal from geothermal energy	N/A	Average	Project Promoters' recrods	Annually (APR)	0	N/A	12,500
	Output 4.1	Hydropower energy potential installed	Installed capacity (of the new or refurbished installations) for production of hydropower electricity (in MW)	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	1.7
			Number of improvements in small hydropower plants reducing their impact on the environment, in particular on aquatic fauna	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	10
			Number of small hydropower plants with improved technical infrastructure or water retention conditions	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	10
			Number of professionals trained in hydropower	Gender	Cumulative number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	42
	Output 4.2	Geothermal energy potential installed	Installed capacity for production of geothermal energy (in MW)[7]	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	2.5
			Number of new or refurbished installations for production of geothermal energy	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and	0	N/A	2

[7] Of new or refurbished installations.

							September IFR)			
	Output 4.3	Capacity of stakeholders in geothermal energy built	Number of professionals trained in geothermal energy exploitation and use	Gender	Cumulative number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	70
			Number of manuals on geothermal produced	N/A	Cumulative number	Copy of the manual	Semi-annually (APR and September IFR)	0	N/A	1
			Number of awareness raising campaigns carried out	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	7
			Number of people reached by awareness raising campaigns	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	220
			Information from project shared at selected domestic and international conferences	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	6
PA13	Bilateral Outcome	Enhanced cooperation between institutions from Poland and Donor	Level of trust between cooperating entities in Beneficiary States and Donor States	N/A	Scale 1-7	Survey results	Annually (APR)	6.38[8]	N/A	4.5[9]
			Level of satisfaction with the partnership	N/A	Scale 1-7	Survey results	Annually (APR)	6.34[10]	N/A	4.5[11]

[8] Survey to be conducted by FMO
[9] Target is ≥4.5, and an increase on the baseline value
[10] Survey to be conducted by FMO
[11] Target is ≥4.5, and an increase on the baseline value

		States participating in the programme	Share of cooperating organisations that apply the knowledge acquired from bilateral partnership	N/A	Percentage	Survey results	Annually (APR)	N/A	N/A	50 %
	Bilateral Output 1	Cooperation between Donor and Beneficiary State entities supported	Number of projects involving cooperation with a donor project partner	N/A	Cumulative number	Copies of contracts concluded with Project Promoters, Partnership agreements between Project Promoters and project partners	Semi-annually (APR and September IFR)	0	N/A	20
			Number of study trips, workshops, roundtables organised in cooperation with the Donor States	N/A	Cumulative number	Project promoters records	Semi-annually (APR and September IFR)	0	N/A	20
			Number of staff from beneficiary states in exchanges	Donor State, Gender, Type of exchange	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	60
			Number of staff from donor states in exchanges	Donor State, Gender, Type of exchange	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	20

Conditions

General

1. The National Focal Point shall ensure that the Programme Operator ensures that any residual or extracted material from project activities is reused, recycled, treated and/or deposited in an environmentally sound manner.

2. The Programme Operator shall monitor results of CO_2-reductions and the cost efficiency of the interventions in terms of CO_2 reductions and shall report on them in the annual and final programme reports in programme area 12 where the CO_2 indicator is applied.

3. The Programme Operator shall organize at least one broad experience sharing event during the programme implementation period, with the aim of showcasing innovative or novel approaches in the projects supported

4. The Programme Operator shall, in the Final Programme Report, report on the impact that the projects supported will have and have had on the dissemination of knowledge about and further investments in climate change mitigation and adaptation in Poland

5. The Programme Operator shall encourage bilateral partnerships across all calls for proposals.

6. The National Focal Point shall ensure that the Programme Operator ensures that Project Promoters:

- Keep any buildings purchased, constructed, renovated or reconstructed under the project in their ownership for a period of at least 5 years following the completion of the project and continue to use such buildings for the benefit of the overall objectives of the project for the same period;
- Keep any buildings purchased, constructed, renovated or reconstructed under the project properly insured against losses such as fire, theft and other normally insurable incidents both during project implementation and for at least 5 years following the completion of the project; and
- Set aside appropriate resources for the maintenance of any buildings purchased, constructed, renovated or reconstructed under the project for at least 5 years following the completion of the project. The specific means for implementation of this obligation shall be specified in the project contract.

7. The National Focal Point shall ensure that the Programme Operator encourages synergies with other programmes in Poland, including "Business Development and Innovation" and "Research".

8. The National Focal Point shall submit the detailed description of the management and control system for the Programme Operator in English following its approval in accordance with Article 5.7.2 of the Regulation. The National Focal Point shall ensure that the description includes detailed and dedicated sections on the implementation of the Financial Instrument described in section 5.2 of Annex II to this Programme Agreement.

