

EUROPEAN  
U R B A N  
INITIATIVE

# Terms of Reference

## EUROPEAN URBAN INITIATIVE – INNOVATIVE ACTIONS

FIRST CALL FOR PROPOSALS  
10/10/2022 – 19/01/2023

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# 1. INTRODUCTION

The Cohesion policy legislative package for 2021-2027 includes the establishment of the European Urban Initiative (set out in Article 12 of Regulation No 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund<sup>1</sup> - ERDF/CF Regulation) – an instrument of the European Union, **successor of the Urban Innovative Actions Initiative implemented during the 2014-2020 programming period**. This novel Initiative is an essential tool to support cities of all sizes, to build capacity and knowledge, to support innovation and develop transferable and scalable innovative solutions to urban challenges of European Union (EU) relevance. The ultimate goal is to inspire the use of mainstream Cohesion policy programmes in urban areas with proof-tested innovations, especially those receiving support from the European Regional Development Fund (ERDF) on specific objectives defined in Article 3 of ERDF/CF Regulation<sup>2</sup>, and to strengthen the innovation capabilities of cities as beneficiaries or intermediaries in the management of these Funds.

One of the main objectives of the European Urban Initiative (EUI), and especially its Innovative Actions Strand (EUI-IA), is to continue support initiated by the Urban Innovative Actions Initiative by **providing urban authorities throughout Europe with space and resources to identify and experiment (via pilot projects) new innovative answers to the interconnected and complex local challenges related to sustainable urban development**. Through the EUI-IA, urban authorities will have the possibility to test how new and unproven solutions work in practice and how they respond to the complexity of real life. Processes and results of experimentation will be followed by partner cities from other countries (Transfer Partners) in order to support and strengthen transferability and replicability of the tested innovative solutions across EU.

Urban authorities should seize the opportunity offered by EUI-IA to try out innovative approaches and working methods outside the scope of “normal projects” (that could be financed through “traditional” sources of funding, including mainstream ERDF programmes). EUI-IA allows cities to turn ambitious and creative ideas into prototypes that can be tested in real urban settings. In other words, EUI-IA supports pilot projects that are too risky to be funded by traditional sources of funding, provided that they are highly innovative and experimental.

**EUI-IA projects are selected through Calls for Proposals on one or more topics proposed by the European Commission (EC). The EUI has a total ERDF budget of EUR 450 million, 75% of which is earmarked to support the EUI-IA Strand. Each project can receive up to a maximum of EUR 5 million ERDF co-financing and project implementation should take place within a maximum period of 3,5 years.**

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<sup>1</sup> Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32021R1058>. The ERDF specific objectives targeted will be specified in each individual European Urban Initiative – Innovative Actions Call for Proposals.

<sup>2</sup> *Ibidem*.

The EUI is managed by the EC's Directorate-General for Regional and Urban Policy (DG REGIO) via indirect management. The EC has designated the Region Hauts-de-France (France) as Entrusted Entity, for the implementation of EUI. The EUI Permanent Secretariat has been created to assist the Entrusted Entity and to ensure the day-to-day management of EUI.

**With the present Terms of Reference, the Entrusted Entity is inviting eligible authorities to submit project proposals in the framework of the first EUI-IA Call for Proposals. For this Call for Proposals, an indicative budget of EUR 50 million ERDF is allocated.**

The present document sets out the requirements and process to follow for the first EUI-IA Call for Proposals. It should be read in conjunction with the EUI-IA Guidance, the Application Form Courtesy Working Document and other documents published on the EUI website related to the Call.

## 2. ELIGIBLE AUTHORITIES – WHO CAN APPLY

The following authorities may apply for support to undertake the EUI-IA:

- **First category:** Any urban authority of a local administrative unit defined according to the degree of urbanisation (DEGURBA) of Eurostat as city, town or suburb (corresponding to DEGURBA code 1 or DEGURBA code 2 of Eurostat) comprising at least 50 000 inhabitants.
- **Second category:** An association or grouping of urban authorities with legal status of organised agglomeration composed by Local Administrative Units, where the majority (at least 51%) of inhabitants lives in Local Administrative Units defined according to the degree of urbanisation (DEGURBA) of Eurostat as cities, towns or suburbs (corresponding to DEGURBA code 1 or DEGURBA code 2) and where the total combined population is at least 50 000 inhabitants.
- **Third category:** An association or grouping of urban authorities without legal status of organised agglomerations where all the urban authorities involved (Main Urban Authority and Associated Urban Authorities) are Local Administrative Units defined according to the degree of urbanisation (DEGURBA) of Eurostat as cities, towns or suburbs (corresponding to DEGURBA code 1 or DEGURBA code 2) and where the total combined population (Main Urban Authority and Associated Urban Authorities) is at least 50 000 inhabitants.

