

# Support Measure Proposal

05.10.2023

Title	Polish Swiss Programme for Development of Towns (DoT)
Programme Operator	Minister of Development Funds and Regional Policy
Partner State Support Measure Code (if any)	
Support Measure Type	Programme

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## 1. Basic information

Title	<b>Polish Swiss Programme for Development of Towns (DoT)</b>
Support Measure Type	Programme
Objective(s)	Promoting economic growth and social dialogue, reducing (youth-) unemployment
	Managing migration and supporting integration. Increasing public safety
	Protecting the environment and the climate
	Strengthening social systems
	Civic engagement and transparency
Thematic Area(s)	Vocational and professional education and training
	Financing for micro, small and medium enterprises
	Providing support to migration management and promoting integration measures
	Improving public safety and security
	Energy efficiency and renewable energy
	Public transport
	Water- and waste-water management
	Waste management
	Nature conservation and biodiversity
	Health and social protection
	Minorities and socially disadvantaged groups
	Civic engagement and transparency
Planned Duration [months]	72
Requested Swiss contribution (CHF)	278,7 mln
Requested co-financing rate of Switzerland [%]	85

Name of the Programme Operator	Minister of Development Funds and Regional Policy (MDFRP)
Type of entity	National administration
If type of entity is "other", describe the type briefly	
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Has the Executing Agency previously received funding from the Swiss Contribution? Yes  No

## 2. Strategic Support Measure description

### 2.1 Lead

The Development of Towns Programme (DoT) aims at contributing to the reduction of economic and social disparities within Poland by increasing the quality of life of citizens living in medium-sized towns<sup>1</sup>. The objective will be realized through funding activities, which constitute individual response to the identified challenges in different dimensions of the town focused on fulfilling the needs of its inhabitants.

The Programme will be directed to the 139 Polish medium sized towns that have been indicated as losing their social and economic functions or are at risk of losing socio-economic functions (towns that increase their development distance) to combine the biggest possible impact with answering well defined needs in different areas under individual town. Programme

<sup>1</sup> In the Support Measure Proposal the terms "towns" and "cities" are used interchangeably.

for the towns has clear strategy, willingness to systemic change, institutional capacity, substantial volume and coherent objectives.

## 2.2 Context and relevance

### Background of the support

“**Strategy for Responsible Development**”<sup>2</sup> (SRD) adopted by the Polish Council of Ministers in 2017 forms a basis for implementation of development priorities in Poland. This document indicated 255 small and medium sized towns, out of which originally 122 and then 139<sup>3</sup> have been categorized by the Polish Academy of Sciences as being at risk of losing socio-economic functions to the largest extent and thus deepening their development distance. Those observations have been then incorporated into “**National Strategy for Regional Development 2030**” (NSDR) promoting socially sensitive and territorially sustainable development. The NSDR was adopted by the Council of Ministers on 17 September 2019 and is the fundamental document for shaping regional policy in Poland until 2030. Small and medium sized towns have been indicated in this strategy as one of the areas of strategic intervention (ASI) requiring priority intervention at national level due to cumulated negative socio-economic phenomena.

**The main problems** that the small and medium sized towns in Poland face relate mainly to negative demographic trends concerning aging society and decreasing number of inhabitants as well as ineffective local economy or poorly functioning labor market. There are also other local growth barriers such as: persistent poverty, deficiencies in basic infrastructure, insufficient transport connections, transportation accessibility and services availability. These towns are mainly distant from thriving urban centers of voivodship capitals and thus are beyond their direct positive influence. However, they still play an important role in the system of settlements as they are important centers of social and economic activity of the rural, often marginalized areas and smallest cities. They also could serve as a leverage to take them out of the crisis.

These local governments often show insufficient activity and competence in obtaining funds and investors. Cumulation of negative effects causes that these towns are characterized by stagnation or low pace of development. Deepening development disproportions also disturb territorial cohesion and destabilize the development of the country. The DoT programme follows the approach included in the SRD: Objective II - Socially sensitive and territorially sustainable development, Area: Territorially sustainable development: “A socially and territorially sustainable development entails a harmonious development of the whole country, sensitive to the territorial diversity and their advantages, as well as caring to ensure a high quality of life for the whole society”. This approach shows that these towns require specific, well targeted support to make them an attractive place to live and work and this way counteract the negative phenomena that have caused their unfavorable situation. This will stimulate them to develop and grow and as a consequence assures harmonic development of the whole country diminishing the development gaps between Polish sub-regions.

The DoT programme responds to key problems resulting from the above mentioned negative factors. Moreover, implementation of the DoT Programme will also contribute to achieving Goal

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<sup>2</sup> The Strategy for Responsible Development for the period up to 2020 (including the perspective up to 2030)

<sup>3</sup> The extension of the number of Polish medium sized towns that has been indicated as losing their social and economic functions and are at risk of losing socio-economic functions was introduced in 2018 during the development of National Strategy for Regional Development 2030 on the basis of data update conducted by the experts from the Polish Academy of Sciences.

11 of the UN Sustainable Development Goals to make cities "safe, inclusive, sustainable and resilient". Cities need to react to many global challenges, inter alia: demographic trends, social inequality, but also climate change, environmental pollution (including air pollution), increasing energy consumption, mobility issues or CO2 emissions.

Looking at the current needs of the small and medium sized towns in Poland, the social inclusion as well as climate change mitigation and adaptation are highly relevant for the Programme.

The Programme draws lessons learned from the Local Development Programme implemented within EEA and Norway grants 2014-2021 in the area of strategic approach, two loop call for proposals, support from APC and bilateral dimension.

### **Justification of the proposed activities**

The most important challenges are related to negative **demographic trends**. Since the early 1990s, Poland has been experiencing a slowdown in demographic growth. At the end of 2019, the population of Polish amounted to 38,382.6 thousand people and was 147.3 thousand (i.e. 0.4%) lower than in 2010.

Depopulation tendencies are typical for the whole territory of Poland. The Central Statistical Office foresees that in 2050 the population will decline by ca. 12%, including the decrease of people in working age by about 20%. The loss of the population will be accompanied by deterioration of the age structure – negative birth rate and no generational replacement. The number of deaths will surpass the number of births by 180 000 in 2035. One of the major factors influencing age structure is constantly extending life span due to positive aspects such as increased welfare and improved social and healthcare. Most of the Polish municipalities will face the situation, in which the percentage of the population at the age of 65 or more will exceed 20% in 2030. In 2019, the natural growth rate in Poland was negative (-0.9‰), at the lowest level since 2010. A negative natural growth was recorded in 116 out of 139 Polish cities losing their socio-economic functions. In 2019, for the first time since 2010, the share of people of post-working age in the total population in all NUTS level 2 regions exceeded 20.0%. In 124 out of the 139 cities at risk of losing socio-economic functions, the share of the post-working age population in the total population was higher than the national average. In 2020 the unfavorable demographic trends were deepened also by the pandemic. In 2011–2020 the population of Poland decreased by 273.4 thous., of which over 40% of this value was the decline recorded in 2020.

The increase in number of the elderly makes them an important group of consumers, with specific needs, and requires introducing solutions in the city area and services, which will increase their participation in social life. This should include architectonic and information accessibility (IT skills) or intergenerational integration as well as access to care and healthcare services. This is an important element to implement the postulate of social inclusion.

**Depopulation** in small and medium sized cities was mainly characterized by outflow of the residents to big cities or emigration abroad where the earning possibilities are more attractive. This applies especially to young educated people in the working age. The situation seems to be gradually eased by the immigration to Poland, however its scale will not overcome the forecasted depopulation. As a result, some of the cities will face loss of the intellectual potential, which will further diminish their development opportunities.

Additionally, the **suburbanization process** is observed in the medium sized towns caused by population movement from urban areas into suburbs, characterized by the uncontrolled urban sprawl, which entails increased social and environmental costs as well as costs of providing

necessary infrastructure and services for the newly built housing. This will additionally negatively influence the problem of an aging society, as it will compound the difficult situation of elderly, who will live far away from the centers providing care services.

The unfavorable demographic changes cause also **transformation of economy structure** that involves high health and social care needs, which without the activities that respond to the new market structure together with the low competitiveness of local economies, entails further deterioration of socio-economic situation of small and medium sized cities. Another negative economic factor is the breakdown of traditional local industries and low level of entrepreneurship in comparison to the other urban centers and decrease in the labour supply or insufficient level of investments.

These tendencies were particularly evident in the context of the overall good situation of the Polish economy, characterized by the GDP growth rate amounting to over 3% in the years 2014-2017, in 2017 amounting to 4,8% and in 2018 to 5,1%. In 2019 the decrease in GDP growth rate was noted, amounting to 4,7%. However, this growth is generated mainly by large cities and their metropolitan areas, which results from the common tendency of concentration of resources and capacities in the large centers, while small and medium-sized towns show in comparison little progress in the economic development. Additionally, one should consider the drastic decrease in GDP in 2020 caused by the pandemic situation. For the whole of 2020, economic growth, compared to 2019, was -2.2%. This results in a significant and progressive weakening of the economic and financial base of local governments, which can lead to the worsening business and investment conditions and further disproportions between cities as well as greater development distance in relation to big agglomerations. In 2021 an increase in GDP was noted, amounting to 5,9%. But the high inflation in 2022 (Oct 2022 – 17,9%) is still a high threat to the economy.

Therefore, it is so important to **recognize/identify local potentials** based on the native capital and local companies and on that ground build the productivity growth and innovativeness. The process of concentration on particular specializations can be of use, providing synergy effect for local economies including stimulation of the labor market. Increasing the use of the development potential of medium-sized cities losing their socio-economic functions can also be achieved by **rebuilding the economic base** of these cities and strengthening their role as centers of social and economic activity through **the development of entrepreneurship and investments**.

Although the overall employment situation in Poland is positive (registered unemployment rate in November 2022 amounted to 5,1%), the process of spatial concentration of unemployment was observed in the less developed areas with smaller work demand. Less favorable situation on the labor market in the medium-sized cities is one of the main reasons of their difficult conditions, that requires an increase of the work activity of their inhabitants and attractiveness of workplaces.