9. The programme shall contribute to achieving significant and cost-efficient reductions of greenhouse gas emissions. The Programme Operator shall ensure that investments in energy production under Outcome 3- intended for use by the promoter directly or for distribution - is only allowed for energy sources based on renewable energy and/or natural gas. All else being equal, support to a project under Outcome 3 shall lead to a corresponding reduction in the use of solid fossil fuels and contribute to the facility’s compliance with the EU Energy Efficiency Directive’s definitions of high-efficiency district heating and cogeneration systems

Pre-eligibility

Not applicable

Pre-payment

Not applicable

Pre-completion

Not applicable

Post-completion

Not applicable

Eligibility of costs - period	**First date**	**Final date**
Eligibility of costs	21/12/2017	30/04/2025
Grant rate and co-financing		
Programme eligible expenditure (€)		€ 171,814,118
Programme grant rate (%)		85.00 %
Maximum amount of Programme grant - EEA Financial Mechanism (€)		€ 146,042,000
Maximum amount of Programme grant - Norwegian Financial Mechanism (€)		-
Maximum amount of Programme grant - Total (€)		€ 146,042,000

PA	Budget Heading	EEA Grants	Total grant	Programme grant rate	Programme co-financing	Programme eligible expenditure	Advance payment
PA13	Programme management	€ 7,555,000	€ 7,555,000	85.00 %	€ 1,333,235	€ 8,888,235	€ 906,600
PA12	Outcome 4 (EEA Grants)	€ 10,530,895	€ 10,530,895	85.00 %	€ 1,858,393	€ 12,389,288	n/a
PA12	Outcome 3 (EEA Grants)	€ 86,954,504	€ 86,954,504	85.00 %	€ 15,344,912	€ 102,299,416	n/a
PA11	Outcome 2 (EEA Grants)	€ 11,920,050	€ 11,920,050	85.00 %	€ 2,103,538	€ 14,023,588	n/a
PA13	Outcome 1 (EEA Grants)	€ 29,081,551	€ 29,081,551	85.00 %	€ 5,132,038	€ 34,213,589	n/a
Total[12]		**€ 146,042,000**	**€ 146,042,000**	**85.00 %**	**€ 25,772,118**	**€ 171,814,118**	**€ 906,600**

Retention of management costs	
Retention of management costs - Percentage of the management costs	10.00 %
Retention of management costs - Planned Euro value	€ 888,824

[12] The discrepancy between the total programme eligible expenditure and the sum of programme eligible expenditure of different budget headings appears because of displaying numbers per budget heading rounded to the whole euro. The total programme eligible expenditure is the sum of the separate budget headings including 2 decimal places. The same applies to the total programme co-financing.

Energy and climate change

Operational rules (Annex II)

1. **Programme summary**

This Annex sets out the operational rules for the programme. The programme agreement is based on the MoU, the concept note and comments made by the FMC. Commitments, statements and guarantees, explicit as well as implicit, made in the concept note, are binding for the Programme Operator (PO) unless otherwise explicitly stipulated in the annexes to this programme agreement.

The Programme Operator is the Polish Ministry of Climate and Environment with support from the National Fund for Environmental Protection and Water Management. The Norwegian Environment Agency (NEA), the Norwegian Water Resources and Energy Directorate (NVE) and the National Energy Authority of Iceland (OS) are the Donor Programme Partners (DPPs).

The programme shall cover Programme Area 11 "Environment and Ecosystems", Programme Area 12 "Renewable Energy, Energy Efficiency, Energy Security" and Programme Area 13 "Climate Change Mitigation and Adaptation".

The programme objective *"Climate change mitigated and vulnerability to climate change reduced"* shall be attained through four outcomes:

- The programme shall support the outcome ***"Ability of local communities to reduce emissions and adapt to a changing climate increased" (Outcome 1)*** by way of:
    - Three open calls:

1. *Open call #1: Implementation of green-blue infrastructure investments in cities:* The call shall support municipalities' implementation of strategies to mitigate and adapt to climate change. Applicants may apply for funding for measures to increase resilience to climate change and measures to reduce emissions from e.g. transport or other sectors, including revitalisation and creation of green areas and improved water management such as water retention. Educational and awareness measures will be eligible.
2. *Open call #2: Awareness raising activities on climate change mitigation and adaptation*: The call shall support schools' efforts to enhance students/pupils' knowledge on climate change issues, including implementation of small-scale on-site mitigation and/or adaptation measures.
3. *Open call #3: Strengthened implementation of Circular Economy*: The call shall support activities in line with Poland's "Circular Economy Roadmap", including inter alia sustainable industrial production, sustainable consumption and bioeconomy.