Only eligible urban authorities as defined above can submit an Application Form in the framework of EUI-IA Call for Proposals.

The definition of Local Administrative Units as well the classification according to the degree of urbanisation and the figures on the number of inhabitants are based on information provided in the

EUI-IA Correspondence table (“EUI-IA\_Call1\_Correspondence\_table”: [https://www.urban-initiative.eu/sites/default/files/2022-10/EUI-IA\\_Call1\\_Correspondence\\_table.xlsx](https://www.urban-initiative.eu/sites/default/files/2022-10/EUI-IA_Call1_Correspondence_table.xlsx)). This table will be used as the main reference document for the Eligibility Check. Applicants are invited to refer to Correspondence table to verify their eligibility and provide information on the Local Administrative Units included in their administrative borders and the figures concerning the number of inhabitants. Carrying out an eligibility self-assessment (based on the abovementioned Correspondence table) before filling in the Application Form is strongly recommended. In case of gaps, inconsistencies or doubts concerning the interpretation of the data included in the EUI-IA Correspondence table, applicants are advised to contact the Permanent Secretariat before filling in and submitting the Application Form. During the selection procedure the Permanent Secretariat will perform its eligibility check exclusively on the basis of the information filled in the Application Form. In cases where the applicant’s status as eligible candidate is uncertain, the Permanent Secretariat will liaise with all relevant partners, including Eurostat, to determine the eligibility.

## 2.1 FIRST CATEGORY

- Municipality/city councils/districts whose administrative borders correspond to a single Local Administrative Unit. In this case the Local Administrative Unit shall be classified as city, town and suburbs according to the degree of urbanisation (code 1 and/or 2 in the Correspondence table – column Degree of Urbanisation) and have at least 50 000 inhabitants.
- Municipality/city councils whose administrative borders include several Local Administrative Units. This is the case for municipalities/city councils in Portugal, Ireland, Greece, Malta and Latvia where the Eurostat definition of Local Administrative Unit does not correspond to municipalities/city councils but to infra-municipal units (parishes) or statistical units (electoral wards). In this case the municipality/city council can be eligible only if it has a total of 50 000 inhabitants and if the majority (at least 51% of the inhabitants) live in Local Administrative Units classified as cities, towns or suburbs according to the degree of urbanisation (code 1 and/or 2 in the Correspondence table – column Degree of Urbanisation).

## 2.2 SECOND CATEGORY

Organised agglomerations which are an association/grouping of urban authorities fulfilling the following criteria:

- To be officially recognised as a tier of local government (different from the regional and provincial level) by national law with the obligation for municipality/city councils to join the supra-municipal organisation (therefore in this category are not included associations that are composed on a voluntary basis, for a specific purpose and/or with a limited duration).

- To be composed only by municipality/city councils (therefore in this category are not included associations involving other institutions such as universities, chambers of commerce, etc.).
- To have specific competences, fixed by national law, delegated by the municipalities involved for policy areas relevant for the EUI-IA project. Associations are invited to provide precise reference to the national legal framework. Organised agglomerations shall have exclusive competences for the design and implementation in policy areas relevant for the EUI-IA project.
- To have a specific political (with indirect representation of the municipalities involved) and administrative (dedicated staff) structure.

Examples of eligible organised agglomerations in the framework of the EUI-IA are:

- France: Métropoles, Communautés Urbaines, Communautés d'Agglomération, Etablissements Publics Territoriaux (EPT) and Communautés de Communes.
- Italy: Città Metropolitane and Unione di Comuni only. Please note that Consorzi, Gruppi di Azione Locale (GAL), Convenzione dei Comuni or any other organised agglomeration that are not considered local authorities by the Italian national legislation (Testo Unico degli Enti Locali) are not eligible.
- Germany: Landkreis.
- Spain: Mancomunidades and Area Metropolitana Barcelona. Please note that "Diputaciones provinciales" (provincial governments) are considered as provincial bodies and therefore they are not recognized as eligible organised agglomerations.
- Portugal: Comunidades Intermunicipais (CIMs).

