

# Polish Challenge Fund – Engaging Polish Companies and Research Institutes in Development Cooperation

## (Guiding principles)

### Glossary

|                                    |  |
|------------------------------------|--|
| Application                        | The online Application, including plan, budget, CVs and other documentation, submitted to the PCF in regular and timely manner.  |
| Applicant                          | Entity submitting Application to the PCF.  |
| Award                              | The financial amount received by the Awardee for implementation of the Project.  |
| Award Agreement                    | The Agreement between the Awardee and UNDP governing the financial award and responsibilities of the Awardee during the implementation of the Project.   |
| Awardee                            | The successful Applicant, which signed Award Agreements.   |
| Entity                             | A person, partnership, organization, business etc. that has a legal and separately identifiable existence. This includes private sector entities (commercial companies), Universities and research institutes registered in the Republic of Poland.  |
| Feasibility Study/proof of concept | Document providing an innovative and replicable solution to the identified development challenges. The study will include evidence that the proposed solution is feasible, and implementation plan specifying concrete actions and partnerships necessary for the implementation of the solution. It will list all associated activities, stakeholder engagement, implementation costs and possibilities for scale-up. |
| Project Manager                    | UNDP Project Manager responsible for the management and the implementation of the Project and all its activities.  |
| Project                            | The innovation Project implemented by the Entity according to the proposed Application and financed through PCF.   |
| Project Budget                     | The total Project budget of the Project, comprising the maximum 80% for the Award and minimum 20% for the matching funds from other sources, submitted as part of the Application.   |
| PCF                                | Polish Challenge Fund – Engaging Polish Companies and Research Institutes in Development Cooperation. PCF is targeting primarily Polish commercial companies, but also Universities and research institutes to develop and deploy commercially viable solutions that respond to a set of very clearly defined development challenges.  |

# 1. Basic Concept and Characteristics of the Challenge Fund

## 1.1 Challenge Fund Objectives

Considering the unprecedented disruptions seen in the partner countries, caused by the COVID-19 outbreak and with the view of bringing new innovative solutions into international development platform, the Ministry of Foreign Affairs of Poland and the UNDP Istanbul Regional Hub launch a second call for innovative solutions to address the emerging development issues resulting from the global health crisis. The Polish Challenge Fund (PCF)<sup>1</sup> is part of UNDP IRH pandemic challenge initiative – BOOST Solutions for COVID-19.

Polish Challenge Fund will support sharing Polish expertise, know-how and implementation of **digital solutions in Ukraine and Republic of Belarus** and scale them across the Europe and Central Asia region and beyond. Applicants can apply for any of the following issue areas: **new digital services and voice, low touch economies, wellbeing**. Selected Applicants will join the BOOST acceleration program and receive **funding between \$20,000 USD and \$40,000** to prototype and implement their solution. The Applicants provide **co-funding of at least 20%** of the total cost of the project. **Engagement with local partner** needs to be documented.

The eligible applicants include **private sector entities (commercial companies), universities and research institutes registered in the Republic of Poland**, in line with the commitments of Poland's [Multiannual Development Cooperation Programme for 2016-2020](#)<sup>2</sup>. PCF co-supports companies and other actors with small-scale non-venture funding to develop and deploy commercially viable digital solutions that respond to defined development challenges.

The PCF is looking for innovative solutions that generate improvement and value, especially by introducing new methods, ideas, or products. The proposed solutions need to have a clear commercial driver and show potential for commercial viability and scale, demonstrate how they avoid negative effects (environmental, market distortion, etc.), must be innovative, and must demonstrate how they would not take place at the same scale or have the same development impact without the Challenge Fund contribution.

## 1.2 Outcomes

The supported outcome is a new approach, product, idea or service. The supported outcome is also a feasibility study/proof of concept providing an innovative and replicable solution to the identified development challenge, including evidence that the proposed solution is feasible, and an implementation plan specifying concrete actions and partnerships necessary for the implementation of the solution. It will list all associated activities, stakeholder engagement, implementation costs and possibilities for scale-up. The Awardee is to consult their solution with local partners, stakeholders and/or final beneficiaries in order to make sure that the solution is adapted to and viable in local conditions. This engagement with local partners needs to be documented.

General information about the solution will be shared on the Polish Aid website ([polskapomoc.gov.pl](http://polskapomoc.gov.pl)), across the UNDP and among the community of innovators. Project Manager will promote visibility to

---

<sup>1</sup> In line with the corporate Innovation Challenge policy and overall Programme and Operations Policies and Procedures of UNDP.