- Pre-defined project no. 1 on strengthening atmospheric deposition assessments.

- The programme shall support the outcome ***"Environmental status of ecosystems improved" (Outcome 2***) by way of:
    - Two open calls:

1. *Open call #4: Implementation of ecosystem management plans*: The call shall support the implementation of management plans for protected areas in Poland aiming to improve the status of endangered species and habitats. This includes, i.a.: counteracting fragmentation of ecosystems; limitations of barriers for the movement of animals; protection and restoration of

wetlands; maintaining good status of ecosystems. Applicants may implement one or more of the above types of activities.

2. *Open call #5: Increased protection against invasive alien species*: The call shall support activities which will lead to a limitation of the inflow of invasive alien species and increase the resistance of native species. Applicants may implement one or more of the following three types of activities:
    1.
        1. removal of invasive alien species;
        2. identification of sources and routes for the spread of invasive alien species and;
        3. introduction of solutions to reduce spread of invasive alien species.

- One small grant scheme - SGS no. 1:

1. *SGS #1*: The Small Grants Scheme shall be established for non-governmental organisations for activities which will protect and increase knowledge of ecosystems. Applicants may implement one or more of the following four types of activities:

1. conducting active protection of endangered species and habitats;
2. combating invasive alien species and counteracting their spread;
3. mapping and assessment of ecosystems and their services;
4. increased awareness of ecosystems, their role and the services they provide.

- Pre-defined project no. 2 on improved mapping and assessment of ecosystem services.

- The programme shall support the outcome ***"Improved energy efficiency in buildings, industry and municipalities "(Outcome 3)*** by way of:

- Three open calls:

1. *Open call #6: Improved energy efficiency in school buildings*: the call shall support the modernisation of school buildings through comprehensive energy efficiency investments, with the aim of bringing them to “passive” or “near-zero emissions” standard.
2. *Open call #7: Development of high-efficiency industrial and professional cogeneration:* The call shall support the modernisation of and construction of new capacity for cogeneration, including the use of process and waste heat, in order to improve energy efficiency of industry and power generation.
   The replacement and/or refurbishment of existing energy production capacity with new production units shall be based on renewable energy and/or natural gas and lead to a corresponding reduction in the use of solid fossil fuels. Priority will be given to projects that result in the largest reductions of CO_2 emissions and the highest energy efficiency and cost efficiency.
3. *Open call #8: Construction /modernization of municipal heating systems and elimination of individual heat sources:* The call shall support the modernisation of municipal district heating systems, including replacement of energy sources where appropriate. Applicants may seek funding for modernization and/or construction of heat sources: e.g. development of combined generation of heat, electricity and cooling sources; change of energy conversion technology and use of fuels, application of intelligent weather control system appliances, use of local

renewable energy sources. Additionally, removal of existing individual heat sources in public utility buildings and residential buildings together with connecting consumers to the municipal heating system or local heating systems may be included in the project application. The replacement and/or refurbishment of existing energy production capacity with new production units shall be based on renewable energy and/or natural gas and lead to a corresponding reduction in the use of solid fossil fuels. Priority will be given to projects that result in the largest reductions of CO_2 emissions and the highest energy efficiency and cost efficiency.

- A financial instrument established to provide loans for project promoters requiring co-financing for their projects under all calls under the outcome.

- The programme shall support the outcome "***Increased renewable energy production "(Outcome 4)*** by way of:
    - Two open calls:

- *Open call #10: Geothermal energy production*: The call shall support the construction of systems for "deep" geothermal heat energy production[1] in locations where the existence of economically utilisable reserves have been confirmed[2]. The applications may include one or more of the below activities such as:
    1. Production and injection wells in areas with documented geothermal potential;
    2. Construction and/or extension of a geothermal heating plant;
    3. Construction of infrastructure connection(s) to integrate geothermal heat into an existing district heating system;
    4. Technological and infrastructure changes to existing district heating systems in order to integrate geothermal energy source(s);
    5. Educational/training activities

- *Open call #11: Increasing the efficiency of energy generation in existing small hydropower plants:* The call shall support the modernisation of existing small hydropower plants. The applications may include one or more of the below activities such as:
    1. Modernisation of equipment and installations for energy production;
    2. Safety improvements;
    3. 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;
    4. 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);
    5. *Educational/training activities.*

The plants' installed capacity prior to the investment undertaken shall not be larger than 2 MW.

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- A financial instrument established to provide loans for project promoters requiring co-financing for their projects under all calls under the outcome.

- Pre-defined project no. 3 on enhancing the capacity and skills on geothermal energy in Poland.