European Grouping of Territorial Cooperation (EGTC) whose partnerships are composed only of urban authorities (as defined above) and with specific competencies for policy design and implementation relevant for the EUI-IA Call are considered as organised agglomerations and therefore they can apply in the framework of EUI-IA Calls for Proposals as Main or Associated Urban Authorities. EGTCs whose partnerships include other organisations (e.g.: Member States, regional authorities, associations, universities, etc.) are not considered as organised agglomerations and cannot apply as Main or Associated Urban Authorities but they can join as Delivery Partners in a proposal submitted by an eligible urban authority.

In the framework of the EUI-IA, organised agglomerations are considered as a single urban authority representing all the municipality/city councils involved. For this reason, in a project proposal submitted by an organised agglomeration, this shall be indicated as Main Urban Authority. To verify the eligibility of organised agglomerations, the Permanent Secretariat will check that the total number of inhabitants is at least 50 000 and that the majority (at least 51% of inhabitants) live in Local Administrative Units involved in the agglomeration that are classified as cities, towns or suburbs according to the degree of urbanisation.

## 2.3 THIRD CATEGORY

Any association of urban authorities (national/regional associations of urban authorities, territorial pacts, development districts, etc.) as well as individual urban authorities without formalised cooperation agreements but willing to jointly apply, can apply identifying a Main Urban Authority among the municipalities/city councils involved and list the others as Associated Urban Authorities.

To be eligible, all urban authorities involved (Main and Associated Urban Authorities) shall be recognised as Local Administrative Units and be classified as cities, towns or suburbs according to the degree of urbanisation of Eurostat (DEGURBA code 1 or DEGURBA code 2). In case of urban authorities whose administrative borders include more than one Local Administrative Unit, the same rules for the definition of the degree of urbanisation described under section 2.1 apply. The relationship between the Main and the Associated Urban Authorities does not need to be formalised at the time of submitting the Application Form. In case the proposal is approved and supported, the relationship will have to be formalized in a form of the Partnership Agreement (Permanent Secretariat will provide the Main Urban Authority with a template).

Previous experiences show that single projects delivered by associations or grouping of cities without a status of organised agglomeration, comprising more than 3 urban authorities (Main and Associated Urban Authorities) without territorial contiguity, risk losing coherence and having difficulties in delivering meaningful results. As such, it is recommended that associations and/or groupings of urban authorities (without a status of organised agglomerations) who wish to apply should be territorially contiguous and seek to limit the number of Associated Urban Authorities involved.

## 2.4 COMMON REQUIREMENTS FOR ELIGIBLE URBAN AUTHORITIES

In addition to the principles outlined above for each specific category of eligible urban authorities, the following principles apply to all eligible urban authorities in the framework of the EUI-IA:

- All urban authorities shall be located in an EU Member State.
- Only eligible urban authorities as defined above may submit an Application Form in the framework of the EUI-IA Call for Proposals. An Application Form submitted by a Delivery Partner will be declared ineligible.
- Urban authorities (as defined above) can be listed in a project proposal only as Main and/or Associated Urban Authorities. The category of Delivery Partners is reserved only to institutions and/or organisations that are not recognised as urban authorities in the framework of the EUI-IA.
- If innovative solutions require an urban-rural interface or functional area approach, it is possible to include Local Administrative Units defined as rural according to their degree of urbanization

(DEGURBA code 3 of Eurostat) as Delivery Partners. Please note that their number of inhabitants does not count to reach the minimum eligibility threshold of 50 000. The reason for including Local Administrative Units defined as rural must be clearly presented and justified in the Application Form.

- An urban authority or an organised agglomeration can be involved in only one project proposal in the framework of each Call for Proposals (even if these project proposals are submitted under different topics in the same Call for Proposals). The rule applies also to the Associated Urban Authorities (a municipality can be involved in only one project proposal whether it is as Main Urban Authority or as Associated Urban Authority).
- Urban authorities already supported in an approved project by the EUI-IA in the framework of a previous Call for Proposals cannot submit a new Application Form on the same topic over the entire duration of the Initiative.
- Urban authorities must comply with the requirements on exclusion from access to funding (more details are provided below in the Section 8.5 “Exclusion criteria for grant applicants” and in the EUI-IA Guidance, Chapter 3.3 “Exclusion criteria for grant applicants”).

Agencies and companies (e.g.: in the field of energy/waste management, economic development, touristic promotion, etc.) fully or partially owned by the municipality/city council are not considered as Local Administrative Units and therefore cannot be recognised as eligible urban authorities. Nevertheless, these organisations can be involved in the Partnership as Delivery Partners (more details on the roles and responsibilities of Delivery Partners are provided in the EUI-IA Guidance, Chapter 2.1.2 “Typology of the European Urban Initiative – Innovative Actions Partners”).