<sup>2</sup> The strategy prioritizes among other lines of action “mobilizing the Polish private sector to implement sustainable development goals in developing countries through corporate social responsibility (CSR), investments, transfer of knowledge and technology, development of commerce value chains”.

the solutions by disseminating materials and information about the solution within UNDP. Especially across UNDP country offices to explore whether the solution could be viable to tackle development challenges in other countries in the region.

### ***1.3 Award amount and budget***

The 'Partnership Project' will provide between US \$20,000 and US \$40,000 per Project through the PCF. The applicants are expected to provide **in kind or financial co-funding of at least 20% of the total Project costs**. Typical items that can be covered from the Challenge Fund may include, but are not limited to:

- Salaries of Project staff;
- Technology, design, business, development and other consultancy services;
- Advisory inputs;
- Small equipment and supplies;
- Training and workshop expenses;
- Costs including travel connected to the implementation of the Project.

The expenses shown above should be predicted to reflect the Project goals and should be clearly justified in accordance with Project objectives. **Only expenditures accrued during the Project in accordance with the Award Agreement, in line with Project objectives, necessary for achieving Project outcomes, and completed by the end of the Project are eligible for financing.** All agreements with subcontractors or third parties must be submitted with the Application and must contain provision that the Applicant retains ownership of all new intellectual property and know-how that may be created during the implementation of the Project.

Expenses that will **not** be considered for financing by PCF include, but are not limited to:

- Capital expenditures;
- Interest or debt owed to any third party;
- Expenditures and provisions for possible future losses or debts;
- Items already financed through another similar scheme, program or institution, financial awards;
- Bank and currency exchange expenses, losses, fees and penalties;
- Marketing, sales and distribution costs for promoting the technology, product or service.

### ***1.4 Duration of the Project***

The Project must be completed within 3-6 months, not later than 15 April 2021, from the Challenge Fund Award.

### ***1.5 Eligible applicants***

Entities wishing to apply to the PCF need to meet the following eligibility criteria:

- The lead Applicant must be a registered entity (private sector entities, Universities and research institutes) in the Republic of Poland.

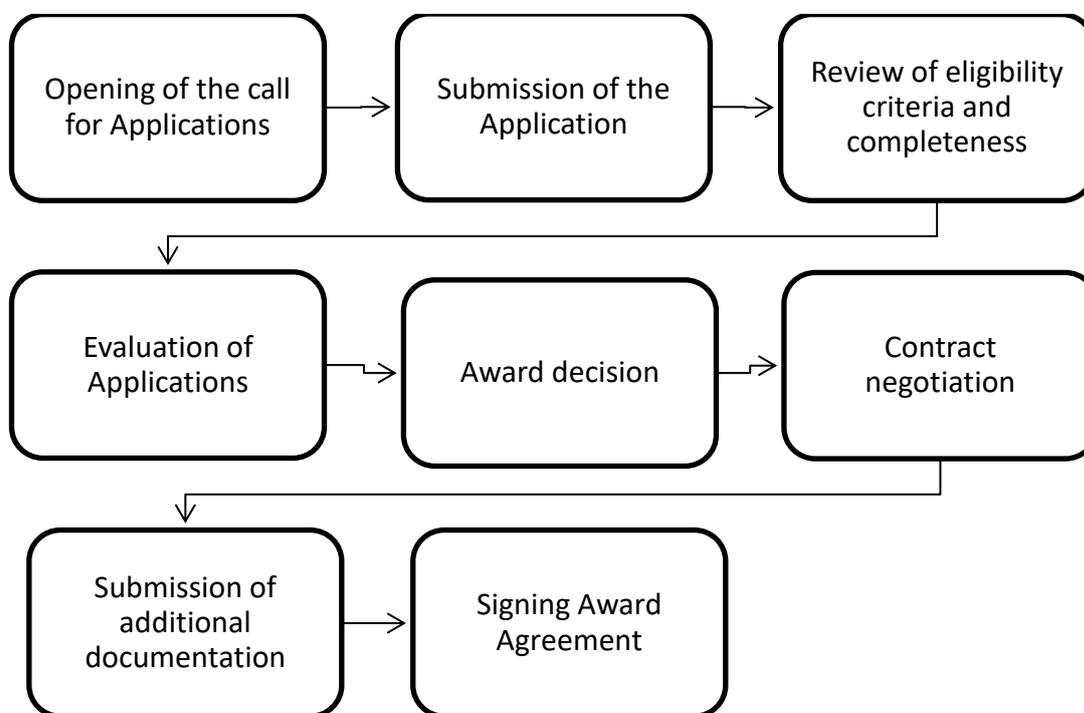
- The Project must be implemented in one of the partner countries: Ukraine or Republic of Belarus.
- All Applicants must demonstrate their capacity to implement their proposed Project and will need to demonstrate adequate financial, material, human and other non-financial resources to implement the proposed Project within the set timeframe.
- The Applicant may partner with other Entity/Entities eligible for PCF support. The Applicant is responsible for the Project and must warrant that the permission of the other members has been obtained.
- The funding request is for a specific, new and innovative Project, documented in the methodology of the feasibility study, that addresses the set development challenge. The PCF views innovation in its broadest sense including: i) a new approach, product, idea or service that has not been tested anywhere; ii) is new to the beneficiary country (if applicable); iii) has not been applied to the sector in question in the beneficiary country; or iv) service or business model being introduced to a target group where it has not been tried before.
- The proposed Project must have a potential for financial, social and environmental sustainability and scale up.
- All Projects must be inclusive in nature, benefit the target beneficiaries and contribute to the achievement of SDGs, rather than solely benefitting the participating Entity.
- The Applicants must apply for an Award ranging between US \$20,000 USD and US \$40,000.
- The Applicants provide co-funding of at least 20% of the total cost of the Project. Co-funding can be in-kind. Co-funding above the minimum threshold is preferred and will be taken into account during evaluation.
- The Projects must demonstrate that the activities funded by the PCF will be additional to the Entity's existing activities and that the Projects would not go ahead without PCF funding.