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[1] Parameters for depth and temperatures of the systems might be more closely defined in the call text and corresponding criteria.

[2] Risks related to geothermal exploration shall be taken into consideration at the call drafting stage. Particularly, if as a result of a project implemented with due diligence, the geothermal resources cannot be used for energy production, such case shall be analysed and used as lessons learned for future developments in line with the project promoter's obligation under Annex II, chapter 6.3. Moreover, it shall not be considered as grounds for a repayment of the grant.

2. Eligibility

2.1 Eligible applicants:

The rules on eligibility of applicants are set in Article 7.2. of the Regulation. The following limitations shall be placed:

Call	Outcome	Eligible applicants (project promoters)
Call #1	Outcome 1 Implementation of green-blue infrastructure investments in cities	Local government units with population below 90 000 inhabitants, (as well as their unions, entities providing public services as part of the implementation of territorial government units' own tasks) Non-governmental organisations as defined in Article 1.6 n)
Call #4	Outcome 2 Implementation of ecosystem management plans	In accordance with Article 7.2.1
Call #5	Outcome 2 Increased protection against invasive alien species	
Call #6	Outcome 3 Improved energy efficiency in school buildings	Any entity in accordance with Article 7.2.1 governing a public or a non-public primary or secondary a school
Call #7	Outcome 3 Development of high-efficiency industrial and professional cogeneration	SMEs and large enterprises
Call #2	Outcome 1 Awareness raising activities on climate change mitigation and adaptation carried out by schools	Any entity in accordance with Article 7.2.1 governing a public or non-public primary or secondary school[1]
SGS #1	Outcome 2	Non-governmental organisations as defined in Article 1.6 n)

Call	Outcome	Eligible applicants (project promoters)
	Small Grant Scheme for ecosystem protection and education	
	Outcome 3	SME and large enterprises
Call #8	Construction /modernization of municipal heating systems and elimination of individual heat sources	Local government units as well as their unions
	Outcome 4	SMEs and large enterprises
Call #10	Construction of heat sources using geothermal energy (deep geotherm)	Local government units as well as their unions,
	Outcome 4	SMEs and large enterprises
Call #11	Increasing the efficiency of energy generation in existing small hydropower plants (up to 2 MW)	The National Water Management Holding Polish Waters[2]
	Outcome 1	
Call #3	Strengthened implementation of Circular Economy	In accordance with Article 7.2.1

[1] Either the applicant or the partner needs to be an entity governing a school

[2] The National Water Management Holding Polish Waters was created on 1st January 2018 in order to take the sole responsibility for management of water in Poland. The new entity was created in accordance with the bill of 20 July 2017 – The Water Law Act. 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.

The Polish Waters through above-mentioned organisational units carry out activities in the field of flood and drought protection, as well as protection of the quality of water resources. Polish Waters exercises ownership rights over waters that are owned by the state. Moreover, the entity owns hydropower facilities in Poland.

The rules on eligibility of partners are set in Article 7.2.2. of the Regulation. No limitations shall be placed.

2.2 Special rules on eligibility of costs:
Costs are eligible in accordance with chapter 8 of the Regulation. The following limitations shall apply:

Purchases of second hand equipment shall not be eligible (Article 8.3.c)).

Only Article 8.5.1 b) shall be applied as a method for identifying indirect costs. The method of calculating the indirect costs and their maximum amount shall be determined in the project contract. The method of calculation of indirect costs of a project partner shall be stipulated in the partnership agreement between the project promoter and the project partner.

Financing of the project will take the form of standard unit costs based on the costs catalogue in case of non-investment projects which encompass educational activities (Article 8.4).

3. Bilateral relations

3.1 Bilateral relations

The programme shall contribute to strengthening bilateral relations between Poland and the Donor States.

The programme shall, as appropriate, facilitate donor partnership projects by carrying out, *inter alia*, match-making events and activities in conjunction with launching call for proposals, as well as by encouraging donor partnership projects in call text. The DPPs shall support the PO in facilitating bilateral cooperation.

In line with the approach to the long-term building of good bilateral relations, the Programme Operator shall not be excluded from the possibility of applying for additional funds under the Bilateral Fund at National Level.

The use of the funds for bilateral relations allocated to the programme shall be agreed in the Cooperation Committee. Parties of the bilateral initiatives might specifically be designated by the Cooperation Committee or selected through an open call procedure.

4. Selection of projects and financial parameters

4.1 Open calls and availability of funds (including number of calls, duration of calls, and estimated size):

There shall be at least three rounds of calls for proposals. One small grants scheme will be launched under the second round of calls as outlined in the below table. In case funds remain uncommitted further to the selection of projects, the Programme Operator may launch additional calls within the same outcome.

