1. **Basic Information**

1.1. **CRIS number**: 2003/004-379/01.01  
1.2. **Title**: NGOs for Sustainable Development  
1.3. **Sector**:  
1.4. **Location**: Poland

2. **Objectives**

2.1. **Overall Objectives**  
The overall objective of the project is to increase the value added of the third sector to the process of Poland’s integration with the EU. The project will contribute to this overall objective through the co-financing of those activities of NGOs, which may impact on Poland’s efforts to attain higher EU social and economic cohesion indicators.

2.2. **Immediate objectives**  
The immediate objectives of the project are as follows:  
- To upgrade the capabilities and capacities of Polish NGOs to implement or supplement government funded interventions in the area of social policy  
- To enhance the quality and impact of grassroots level partnership initiatives targeting local development  
- To increase the monitoring, watchdog and awareness building functions of NGOs in the area of sustainable development and environment protection.

2.3. **Accession Partnership and NPAA priority**  
As a horizontal project involving solutions operating through the non-government sector and impacting on the broadly defined areas of social policy, local economic development and entrepreneurship, socio-economic development and environment protection, the project will impact on a number of issues noted in the AP in the areas of economic criteria, social policy and employment, energy, regional policy and environment.  
The project aims at strengthening the impact of the NGO sector on the results attained within the NPAA priorities involving foremost the future implementation of ESF, the development of civic dialogue, energy conservation, regional policy and the environment.

3. **Description**

3.1. **Background and justification**  
As Poland enters the last stages of preparations for accession a tremendous effort is being made to resolve the outstanding issues related to meeting Accession Partnership criteria for enlargement. Much of what is happening in the country, which is tied to development and change - and not merely standard operations - is in fact driven by the accession. These interventions through Phare, ISPA and SAPARD programme funding are impacting most strongly with respect to the adoption of the acquis and developing the public administration, so that it will cope with the requirements of EU membership.  
Secondly they are beginning to make their mark with respect to the pre-Structural Funds investments in the economy, human resources, infrastructure and rural areas so as to begin the process of plugging the gaps in social and economic cohesion criteria.  
An important issue which is directly related to the effectiveness of reaching planned impacts as described above is that of the role and capabilities / capacities of the third sector. NGOs are providing the links between those governing and those governed, and are also involved in designing and implementing a number of the services and actions, which directly enable local communities to participate in socio-economic growth and development or help them in alleviating the costs of restructuring.  
It is therefore of paramount importance and an urgent priority, at this stage of preparations for integration, to involve the NGO sector more closely in the mainstream accession process, helping communities and groups to reach out for development oriented supports. The NGO sector can develop and fulfil a unique role in this respect, at once maintaining its grassroots orientation and needs driven
approach, harmonised however with the national and regional perspectives for development as exemplified in the Phare 2003 projects and draft National Development Plan.

Under such an approach three distinct priority areas for involving the NGO sector have been identified, being institutional development for participation in social policy programmes; local development/socio-economic projects; and dialogue in sustainable development and environment protection.

The first area results from the need to upgrade the relatively underdeveloped NGO-based service providing structures existing locally throughout Poland. The planned large-scale public interventions in the areas covered by labour and social policy, because of their nature and need for the service providers to be as close as possible to the individual beneficiaries, require a strong local presence. NGOs are ideal for this task. However, though in the area of – for example - SME development a structured and quality oriented network of NGOs has been developed (the National SME Support Network), in the social area large gaps exist.

The second area has been identified in order to augment what is currently being planned and implemented under the national and regional schemes. These schemes by their nature are standard, “off the shelf” measures, mainly designed to meet the direct needs of the “average” entrepreneur or business. There exists however also an important need to stimulate the emergence, testing and future replication of innovative schemes, building on local initiatives and non-standard solutions to non-standard problems, with closer (than possible in national and regional schemes) links with an empowered local community.

The third area reflects the importance of the NGO sector in facilitating the necessary dialogue, which may lead to the emergence, acceptance and introduction of sustainable solutions in growth and development. Though legislation may by law require and enforce many such solutions, without the emergence of coalitions of public administration, the citizens, and industry, their introduction may be marred by the seeking out of loopholes, inefficiency and substandard quality, even bankruptcies and layoffs in cases when the initial awareness of the issues is too low.

3.2. Linked activities
The project was developed taking into account the experience gathered within previous programmes on the development of civil society, including the multinational LIEN, Partnership and Democracy programmes, and the current ACCESS 2000.

It was designed so as to supplement the investment oriented socio-economic cohesion programmes (HRD, SME and environment protection under Phare 2000, 2001, 2002 and ISPA).

3.3. Results
The planned results of the project include:

- 30 NGOs upgraded to provide standardised quality services in the area of social policy
- 20 pilot local development / socio-economic projects implemented
- 100 NGO initiatives in the area of environment protection supported.