## **2. Selection process**

**The selection process is open and designed according to the principles of merit, transparency, equality and rational use of funds, by launching one call each year. (The decision to open more than one call per year could be made by the Ministry of Foreign Affairs of the Republic of Poland.)** Applications are submitted and selected against Evaluation Criteria. Each Entity may submit one

complete online Application per PCF country, however only one Application per Entity will be selected for Award. Deadlines of both Application stages are to be strictly respected.

### 3. During the evaluation process, only complete Applications will be accepted. Evaluation and selection decision



#### 3.1 Evaluation

After the deadline for online submission, all submitted Applications will be reviewed against the eligibility criteria and for completeness by UNDP Evaluation Board. All rejected Applicants will get a notice accompanied by a short explanation. For those Applicants, the selection process will be finished. They also will not have a chance to appeal.

All eligible and complete Applications will be evaluated by a five-member UNDP Evaluation Panel.

Eligible and complete Applications will be evaluated according to evaluation criteria as follows:

|    | Elements of the Evaluation   | Metrics for Evaluation  | Maximum Weighted Score (in %) |
|----|--|---|-------------------------------|
| a) | <p><b>Degree of Innovation with Consideration of Risks</b></p> <p>Degree of innovation with consideration of risks, which is demonstrated by <i>SDGs relevance, originality</i> – i.e. new product or approach, <i>new to local market/sector, disruptive</i> and <i>transferable</i>.</p> | 0 % if not demonstrated, not relevant or questionable; up to a maximum 10 % when the degree of innovation with consideration of risks is strongly and clearly demonstrated for all of the elements. | 10%                           |
| b) | <p><b>Development Impact and Project Quality, including Intervention Logic</b></p>   | 0 % if not demonstrated, not relevant or questionable; up to a maximum 20 % when the development impact, project quality and intervention logic are strongly  | 20%                           |