Call	Outcome (and title of the call)	Estimated timing of the call	Total amount available (EUR)[13]	Minimum grant amount applied for (EUR)	Maximum grant amount applied for (EUR)
Call #1	(Outcome 1) Implementation of green-blue infrastructure investments in cities	Q2 2020	25,851,41323,0 ~~29,413~~	500,000	2,300,000
Call #4	(Outcome 2) Implementation of ecosystem management plans		7,102,8565,882 ~~,352~~	200,000	1,000,000
Call #5	(Outcome 2) Increased protection against invasive alien species		2,661,995 ~~3,583,576~~		
Call #6	(Outcome 3) Improved energy efficiency in school buildings		22,021,60220,0 ~~00,000~~	500,000	5,000,000

[13] As per programme budget in Annex I of this Programme Agreement, the total eligible expenditure for the Outcome 3 rounded to 2 decimal places is € 102,299,416.47, displayed in the programme agreement rounded to the whole euro, i.e. € 102,299,416. The sum of the total amount available for the calls under the Outcome 3 in the table is € 102,299,417 due to the fact that the amounts for every call are rounded to the whole euro.

Call	Outcome (and title of the call)	Estimated timing of the call	Total amount available (EUR)[13]	Minimum grant amount applied for (EUR)	Maximum grant amount applied for (EUR)
Call #7	(Outcome 3) Development of high-efficiency industrial and professional cogeneration		44,066,11642,1 17,61840,000,0 00	1,000,000	7,000,000
Call #2	(Outcome 1) Awareness raising activities on climate change mitigation and adaptation carried out by schools		3,362,1761,575 ,941	200,000	800,000
SGS #1	(Outcome 2)Small Grant Schemes	Q2 2020	2,505,7972,804 ,720	50,000	200,000
Call #8	(Outcome 3) Construction /modernization of municipal heating systems and elimination of individual heat sources		36,211,69937,6 47,21537,988,7 05	1,000,000	7,000,000
Call #10	(Outcome 4) Construction of heat sources using geothermal energy (deep geotherm)		7,300,000	1,000,000	4,500,000
Call #11	(Outcome 4) Increasing the efficiency of energy generation in existing small hydropower plants (up to 2 MW)	Q3 2020	4,189,2883,000 ,000	200,000	1,400,000
Call #3	(Outcome 1) Strengthened implementation of Circular Economy		3,000,000	300,000	1,000,000

4.2 Selection procedures:

The project evaluation and award of grants shall be in accordance with Article 7.4 of the Regulation.

The Programme Operator shall be responsible for project evaluation and the award of grants.

The details of the selection criteria together with the text of the open call for proposals shall be discussed and agreed in the Cooperation Committee.

Selection procedure for pilot projects

Selection in case of open call for pilot projects under Outcome 1 (call #3 as described in section 4.1) may be conducted in a two-stage procedure where eligible entities are invited to submit project concept notes and selected ones are invited to submit a full proposal for funding.

The selection procedure shall follow to the extent possible and as applicable the general selection procedure, with the exception that no appeal procedures shall apply, and the assessment of the concept notes may be carried out without involvement of external experts. Further details of the selection procedure for pilot projects shall be discussed and agreed in the Cooperation Committee and published in the call for proposals.

General selection procedure

The National Fund for Environmental Protection and Water Management (NFEP&WM) shall be responsible for reviewing the applications for compliance with administrative and eligibility criteria

published in the call text. The applicants shall be provided with the possibility to provide additional information or documents to determine the compliance with these criteria. The applicants whose applications are rejected at this stage shall be informed of the reasons of rejection in writing and given reasonable time to appeal that decision to the National Focal Point.

Each application that meets the administrative and eligibility criteria shall be reviewed by experts from the NFEP&WM for compliance with content related (merit) criteria. The merit criteria are assessed in two stages:

Stage I merit criteria fulfilment, which includes inter alia compliance with applicable state aid rules, and assessment of the applicant's financial situation (including the assessment of the FI application as applicable) The applicants shall be provided with the possibility to provide additional information or documents to determine the compliance with these criteria. The applicants whose applications are rejected at this stage shall be informed of the reasons of rejection in writing. There is no possibility to appeal at this stage.

Stage II: Applications that meet the administrative, eligibility and stage I merit assessment shall be reviewed for stage II merit (detailed scoring) assessment.

Under stage II, projects shall be reviewed by at least two external and impartial experts appointed by the NFEP&WM. The experts shall be selected through a competitive procedure.

