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**Glossary**

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<tr>
<td><strong>Application</strong></td>
<td>The document with a pre-defined form, including project plan, project budget and CVs of experts, submitted to the Polish Challenge Fund (PCF) in a regular and timely manner.</td>
</tr>
<tr>
<td><strong>Applicant</strong></td>
<td>Entity submitting Application to the PCF from the Polish private sector, research institutes and universities, registered in the Republic of Poland.</td>
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<tr>
<td><strong>Award</strong></td>
<td>The financial amount received by the Awardee for the implementation of the Project. The “Partnership Project” will provide between US$20,000 and US$40,000 per project through the PCF.</td>
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<tr>
<td><strong>Award Agreement</strong></td>
<td>The Agreement between the Awardee and UNDP governing the financial award and responsibilities of the Awardee during the implementation of the Project.</td>
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<tr>
<td><strong>Awardee</strong></td>
<td>The successful Applicant, who signed the Award Agreement.</td>
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<tr>
<td><strong>Co-financing</strong></td>
<td>The matching funds secured by the Awardee for the implementation of the Project. A minimum threshold for Co-financing is 20% of the total budget of the Project. Co-financing can be financial or in-kind (e.g. cash value of use of facilities like lab or meeting spaces, patents and licenses for use, study materials, technologies, or components, etc.).</td>
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<tr>
<td><strong>Entity</strong></td>
<td>A person, partnership, organization, business or other applicable, that has a legal and separately identifiable existence. This includes Polish private sector entities, research institutes and universities, registered in the Republic of Poland.</td>
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<tr>
<td><strong>Partnership Project</strong></td>
<td>Short term for the “Polish-UNDP Partnership: Innovative Solutions for the SDGs” Project, financed by the Ministry of Foreign Affairs of the Republic of Poland and implemented by UNDP Istanbul Regional Hub.</td>
</tr>
<tr>
<td><strong>Project Manager</strong></td>
<td>Project Manager responsible for the management and the implementation of the ‘Partnership Project’ and all its activities (including the Polish Challenge Fund).</td>
</tr>
<tr>
<td><strong>Project</strong></td>
<td>The innovation Project implemented by the Entity according to the proposed Application and financed by the “Partnership Project” through the Polish Challenge Fund.</td>
</tr>
<tr>
<td><strong>Project Budget</strong></td>
<td>The total budget of the Project, comprising of the maximum 80% of the price funding (“Award”), and minimum 20% for the matching funds from other sources (“Co-financing”), submitted as part of the Application.</td>
</tr>
<tr>
<td><strong>Project plan</strong></td>
<td>Detailed description of the Project on the pre-defined form, as part of the Application.</td>
</tr>
<tr>
<td><strong>PCF</strong></td>
<td>Polish Challenge Fund. The Challenge Fund established under the “Polish-UNDP Partnership: Innovative Solutions for the SDGs” Project with the purpose to facilitate transfer of the Polish know-how and innovative solutions that would address development challenges identified by UNDP Country Offices in the programme countries and contribute to the achievement of the SDGs.</td>
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I. Basic Concept and Characteristics

**Objectives**

The Polish Challenge Fund (PCF) is a component of the "Polish-UNDP Partnership: Innovative Solutions for the SDGs" (hereafter "Partnership Project"), a Project financed by the Ministry of Foreign Affairs of the Republic of Poland and implemented by UNDP Istanbul Regional Hub during the period 2021–2022, to address development challenges in three programme countries: Georgia, Republic of Moldova and Ukraine.

The objective of the Polish Challenge Fund is to facilitate the transfer of Polish know-how and innovative solutions that would address development challenges identified by the respective UNDP Country Offices and contribute to the SDGs’ achievement.

Sustainable Development Goals (SDGs) provide a powerful aspiration for improving our world – laying out where we collectively need to go and how to get there.

SDGs refer to 17 Sustainable Development Goals adopted by all United Nations Member States in 2015. They provide a shared blueprint for peace and prosperity for people and the planet, now and into the future. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

To learn more about the SDGs, you can visit the website: [17 Sustainable Development Goals (SDGs)].

The PCF is looking for innovative solutions that generate improvement and value, especially by introducing new methods, ideas, or products. The PCF welcomes different types of innovations including products, services, programming approaches, operational changes, finance and market innovations or technology driven innovations, among others.

The proposed solutions need to be sustainable – and have a potential for scale-up and replication. The proposed solutions should also empower those who are being left behind (or who are at risk of being left behind). Gender sensitivity will be the integral part of the implemented Projects.

The eligible Applicants include Polish private sector entities, research institutes and universities. The Applicants are required to engage local partners to assure viability in local conditions, and to promote sustainability and scalability of the solution.
Outcomes

The PCF recognizes that innovations come in many forms – and welcomes different types of innovations including products, services, programming approaches, operational changes, finance and market innovations or technology driven innovations, among others. Both programmatic and operational ideas are welcome.