3.4. Activities
The project will involve activities grouped under three sub-projects.

Sub-project 1: Institutional Development Grant Scheme for NGOs
This sub-project will involve the provision of development grants for NGOs, supporting them in developing new or upgrading existing activities and services for specific groups of beneficiaries, targeted or by-passed in the current social policies. It will seek to develop capacities and capabilities in policy areas, which now require a strong NGO presence, but which currently show gaps in territorial or sectoral availability. Each grant will include an appropriate mix of four components:
- Support in drafting the development plan of the organisation, and advisory services in developing (systems, operations) and promoting its activities and services.
- Staff training and human resources development co-financing.
- Kick-start investment and operational costs co-financing package at institutional development start-up phase.
- Support in meeting quality standards (co-financing of audits).

The sub-project will be open to all NGOs meeting eligibility criteria under Phare grant procedures. It will however be targeted at those development oriented medium-sized organisations, which have recently identified the need for increased development of service provision, as a result of the deteriorating situation on the labour market or in the area of social and economic marginalisation of specific groups. These organisations will be asked to prove longer term relevance of their activities in the process of
attaining social cohesion goals in a given territorial or sectoral area, and their development plans will be expected to point to a high chance of sustainability of operations after the end of the support. They have been selected as a target group because of the specific opportunities which have been identified with respect to this NGO segment as a service provider for public financing funded interventions, not yet bureaucratised and politicised like some of the largest NGOs, but already possessing significant capabilities and capacities to achieve meaningful impacts when compared to the most numerous smallest and often unsustainable NGOs. Total grants will remain within the range of 25,000 to 50,000 €, and public financing will cover up to 75% of eligible costs. This comparatively modest level of financing has been calculated based on previous experiences and under the assumption, that the project should provide funds strictly as an incentive for developing and implementing organisational development plans, and should not create an unsustainable, short-term and inflationary, inflow of resources into the beneficiary NGOs.

Sub-project 2: Pilot projects grant scheme for socio-economic development and partnership
The sub-project will provide a financial line of support for selected pilot projects introducing and testing methods for promoting local development and socio-economic solutions, and involving partnership of business, local government and non-profit organisations for the benefit of local communities. The support will be targeted at quality proposals from experienced NGOs, working in partnership with other important actors at the local level (local governments, business, other NGOs, etc.), for new, innovative schemes addressing issues which are not covered by the nationally and regionally programmed measures under the Phare Social and Economic Cohesion Programme and National Development Plan (for future Structural Funds funding). Concurrently with the grant scheme a systemised approach will be introduced by the operating institution towards the identification, standardised description, and dissemination of best-practise in this area. Total project grant aid will be between a minimum of 50,000 and a maximum of 100,000 € per project, and will be provided as a matching grant, therefore subject to a 50% local co-financing rate (private sector, local authorities, NGOs' own resources, beneficiaries, etc.). The relatively high level of local co-financing has been included to stimulate the emergence of meaningful (in terms of real allocations of resources towards the fulfillment of common goals) partnerships and avoiding "window-dressing" type partnerships among the applications.

Sub-project 3: Financial support for watchdog and awareness building in sustainable development and environment protection projects
Through this activity financial support will be provided for projects in addressing issues of sustainable development and environment protection, aimed at the identification of areas of concern and at dialogue between industry, government and society in their resolution. Experienced NGOs will be eligible to receive grant support for their projects. It is expected that activities will principally involve monitoring, awareness raising, and management of dialogue processes (working groups, coalitions, steering committees). Eligible costs may include minor investments in monitoring equipment and facilities. Through this scheme it will be possible to co-finance activities at a 90% public sector co-financing rate, with grants between 5,000 and 24,000 €.

For all grant schemes general eligibility criteria will be developed using the standard PRAG approach and modified existing grant schemes guidelines, as appropriate.

3.5. Lessons Learned
The NGO sector has participated and benefited from a number of projects and initiatives, including not only those addressed specifically to the sector, but also as an important partner for the public and private sectors in such areas as local and regional development, SME support, environment protection, civil society, European integration. These projects involved support to NGOs through a variety of grant schemes, operational costs co-financing mechanisms, human resources development, procurement of services through competitive tenders.
One of the main lessons learned has been that the NGO sector has a very important role to play in the delivery of various supports planned under public socio-economic policies. This role is multi-faceted but the key elements lie in that non-government organisations:

? in delivery often provide greater flexibility and innovativeness than public institutions
? usually have better access at the ground level to those most in need of support and therefore come to the fore in local and regional development initiatives
? are cost-effective and more mission-driven as compared to many potential commercial providers.
It was with some difficulties that this important role has been translated into policy solutions for facilitating the most effective participation of the NGO sector in the implementation of public funding financed programmes. The development of NGO networks capable of significant input into the implementation of public programmes has been also varied by sectors, and a crucial lesson has been that such development is conducive towards the future timely, effective and efficient implementation of large scale programmes.