**Effective usage of the existing human capital** as well as its enhancement is necessary in order to reduce the mismatch of the demand and supply on the labour market. The improvement of the human capital concerns shaping the pro-entrepreneurial and pro-innovative attitudes, promoting the knowledge on introducing innovations in companies and managing the innovation process. The chance could be also seen in skillful use of the potential associated with the increase in the number of people in retirement age.

**The education sector** should also undergo transformations not only due to the reduction in the number of children but also due to the change in demand of certain skills on the labour

market. In this context, it is especially important to assure active involvement of the local companies in the vocational training process, including cooperation in the scope of dual education (incorporating in the educational system the apprenticeships in the companies) or organization of the education for the need of certain enterprise important in the local market. Economic activation of young people and enhancing cooperation between the education system and labour market seems to be the most important in that area.

The COVID-19 pandemic has also highlighted the need of intensifying activities in the field of systemic development of **digital competences** of all social groups, including in particular counteracting the digital exclusion of older people and people with disabilities.

**The environmental challenges** are directly connected to the quality of life of medium-sized cities, that have to involve the prognosed climate changes in their development goals. The concentration of different activities and functions in cities also involves cumulations of environmental problems such as deteriorating air quality, increasing volume of waste or high noise level. The cities are also highly exposed to the negative effects of the climate changes, such as extreme weather events i.e. high temperatures, heat waves or heavy rains, floods and droughts, winds, which constitutes direct threats to the safety of residents, their housing situation and urban infrastructure. The problem of water deficiency is also important.

In order to re-build the economic base of the medium cities and strengthen their role, it is necessary to **solve environmental problems**, to which cities are increasingly exposed, including especially adaptation to climate changes and counteracting their negative effects.

Unfortunately, Poland has one of the most polluted air among the European countries, which is mainly caused by the low quality of coal used in the housing sphere together with the low energy standard of the buildings and low quality of the local boilers and home furnaces, excessive transport and heavy traffic, especially in the centers of the cities. The most severe problem is concentration of PM10, PM 2,5 and benzopyrene. As indicated by data from a report of the Polish Chief Inspectorate for Environmental Protection, standards for concentrations of PM10 defined by law are exceeded at 90% of the Polish territory. According to the European Environment Agency, each year approx. 45 000 Polish citizens die prematurely because of the air pollution, which places Poland on the second place in the European ranking (2014 year). As for the CO2 emission, according to the Eurostat (2016), Poland placed the 11<sup>th</sup> position among the EU countries. Therefore, elimination of so called “low emission” is one of the main challenges to overcome.

Thus, the main activities should concentrate on reducing the energy consumption of the towns and limiting pressure on the natural environment, which can have stimulus character for the local economy and the town attractiveness, e.g. by the development of the areas with high natural values based on their healthiness potentials. These measures should be done in conjunction to activities aimed at increasing use of Renewable Energy Sources (RES), especially respecting local potential of the area as well as waste management with implementation of the rules of the circular economy, which is still low in Poland. The activities aiming at **adaptation to the results of climate changes** should also be supported, including protection and development of green areas in the cities as well as water management solutions (green and blue infrastructure). Promoting the ecological awareness of good quality air for the people health is also vital and increases the social pressure on the city authorities to conduct energy transformation.

It should be underlined that the assumptions of the Programme are based on the data available before the **global migration crisis caused** by the Russia aggression against the Ukraine and it is still hard to foresee the influence of this situation on the current and future socio-economic



indicators. However, one can be sure that the condition of the problematic areas such as medium cities, which are less stable and thus particularly vulnerable and more prone to adverse effects of war, will get worse and as a consequence will even require more interventions that help to reverse negative trends on their territories.

One of the results of Russian aggression in Ukraine is the ongoing energy crisis. Cities, on the one hand, face dramatically increasing costs of operating public utility facilities and networks, and on the other hand, they face the necessity to meet the needs of individual members of local communities. Moreover, the rapid increase in energy prices has caused Polish towns to have huge problems with settling tenders for energy supply. Therefore, it will be important to take measures to reduce the effects of the energy crisis, e.g. related to energy transformation.

### **Justification of advisory support to the targeted towns**

Strengthening the administration potential for managing development is one of the objectives of the NSRD, which pursues the goal of territorially sustainable development. In line with such a model the focus is given to the support of the economically weaker territories that struggle low development potential. In NSRD great importance is also given to increase competencies within public administration inter alia by providing advisory support to local governments in the scope of improving the strategic planning at local level and designing strategic projects or integrated packages of actions. The DoT Programme will contribute to implementing this approach by addressing the need of improving competences of local administration, what will create the opportunities to increase the efficiency and effectiveness of self-government units in implementation of public policies. Cities will receive advisory support from an experienced and deeply rooted in local government environment institution - the Association of Polish Cities (APC). This support is not only about diagnosing local socio-economic situation and preparing comprehensive local development plans. The uniqueness of this support lies in building competences and based on that - sense of responsibility of municipal staff for active management of the development process. The medium-sized cities that lose their social and economic functions are not able to provide themselves with the necessary professional strategic advisory because all their resources are engaged in day by day town's management and in fulfilling the basic needs of their inhabitants. Their difficult condition causes that they are often not able to reach for external funding to improve their situation and compete with better developed urban centres. Therefore, only targeted intervention can help them to cope with stagnation. Especially valuable is the substantial financial aid combined with additional incentive in the form of knowledge transfer, which permanently increases the capabilities of the town to prepare multifaceted and integrated development projects, not only fragmented undertakings without taking into account the comprehensive vision of growth.

Moreover, this unique quality of the DoT Programme will show the towns in one intervention, how important is planning, preparing and implementation process. Such integrated approach to development process is the most pragmatic and guarantees a success in the long term perspective.

The DoT Programme is built on the experience of the Local Development Programme financed from the EEA Financial Mechanism 2014-2021. Complementarity of those programmes is ensured by the different time frame of implementation. The support for towns given within the Local Development Programme will last till the end of April 2024, while the Polish-Swiss DoT Programme will start its education activities for the towns at the turn of 2023 and 2024 together with the call for proposals. Furthermore, the complementarity and synergy will be seen in the range of the activities to be financed, because it is planned to offer a wider catalogue of activities in the DoT Programme due to the fact that also interventions constituting state aid will be possible to be realized as opposed to the Local Development Programme.

When it comes to other sources of funding, the synergy and complementarity will be assured thanks to the complexity of the support offered to towns losing their social and economic functions. The financed initiatives will combine both soft and infrastructural activities, addressing the identified challenges in a comprehensive and multidimensional way. In case of the EU funding under regional Programmes directed to local government units, including medium-sized towns, interventions have rather single sectoral approach financing concrete types of investments or soft measures.

Although there are several funding schemes directed to the medium towns, including those losing social and economic functions, as they constitute the areas of strategic interventions, only Local Development Programme and DoT offer complex support, smartly combining advisory support and capacity building with grants for concrete development undertakings. Such complex support is of a unique nature enabling financing large-scale projects that will bring noticeable changes in functioning of the cities and allow them to develop in accordance with their priorities and potentials. In addition, up to 100% financing offered under DoT is an opportunity for local governments from this group, as most of them are struggling with covering the cost of basic services for residents and do not have sufficient financial reserves to contribute to additional development projects.

The towns which gain knowledge and skills from APC experts as well as experience while preparing Local Development Plans and implementing the programme components will get the advantage of institutional capacity to prepare applications and to implement the projects financed from EU and other sources. The documentation elaborated by the towns will also constitute a valuable factor and stimulator in searching financial sources for development activities. Therefore, the DoT support will serve as a leverage for participating towns to apply for EU and national funds for the implementation of strategic intervention.

### 2.3 Impact hypothesis / Objectives

The overall ambition of the DoT Programme is **to reduce economic and social disparities within and between medium-sized Polish municipalities**. This impact hypothesis has a prognostic nature verification of which is beyond the scope of the Support Measure management and depends mostly on information based on national monitoring system in a longer perspective or result from future joint evaluations. If we support medium-sized Polish municipalities being at risk of losing their economic and social functions, then they will improve their capacity in a long term because they get incentive to develop.

The DoT Programme objective has been designed equally with respect to the potential to fulfil the outlined impact ambition and to the present development challenges of medium-sized towns in Poland, which are in or at risk to be in the most difficult socio-economic situation and require urgent and concentrated support. Implementation of the Programme objectives in the chosen medium-sized towns will bring an impact to the overall development conditions including living conditions of population and capacity of institutions involved in the development creation. The quality change in providing development activities in towns losing their social and economic functions including ability to acquire lessons from bilateral cooperation will be fostered through the assistance of the Swiss partners – foremost towns along the projects implementation.

There are two outcomes of undertaken activities within Programme components foreseen.

## **Outcome 1 Improved quality of life in selected medium-sized Polish municipalities.**

If we support selected municipalities on their well-defined goals then the quality of life within those municipalities will improve because the strategic investments and capacity building activities improve living conditions in a long term.

The improved quality of life in selected medium-sized Polish municipalities can be performed by the investments that will be undertaken in chosen towns. However, investments alone do not offer as much potential for lasting change as the institutional strengthening of local government authorities and staff. Their enhanced capacity of management and strategic planning allows to continue and take new steps to improve quality of life in their towns. Thus the change will be obtained thanks to both types of Program components: the advisory component implemented by the APC and development programmes implemented by towns.

As recognized in Chapter 2.2. public administration potential for managing development on the local level especially in territories lagging behind should be constantly strengthened according to the National Strategy for Regional Development 2030. Due to multiple dysfunctions and shortages (i.a. caused by lack of trained staff) of self government administration potential in creating development in the target group of 139 medium sized cities losing their social and economic functions will be significantly supported by the APC in the preparatory Phase1 (stage 1). At the turn of 2023 and 2024 together with the call of proposal will start the educational activities provided by the experts of the APC. They will support towns administration in preparation of documentation for the call for proposals. Using the support forms like individual consultations, on-site workshops, online workshops, nationwide conference, e-newsletter, website the use of the methods and tools of integrated development planning will be taught. All willing local government units will benefit from the training and dissemination of knowledge i.a. through the organization of several editions of the Local Development Forum during the Phase 2. when the submitted applications will be evaluated by external experts. The provided activities will also involve local stakeholders and project partners as well as the bilateral partners – Swiss cities who express initial interest in participating in the program.