The PCF views innovation in its broadest sense, including:

- a new approach, product, idea, or service that has not been tested anywhere;
- new to the beneficiary country (if applicable);
- has not been applied to the sector in question in the beneficiary country; or
- service or business model being introduced to a target group where it has not been tried before.

The supported outcome is a new approach, product, idea, or service. The supported outcome can be in a form of field testing and/or feasibility study.

### Proof of Concept

To test the proposed solutions and/or to be able to tailor-make them. When the intellectual concept behind an innovation is field-tested to gain an early, 'real-world' assessment of its potential.

### Transition to Scale

When innovations that have demonstrated small-scale success develop their model and attract partners to help fill gaps in their capacity to scale.

The Awardee is expected to consult and implement the 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 partner in Georgia, Republic of Moldova and Ukraine needs to be documented in a form of Letter of Intent, Bilateral Contract or Memorandum of Understanding.

The Awardee may also identify potential financial partners, international financial institutions or donors, that could finance the implementation of the solution and scaling up.

The purpose of the PCF is also to generate and share knowledge. General information about the solution will be shared across the UNDP and among the community of innovators.
**Award and Budget**

The "Partnership Project" will provide **between US$20,000 and US$40,000** as Award through the PCF. The Applicants are expected to provide in-kind or financial co-financing of at least 20% of the total budget of the Project.

The total budget of the Project is comprised of the maximum 80% for the price funding ("Award"), and minimum 20% for the matching funds from other sources ("Co-financing").

Co-financing can be financial or in-kind (e.g. cash value of use of facilities like lab or meeting spaces, patents and licenses for use, study materials, technologies, or components, etc.).

Co-financing above the minimum threshold is preferred and will be taken into account during evaluation; 0% for the required minimum of 20% of total Project costs, then 0.5% for every additional 1% co-financing of the total Project's costs.

Typical items that **can be covered from the PCF financing** 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.
Expenses that will not be considered for the PCF financing 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.

The expenses listed above should be predicted to reflect the Project goals and should be clearly justified in accordance with the Project objectives. Only expenditures accrued during the Project in accordance with the Project plan, 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.

**Duration of the Project**

The Project must be completed within 7-12 months from the signature of the Award Agreement – but not later than September 15, 2022.

Template of Award Agreement is available on the websites of UNDP.

**Gender Equality**

When drafting the proposal and implementing the Project, the Applicant needs to pay attention to gender equality from different angles, in terms of:

- **Human resources**: balance between women and men in the implementing team(s) that will implement and publicly present the Project;

- **Content**: analysing and taking into account possible differences between men and women, boys and girls, or males and females, in the local context and innovation content of the Project.
Eligible Applicants

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

- The lead Applicant must be a **private sector entity, research institute or university registered in the Republic of Poland**.

- The Project must be implemented in one of the programme countries: **Georgia, Republic of Moldova and Ukraine**. The Applicants are required to **engage local partners** to assure viability in local conditions.

- The Applicant **may partner with other Entity/Entities** (registered in the Republic of Poland), eligible for the PCF support. The Applicant is responsible for the Project and must warrant that the permission of other partners was obtained.

- All Applicants must **demonstrate their capacity to implement** proposed Project and **adequate financial, material, human and other non-financial resources** to implement proposed Project within the set timeframe.

- The Projects must demonstrate that the activities funded by the PCF will **be additional to the Entity’s existing activities** – and that the Project would not go ahead without the PCF funding, i.e. would not take place at the same scale or have the same development impact without the Polish Challenge Fund contribution.

- The proposed Project must have a **potential for financial, social and environmental sustainability** – and scale-up and replication.

- All Projects **must be inclusive in nature**, benefit target beneficiaries, and contribute to the achievement of the SDGs, rather than solely benefitting the participating Entity.

- The Applicant must apply for an Award ranging **between US$20,000 and US$40,000**.

- The Applicants provide **Co-financing of at least 20% of the total cost of the Project**. Co-financing can be financial or in-kind. Co-financing above the minimum threshold is preferred and will be taken into account during evaluation.
II. Selection Process

The selection process is open and designed according to principles of merit, transparency, equality and rational use of funds, by launching one Call for Proposals per year. (The Ministry of Foreign Affairs of the Republic of Poland can decide to open more than one Call for Proposals per year.)

Applications are submitted and selected against clear eligibility and evaluation criteria. The Applications which fulfill all eligibility criteria, best satisfy the evaluation criteria, and can fulfill legal requirements are offered to sign an Award Agreement.

General rules for Applications:

- Each Entity may submit one Application per PCF programme country, however only one Application per Entity will be selected for Award.

- Deadline for Applications has to be strictly respected.

- Re-submission of a modified and improved Application after the deadline for Applications is strictly restricted.

- During the evaluation process, only complete Applications will be evaluated and accepted.

- Application and supporting documents (i.e. Extract from the Public Registry) have to be provided in an electronic format. Hard copy of the supporting documents might be requested.
III. Evaluation

After the deadline for submission, all submitted Applications are reviewed against the eligibility criteria and completeness. All rejected Applicants will get a notice accompanied by a short explanation. For those Applicants, the selection process is finished. They also do not have right to appeal.