In view of this another important lesson - which has been learned during the process - has been to move from supporting NGOs as a sector in itself, towards implementing solutions taking advantage of the unique attributes of these organisations in reaching support or development objectives, and only through their participation in such activities supporting them also to upgrade quality and better deliver services or provide other forms of aid or support to the final beneficiaries. Tied with this has been the important lesson of selecting the most appropriate mechanisms depending on the overall objectives of the particular programme. Such mixing of grants, training or competitive procurement of services furthermore helps to build a varied skill base among the NGOs and to minimise the threat of future over dependence on a single financing source or type of activity.

4. INSTITUTIONAL FRAMEWORK

The end beneficiaries of the project will include non-government organisations, working on a non-profit, non-partisan and non-political basis. The specific grant schemes will be operated through Final Beneficiaries, contracted by the CFCU for the running of the grant schemes under EDIS. In this way:

? **Sub-project 1** will be operated by the institution selected as final beneficiary for equivalent ESF-type interventions in Poland, and nominated by the Ministry of Labour and Social Policy. It is foreseen that the Polish Agency for Enterprise Development will implement the above sub-project

? **Sub-project 2** will be operated by the institution selected as final beneficiary for equivalent ERDF-type interventions in Poland, and nominated by the Ministry of Economy. It is foreseen that the Polish Agency for Enterprise Development will implement the above sub-project

? **Sub-project 3** will be operated by the ISPA Implementing Agency for the Environment, and nominated by the Ministry for the Environment. It is foreseen that the National Fund for Environmental Protection and Water Management will implement the above sub-project.

All operational costs related to the running of the grant schemes by the final beneficiaries will remain the sole responsibility of the Polish Government.

5. DETAILED BUDGET

<table>
<thead>
<tr>
<th>Sub-project</th>
<th>Investment Support (IN)</th>
<th>Institution Building (IB)</th>
<th>Total Phare (IN+IB)</th>
<th>National co-financing</th>
<th>International &amp; Financial Institutions</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-project 1</td>
<td>500.000</td>
<td>500.000</td>
<td>1.000.000</td>
<td>330.000</td>
<td>440.000</td>
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<tr>
<td>Sub-project 2</td>
<td>1.000.000</td>
<td>-</td>
<td>1.000.000</td>
<td>330.000</td>
<td>1.330.000</td>
<td>1.330.000</td>
</tr>
<tr>
<td>Local co-financing, mainly private sector</td>
<td></td>
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</tr>
<tr>
<td>Sub-project 3</td>
<td>200.000</td>
<td>800.000</td>
<td>1.000.000</td>
<td>330.000</td>
<td>150.000</td>
<td>1.330.000</td>
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<tr>
<td>Local co-financing, mainly private sector</td>
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<tr>
<td>TOTAL PROJECT</td>
<td>1.700.000</td>
<td>1.300.000</td>
<td>3.000.000</td>
<td>990.000</td>
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<td>3.990.000</td>
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</table>

Public sector national budget financing - Does not include operational costs of Final Beneficiaries.

6. IMPLEMENTATION ARRANGEMENTS

6.1. Implementing agency

? PAO: Krystyna Gurbiel, Under Secretary of State, Office of the Committee for European Integration, Al. Ujazdowskie 9, 00-918 Warszawa, Poland, tel. (+48 22) 455 52 41.

? The IA will be the CFCU, which will be responsible for contracting the Final Beneficiaries, operating the grant schemes. Contact: Mr Piotr J. Zaprzalek, Acting Director of CFCU, 00-444
Warsaw, Poland, 4a Górnoślaska St., Tel.: (+48 22) 622 00 31, Fax: (+48 22) 622 95 69, E-mail: cfcu@cofund.org.pl.

The final beneficiaries: the Polish Agency for Enterprise Development (sub-projects 1 and 2) the National Fund for Environmental Protection and Water Management (sub-project 3).

6.2. **Twinning**: N/A

6.3. **Non-standard aspects**
PRAG will be followed in all grant schemes, under decentralised implementation of grant schemes, operated by the Final Beneficiaries (operating institutions).

6.4. **Contracts**
Total Phare funding is 3 M€. Three contracts of 1.33M€ each, jointly co-financed (Phare 1M€, Poland 0.33M€) are planned between the CFCU and the Final Beneficiaries for the operation of the grant schemes.

It is estimated that the following numbers of grants will be issued to the end beneficiaries under each contract:

- **Sub-project 1**: Institutional Development Grant Scheme for NGOs – 30 grants
- **Sub-project 2**: Pilot Projects Grant Scheme for Socio-Economic Development and Partnership – 20 grants
- **Sub-project 3**: Financial Support for Watchdog and Awareness Building Socio-economy and Environment Sector Projects – 100 grants.