Please note that, in the case of associations or grouping of urban authorities with legal status of organised agglomerations (second category of eligible authorities – see above for the details), the institution, including all the other urban authorities involved, is considered as a single urban authority in the framework of the EUI-IA and therefore the agglomeration shall be listed as the Main Urban Authority. In the case of associations or groupings of urban authorities without legal status of organized agglomeration (third category of eligible authorities – see above for the details), the urban authorities involved are requested to identify one municipality as Main Urban Authority and the other municipalities as Associated Urban Authorities.

### 3. THEMATIC COVERAGE FOR THE FIRST EUI-IA CALL FOR PROPOSALS

EUI was established as one of the tools supporting the implementation of the Urban Agenda for the EU – a key vehicle for the implementation of the New Leipzig Charter. In continuity with the Urban



Innovative Actions approach, EUI-IA Calls for Proposals will be organised on topics defined by the EC building on the New Leipzig Charter and on EC's priorities presenting a cross-sectorial dimension, such as the green and digital transitions. In order to raise the readability of EUI-IA projects with regard to Cohesion policy and facilitate their subsequent upscale and/or replication with ERDF funding, EUI-IA Calls for Proposals also specify the Cohesion policy specific objectives targeted by the Call. Applicants will have to pay a particular attention to demonstrate the Cohesion policy relevance of solutions they propose to test in the light of the specific objectives presented. A list of indicators (i.e. to be used and monitored together with other indicators that Project Partners will set for themselves) are also defined to facilitate the understanding of desired effects at project level, and allow for aggregating results at policy area and/or EUI-IA's level.

**For the first Call for Proposals, applicants can submit project proposals focussing on the New European Bauhaus.**

### 3.1 OVERALL DEFINITION AND CONTEXT OF THE TOPIC

The [New European Bauhaus](#) (NEB) initiative, launched by the EC in 2020, connects the [European Green Deal](#) to our living spaces and experiences and expresses the EU's ambition of creating beautiful, sustainable, and inclusive places, products and ways of living. It promotes new ways of living where sustainability matches style, thus accelerating the green transition in various sectors of our economy and in our societies as well as other areas of our daily life. The aim is to provide all citizens with access to goods that are circular and less carbon-intensive, that support the regeneration of nature and protect biodiversity. The NEB initiative calls on all of us to imagine and build together a sustainable and inclusive future that is beautiful for our eyes, minds, and souls. The NEB looks at projects, places, practices, and experiences that are:

- **Beautiful:** Aesthetically pleasing, but also inspired by art and culture, responding to needs and improving quality of experience beyond functionality.
- **Sustainable,** in harmony with nature, the environment, and our planet.
- **Inclusive,** encouraging a dialogue across cultures, disciplines, genders and ages.

On 15 September 2021, the EC<sup>3</sup> published the Communication presenting the concept of the NEB based on the findings from the co-design phase, laying out the next steps for further development of the initiative and proposing a set of targeted actions as well as funding possibilities. The Annex II<sup>4</sup> of the

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<sup>3</sup> [https://europa.eu/new-european-bauhaus/document/download/6d54623a-09c1-4a60-a8f5-7c292f679f69\\_en?filename=COM%282021%29\\_573\\_EN\\_ACT.pdf](https://europa.eu/new-european-bauhaus/document/download/6d54623a-09c1-4a60-a8f5-7c292f679f69_en?filename=COM%282021%29_573_EN_ACT.pdf)

<sup>4</sup> [https://europa.eu/new-european-bauhaus/document/download/cc1a6e27-9084-49e2-b6b5-66f8d35773d9\\_en?filename=COM%282021%29\\_573\\_2\\_EN\\_annex.pdf](https://europa.eu/new-european-bauhaus/document/download/cc1a6e27-9084-49e2-b6b5-66f8d35773d9_en?filename=COM%282021%29_573_2_EN_annex.pdf)

Communication identifies relevant EU initiatives as well as funding instruments to support the financing of local transformation projects.

Having in mind that transformation and experimentation at the local level have always been part of the DNA of Cohesion policy, the Annex II lays down DG REGIO's commitment to finance a number of highly innovative projects, selected in the first EUI-IA Call for Proposals.

The first EUI-IA Call for Proposals will fund projects to deliver **tangible, real-life examples of NEB interventions that fully integrate the three NEB core values** of sustainability, inclusiveness and aesthetics to a maximum level of ambition<sup>5</sup> according to the framework proposed in the NEB Compass.