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

Evaluation Criteria

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

> Degree of Innovation 10%

Degree of innovation with consideration of risks, which is demonstrated by the SDGs relevance, originality – i.e. new product or approach, new to local market/sector, disruptive and transferable.

0% if not demonstrated, not relevant or questionable; 2 points for each element (new product or approach, new to local market/sector, disruptive, and transferable, consideration of risks), up to a maximum 10% when the degree of innovation with consideration of risks is strongly and clearly demonstrated.

> Impact and Project Quality 20%

Development impact, Project quality and intervention logic, which are demonstrated by properly set up metrics for measurement of development impact (incl. sector benefits, number of positively affected beneficiaries, impact on beneficiaries), intervention logic (incl. clear methodology where activities lead to outcomes, measurable indicators for outcomes, response to real life conditions) and Project quality (incl. knowledge of local conditions and assessments preceding formulation of the Project).

0% if not demonstrated, not relevant or questionable; up to a maximum 20% when the development impact, Project quality and intervention logic are strongly demonstrated and relevant.
Experience of the team, which is demonstrated by practical examples/references proving relevant expertise, relevant educational and professional experience (of at least 2 years) and suitable knowledge of English and local language(s). Maximum of experts per team is 5 people in total, their background is diverse and brings disruptive ideas and experience, e.g., experience in working with different technologies, familiarity with the key issues confronting a certain region, etc.

0% if not demonstrated, not relevant or questionable; up to a maximum 10% when the experience of management and development team is strongly demonstrated and relevant.

Potential for scale-up and replication, which is demonstrated in scalability (incl. building on existing technology or approach, adaptable at minimum cost, addressing bigger need in market) and replicability (incl. easy to duplicate, adaptable to different regions and countries, usable in other sectors).

0% if not demonstrated or poor; up to a maximum 10% when the potential for scale-up and replication is strongly and clearly demonstrated.

Financial, social and environment sustainability, which fits the local context 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 strongly demonstrated.

Value for money and cost-effectiveness, which is reflected in balance between the overhead costs (incl. management costs, rent, production), production costs (incl. raw materials, equipment) and delivery costs (incl. installation and trainings, travel).

0% if did not prove value for money; up to a maximum 10% when the balance is ideal, not questionable and without possibility of risks.

The total budget of the Project is comprised of the maximum 80% for the price funding („Award“), and minimum 20% for the matching funds from other sources („Co-financing“). Co-financing above the minimum threshold is preferred and will be taken into account during evaluation.

0% for the required minimum of 20% of total Project costs, then 0.5% for every additional 1% co-financing of the total Projects costs up to a maximum 10% = 40% co-financing of total Project costs.

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

Based on the results of the evaluation, the overall ranking of all received Applications is created according to the number of points received, and the threshold is defined by considering the available funds and the amount of Applications required 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 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 total budget of the Project that is not necessarily the same as the one the Applicant submitted, resulting from negotiations with the Applicant.

Prior to the contract signature, UNDP and successful Applicants will agree on specific activities, outputs, and timetables for implementation.

Awarding is done under general provisions of the Award Agreement, and the payment is done based on UNDP rules.

**IV. Implementation and Monitoring**

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

Any significant deviation from the Project plan (e.g. changes of timetables, or lack of achieving agreed milestones) requires prior written consent of the UNDP.

The overall implementation will be managed by the "Partnership Project". The "Partnership Project" manager will also cooperate with UNDP Country Offices, which will be informed about the progress of the Project, and utilize their expertise to support the on-site monitoring of the Project implementation.
**Monitoring of Projects**

The purpose of the monitoring is: (i) to assess the progress of the 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 total budget of the Project for the given period.

Methods of monitoring include **review of submitted milestone reports** and **on-site monitoring visits**. The monitoring will also ensure that key information is regularly collected and tracked so the PCF and the "Partnership Project" progress can be measured towards set objectives.

The Awardee has to deliver a short milestone reports and a detailed final report, including all key information required for tracking progress against the "Partnership Project" targets and for the uses of Knowledge Management (for lessons-learned examples).

Any changes to the Project (e.g. regarding Project implementation, timelines, total budget of the Project, deliverables, Project staff, etc.) should be communicated to the UNDP contact point and the "Partnership Project" manager in writing, as they require written consent.

**Disbursement**

Disbursement of funds will be made as **per milestone deliverables specified in the Award Agreement**.

The Awardee is allowed **up to ten percent (10%) expenses variations** 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.

Requests for budget increases are not allowed and cannot by reflected by UNDP, total budget cannot exceed the approved figures from the Award Agreement.

In case that the Awardee fails to perform any 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.
The Polish Challenge Fund is a component of the "Polish-UNDP Partnership: Innovative Solutions for the SDGs", a Project financed by the Ministry of Foreign Affairs of the Republic of Poland and implemented by the UNDP Istanbul Regional Hub.