The experts shall separately score the project according to the scoring criteria published within the call for proposals. For the purposes of ranking the projects, the average of the scores awarded by the experts shall be used. If the difference between the scores given by the two experts is more than 30% of the higher score, a third expert, who shall be impartial and independent of the Programme Operator and NFEP&WM, shall be commissioned by the Programme Operator. In such cases, the average score of the two closest scores shall be used for the ranking of the projects.

Applicants may be requested additional information and documents at this stage. The applicants whose applications are rejected at this stage shall be informed of the reasons of rejection in writing and given reasonable time to appeal that decision to the Programme Operator.

The Programme Operator shall establish one Selection Committee. The Selection Committee shall consist of a Chair and a Secretary – representatives of the Programme Operator – without voting rights, and at least three voting members appointed by the Programme Operator. The representatives of the DPPs shall be non-voting members. The Selection Committee shall aim at achieving consensus among all members. Representatives of the National Focal Point, the FMC, and the Norwegian Embassy in Poland shall be invited to participate in the Selection Committee as observers.

The draft ranking list shall be prepared by the NFEP&WM for each call and shall be forwarded to the Programme Operator who shall provide the Selection Committee with the list of the ranked projects. The Selection Committee shall review the ranked list of projects. The Selection Committee may modify the ranking of the projects in justified cases. The justification for modifications shall be detailed in the minutes of the meeting of the Selection Committee. The minutes shall be signed by the Selection Committee’s Chairperson. The Chairperson of the Selection Committee shall submit the list of the recommended projects with justification for modifications, together with a reserve list and the list of rejected project applications and the reason for their rejection, to the Programme Operator.

The Programme Operator shall verify that the selection process has been conducted in accordance with the Regulation and that the grant award recommendations of the Selection Committee comply with the rules and objectives of the Programme. Following such verification, the Programme Operator shall decide which projects shall be supported.

The Programme Operator shall notify the applicants about the results of the selection process within reasonable time and publicise the results. All unsuccessful applicants shall be provided with a brief description of the reasons for the decision.

4.3 Project grant rate:

The project grant rate shall in all cases be set at a level that complies with the State Aid rules in force and take into account any and all other forms of public support granted to projects. Any remaining costs of the project shall be provided or obtained by the Project Promoter.

The maximum grant amount and overall project grant rate shall be determined as below:

Call	Outcome	Maximum project grant rate
Call #1	Outcome 1 Implementation of green-blue infrastructure investments in cities	85%
Call #4	Outcome 2 Implementation of ecosystem management plans	85%
Call #5	Outcome 2 Increased protection against invasive alien species	85%
Call #6	Outcome 3 Improved energy efficiency in school buildings	70%
Call #7	Outcome 3 Development of high-efficiency industrial and professional cogeneration	45%
Call #2	Outcome 1 Awareness raising activities on climate change mitigation and adaptation carried out by schools	100%
SGS #1	Outcome 2 **Small Grant Schemes**	90%
Call #8	Outcome 3 Construction /modernization of municipal heating systems and elimination of individual heat sources	45%
Call #10	Outcome 4 Construction of heat sources using geothermal energy (“deep” geothermal energy)	50%
Call #11	Outcome 4 Increasing the efficiency of energy generation in existing small hydropower plants (up to 2 MW)	50%
Call #3	Outcome 1 Strengthened implementation of Circular Economy	85%

5. Additional mechanisms within the Programme

5.1 Pre-defined projects

There will be three pre-defined project implemented under the programme:

1) "Strengthening of atmospheric deposition assessment in Poland based on Norwegian experience"

Project Promoter:	Chief Inspectorate of Environmental Protection (GIOŚ)
Total maximum eligible costs:	€ 2,000,000
Project grant rate:	100.00 %
Maximum project grant amount:	€ 2,000,000
Estimated duration:	36 months

Programme outcome the project contributes to: “Ability of local communities to reduce emissions and adapt to a changing climate"

The project will contribute to increased knowledge about pollutants that can have a negative impact on climate change and ecosystems. The project will specifically contribute to the establishment of a revised and modernized measurement and assessment system in Poland of atmospheric depositions and emissions. The revised system will provide better data, which will in turn help Polish authorities' abilities to track trends and, consequently, to assess the efficiency of measures to reduce emission of pollutants into the air. Moreover, the data can be used to address the issue of compounds contributing to eutrophication. This will assist efforts and measures to protect waters against pollutants from agricultural sources. Additionally, the data will be used in an international context by the Baltic Marine Environment Protection Commission - Helsinki Commission (HELCOM) for the reduction of nutrients discharged into the Baltic Sea.