As such, the projects should stem from and be implemented through **participatory, and trans-disciplinary** processes anchored at local level.

The EUI-IA Call for Proposals will test our ability to convert current urban challenges into opportunities, to address them through integrated solutions, translating the European Green Deal into innovative interventions that empower citizens to lead the **change towards green and inclusive** cities, towns and local communities. By focusing on **areas with the greatest potential to inspire Cohesion policy**, the EUI-IA Call for Proposals will aim at identifying **front-runners who are leading the NEB transformation of places and mobilising** Cohesion policy programmes **at a wider scale** across all the European Union.

The European Commission aims at reaching a balanced portfolio of projects meeting the highest quality standards while reflecting the geographical, spatial and demographic diversities of European cities.

## 3.2 RELEVANCE FOR AND ROLE OF URBAN AUTHORITIES

The European Green Deal is heavily dependent on urban action to achieve its main goal of climate neutrality by 2050. Cities consume over 65% of the world's energy and account for more than 70% of global CO<sub>2</sub> emissions. At the same time, cities as public domain are drivers of thoughtful innovation and resilient spaces within which institutions, socio-economic players, and the wider civil society interact as an essential ecosystem, fertile for NEB approaches.

Urban authorities, with their human and financial resources, have always been hubs for transformative ideas and novel initiatives. Their mastering of urban planning and design (including instruments and practices such as housing permits, neighbourhood retrofit and buildings adaptive re-use), their expertise in land, infrastructure or mobility management, as well as their specific knowledge of the local needs and capabilities, equip urban authorities to take the lead in turning the NEB ambitions into realities on the ground.

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<sup>5</sup> The NEB Compass provides guidance to distinguish conventional (level 1) from more elaborated approaches (levels 2 and 3) to the NEB philosophy and working methods. It is advisable to take the NEB Compass into account when conceiving project proposals and describing it in application forms.

Urban authorities are also those closer to citizens and stakeholders, well placed to mobilize the different local players (from scientists, to engineers, artists, designers, actors of the cultural and creative sectors, entrepreneurs) and engage with the population. They are legitimate to steer discussions on the local needs, connect the dots, find synergies, build bridges between various disciplines, and turn new ideas into tangible avant-garde projects.

### 3.3 PROMPTS FOR URBAN AUTHORITIES

The EUI-IA Call for Proposals will not be prescriptive with regard to the nature of expected proposals. However, cities are invited to consider the four following themes which have the greatest potential to generate innovative solutions, create a clear demonstration effect to inspire the use of Cohesion policy in urban areas, and/or could mobilise concerned funds for their uptake, in particular investments from the ERDF under the specific objectives listed in the 'Cohesion policy targets' (see section below).

**Construction and renovation in a spirit of circularity and carbon neutrality:** the theme covers projects focusing on building renovation or construction<sup>6</sup> with carbon neutral or positive performances and full circularity in mind. Beyond performance in terms of carbon emissions from the operation of the building, it entails considering emissions in a full life cycle approach. This calls for reflections on how to minimize energy consumption through the preservation or re-use of local materials and resources, the use of green technologies, as well as the reduction and/or transformation of waste. The projects should work towards achieving a regenerative architecture, which gives back more than it takes and encourages its users to adopt sustainable behaviours. Such innovative construction and renovation processes should also favour participation (e.g. in promoting citizen led activities) as well as inclusiveness (e.g. new skills, jobs and/or functions for disadvantaged collectives) in securing accessibility (including affordability) for all, with a specific attention to less-represented groups, and the long-term objective of proposing a new, replicable model of solidarity and cooperation. Finally, the new or renovated buildings should offer a real quality of experience beyond their functionality, and give a sense of belonging and care to their users and the wider community (e.g. taking into account their sensory perception - e.g. visual, tactile, acoustic - and creating a dialogue with the existing cultural, social, and natural context).

**Preserving and transforming cultural heritage:** the theme covers projects aiming to preserve, and offer equal access to, cultural heritage, or transform heritage sites with a high social purpose (e.g. with/for citizens, and in particular marginalised groups) and a low carbon footprint (i.e. a regenerative approach for the preservation and/or transformation of cultural heritage buildings and/or associated cultural services). The theme also covers the mobilisation and combination of vernacular knowledge and knowhow with new technologies for contemporary solutions and products connected to local heritage. This attention to cultural heritage may offer opportunities for renewing our dialogue with history,

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<sup>6</sup> Projects involving the construction of new buildings will be expected to reach the highest recycling performances.

building new relationships between places and people, and enabling the collective reinvention of our present and future lifestyles.