The undertaken activities will bring as an effect the elaborated Local Development Plans or/and updated strategic development documents in the towns that applied to the DoT and knowledge of tools in the process of diagnosing local socio-economic situation (e.g. Monitor of Local development, one of the questionnaires for social research) among all towns participating in preparatory phase.

The learnt methods of work (referred to data analysis, socio-economic diagnosis, planning, consulting with stakeholders and citizens) and known tools will increase the capacity of local government units in creation and managing development in the future. The medium-sized cities losing their functions according to the Annual Regional Report 2022 monitoring the implementation of the National Strategy for Regional Development use the EU funds on the level of 35,3 % of the available financial means in total. The increase of analytical and planning capacity will improve the quality of projects. Thanks to the DoT programme the staff of eligible cities will receive knowledge of methods of planning local development, training (mostly learning by doing) and exchange of practice with the Polish and Swiss partners. Important part to increase the institutional capacity is the knowledge and experience sharing through the participation in Experience Exchange Networks.

Capacity acquired in above presented ways will serve for future activities pursued in order to facilitate local development.

In stage 2, ca. 15 chosen towns will further work on the proposal and prepare the complete program component proposal assuring the high quality project ready for implementation. With assistance of the APC advisors – sectoral and strategic the staff of chosen cities will conduct the pre-feasibility and cost-effective analyses. The applied methods of support include profiled experts advisory, online thematic seminars, publications in traditional and electronic media, contacting Swiss partners.

Finally the change of the living conditions of the citizens of medium-sized towns will be worked out during the stage 3 activities which assume parallel implementation of both programme components: technical assistance provided by the APC and development activities in towns. All cities selected for Stage 3 (ca. 15) will receive ongoing direct support from the APC team - city advisors, sectoral experts and strategic advisors. Advisory assistance will focus on the proper implementation of the project, support in strategic management and internal communication, proper handling of public procurement and building high-quality contacts with local stakeholders. This approach shall strengthen towns' institutional capacity to undertake complex integrated development programs and improve service delivery to citizens in cooperation with stakeholders.

Development activities in towns based on the investments in twelve thematic areas within five objectives of the Swiss - Polish Cooperation Programme will allow inter alia to:

- Improve the quality of vocational training
- Increase the number of vocationally trained people
- Support SMEs
- Decrease of greenhouse gas emissions
- Produce more energy from renewable sources
- Increase the share of passengers travelling by low emission public transport
- Increase number of persons served by improved water supply and/or wastewater treatment
- Improve waste management system
- Improve the access of population to the green areas and/or infrastructure
- Improve the health services and satisfaction of the patients
- Improve the social inclusion of the disadvantaged people and migrants
- Increase the civic engagement at local level

Improvement in above-mentioned areas on bases of the implemented investments will contribute to increase of life conditions of towns' residents.

### **Outcome 2 Enhanced collaboration between beneficiary and donor state entities involved in the programme components.**

If we support partnerships within programme components, then the bilateral cooperation between Polish municipalities and donor state's entities will be enhanced because they get a chance of exchanging their experience and build up for bilaterally interesting activities.

The DoT Programme will offer the unique opportunity for cooperation between Polish and Swiss towns. The bilateral aspect will be underpinned also by sharing of knowledge and experience through networking and study visits. Cooperation will allow to acquire the lessons and translate them into practice by Polish local government units which will contribute to increasing administrative capacity in Polish towns.

There will be qualitative and quantitative indicators used for measuring effectiveness of undertaken activities:

- Level of trust between cooperating entities
- Level of satisfaction with the partnership
- Number of undertaken partnership activities
- Number of projects involving cooperation
- Number of training courses co-organised by partners.

## **2.4 Intervention Strategy**

The Programme focus is to support the group of approximately 15 towns among the 139 medium sized Polish towns identified for the purposes of implementation of the Strategy for Responsible Development as being at risk of losing their social and economic functions. The towns will be selected through a competitive procedure as beneficiaries of the support. Based on the strategic development and investment plans of the towns, they will receive support in the form of professional advisory combined with grants for structural and non-structural investments in the thematic priority areas defined in the Swiss-Polish Cooperation Programme.

The DoT Programme will consist of two types of components:

- Pre-defined component implemented by Association of Polish Cities (APC) - Support in effective use of Swiss-Polish Cooperation Programme (SoT);
- Components implemented by Towns.

The approach for targeted, well addressed and complex intervention is proposed in this Programme, which means that the support will be preceded by thorough assessment of the towns needs and adequately scaled to their characteristics and capabilities. The activities can also be extended in particular cases to the areas functionally linked<sup>4</sup> to the towns (urban functional areas), which will enhance the effect of the intervention. The town and its neighboring communes, forming a functionally related area, can - while declaring their willingness to cooperate with each other - jointly elaborate their local development plan and implement together the Programme Component and/or sub-components included in it. The model of partnership and cooperation of local governments in recognizing common development potentials and searching for solutions to common problems will be popularized in this way.

The intervention will be implemented according to the following schedule:

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<sup>4</sup> Functional links are significant structural-spatial, socio-economic, infrastructural or other links determining the territorial potential – nature, dynamics, opportunities and development opportunities of a given territory. The purpose of identifying functional links is to better address development activities and more effectively use available tangible and intangible resources.

Schedule of the DoT Program

2023				2024				2025				2026				2027				2028				2029	
I Q	II Q	III Q	IV Q	I Q	II Q	III Q	IV Q	I Q	II Q	III Q	IV Q	I Q	II Q	III Q	IV Q	I Q	II Q	III Q	IV Q	I Q	II Q	III Q	IV Q	I Q	II Q
31 months												39 + 3 months													
DoT - selection of 15 towns - till the moment of signing the formal agreements												DoT - implementation of program components in 15 towns												settlement	
Stage 1						Stage 2				Stage 3															
6 months		9 months		6 months		6 months		4 months		39 months												3 months			
Preparations for launching the Call-for-Proposals		Phase 1: Launching the Call-For-Proposals for Stage 1 and time for the towns to prepare applications (ca. 100 towns)		Phase 2: Assessment and preliminary selection of applications by the PO		Phase 1: Detailing by 15 towns of the set of activities planned for implementation		Phase 2: Validation of the applications by the PO, approval by the Steering Committee		Implementation of projects and planned activities by 15 towns												settlement of the towns' components			

One of the main functions of APC is to coordinate the interests of Polish cities representation towards policy dialogue process, as the representative of APC is the Secretary of the Local Government side of the Joint Commission and together with the Secretary of the Central Government sets the agenda for monthly plenary meetings. At the same time 10 permanent sector committees of the Joint Commission, where representatives of the Board of APC are members, operate on an ongoing basis and provide recommendations to the plenary meeting members. Representatives of APC also take part in the proceedings of the Parliamentary Committees which deal with legal acts important for functioning of local and regional governments. Based on APC declarations – their formal positions brought to the discussions with the Government are first approved by the entire Board of the Association, so such exchange is a strong form of stakeholders’ consultation. Therefore, participation of APC as the key implementor of the SoT will provide for the DoT wide opportunities for transmitting important findings or issues to the level of intergovernmental consultations. On the other hand – the MDFRP itself will treat the DoT programme as an important source of information on what legal and regulatory changes shall be initiated by the Ministry first to the level of intra-governmental consultations and if accepted - further introduced into the legal system. Therefore, embedding the DoT programme in such an institutional environment contribute to the “policy dialogue”.

Programme components (ca. 15) constituting the support for individual towns will be identified through call for proposals organized by the Programme Operator – Minister of Development Funds and Regional Policy acting also as National Coordination Unit, after the conclusion of the Support Measure Agreement.

The towns will design their components based on the menu of eligible thematic areas choosing the most appropriate and relevant for their development priorities and taking into account the proportions of financing between SECO and SDC included in the Framework Agreement. The Programme Components through the implemented activities will deliver the DoT Programme outputs and will contribute to the defined outcomes.

The Pre-defined Programme Component – SoT - will be mainly devoted to organization of advisory support for towns selected in the stage 1 of the call for proposals. Additionally, it is envisaged that APC will also conduct workshops for towns to prepare them to apply in the stage 1. Therefore, this advisory support will last from the beginning of the DoT implementation during the process of preparation of the Complete Programme Component proposals and also during the process of implementation of the selected sub-components. The Pre-defined Component will be implemented in partnership with the Swiss Support Measure Partner indicated by the Swiss side.

The DoT Programme will be implemented in line with the principles listed in article 2.3 of the Regulation. The selection process will be based on fair and open competition between towns

and will follow such principles as good governance, transparency, equality, efficiency and zero tolerance towards corruption as well as shall be carried out in a way to prevent and avoid conflict of interest.

### **Description of the partner organizations / component operators, and their roles**

The component operators will be selected from the group of 139 medium-sized towns losing their economic functions. These are the towns with more than 20,000 inhabitants, excluding voivodship cities, and smaller cities, with a population of between 15,000 and 20,000 inhabitants, which are the capitals of poviats. The category of medium-sized towns includes towns of different sizes with loss of function in the following areas: economic control functions, industry, tourism, commercial, culture, access to higher education and the risk of depopulation.

The basis for qualifying this category of cities to the areas of strategic interventions were analyses prepared in terms of the Strategy for Responsible Development. These analyses indicated that some medium-sized (often mono-functional) cities, including former voivodship cities, are experiencing regression in socio-economic development. Their socio-economic position is gradually weakening because of development problems that are related to the decline in the number of people (especially educated, of working age), the ageing of the population, the mismatch between supply and demand on the labour market, the weakening of the economic and budgetary base of local governments and insufficient transport accessibility (including links between public transport and other cities and regions). These problems result in threatening further deterioration of living conditions and conducting business activity. Therefore, these towns were indicated as areas to which public intervention should be directed as a priority.