The pre-defined project will include, inter alia, the following activities:

- Revision and optimisation of air pollution deposition measurements in Poland, such as: methodology, costs, number and location of measurement points, and measurement range.
- Procurement of deposition measurement instruments.
- Development of a guidance document on measurement methodology.
- Development of a guidance document on assessments of atmospheric deposition including a proposal on suitable deposition modeling techniques.
- Visualisation and sharing of data on atmospheric deposition data via the website “Air Quality”, run by GIOŚ

The role of NILU is to contribute to experience-sharing and training-related activities.

2) "Services provided by main types of ecosystems in Poland – An Applied Approach"

Project Promoter:	Department of Integrated Geography, Adam Mickiewicz University in Poznań (AMU)
Total maximum eligible costs:	€ 1,752,940
Project grant rate:	100.00 %
Maximum project grant amount:	€ 1,752,940
Estimated duration:	36 months

Programme outcome the project contributes to: “Environmental status of ecosystems improved"

The project will contribute to improved knowledge about «ecosystems services» in Poland and improved expert capacities, in line with the EU Biodiversity Strategy to 2020 and corresponding "Mapping and Assessment of Ecosystems Services" (MAES)-process.

The pre-defined project will include, inter alia, the following main activities:

- Transfer of applicable knowledge from available research about ecosystem services, examples of cases and research/knowledge elaborated in the framework of the EU MAES Working Group into Polish conditions/context;
- Development of operational indicators/measures as basis for assessment of services provided by ecosystems in Poland;
- Case studies;
- Development of an approach and handbook that allows the inclusion of ecosystem services assessment into processes involving environmental management;
- Skills and capacity building of experts;
- Development of officials' awareness of the potential of an ecosystem services approach from the political, social and ecological point of view;

The role of NINA is to contribute to experience-sharing and training-related activities.

3) "Capacity Building of Key Stakeholders in the Area of Geothermal Energy"

Project Promoter:	Mineral and Energy Economy Research Institute, Polish Academy of Sciences
Total maximum eligible costs:	€ 900,000
Project grant rate:	100.00 %
Maximum project grant amount:	€ 900,000
Estimated duration:	50 months

Programme outcome the project contributes to: “Improved energy efficiency in buildings, industry and municipalities".

The project will contribute to enhanced and increased capacity and skills on geothermal energy of key stakeholders in Poland, from public to private sector as well as the research community. This is expected to lead to increased knowledge about economically utilisable geothermal resources and, as a result, increased likelihood of future investments in geothermal energy.

The pre-defined project will include, inter alia, the following main activities:

- Identification of national gaps and suggestions for improvement;
- Development of manuals/guidelines tailored to different stakeholders’ needs: operators of plants, managers, consultants, investors, geological survey and public administration in Poland;
- Workshops, study visits and training.

The role of OS is to contribute to experience-sharing and training-related activities

5.2 Financial Instruments

The Financial Instrument (FI) under the programme is a preferential loan provided by the NFEP&WM from national funds, managed by the NFEP&WM, to project promoters under PA 12 Renewable Energy, Energy Efficiency, Energy Security, Outcomes 3 and 4.

The FIs are optional for projects implemented under outcomes 3 and 4. The aim of the FI is to provide co-financing, increase incentives for prospective project promoters and to facilitate implementation of projects.

The Operator of the FI, the NFEP&WM's has set-up a dedicated priority programme for co-financing the EEA grants projects selected under the PA 12 Outcome 3 and 4 The priority programmes are a standard instrument used by NFEP&WM, approved by its Managing and Supervisory Board.

The allocated budget for the FI is approx. EUR 115 million. The implementation of the loan follows the rules and principles set by the NFEP&WM.

The conditions of the loan: The loan amount shall be between approximately EUR 0,04 million up to approximately EUR 11,6 million. The financing period is up to 15 years, without write off. The support intensity of the loan shall be in compliance with the applicable state aid rules.

Selection process: The calls for loan proposals shall be published and organized in parallel with the call schedule as described in section 4.2 on an on-going basis open to all applicants eligible under Outcomes 3 and 4. The loan application may be submitted parallel with the project application, however project promoters of Outcomes 3 and 4 have the possibility to request the loan following the grant award and/or during project implementation as well. NFEP&WM shall be responsible for the evaluation of the loan application, including verification of administrative and eligibility criteria. The verification shall include whether the applicant has submitted a project application under the relevant outcomes or the project has been awarded with a grant. Loan applications that comply with the administrative and eligibility assessment shall be reviewed by relevant experts of the NFEP&WM.

The amount of the loan granted may not be higher than the difference between the eligible costs covered by the Programme and the total eligible costs of the project.

The loan shall be granted in case of grant award to the project application and positive appraisal of the loan application. The loan evaluation process shall follow the rules applied by NFEP&WM for similar schemes as described in the programme's management and control system description. Loan decisions shall be made by way of Resolution of the NFEP&WM Board, and concluded in a loan agreement.