**Adapting and transforming buildings for affordable housing solutions:** the theme covers projects focusing on the adaptation and transformation of decommissioned and/or empty buildings for housing purposes through innovative, creative and/or artistic techniques or materials, and sustainable building processes. Such projects would tackle energy poverty, make housing more affordable and create the conditions for (future) inhabitants and local actors to make decisions at all stages of the buildings' lifecycle. In revitalising deprived neighbourhoods or city centres, co-developed adaptation projects can fight depopulation and/or segregation, reinforce a sense of belonging and care, and contribute to climate resilience (reducing commuting and transport greenhouse gas emissions) and a more sustainable use of land (avoiding urban sprawl). The projects may also cover innovative housing solutions that constitute temporary emergency responses with high aesthetic and sustainable standards.

**Regenerating urban spaces:** the theme covers urban regeneration projects that combine sustainability, aesthetics, and inclusion. The projects may focus on the regeneration of urban areas abandoned or experiencing difficulties (e.g. insecurity), the reconversion of brownfields including for the renaturation of cities and the development of green infrastructure, or the provision/upgrading of universal access to safe, open, and inclusive green and/or public spaces. With the objective to improve the liveability of cities for those who experience them, such regeneration projects should strive to engage inhabitants, and in particular less-represented groups or communities, in co-development processes.

### 3.4 COHESION POLICY TARGETS

Projects proposed for funding should demonstrate contribution to one of the specific objectives of the 2021-2027 EU Cohesion policy (the one most relevant to the proposed solution):

- Specific objective 2.1 “Promoting energy efficiency and reducing greenhouse gas emissions” (Greener Europe);
- Specific objective 2.6 “Promoting the transition to a circular and resource efficient economy” (Greener Europe);
- Specific objective 2.7 “Enhancing nature protection and biodiversity, green infrastructure in particular in the urban environment, and reducing pollution” (Greener Europe);
- Specific objective 4.3 “Promoting the socioeconomic inclusion of marginalised communities, low-income households and disadvantaged groups, including people with special needs, through integrated actions, including housing and social services” (More social and inclusive Europe);

- Specific objective 4.6 “Enhancing the role of culture and sustainable tourism in economic development, social inclusion and social innovation” (More social and inclusive Europe);
- Specific objective 5.1 “Fostering the integrated and inclusive social, economic and environmental development, culture, natural heritage, sustainable tourism and security in urban areas” (Europe closer to citizens).

### 3.5 RESULT AND OUTPUT INDICATORS

Project proposals will be assessed, among other criteria, on their ability to achieve credible results and on the soundness of their methodology to measure these results.

In the context of the present EUI-IA Call for Proposals in particular, urban authorities are invited to define a set of indicators capturing in an integrated way all the interconnected NEB transformations that they propose to invest in.

In their applications, urban authorities may refer to any of the indicators listed below, whenever relevant for their project ideas. The list is not prescriptive or exhaustive. It includes indicators that are not exclusively NEB specific but which can be of help to express tangible results. It should be complemented by indicators relevant to the specific project, including indicators allowing, for example, to assess the quality of processes or the level of satisfaction of affected people.

Urban authorities remain free to define their own project specific indicators, while considering those listed, in order to reflect in the clearest and most convincing way the changes which their project has the potential to accomplish. The proposed set of indicators should meaningfully cover the three dimensions of the NEB and the associated principles of participation, transdisciplinarity and multilevel engagement. It should provide basis for capturing the level of local community participation, empowerment and ownership as well as for the collaboration across different disciplines and degree of cross-sectoral integration of proposed projects.

#### Output indicators

- New products and services created (measurement unit: new products/services);
- Infrastructure supported (new, renovated, reconverted or modernised) (measurement unit: supported infrastructures);
- New equipment created and/or supported (measurement unit: new equipment);
- People supported (trained, upskilled, accompanied or assisted) (measurement unit: persons);
- Dwellings with improved energy performance (measurement unit: dwellings);

- Public buildings with improved energy performance (measurement unit: square metres);
- Green infrastructure supported for other purposes than adaptation to climate change (measurement unit: hectares);
- Surface area of rehabilitated land supported (measurement unit: hectares);
- Capacity of new or modernised social housing (measurement unit: persons);
- Stakeholders involved in the preparation and co-implementation of the project (measurement unit: participations of stakeholders);
- Citizens involved in the preparation and co-implementation of the project; (measurement unit: persons);
- Open space created or rehabilitated in urban areas (measurement unit: square metres).