The SoT Component Operator will be the Association of Polish Cities. APC is the institution bringing together highly qualified experts experienced in the field of local development with extensive competence, capacity and contact networks established. The association is a strong and effective country-wide organisation of local governments bringing together cities with common goals. APC effectively supports Polish cities in their efforts to develop socially and economically, and disseminate good practices in modern and innovative governance of communities of citizens. The association works with a number of public and private entities to create the best possible conditions for cities enabling them to provide public services of the highest quality. Association offers expertise and substantive support, provides their member cities with expert legal analyses. APC supports cities in their day-to-day and strategic management through the Self-Government Analysis System, a statistical database (1000 indicators for all cities in Poland) with data obtained directly from the cities as well as various public sources of statistics concerning important areas of local governments' activity in cities. The association promotes good urban practices, makes experience exchange possible, provides substantive assistance in solving problems facing the Association's member cities. APC organizes thematic conferences, seminars, workshops and experience exchange groups, supports promotion and information activities, cooperates with international partners and also supports member cities in their search for international partners (nearly 30% of all international partnerships involving Polish local governments were established with the Association's help).

The role of the APC will be to substantively support the towns starting from the preparation of their components throughout the whole implementation period. The APC will provide permanent advisers for towns and sectoral advisers mobilized when necessary as well as will assure supervision over maintaining the main direction of the Programme Components in order to ensure their content-related correctness.

Based on the Framework Agreement, the SoT shall be implemented in partnership with the Swiss Support Measure Partner (SSMP). The Swiss side will select the SSMP according to best suit thematic and organizational Programme needs. The selection procedure will be presented in the Support Measure Agreement for DoT.

## 2.5 Beneficiaries

The Programme will be directed to the 139 Polish medium sized towns that have been indicated as losing their social and economic functions or are at risk of losing socio-economic functions (towns that increase their development distance) to combine the biggest possible impact with answering well defined needs in different areas under individual city. Programme for the towns has clear strategy, willingness to systemic change, institutional capacity, substantial volume and coherent objectives. Components may be implemented in partnership with other municipalities, creating the urban functional area<sup>5</sup>. In such case the beneficiaries will be also the municipalities of the urban functional area.

The list of eligible 139 towns is included in annex 5.

The direct beneficiaries of the Programme and especially of advisory component will be the local authorities and the employees of municipal offices of the eligible towns, that will participate in the call. Work with towns' advisors from APC but also participation in workshops will provide them with knowledge and skills acquired from the APC experts, Swiss experts and other towns representatives.

Apart from the beneficiaries mentioned above there will be a group of indirect beneficiaries. One of them will be the inhabitants of the towns. By implementing components, towns will be better and healthier places to live. Entrepreneurs will also benefit from the implementation of the Programme, as some of the sub-components will contribute to increasing the investment attractiveness of towns and the development of entrepreneurship. An important element is also social participation, therefore the Programme will contribute to strengthening NGOs. Sub-components that will be implemented in Stage 3 will be finally elaborated using the tools of social participation. Thus it will be an example for the towns how to include the NGOs and the inhabitants in cities management processes. The local NGOs will also broaden experience how to extend their influence on the towns' development.

During the Stage 1 the support will be directed equally to all 139 eligible towns. During Stage 2 and 3 the APC support will be concentrated on the chosen towns (ca. 15), but all eligible DoT Program participants will have access to wide dissemination activities of good practices in integrated development planning and implementation as well as bilateral Polish-Swiss cooperation mainly through Local Development Forums and training workshops

APC prepares a set of actions dedicated to towns, regardless of their previous experience in developing strategic documents/development programmes. All target group beneficiaries

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<sup>5</sup> Functional urban area it is an area where there is formalized cooperation between local government units. It consists of a compact urban area and an urbanized zone functionally connected with it. In practice, the most frequently used determinant of gravity is the daily commuting to work.



(139) must be treated equally regardless of whether they participated in the Local Development Programme and in 2020 elaborated a Local Development Plan. APC support will level up the knowledge of towns. APC will conduct activities, in particular workshops/trainings consisting of two parts - introductory on general knowledge about development management and targeted, i.e. preparing for the assumptions of the Swiss Programme. Potential DoT participants who have gone through the Local Development Programme will have an option not to participate in the first part of the workshop.

Within the DoT Programme the partnerships between Polish and Swiss towns are welcomed.

## 2.6 Programme Component Characteristics and regional focus

Selection process of Town Programme Components is described in details in 4.2.2.

## 2.7 Overview Swiss Support Measure Partners

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Is/are a/several Swiss Support Measure Partner(s) foreseen to be involved in and contributing to the implementation of the Support Measure? Yes  No

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Based on the Framework Agreement, the SoT shall be implemented in partnership with the Swiss Support Measure Partner (SSMP). The Swiss side will select the SSMP according to best suit thematic and organisational Programme needs. The selection procedure will be presented in the Support Measure Agreement for DoT.

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Name of the partner organisation To be defined by the Swiss side

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If collaboration foreseen in Programme Component, indicate name of Component

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Partnership status Choose an element.

---

Type of organisation Choose an element.

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Type of support or partnership Choose an element.

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Name of contact person

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Position

---

Correspondence address

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Webpage and social media (if any)

---

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E-Mail

---

Phone

Mobile

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Has the partner organisation been previously involved in the Swiss Contribution

Yes  No

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## **2.8 Sustainability**

Sustainability of the Programme can be considered in environmental, economic and social dimensions. The Programme and its components shall ensure a respect for the principles of sustainable development in environmental terms through the application of national laws and the EU directives concerning the use of the environment and the need for its protection. The impact on the environment should be especially visible in terms of the air quality improvement, the limitation of suburbanization processes, better management of resources. From economic and social point of view long-lasting Programme effects are aimed at improving the living conditions of residents by cleaner environment, better conditions for the growth of entrepreneurship, more inhabitants-friendly cities, especially safer for pedestrians and cyclists. Last but not least, the sustainability will be assured by local administration capacity-building, increasing the co-operation of administration units/ agencies at various levels and involving citizens in the decision-making and the co-management of towns and the development of civil society.

The implemented components do not require legislative changes, but their implementation will be based on the resolutions of the city council.

## **2.9 Overview tentative budget**

The budget is included as annex 1.

No non-eligible expenditures are foreseen.

## **2.10 Other strategic issues**

I. An important element influencing the quality of the Program will be the predefined component. It will be implemented by the Association of Polish Cities in cooperation with the Swiss partner indicated by the Swiss side.

Description of the SoT programme component is included in the annex 6.

II. Article 6.6 d of Regulations states that there shall not be considered eligible exchange rate losses other than those due to the involvement of Swiss partners. The budget item for the exchange rate losses for leveling of the exchange rate differences is added in the budget of the Programme. It is a separate budget item exclusively to cover the exchange rate losses without damaging budget of projects dedicated to substantive activities.

The exchange rate losses can lead to implementation problems if the exchange rates established for the budget purposes at the beginning are low comparing to the exchange rates after some time of the Programme Components' implementation. This situation may create the financial complications in the Swiss - Polish partnerships in the Programme Components, because the expenses planned for partnership activities in the budgets might be influenced by unfavored exchange rate situation – the value of amounts stated for Programme Components in PLN decreases in CHF. There is no money planned for that within the Programme Components thus reserve is a tool to lower the consequences of exchange rate fluctuation.

III. The advance payment at the level of the Development of Towns Programme (10% of the grant allocated to Programme) will be paid by the Swiss side. It is necessary to provide the advance financing for the towns. Bearing in mind economic situation of the self-government institutions planned to be Programme Component Operators, advance payments for them are required. Lack of advance payments for operators will result in limitation of interest in the DoT of potential beneficiaries. The explanation of advance payments and financial flows is attached as Annex 11.

### 3. Support Measure readiness

#### 3.1 Context

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Is the Support Measure proposal a continuation of a Project or Programme supported under the Swiss Contribution (I)?      Yes  No

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Was the Support Measure proposal declined during a funding-application process by other donors (e.g. EU, Norway/EEA)?      Yes  No

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If it was declined, explain why.

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#### 3.2 Preparation process and documents

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Feasibility study	None necessary / Not applicable
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Baseline study, assessment or analysis	None necessary / Not applicable
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The intervention strategy of the DoT programme is based on the “**Strategy for Responsible Development**” (SRD) and the “**National Strategy for Regional Development 2030**” (NSDR). There is no need of developing other studies.

The state aid programme is to be elaborated. The preparation process is on-going and will be concluded before call announcement.

In case of DoT Programme state aid will be granted as de minimis aid (in accordance with Commission Regulation (EU) No 1407/2013 of 18 December 2013) or as de minimis aid granted to undertakings providing services of general economic interest (in accordance with Commission Regulation (EU) No 360/2012 of 25 April 2012) or as aid compatible with the internal market in accordance with GBER Regulation (Commission Regulation (EU) No 651/2014 of 17 June 2014).

The State aid will be granted based on the aid scheme as it is defined in Article 1 point 15 of the GBER Regulation. In accordance with the Polish law, the aid scheme is issued as the Regulation of the Ministry.

Polish side has already drafted the aid scheme, and now it is being proceeded in accordance with the Polish law. At this time the draft is reviewed by the Legal Department.

Estimated number of tender dossiers to be prepared	# of dossier not yet prepared	0
	# of dossier provisionally prepared	0
	# of dossier completely prepared	0
Permit(s)/Authorisations required and pending?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If permit(s)/authorisation(s) required, specify (e.g. building, environmental, purchase of land etc.) and note when the corresponding permit(s)/authorisation(s) are expected.		
Are legislative changes necessary to implement the Support Measure?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If legislative changes are necessary, explain and note when the corresponding change is expected to have been made.		
Are other (political) decisions necessary to implement the Support Measure?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If other (political) decisions are necessary, explain and note when the corresponding decisions are expected to have been taken.		

### 3.3 Application for funds from Support Measure Preparation Fund

Is support from the Support Measure Preparation Fund requested?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
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The Support Measure Preparation Fund is requested according to the Article 5.2.1 of the Regulation, only in order to cover the management expenditures incurred by Programme Operator in relation to the preparation of the Programme. Thus the Article 6.3.1 b) will apply in case of DoT Programme, stating that financial contribution from the SMPF is eligible for expenditures

of the Programme Operators related to the preparation of Programmes, as set out in Article 6.4 paragraphs 1a) to d). According to the arrangements with the Swiss side during the preparation of Technical Support Agreement, the financial assistance from the SMPF will be provided to the tasks listed under the Regulations Article 6.4.1 a) to d) delegated by the Programme Operator to the Association of Polish Cities (APC) for the preparation of the Development of Towns (DoT) Programme, especially related to:

- a) the preparation of the Programmes, including the development of the Programmes design, the results framework and stakeholder consultations,
- b) the preparation of the implementation of the Programmes, including the development of procedures for Programme Components selection and financial flows.