Payment flows: The loan scheme foreseen for Financial Instruments shall be an individual scheme for each project depending on the project promoter's application. Payments and instalments for the FI will be tailored to the applicant's needs. The entire loan may be made in advance on the beneficiary request.

6. Programme Management

6.1 Payment flows

The Programme Operator shall ensure that payments to projects are made in a timely manner. Payments of the project grant shall take the form of advance payments, interim payments and a final payment. Advance and interim payments are made up to 90% of the total project grant.

Interim and final payments to the projects shall be based on approved project reports. The interim payments, where made in pre-financing instalments, may be paid when at least 70% of the previous instalments (advance and interim in the form of pre-financing) has been settled.

The level of advance payment to projects shall be set out in the project contract. The Programme Operator may decide to split the advance and interim payment(s) into more instalments based on the financial capacity assessment of the Project Promoter, the budget or the progress of the project.

The advance payments, where any, are to be paid within 30 days from the submission of request for an advance payment and shall not exceed 40% of the grant amount. The interim and final payments are to be paid within 30 days from the acceptance of the interim/final project report.

6.2 Verification of payment claims

The provisions on verification of payment claims described below shall apply to all projects within the programme, including the pre-defined projects.

In line with point i) of Article 5.6.2 of the Regulation, incurred expenditure reported through the interim or final reports will be subject to administrative verifications before the report is approved. Verifications to be carried out shall cover administrative, financial, technical and physical aspects of projects, as appropriate, and be in accordance with the principle of proportionality.

Additionally, in line with point ii) of Article 5.6.2 of the Regulation, on-the-spot verifications of projects, which may be carried out on a sample basis, shall be carried out by the Programme Operator.

The procedure for verification of expenditure will be further detailed in the description of the Programme Operator's management and control systems.

6.3 Monitoring and reporting

The Programme Operator shall monitor, record and report on progress towards the programme's outcomes in accordance with the provisions contained in the legal framework. The Programme Operator shall ensure that suitable and sufficient monitoring and reporting arrangements are made with the project promoters in order to enable the Programme Operator and the National Focal Point to meet its obligations to the Donor States. In particular, the final project report from the project promoter shall comprise a final technical report, containing: i) an overview of the results and their exploitation and dissemination; ii) the conclusions on the project; iii) a report covering the wider societal implications of the project.

The Programme Operator shall ensure that estimated greenhouse gas emissions (GHG) reductions corresponding to the interventions are collected for each project funded under the calls for proposals. For projects which will lead to GHG-emissions reductions under outcomes 1 and 2 where internationally agreed methods are not available for calculating estimated GHG-emissions precisely, and where relevant, the promoters will have to describe expected results of the projects in reducing greenhouse-gas emissions, including their longer-term impacts.

The Programme Operator shall, in the Final Programme Report, provide a detailed assessment of the use of Financial Instruments in the programme, including its efficiency for attaining objectives of the programme.

When reporting on progress achieved in Annual and Final Programme Reports, the Programme Operator shall disaggregate results achieved as appropriate and in accordance with instructions received from the FMO.

6.4 Programme administrative structures

The Programme Operator shall be supported by the National Fund for Environment Protection and Water Management (NFEP&WM) in the implementation of the Programme. Certain responsibilities given to the Programme Operator shall be assigned to NFEP&WM, including but not limited to verification of projects, approval of payments to projects, project monitoring. The role of NFEP&WM shall not affect the responsibilities of the Programme Operator related to the policy, strategic and/or bilateral aspects of the implementation of the programme. The expenditures incurred by NFEP&WM related to the implementation of the assigned responsibilities shall be covered from the Programme's management cost, as stipulated in Annex I to programme agreement

7. Communication

The Programme Operator shall comply with Article 3.3 of the Regulation, the Information and Communication Requirements in Annex 3 of the Regulation and the Communication plan for the programme

8. Miscellaneous

Notwithstanding Article 6.9 of the Regulation, and pursuant to section 4.1 of Annex II, the FMC shall aim to provide feedback to any proposal regarding reallocation of funds between calls as specified in section 1 of Annex II, within two weeks following the receipt of the proposal.

Budget reallocations within outcomes and between Outcomes 3 and 4 that do not affect the allocations to the pre-defined projects, or negatively affect the objective, outcomes, outputs or indicator targets of the Programme are permitted without FMC's prior approval. The total amount of reallocations subject to this procedure shall be limited to 5% of total Programme eligible expenditure. The FMC shall be duly informed about these modifications within four weeks following the transfers, at the latest