### Result indicators

- Jobs created in supported entities (measurement unit: annual FTEs);
- Users of new and upgraded digital services, products and processes (measurement unit: users/year);
- Estimated greenhouse emissions (measurement unit: tonnes of CO<sub>2</sub>eq/year);
- Waste collected separately (measurement unit: tonnes/year);
- Waste recycled (measurement unit: tonnes/year);
- Waste used as raw materials (measurement unit: tonnes/year);
- Rehabilitated land used for green areas, social housing, economic or other uses (measurement unit: hectares);
- Annual users of modernised and/or buildings reconverted in social housing (measurement unit: users/year);
- Visitors of cultural heritage sites preserved and/or transformed (measurement unit: visitors/year);
- Proportion of stakeholders representing creative sectors<sup>7</sup> in the partnership (measurement unit: percentage of creative stakeholders among the partners);

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<sup>7</sup> E.g. Designers, architects, artists.

- Level of participation achieved in the engagement with local communities – information, consultation, co-creation, co-decision (measurement unit: percentage of the local population engaged).

## 4. PROJECT PHASES

EUI-IA project lifespan consist of 4 phases (see EUI-IA Guidance for details):

- Project Preparation** (covered by a lump sum) comprises all activities related to the elaboration of the project application and ends with the approval of the project for funding by the EUI Authorities.
- Project Initiation Phase** (covered by a lump sum) lasts 6 months and it starts after the project's official approval. It is disconnected from the Implementation phase, conducted before the official start of the project implementation and dedicated solely to project readiness check (including ex-ante audit), as well as for the project management activities to create the conditions for a smooth start and implementation of project activities.
- Project Implementation** phase lasts 3,5 years; it starts after the project's successful completion of the Initiation Phase and lasts until the approved project implementation end date.

Please note, that there are certain differences regarding the length of the project Work Packages implemented during the Implementation phase:

- **“Horizontal” Work Packages: Project Management, Monitoring and Evaluation, Communication and Capitalisation last for the entire period of the Implementation phase (3,5 years).** It is expected that during the last 6 months of the Implementation phase (after piloting of the innovative solution, i.e. implementation of the Thematic Work Packages, is completed) “horizontal” Work Packages will be focused on: summarising and evaluating project activities; preparing project conclusions; further communicating, disseminating and capitalising on project's results and lessons learnt; preparing the legacy of the project by reflecting on prospects to continue and upscale the tested solutions proved to be successful once the EUI-IA funding is over, adapting tested innovative solution in the Transfer Partners' cities and its further replication across Europe; as well as on the final reporting.
- **Thematic Work Packages can last up to a maximum of 3 years and should end 6 months before the Implementation phase end date,** in order to – as presented above – allow for a proper evaluation of the project implementation and experimented innovative solution towards the achievement of objectives and expected results, foster transfer activities and further capitalise on the project's achievements. The

evaluation of the performance of the project and the tested innovative solution is crucial for allowing the scale up in the project's urban area and the replicability in further cities across Europe, therefore a 6-month period after the experimentation should be dedicated to evaluation activities.

- **Transfer Work Package starts the latest 12 months after the project start date and lasts until the end of the Implementation phase.** The start of this Work Package should be decided by the MUA and the Transfer Partners after analysing the most feasible and beneficial moment to launch the cooperation. It should allow Transfer Partners to become involved at the most opportune moment already during the initial stages of implementation of a project.
- iv. **Administrative Closure** phase (covered by a lump sum) lasts 3 months and is related to all administrative activities taking place after the Implementation phase in order to close the project and obtain validation of the narrative and financial reporting documents. Please note that it is expected that during this phase, EUI-IA project representative(s) are still available to take part in the knowledge capitalisation and dissemination activities initiated by the Permanent Secretariat.

## 5. FUNDING PRINCIPLES

### Total costs principle

EUI-IA follows the total costs principle. This means that **whilst the project receives ERDF co-financing up to 80% of the eligible costs, every Partner (Main and Associated Urban Authorities, Delivery Partners and Transfer Partners) receiving ERDF needs to secure 20% at least of public or private contribution to complete its budget either from its own resources or from other sources** (but not from another EU funding source). The Partners contribution can be in the form of cash and/or in-kind.