Requested support: 179 135 CHF from May 2023 to December 2023.

Having in mind that the Minister of Development Funds and Regional Policy performs both roles: NCU and the PO for the DoT Programme (their functions are combined), the remaining 'management costs' connected with preparation of the DoT Programme (other than those referred to the tasks delegated to APC), will be financed from the TAF budget, including salaries of the NCU/PO staff.

## **4. Operational Support Measure description**

### **4.1 Applying organisation (Executing Agency)**

#### **4.1.1 Financial and personnel information (only to be completed for non-state institutions)**

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Date of establishment	Established as Ministry of Regional Development in 2005	Tax number (if applicable)
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Number of employees 1300

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Financial Turnover for each of the 3 previous years [in Choose.]  
N/A

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#### **4.1.2 Organisation structures of Executing Agency and Support Measure**

The Minister of Development Funds and Regional Policy will take a role both of the NCU and the Programme Operator. The tasks will be conducted by the Department of Assistance Programmes in the Ministry of Development Funds and Regional Policy (MDFRP).

Six units will be responsible for the DoT Programme:

- Assistance Programmes and Institutional Development Unit
- Implementation of Assistance Programmes Unit

both of them will be responsible for the implementation of DoT Programme, as NCU and PO,

- Monitoring Unit – responsible for the monitoring of the Programme Components and financial issues, payments to the Programme Components Operators, preparing of Reimbursement Requests for DoT,
- Technical Assistance and Assistance Programmes and Projects Unit – responsible for Technical Assistance,
- Legal Analyses Unit – responsible for providing legal services within the SPCP II (e.g. preparing draft agreements, examining public procurements),
- Communication and Promotion Unit – responsible for Communication and Promotion activities.

The organizational chart is included as annex 2.

The Minister of Development Funds and Regional Policy will be supported in implementation of the DoT Programme by the Minister of Finance conducting a role of the Paying Authority and the Audit Authority. Both roles will be performed by different departments of the Minister of Finance.

The Programme Components (beneficiary towns) and sub-components (activities/investments financed per towns) are selected through call for proposals by the Programme Operator after the conclusion of the Support Measure Agreement.

#### 4.1.3 Support Measure management team

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Will external management personnel be hired to implement the Support Measure? Yes  No

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What personnel capacity will be dedicated for the management of the Support Measure implementation (in full-time equivalents FTE)?	Internal resources	External resources
	7 FTE (NCU/OP)	

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In the light of the FA, the functions of the NCU and the PO for the DoT Programme are combined (both roles are performed by the Minister of Development Funds and Regional Policy). Therefore, most of the staff will conduct the tasks of PO as well as of NCU. The costs of salaries will be covered from the TAF. As presented in point 4.1.2., six units will be responsible for the implementation and monitoring of DoT Programme. Two units responsible for implementation are managed by their heads who are supervised by the Deputy Director 1 (Małgorzata Zalewska). The monitoring unit is subordinated to the Deputy Director 3 (Magdalena Lepianka) The legal analyses unit is subordinated to the Deputy Director 2 (Magdalena Iwaniecka - Łabędź). Teams responsible for TA and for communication are supervised by Director (Maciej Aulak).

Key functions in the Programme will be played by the management – Director, Deputy Directors and Head of units. Director will be supervising the work of the Department of Assistance Programmes performing the role of the NCU for the SPCP II. Deputy Director 2 will provide the legal assistance as the NCU for the SPCP II. Deputy Director 1 will supervise the work of the Department of Assistance Programmes within the scope of the implementation of the DoT Programme in the SPCP II. Deputy Director 3 will supervise the work of the Department of Assistance Programmes within the scope of the monitoring of the DoT Programme in the SPCP II.

Each Programme Component will be coordinated by two task officers – one responsible for implementation (Assistance Programmes and Institutional Development Unit /Implementation of Assistance Programmes Unit), and the other for monitoring (Monitoring Unit).

Each Programme Component will be under on-going monitoring.

The management team will have regular meetings considering the stage of the DoT implementation.

The organizational chart is included as annex 2.

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Are CVs attached to this documentation? Yes  No

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Are terms of reference for the management functions to be established attached to this documentation? Yes  No

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#### **4.1.4 Programme and project management experience**

The Department of Assistance Programmes of the Ministry of Development Funds and Regional Policy is responsible for:

1. managing of the system for implementation of the European Economic Area Financial Mechanism 2014-2021 and the Norwegian Financial Mechanism 2014-2021 and performs the role of the National Focal Point (NFP).

In general, the NFP is responsible for the effective and efficient implementation of the Financial Mechanisms in Poland and the achievement of their objectives. The NFP has a coordinating role in the management and control system, which involves the preparation of common solutions for all programmes concerning the organization and correct functioning of the management system, the implementation, monitoring and assessment of the implementation of the Financial Mechanisms, addressed mostly to the Programme Operators (POs) and other engaged institutions. The Department of Assistance Programmes also acts as the Programme Operator for the Local Development Programme.

2. implementation of the Technical Assistance for European Funds for 2021-2027 Programme and performs the function of the Managing Authority (as well as in the previous edition of Funds for 2014-2020).

The Managing Authority has broad competences - starting from the development of the Programme, through the selection of projects for co-financing, ordering payments to beneficiaries and verification of the correctness of expenditure incurred, to comprehensive monitoring of Programme implementation progress and verification of the achieved goals.

The MDFRP has also many years of experience in running a wide range of international cooperation projects aiming at sharing its know-how and expertise with partners from different EU and non-EU countries, including Eastern Partnership members:

1. 2019-2020 the project entitled „Preparation of the Georgian public administration for implementation of the Pilot Integrated Regional Development Programme within investment” under the Polish Aid.
2. 2018-2019 the Twinning Project no. GE/13/ENPI/OT/02/17 (GE/30) “Improving Infrastructure Quality through Better Planning Systems” financed from the European Union (cooperation with Georgia)
3. 2017-2019 the Polish aid project entitled “Support for the Moldovan administration in the implementation of the National Strategy for Regional Development in Moldova 2016-2020 in the field of urban policy and urban development”.
4. 2018-2020 the Polish aid project entitled “Increasing the competitiveness of Ukrainian regions and development of Polish-Ukrainian economic cooperation” in partnership with the Polish Agency for Enterprise Development and the Polish Trade and Investment Agency.
5. 2019-2021 the Twinning Project no. AL 16 IPA TR 01 19 entitled “Strengthening the Capacity of the Albanian Road Authority in Applying Good Governance Practices for Planning, Managing, Procuring, Implementing and Maintaining Road Investments”.

Under the 1st edition of Swiss-Polish Cooperation Programme the role of the NCU has been played by the Ministry of Economic Development (currently the Ministry of Development Funds and Regional Policy). The NCU supervised the Programme’s implementation and ensured an efficient and correct use of the funds under the Contribution in accordance with the Framework Agreement.

Description of Programme and project management experience over the last 5 years is included in annex 9.

## **4.2 Detailed intervention strategy and activities**

### **4.2.1 Detailed description of activities and intervention strategy**

With reference to the Framework Agreement, the overall objective of the Cooperation Programme is to contribute to the reduction of the economic and social disparities within the EU and within the Partner State, building upon and further strengthening the bilateral relations between Switzerland and the Partner State.

The DoT Programme objective is: contributing to the reduction of economic and social disparities within Poland by increasing the quality of life of citizens living in medium-sized towns.

The objective will be realized through activities which constitute individual response to the identified challenges in different dimensions of the town that serve fulfilling the needs of its inhabitants.

The intervention is based on the experience of Local Development Programme implemented under EEA/Norway Grants, which proved that such expert supported measure serves as an excellent tool to foster local development stemming from the needs of local inhabitants.

The Programme will consist of two types of components:



- Pre-defined component implemented by Association of Polish Cities (APC) - SoT;
- Components implemented by towns.

The Pre-defined Programme Component will be mainly devoted for organization of advisory support for towns selected in the stage 1 of the call for proposals. Additionally, it is envisaged that APC can also conduct workshops for towns to prepare towns to apply in the stage 1. Therefore, this advisory support will last from the beginning of the DoT implementation during the process of preparation of the Complete Programme Component proposals and also during the process of implementation of the selected sub-components in order to provide the successful implementation of through permanent advisers for towns and sectoral advisers mobilized when necessary as well as assure supervision over maintaining the main direction of the Programme Component and ensuring its content-related correctness. The Pre-defined Component will be implemented in partnership with the partner indicated by the Swiss side.

Programme components (ca. 15) constituting the support for individual towns will be identified through call for proposals organized by the Programme Operator – Minister of Development Funds and Regional Policy, after the conclusion of the Support Measure Agreement.

#### **4.2.2 Detailed description of selection process for Programme Components**

##### **Selection scheme**

The Programme Components and their Operators - beneficiary towns as well as sub-components - activities/investments financed per town - will be selected through call for proposals by the Programme Operator - Ministry of Development Funds and Regional Policy after the conclusion of the Support Measure Agreement.

Switzerland will be informed about call for proposals at least 10 working days in advance of its publication and, at the same time, be provided with the final text of the call.

The selection process will be based on fair and open competition between towns and will follow such principles as good governance, transparency, equality, efficiency and zero tolerance towards corruption as well as shall be carried out in a way to prevent and avoid conflict of interest.

There will be two stages of the call:

- Stage 1 - Programme Component outline including proposed sub-components (activities/investments to be implemented in the towns) resulting in selection of ca. 15 towns - Programme Components Operators.
- Stage 2 - Complete Programme Component proposal resulting in verification of final sub-components of towns selected at Stage 1.

##### Eligible Programme Components Operators and partners

The catalogue of eligible Programme Components Operators consists of the group of **139 Polish medium towns** that has been indicated as being at risk of losing socio-economic functions.