|    |  |  |     |
|----|--|--|-----|
|    | Development impact, project quality and intervention logic, which are demonstrated by properly set up metrics for measurement of <i>development impact</i> (incl. sector benefits, number of positively affected beneficiaries, impact on beneficiaries), <i>intervention logic</i> (incl. clear methodology where activities lead to outcomes, measurable indicators for outcomes, response to real life conditions) and <i>project quality</i> (incl. knowledge of local conditions and assessments preceding formulation of the project). | demonstrated, relevant and not questionable for all of the elements.   |     |
| c) | <b>Experience of Management and Development Team</b><br>Experience of the team, which is demonstrated by <i>practical examples/references proving relevant expertise, relevant educational and professional experience and suitable knowledge of English and local language/s.</i>   | 0 % if not demonstrated, not relevant or questionable; up to a maximum 10 % when the experience of management and development team is objectively demonstrated, there are more than 6 practical examples/references and relevant educational and professional experience, knowledge of English and local languages is demonstrated and above the level upper-intermediate. | 10% |
| d) | <b>Potential for Scale up and Replication</b><br>Potential for scale up and replication, which is demonstrated in <i>scalability</i> (incl. building on existing technology or approach, adaptable at minimum cost, addressing bigger need in market) and <i>replicability</i> (incl. easy to duplicate, adaptable to different regions and countries, usable in other sectors).   | 0 % if not demonstrated or poor, doesn't fit the market and/or is not valid for the long term; up to a maximum 10 % when the potential for scale up and replication are objectively demonstrated, i.e. methodology/plan with examples and way forward.   | 10% |
| e) | <b>Long-term Sustainability</b><br>Financial, social and environment sustainability, which fits the market and is valid for the long term.   | 0 % if not demonstrated, not relevant or questionable; up to a maximum 10 % when the sustainability strategy is excellent, strongly demonstrates it's fit for market and valid for long term for more than 5 years.  | 10% |
| f) | <b>Value for Money and Cost-effectiveness</b><br>Value for money and cost-effectiveness, which is reflected in balance between the <i>overhead costs</i> (incl. management costs, rent, production), <i>production costs</i> (incl. raw materials, equipment, licensing and taxes) and <i>delivery costs</i> (incl. installation and trainings, travel, communication and VAT).  | 0 % if did not prove value for money or exceed the budget; up to a maximum 10 % when the balance is ideal, not questionable and without possibility of risks.  | 30% |
| g) | <b>Availability of Co-funding</b><br>% of co-funding.  | 0 % for the required minimum of 20% of total project costs, then 0.5% for every additional 1% co-funding of the total projects costs, up to a maximum 10% = 40% co-funding of total project costs.   | 10% |

**Minimum threshold of 50% will be set for the evaluation of the Applications. Only Applications that pass the threshold in the evaluation will be considered for Award.**

### ***3.2 Awarding decision***

Based on the results of the evaluation of all received Applications, the overall ranking of all received Applications is created according to the number of points received, and threshold is defined by considering the available funds and the amount Applications require from the PCF. The final decision for awarding is made according to the ranking list. Only Applicants with an evaluation score above the defined threshold can be proposed for awarding. The awarding decision is guided by the principles of impartiality, transparency, and rational use of funds. Following the award decision, the selected Applicants will be offered to sign the Award Agreement. The Award Agreement, among others, contains the final Project Plan and Project Budget that is not necessarily the same as the one the Applicant submitted, resulting from negotiations with Applicant. Prior to contract signature, UNDP and successful Applicants will agree on specific activities, outputs, and timetables for the innovation. Before signing the Award Agreement, the Applicant must send all required documentation. Awarding is done under the general provisions of the Award Agreement, and the payment is done based on UNDP rules.

## **4. Implementation and monitoring of the Projects**

### ***4.1 Implementation of the Projects***

The Awardee has to carry out the Project carefully and efficiently in accordance with the Project Plan and Project Budget, respecting provisions of the Award Agreement.

The Awardee is required to implement the Project in accordance with the Project Plan. Any significant deviation from the Project Plan (e.g. changes of timetables, or proposed milestones are not achieved) requires prior written consent of the UNDP. The overall implementation will be managed by UNDP through the Project Manager, who will also cooperate with UNDP Country Offices and Polish Embassies.

### ***4.2 Monitoring of the Projects***

The purpose of the monitoring is: (i) to assess the progress of successful Project implementation in terms of activities envisaged and the Project goal achievements, and (ii) to assure that financial expenditures are in accordance with the Project Budget for the given period. Methods of monitoring will include review of submitted progress reports and on-site monitoring visits. Monitoring will ensure that key information is regularly collected and tracked to allow progress measurement against set objectives. The Awardee has to deliver a short mid-term report, and a detailed final report including all key information required for tracking progress against the targets. Any changes to the Project (e.g. regarding implementation, timelines, budget, deliverables, staff, etc.) should be communicated to the Project Manager in writing as they require written consent.

### ***4.3 Disbursement***

Disbursement of funds will be made as per milestone deliverables specified in the Project Plan. The Awardee is allowed up to ten percent (10%) expenses variations from the total Project Budget within any of major budget categories. Should the expenses variations related to any major budget category be expected to exceed ten percent, a written request for funds reallocation must be submitted for UNDP approval. In case the Awardee fails to perform any of its obligations under the Award

Agreement, the UNDP shall be under no obligation to issue any further payment upon termination of this Award Agreement, and may, at its sole discretion, require that all or any part of the payments made by the UNDP to the Awardee be repaid to the UNDP.

## **5. Impact Evaluation**

All information collected and analyzed will be used to measure the success of the PCF. Success will be measured against the set indicators. All information, and especially lessons learned will be documented, analyzed and shared.