7. **IMPLEMENTATION SCHEDULE**

<table>
<thead>
<tr>
<th>Sub-project</th>
<th>Project TOR specification ready</th>
<th>Start tendering call for proposals</th>
<th>Start project activity</th>
<th>Project completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-project 1</td>
<td>01.01.2004</td>
<td>01.03.2004</td>
<td>01.06.2004</td>
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<td>Sub-project 3</td>
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<td>01.03.2004</td>
<td>01.06.2004</td>
<td>01.06.2006</td>
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</table>

8. **Equal Opportunity**
The project will actively promote projects aimed at tackling gender issues. Above that the project will involve in all phases of its implementation specific provisions for guaranteeing equal opportunity of access to activities and benefits resulting from its implementation. Gender related indicators will be gathered and monitored throughout the projects implementation to ensure that corrective steps can be taken at an appropriate moment in the project's life cycle.

9. **ENVIRONMENT**
N/A

10. **RATES OF RETURN**
N/A

11. **INVESTMENT CRITERIA**
N/A

12. **CONDITIONALITY AND SEQUENCING**

12.1. **Funding will depend on**
Final beneficiaries reaching and maintaining EDIS standards

12.2. **Milestones**
- Financing Memorandum signed before/at end of 2003
- Contracts between CFCU and Final Beneficiaries for operation of schemes signed before/at first quarter 2004
- First call for proposals and deadlines for applications before/at mid 2004
- Start of NGO projects' implementation third quarter 2004
- Further necessary calls for proposals and deadlines for applications after quarterly interval
- Last NGO projects finalised by end of first quarter 2006
- Project closed mid 2006.
## ANNEX 1 - PROJECT LOGICAL FRAMEWORK MATRIX

### PROJECT TITLE: NGOS FOR SUSTAINABLE DEVELOPMENT

<table>
<thead>
<tr>
<th>Programme number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Indicators of achievement</th>
<th>Sources of information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>The overall objective of the project is to increase the value added of the third sector to the process of Poland’s integration with the EU</td>
<td>Participation rates for NGOs in public funded development programmes Leveraged co-financing from other than public sources</td>
<td>Monitoring and Evaluation reports</td>
<td>NGO targeted for selected contracting under public procurement of services</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project purpose/Immediate objectives</th>
<th>Indicators of achievement</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>To upgrade the capabilities and capacities of Polish NGOs to implement or supplement government funded interventions in the area of social policy.</td>
<td>Numbers and quality of introduced services Existence awareness rates for supported NGOs’ among potential beneficiaries Beneficiaries’ quality assessment rates for NGOs and implemented schemes Benchmarked impacts ratios of NGOs before/after intervention Individual project level success rates</td>
<td>Operational audit results Evaluation surveys Project reports Programme reports</td>
<td>Institutional development projects impact on provision of services Sustainability of supported NGOs maintained over longer period after end of projects NGOs appropriate as vehicles for building coalitions with industry and public administration</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 NGOs upgraded to provide standardised quality social services; 20 pilot local development/socio-economic projects implemented; 100 NGO initiatives in the area of sustainable development and environment protection supported.</td>
<td>Number of NGO institutional development projects initiated/completed Number of local development/socio-economic projects initiated/completed Number of NGO coalition/monitoring/awareness building projects initiated/completed</td>
<td>Evaluation surveys Project reports Programme reports</td>
<td>Average grant rates Low / insignificant failure rates among NGO projects</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
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<tr>
<td>Sub-project 1. Institutional Development Grant Scheme for NGOs. Sub-project 2. Grant Scheme for Socio-Economic Development and Partnership Sub-project 3. Financial Support for Watchdog and Awareness Building in Sustainable Development and Environment Protection Projects</td>
<td>Grants</td>
<td>Sub-projects operated by institutions responsible for sectoral areas, guaranteeing harmonisation with other interventions</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Preconditions</th>
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<tbody>
<tr>
<td>Final beneficiaries reach and maintain EDIS standards</td>
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**ANNEXES 2-3-4: DETAILED IMPLEMENTATION CHART, CONTRACTING AND DISBURSEMENT SCHEDULE OF THE PROJECT**

**PROJECT TITLE: NGOS FOR SUSTAINABLE DEVELOPMENT**

Date of Drafting: 08.12.2002  
Planning period: 2004 - 2006

<table>
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<tbody>
<tr>
<td><strong>PLANNED IMPLEMENTATION SCHEDULE PER QUARTERS</strong></td>
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Legend:  
D = design of sub-projects;  
C = tendering and contracting;  
I = contract implementation and payment.