##### The eligible Programme Components partners

The Programme Components may be implemented in national partnership between Programme Component Operator (the town) and other local government units namely: municipalities (gminas), county (powiat) or their unions (which are legal entities) forming with the town a functionally related area with common social, economic or environmental objectives. The town may have one or more national partners. Partners are not direct beneficiaries of the Programme for Development of Towns. The rights and obligations of the national partners are regulated in the Partnership Agreement.

It is foreseen to give additional points for such a partnership confirmed at the first stage of the selection process by a letter of intent in order to promote the approach of solving development problems on supra local level, in cooperation with other local government units, which is effective and farsighted.

The partnerships with the Swiss cities will also be encouraged in order to strengthen bilateral relations between Poland and Switzerland. At the first stage of the call the Polish towns will reserve the budget for future possible bilateral cooperation with Swiss partner city as well as will submit information on the expectations and proposed areas of such a cooperation.

After the selection of the Programme Components Operators - beneficiary towns, the identification of potential partner cities in Switzerland will take place. Thus, it is expected that at the second stage of the call, the Complete Programme Components proposals will already be submitted in partnership with Swiss cities and comprise common activities. The Swiss-Polish partnership is not mandatory. It is expected that ca. half of the Polish towns participated in the call will be able to create partnerships.

#### Geographic allocation

According to Art. 2.7 of the Regulations the less-favored regions shall receive at least 50% of the Contribution. Therefore, the amount of at least **160,05 mln CHF** (which is 57,43% of the Swiss Contribution allocated to the DoT Programme) shall be distributed to the towns selected from the group of **94 towns** coming from the following focus-regions: Małopolskie, Śląskie, Zachodniopomorskie, Lubuskie, Opolskie, Kujawsko-Pomorskie, Warmińsko-Mazurskie, Pomorskie, Łódzkie, Świętokrzyskie, Lubelskie, Podkarpackie, Podlaskie, Mazowiecki regionalny.

#### SECO/SDC allocation proportions

DoT Programme	Indicative Swiss allocation of the Contribution	Indicative National financial contribution
Polish Swiss Program for Development of Towns (DoT) – SECO financed	177.7 mln CHF	49.182 mln CHF  (15% at overall DoT Programme level)
Polish Swiss Program for Development of Towns (DoT) – SDC financed	101 mln CHF	
Total SECO+SDC	278.7 mln CHF	

In order to assure the budget **proportions between SECO and SDC** financing that are shown in the Framework Agreement, the towns will be also asked in the call to propose their activities in a way that reflects this division. The list of eligible areas/activities in the call will be divided in two parts following the proportions resulting from the Swiss Contribution allocation principles. Each Programme Component shall include elements from both parts, including both social and economic dimensions using the following breakdown of the applied grant from the Swiss Contribution:

- a. 63,76 % from SECO areas: financing for micro, small and medium-sized enterprises, energy efficiency and renewable energy, public transport, water and waste-water management, waste management;
- b. 36,24% from SDC areas: vocational and professional education and training, providing support to migration management and promoting integration measures, nature conservation and biodiversity, health and social protection, minorities and socially disadvantaged groups, civic engagement and transparency.

### **Grant amount**

The possible level of support for one town will be up to 100% of eligible costs. However, the state aid rules will define the final allowable intensity of the state aid depending on the type of activities to be financed within the individual Programme Component.

### **Selection process**

The evaluation and selection are carried out by the Program Operator, based on the evaluation of independent experts and then confirmed by the Steering Committee.

#### Stage 1

139 eligible towns will be invited to submit their Programme Components Outlines that will include i.a.:

- Diagnosis for the Local Development Plan/ updated strategic development documents,
- Local Development Plan or draft of updated strategic development document which justifies and includes the list of activities proposed for funding (LDP),
- List of sub-components including investment and non-investment activities resulting from the LDP with financial plan and proposed schedule,
- Prospects of cooperation with the Swiss partner city;
- Description of experience and implementation system.

The List of the proposed sub-components will contain the list of main proposed activities and reserve activities. Reserve activities will be taken into account if any of the activity from the main list will not meet the selection criteria.

Firstly, the formal evaluation will be carried out. It will be undertaken by the Programme Operator employees. The formal conditions will consist of aspects and requirements which do not require the overall analyze of the project and are possible to be verified without the detailed knowledge of the project content, e.g. compliance of the date of submitting the application with the deadline specified in the call text, compliance of the application form with the requirements specified in the call text, compliance of the requested grant amount and the level of the eligible costs with the limits specified in the call text, compliance of the project implementation deadline

with the eligibility dates set in the call text etc. The verification will be carried out using the zero-one method, which means that each condition must be met so that the project can proceed to the next stage of the assessment – the content-related evaluation.

The content-related evaluation will result in awarding points. It will be conducted by the external experts chosen by the Programme Operator via public procurement. To prevent a conflict of interest, each person evaluating the projects will have to sign the declaration of impartiality and confidentiality.

Each project/criterion will be evaluated by at least two external, independent experts. Significant disparities in scoring will cause the necessity of evaluation by the third person. Only the criteria connected with the state aid issues are to be appraised by the APC experts.

The evaluation criteria will include i.a:

- scale of development problems in the town (measured by the presence and the position of a given town on the list of most lagging-behind towns);
- quality of city diagnosis (co-relation of identified problems with project objectives);
- concept/ activities - rationality, cohesion and feasibility;
- expected results and project durability;
- town's experience and implementation capacity;
- budget and cost effectiveness;
- public participatory dimension;
- multiplication potential and best practice sharing.

The entire text of call for proposals announcement and the selection criteria will be approved by the Support Measure Steering Committee.

The Support Measure Steering Committee will be composed of the voting members represented by Programme Operator and Swiss side - Swiss Contribution Office. If appropriate, any other thematically relevant entity from Poland and/or from Switzerland can be invited.

On the basis of scoring made by experts the ranking list of Programme Components recommended for financing will be established. This ranking list will be a subject of the final decision of the Steering Committee which formally confirms the selection, i.e. selection of the Programme Components to be financed within the budget available in the call. It is presumed that ca. 15 towns will be selected at this stage.

## Stage 2

After the Stage 1, a cooperation between chosen ca. 15 towns and experts/advisors (APC and optionally Swiss) will take place, which will result in preparation of final list of main sub-components with the implementation plan and the reserve ones. During this period Swiss partner towns for the cities are expected to be identified.

Ca. 15 towns selected at the first stage will prepare and submit a Complete Programme Component Proposal that will contain:

- LDP/ updated strategic development documents with a detailed list of sub-components with an implementation plan and results of the stakeholders consultations;
- budget and implementation schedule;
- management plan together with promotion and information plan;
- information about partnership with Swiss city.

The Complete Programme Components proposals will undergo verification by the Programme Operator employees in terms of formal and content-related criteria. If needed, the support of APC experts on state aid is possible to assess fulfilling of the state aid rules. At this stage there is no competition between towns, therefore there will be no scores awarded. The purpose of the evaluation is to ensure high quality of components. Thus, if some criteria are not met, the town will have the chance to improve the application.

The results of the evaluation will be the subject of the Steering Committee final decision.

The activities included in the Programme Component should contribute to implementing a coherent vision of growth with active involvement of different local actors and stakeholders. The menu of eligible areas will be available for cities to choose the most appropriate and relevant for the city development priorities. The important element of diagnosis should be recognition of available assets and inclusion of financial management of the development goals. The new undertakings cannot cause overburden of the municipal budget and should allow for securing sufficient operational and maintenance expenditures and thus have strong potential for sustainability. This approach enhances towns' capacity in strategic thinking and as a consequence planning their development investments/initiatives based on the solid ground and increasing effectiveness of realization of the local policy.

#### **4.2.3 Communication activities**

Communication activities will be carried out by all stakeholders involved in the implementation of the support measure Polish Swiss Program for Development of Towns (DoT) and its components, primarily by the Association of Polish Cities, NCU (also acting as the Programme Operator) and Swiss Support Measure Partner as well as by the towns themselves that will receive support under the programme.

Ensuring synergy between the communication activities of individual entities and close coordination of these activities are key to achieving the communication goals set out in the communication concept.

All communication activities within the DoT will comply with the following documents:

- Regulations on the implementation of the second Swiss Contribution to selected Member States of the European Union to reduce economic and social disparities within the European Union (hereinafter: Regulations),
- Communication and Information Manual - Second Swiss Contribution to selected EU Member States (hereinafter: Manual),
- communication concept referred to in the Regulations and Manual.

Communication activities carried out under the DoT will result directly from the parent document, i.e. from the Communication concept.

The communication concept will be prepared by NCU and will include the following elements:

- communication goals,
- target groups,
- stakeholders' obligations,
- description of the processes,
- indication of the most important communication tools,
- method of evaluating communication activities,
- annual action plan, which will be an annex to the communication concept.

Preparation of the communication concept will be preceded by arrangements with all stakeholders that will be carried out by the Communication Manager.

Communication concept will be submitted to Switzerland with the first Annual Cooperation Program Report.

Communication under the DoT will:

- include advocacy and outreach activities that are necessary to achieve the Support Measure objectives, especially among potential support beneficiaries;
- promote opportunities for strengthening bilateral relations, respectively the results of strengthened bilateral relations,
- communicate the results of the Support Measure, including the general audience.

The following tools will be used in support measure communication:

- programme opening event,
- programme closing event,
- media events,
- other events related to the programme (if needed),
- social media profiles,
- Swiss-Polish Cooperation Programme website in Polish and English,
- publications (printed and online),
- press releases,
- good quality photos and movies,
- other tools to be indicated in the communication concept.

#### **4.2.4 Detailed implementation schedule**

Detailed implementation schedule is included in annex 3.

### 4.3 Logframe

Methodological note:

1. Unless otherwise stated, indicators refer to outputs and/or results directly related to the activities implemented under the programme.
2. Unless otherwise stated, a given indicator will be calculated only in those cities that will chose to implement activities in the thematic area to which this indicator applies.

Hierarchy of objectives Strategy of Intervention	Key Indicators	Baseline	Estimated target	Sources & Means of Verification	Assumptions & Risks (External Factors)
<b>Impact</b>					
<b>Reduced social-economic disparities within and between medium-sized Polish municipalities</b>					
<b>Outcomes (1)</b>					
<b>Improved quality of life in selected medium-sized Polish municipalities</b>	1.1. Number of municipalities participating in activities/measures dedicated to improve the public governance capacity	0	90	Reports of SoT program component based on attendance lists, statistics from IT registers, photographic or video documentation	Lack of interest from towns in participation in DoT due to high burden of other duties and lack of time or tight municipalities' budgets.
	1.2. Number of persons enrolled in new or better vocational skills development in selected municipalities	0	TBD	Reports of program component operators based on: (1) registers of Labour Offices; and	Outflow of investment capital due to unfavourable economic trends.

				(2) program component documentation - attendance lists, statistics from IT registers, etc.	<p>Depopulation of cities and economic migration of graduates.</p> <p>Deteriorating economic situation discourages local companies to offer apprenticeships.</p>
	1.3. Number of jobs created or retained in selected municipalities: annual and total number	0	TBD	Reports of program component operators based on documentation of completed investments	
	1.4. Number of migrants and forcibly displaced persons supported within selected municipalities	0	TBD	Reports of program component operators based on: (1) registers of Labor Offices; and (2) program component documentation - attendance lists, statistics from IT registers, etc.	<p>Impact of the geopolitical situation on the number of migrants arriving in Poland.</p> <p>Impact of the general economic situation on the absorptivity of the local labour market.</p> <p>Impact of social and cultural differences on the process of migrants' integration.</p> <p>Impact of the economic situation on the wealth of society and, indirectly, on the number of crimes.</p> <p>Impact of the financial situation of local governments on the availability of funds for necessary road investments.</p>



	1.5. Estimated annual decrease of greenhouse gas emissions due to energy efficiency measures and/or renewable energy measures in selected municipalities	0	TBD	Reports of program component operators based on documentation of completed investments	Potential economy downturn or regulatory changes may negatively impact local government ability to finance / subsidize crucial environment-related investments and services (e.g. public transport fees).
	1.6. Number of persons served by improved water supply and/or wastewater treatment in selected municipalities	0	TBD	<p>Program component operator reports.</p> <p>The indicator is calculated based on the total number of connections to new or modernized collective water and sewage networks built under the program (data of the water and sewage companies)</p>	<p>Delays in the adoption of key legislative acts may hinder the achievement of the assumed environmental goals (e.g. for circular economy - delay in the adoption of the Law on extended producer responsibility.</p> <p>Unfavourable legal framework for investments in renewable energy sources.</p> <p>Limited capacity of the national energy transmission network.</p> <p>Costs of the necessary rearrangement of the urban space exceed the capacity of the programme component budget.</p> <p>Time necessary to achieve a significant change in the behavior of residents (e.g. transport patterns, water conservation and recycling habits) may exceed</p>

					timeframe of the programme component.
	1.7. Number of towns achieving $\geq x$ % of patient satisfaction with health services in selected municipalities	$\geq x$ %	TBD	Reports of program component operators based on: (1) registers of entities providing social assistance and health care services and (2) program component documentation - attendance lists, statistics from IT registers, etc.	A barrier to reaching target groups with the support offer.
	1.8. Number of laws, policies and other public measures enriched by civic engagement at local level in selected municipalities	0	TBD	Reports of program component operators based on attendance lists, statistics from IT registers, photographic or video documentation	Existence of cultural barriers in society (lack of trust, insufficient cooperation of stakeholders in solving local problems).  Low participatory culture among residents.  Insufficient cooperation of stakeholders.

<b>Outputs (1.1)</b>					
<b>Framework for improving governance at local level created</b>	1.1.1. Number of towns that applied to the Program by submitting Local Development Plans (LDP) / updated strategic development document with support of APC	0	50	Reports of program component operators based on attendance lists, statistics from IT registers or other types of program component documentation	Assumptions & risks for outcomes apply accordingly
	1.1.2. Number of local professional staff trained in preparing and implementing Programme	0	525		

	Components (by age, gender)				
	1.1.3. Number of Experience Exchange Networks (EEN) meetings organized	0	20		
	1.1.4. Number of solutions implemented to strengthen public participation in local decision-making processes <sup>[1]</sup> in selected municipalities (pcs.)	0	TBD		
	1.1.5. Number of people benefiting from trainings to improve institutional and professional capacity	0	TBD		
<b>Outputs (1.2.)</b>					
<b>Strategic goals of Development Plans (LDP)/strategic development documents implemented</b>	1.2.1. Number of measures carried out to encourage young people aged 15-29 to participate in vocational education or work-based learning in local companies in selected municipalities (pcs.)	0	TBD	Reports of program component operators based on attendance lists, statistics from IT registers or other types of program component documentation	Assumptions & risks for outcomes apply accordingly
	1.2.2. Number of supported SME's (including start-	0	TBD		

	ups) in selected municipalities (pcs.)				
	1.2.3. Total number of migrants <sup>[2]</sup> employed by local companies <sup>[3]</sup> (person) in selected municipalities	0	TBD		
	1.2.4. Number of completed investments improving safety (e.g. speed slowers, street monitoring, intelligent lighting, etc.) in selected municipalities (pcs.)	0	TBD		
	1.2.5. Number of renewable energy sources installed on public buildings and private residential buildings in selected municipalities (pcs.)	0	TBD		
	1.2.6. Number of new or modernized heat sources/systems in selected municipalities (pcs.)	0	TBD		
	1.2.7. Number of built or modernized municipal heating systems and/or networks (heat and power genera-	0	TBD		

	tion installations) in selected municipalities (pcs.)				
	1.2.8. Number of insulated buildings - private and public in selected municipalities (pcs.)	0	TBD		
	1.2.9. Number of low-emission public transport vehicles purchased in selected municipalities (pcs.)	0	TBD		
	1.2.10. Number of built facilities supplying electric transport (traction, charging points, etc.) in selected municipalities (pcs.)	0	TBD		
	1.2.11. Length of water supply networks built or modernized as part of collective water supply systems in selected municipalities (pcs.)	0	TBD		
	1.2.12. Number of completed construction or modernization projects related to the sewage network or sewage treatment plant	0	TBD		

	in selected municipalities (pcs.)				
	1.2.13. Capacity of constructed reservoirs/small retention facilities <sup>[4]</sup> (m3)	0	TBD		
	1.2.14. Number of implemented organizational and management solutions as well as modernized or installed facilities related to waste management (including hazardous waste) and recovery of secondary raw materials in selected municipalities (pcs.)	0	TBD		
	1.2.15. Area of green infrastructure (e.g. pocket parks, permeable pavements, green roofs, rainwater drainage systems) and urban green areas (e.g. recreational parks, housing estate green areas, lawns) created in the built-up urban area in selected municipalities (ha)	0	TBD		
	1.2.16. Number of people reached with improved health care measures	0	TBD		

	and/or social protection measures in selected municipalities				
	1.2.17. Number of established social welfare facilities/solutions <sup>[5]</sup> (pcs.) or medical care facilities /solutions, including mental health <sup>[6]</sup> in selected municipalities (pcs.)	0	TBD		
	1.2.18. Number of implemented activities aimed at integrating disadvantaged groups in selected municipalities (pcs.)	0	TBD		
	1.2.19. Number of socially disadvantaged people <sup>[7]</sup> benefiting from different support instruments in selected municipalities	0	TBD		
<b>Outcome (2)</b>					
<b>Enhanced collaboration between beneficiary and donor state entities involved in the Programme Components</b>	2.1. Level of trust between cooperating entities in Beneficiary and Donor States (scale 1-7)	0	TBD	Reports of programme component operators (including SoT programme component)	Existence of cultural barriers in societies (lack of trust, insufficient cooperation in solving local problems), different legal environments etc.
	2.2. Level of satisfaction with the partnership (scale 1-7)	0	TBD		



Outputs (2.1)						
Mechanism for tightening bi-lateral co-operation adopted	2.1.1.	Number of undertaken partnership activities	0	TBD	Reports of programme component operators (including SoT programme component)	Assumptions & risks for outcomes apply accordingly
	2.1.2.	Number of cities cooperating with a donor partner	0	TBD		
	2.1.3.	Number of training courses co-organised by donor and Polish entities	0	TBD		

<sup>[1]</sup> For example: implemented standards of public participation, web portals supporting public consultation, public information bulletins, spatial information systems, other solutions increasing access to public information

<sup>[2]</sup> Migrant - a person who changes his place of residence by moving from one place in a country to another or from one country to another country.

<sup>[3]</sup> It covers any type of employment based on a contract (employment contract, contract of mandate, contract for specific work, contract of mandate with a business entity, etc.) on a full-time or part-time basis.

<sup>[4]</sup> For example: detention basins and retention ponds, independent damming structures, water intakes and water transporting structures, lymph wells, etc.

<sup>[5]</sup> For example: social service centers, social integration centers, senior clubs, family nursing homes, community self-help homes, occupational therapy workshops, social enterprises, etc.

<sup>[6]</sup> For example: implemented standards of public participation, web portals supporting public consultation, public information bulletins, spatial information systems, other solutions increasing access to public information

<sup>[7]</sup> Socially disadvantaged people – people that experience a higher risk of poverty, social exclusion, discrimination and violence than the general population, including, but not limited to, ethnic minorities, migrants, people with disabilities, isolated elderly people and children.

The log-frame will be revised upon the selection of towns and sub-components and submitted to the Steering Committee for approval.

## **4.4 Swiss Support Measure Partner(s)**

Based on the Framework Agreement, the SoT shall be implemented in partnership with the Swiss Support Measure Partner (SSMP). The Swiss side will select the SSMP according to best suit thematic and organisational Programme needs. The selection procedure will be presented in the Support Measure Agreement for DoT.

## **4.5 Stakeholder consultations**

Public consultations on the draft Strategy for Responsible Development, containing directed intervention for indicated 122 medium-sized towns losing their social and economic functions, were conducted in a multidimensional manner - by electronic means, in the form of meetings and conferences and announce in press. The draft Strategy was submitted for opinion to the Council for Social Dialogue, the Council for Public Benefit Activities and the Joint Commission of the Government and Local Government.

The draft of National Strategy for Regional Development 2030, extended the list of medium-sized cities losing their social and economic functions to 139 cities was also a subject of wide public consultations – via electronic means, meetings, conferences and press announcements.

During the public consultations of both documents, no comments were made to the proposed list of medium-sized cities losing their social and economic functions, nor to the described need and assumptions for supporting their development.

The information of the public consultation of the draft Strategy for Responsible Development is included in annex 8.

As the Pre-defined Programme Component is proposed only for mobilizing the relevant expertise and advisory support for the towns taking part in the DoT Programme the stakeholders consultations are not applicable in this case.

At Stage 1 of developing the Programme Component Outline containing elaborated Local Development Plans (LDP)/ updated strategic development documents, the LDP will be subject of public consultations in accordance with the legal requirements.

At stage 2, towns will be required to consult stakeholder groups on plans to implement specific investments. The form of consultation should be designed at the application stage (taking into account legal regulations where necessary, e.g. in case of investments requiring an environmental impact assessment). At stage 3, towns may conduct a survey of the opinion of residents/stakeholder groups on the assessment of the effectiveness of completed implementations.

## **4.6 Tentative Budget**

### **4.6.1 Detailed tentative budget**

Detailed tentative budget is included in annex 1.

#### 4.6.2 Tentative Disbursement Plan

Reimbursement Period	1 <sup>st</sup> 24	2 <sup>nd</sup> 24	1 <sup>st</sup> '25	2 <sup>nd</sup> 25	1 <sup>st</sup> 26	2 <sup>nd</sup> 26	1 <sup>st</sup> 27	2 <sup>nd</sup> 27	1 <sup>st</sup> 28	2 <sup>nd</sup> 28	1 <sup>st</sup> 29	2 <sup>nd</sup> 29
Estimated reimbursement of Swiss Contribution in CHF	500.000	500.000	1.000.000	28.000.000	30.000.000	30.000.000	32.500.000	27.000.000	41.850.000	34.350.000	26.500.000	26.500.000

## 4.7 Risk Analysis and Risk Management

<b>Risk</b>	<b>Impact [1 – 5]</b>	<b>Likeli- hood [1 – 5]</b>	<b>Risk level</b>	<b>Mitigation meas- ure(s)</b>
Delays in approving SMP and signing SMA resulting in delays in launching the call, delaying the implementation and risking the achievement of DoT objectives	4	1	Low-Medium	Simultaneous (to working on SMA) preparation of call documents so that they are to be ready once SMA has been signed. Close cooperation with stakeholders - the Swiss side, APC.
Inadequate interest of towns in using APC advisor assistance	2	1	Low	APC will propose participating towns various support (webinars, workshops, podcasts, etc.) to build their management capacity. APC will apply the individualized approach to convince town staff to effectively use the assistance.
Lack of interest of towns to participate in call resulting in small number of applications and the risk of non-usage of allocation	3	1	Low	MDFRP and APC will spread the information and present the advantages of participation in call through formal and informal channels. In reference to lack of competences of towns to participate in call, APC has a number of proven tools and described processes which support own competences of LG staff and allow them to conduct own analyses, diagnoses, and prepare integrated development plans. Long-term importance of integrated development planning offered under the Polish-Swiss Cooperation Program is to be outlined, especially stressed while the local government elections approaching.
Difficulties in forming bilateral partnerships in DoT components arising from differences of the relevant law, different management cultures and limited capacity on the Swiss side.	2	5	Medium-High	The budget devoted to partnerships within DoT components assured. The SSMP and APC assistance offered. In case of limited partnerships, the allocation to be used for other bilateral activities at DoT level.

<b>Risk</b>	<b>Impact [1 – 5]</b>	<b>Likeli- hood [1 – 5]</b>	<b>Risk level</b>	<b>Mitigation meas- ure(s)</b>
Insufficient cooperation of local administration, its units and other involved actors in the towns may lead to poor quality of prepared Development Plans, strategic development documents, Outlines, Complete Component Proposals, etc.	3	2	Low-medium	Important role of SoT at every stage of the preparation and implementation integrated Development Plans, investments planned - providing a wide range of technical assistance, training and awareness- building activities to participating cities.
Long -lasting DoT components selection procedure potentially resulting in shortening timespan needed for the proper implementation of programme components.	2	2	Low	Two-stage call is essential for the selection of best programme components with the highest potential. In the case of a number of applications larger than
Prolonged process of signing contracts for the Programme components and legal/ implementation problems may lead to delays in DoT components implementation schedule.	2	3	Low-medium	Close contact and cooperation with applicants selected for the financing. PO and APC support in this process. Furthermore, at least until the end of the call for proposals, potential beneficiaries should be familiar with the documents required to sign the project contract, including the template. Problems arising during the programme components realization shall be immediately communicated to the PO and solved.
Legal, administrative, implementation obstacles during the DoT components realization may lead to not fully achieving DoT results.	3	3	Low-medium	MDFRP and APC will remain in close contact and cooperation with beneficiary towns in order to be ready to react immediately once any problem potentially influencing results occurs. Immediate countermeasures shall be put in place. APC assistance on the public procurement procedures ensured. The security of infrastructure under the programme components ensured by insurance policy.

<b>Risk</b>	<b>Impact [1 – 5]</b>	<b>Likeli- hood [1 – 5]</b>	<b>Risk level</b>	<b>Mitigation meas- ure(s)</b>
				Both project budgets and schedules shall be flexible to some extent so that necessary adjustments are possible. The security of infrastructure under the programme components ensured by insurance policy.
Tight time schedules of DoT components resulting in no time reserve in case of any unexpected risk appear, not sufficient time to implementation of subcomponents.	3	3	Low-medium	The programme components evaluation stage not extended, DoT time schedule monitored closely, dialogue between MDFRP and Swiss side maintained. The duration of the APC programme component is planned for three months longer than the duration of towns' components in a case that there would be a need for the APC experts to support in the settlement of programme components. These three months reserve is also a time buffer to extend the programme components duration in justified cases.
Insufficient funding at DoT components level (due to for instance price increase) to ensure the achievement of the results planned by the towns	3	2	Low-medium	Programme components implementation monitored closely by MDFRP, the additional funds at towns level are to be ensured, the programme components modification envisaged
Risk in project management on the part of beneficiary towns - staff of local authorities trained/experienced under programme components might resign due to better opportunities elsewhere.	2	2	Low	OP will regularly monitor the implementation of programme components. APC will offer the support also at the stage of programme components implementation.
Risk that the funds are misused and irregularities appear	2	1	Low	The rules and procedures of monitoring and control put in place at DoT and programme components level.

The overall risk of the Support Measure is not assessed as significant. Primarily, risk of not sufficient interest and time for both Polish towns and potential Swiss partners to preparation and implementation of the Programme Components should be considered. However, based on the experience of NCU/PO and APC those risks can be mitigated through on-going support offered to towns and wide information campaign. On the other hand, the risk may materialize at the stage of implementation of the Programme Components in terms of various factors that cannot be predicted upfront. In order to mitigate them NCU/PO will provide on-going monitoring and take necessary steps, such as shifts within budgets or components modifications.

Overall Risk Level Support Measure	Medium-Low
Comments on the overall risk level (if any)	NA

#### 4.8 Monitoring and Steering

According to the Regulation Art. 3.3, the National Coordination Unit (the Minister of Development Funds and Regional Policy) shall have overall responsibility for reaching the objectives of the Cooperation Programme.

The NCU shall carry out regular monitoring of the Cooperation Programme with regards to their progress towards the programme outputs, outcome(s) and objective(s) according to agreed indicators and financial requirements specified for the programme.

The Minister of Development Funds and Regional Policy – the NCU – will act as the Programme Operator. The PO will be responsible for carrying out monitoring activities, with all financial verification and monitoring visits.

The basic instruments and tools of the monitoring performed by the NCU as Programme Operator within the Programme for individual components implemented involves:

- verification and reviews of the reports prepared by the Component Operators,
- financial and physical monitoring in respect of incurred expenditures reported by the Component Operators,
- planning and carrying out on-site monitoring visits of individual components,
- daily contact with the components (i.e. meetings, videoconferences, phone calls).

Additionally, according to the Regulation Art. 3.6, Audit Authority is responsible for preparing an audit strategy and for performing audits to verify the effective functioning of the Partner State's management and control system(s) in relation to the Cooperation Programme as well as audits of the Support Measures.

According to the Regulation, the Support Measure Steering Committee is committee established by the NCU responsible for overseeing and steering the implementation of a Support Measure.

The Support Measure Steering Committee *inter alia* supervises the progress of implementation and makes suggestions for improvements; approves the Programme Components in accordance with Articles 4.1 and 4.6; approves in accordance with Article 4.12 paragraphs 5 and 6,

any modifications to the Support Measure based on the proposal by the Executing Agency and complies with any other tasks assigned in the Support Measure Agreement.

The Programme Operator /NCU will perform the evaluation of the DoT Programme implementation.

#### **4.9 Other operational issues**

According to the Article 6.7 of the Regulations we propose the application of standard scales of unit costs, lump sums and overhead flat for settlement of expenses.

A report by an independent auditor qualified to carry out statutory audits of accounting documents, certifying that the claimed costs are incurred in accordance with the Regulations, the national law and relevant national accounting practices, shall be accepted as sufficient proof of expenditure incurred. A report issued by a competent and independent public officer recognised by the relevant national authorities as having a budget and financial control capacity over the entity incurring the costs and who has not been involved in the preparation of the financial statements, certifying that the claimed costs are incurred in accordance with the Regulations, the relevant law and national accounting practices, shall also be accepted as sufficient proof of expenditure incurred. Relevant requirements will be specified in the Support Measure Implementation Agreement, so costs of issuing these reports/certificates by external auditors will be eligible in the light of Article 6.2.1 c) of the Regulations.

The contracts between the NCU/ Programme Operator and the Programme Components Operators (beneficiary towns and APC) are concluded in PLN. The budget set in PLN at the Support Measure Proposal is indicative and the grant amount in CHF is binding.

### **5. Annexes**

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<b>#</b>	<b>Annex</b>
1.	Budget
2.	Organizational chart
3.	Implementation schedule
4.	Programme Characteristics
5.	List of eligible towns
6.	Description of the SoT programme component
7.	CVs of the management staff
8.	Information on the stakeholders consultation
9.	Description of Programme and project management experience over the last 5 years
10.	Procurement Plan
11.	Advance payments and financial flows

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