### ERDF payments

EUI-IA payment scheme is mainly based on the principles of advance ERDF payments and ultimately of reimbursement of costs that were actually incurred:

- **A first ERDF (advance) payment** corresponding to 50% of the ERDF grant is made to the Main Urban Authority within 90 days from the successful completion of the Initiation Phase. This first advance payment also covers the two lump sums for Work Package Project Preparation and Initiation Phase. This overall lump sum of EUR 100 000 total eligible costs (corresponding to EUR 80 000 ERDF) consists of the lump sum of EUR 25 000 (corresponding to EUR 20 000 ERDF) for project preparation and the lump sum of EUR 75 000 (corresponding to EUR 60 000 ERDF) for the Initiation Phase.



- **A second ERDF (advance) payment** corresponding to 30% of the ERDF grant is made to the Main Urban Authority after the submission and approval of a Financial Claim 1 that includes project expenditure validated by the First Level Control. Prior to the validation by the First Level Control, the reported expenditure must reach at least 35% of the total project budget. In case the project expenditure validated by the First Level Control falls below 35% of the total eligible costs, the second ERDF advance payment is paid on a pro-rata basis.
- **A third ERDF payment** corresponding to maximum 20% of the ERDF grant is made to the Main Urban Authority after the approval of the (final) 4<sup>th</sup> Annual Progress Report, the approval of the Final Qualitative Report, and the validation of project expenditure in the Financial Claim 2 by the First Level Control. The final Annual Progress Report shall be submitted at the latest 1 month after the Implementation phase, and the (final) Financial Claim 2 shall be submitted together with the Final Qualitative Report at the end of the Administrative Closure phase. In case the project expenditure validated by the First Level Control falls below 100% of the total eligible costs of the project, the third ERDF payment is paid on a pro-rata basis. It is important to note that the third payment is no more based on the principle of advance payment but on the principle of reimbursement of incurred and paid costs. Therefore, Project Partners need to pre-finance their expenditure during the last phase of project implementation (not covered by the 80% of advance payment received). The third payment also covers the lump sum of EUR 20 000 total eligible cost (corresponding to EUR 16 000 ERDF), which covers the project Administrative Closure phase.

## 6. PROJECT GENERATION AND DEVELOPMENT

### 6.1 PARTNERSHIP

As presented in the section 2 “Eligible authorities – who can apply”, only eligible urban authorities can submit an Application Form in the framework of a EUI-IA Call for Proposals. Within the EUI-IA, the Main Urban Authority is expected to be directly involved in the experimentation and to play a strategic leading role in the development of the EUI-IA project by establishing and chairing a strong Project Partnership to make it technically, scientifically, and financially viable.

**Project Partnership involves:**

- **Delivery Partners** – key institutions and organisations able to contribute to the implementation of the project, having an active role in the implementation and funding of the project activities

by providing financial contribution to the project (the share of the budget ensured by a Project Partner, i.e. co-financing rate);

- **Transfer Partners** – cities interested in learning from the experimentation and replicating the innovative solution, following the project implementation and providing the Main Urban Authority with an external perspective related to the transferability and replicability of the experimented innovative solution;
- **(if applicable) Associated Urban Authority(ies).**

All Project Partners (Main or Associated Urban Authorities, Delivery Partners and Transfer Partners) benefiting from the ERDF allocation must secure their own contribution.

All Partners must be located in the European Union (it is possible to involve Delivery Partners from different countries, provided they are based in EU Member States and that there is a clear justification in terms of added value for the project). All Partners involved are also expected to formalize their cooperation by signing a Partnership Agreement.

### **Main Urban Authority**

Projects should demonstrate a clear ownership of the urban authority being actively involved in the implementation of activities and in the local partnership. The EUI-IA functions on the basis of a Main Urban Authority responsible for the overall implementation and management of the entire project. The Main Urban Authority bears the entire financial and juridical responsibility vis-à-vis the Entrusted Entity. Other Project Partners keep their own responsibility vis-à-vis the Main Urban Authority. The responsibilities of the Partnership represented by the Main Urban Authority are described in a Subsidy Contract between the Main Urban Authority and the Entrusted Entity and in the Partnership Agreement to be signed by all Partners involved after the approval of the project (and Transfer Partners after they are selected). The Main Urban Authority should ensure the involvement of all Project Partners in the design and implementation of the project.

### **Associated Urban Authorities**

Any existing association of urban authorities (national/regional associations of urban authorities, territorial pacts or associations, development districts etc.) with or without legal status of organised agglomeration as well as individual urban authorities without a formalised cooperation agreement but willing to jointly apply in the framework the EUI-IA shall list in the Application Form one Local Administrative Unit as Main Urban Authority and the other Local Administrative Units as Associated Urban Authorities. The Associated Urban Authorities are responsible for the delivery of specific activities and the production of related deliverables/outputs. Associated Urban Authorities have a share of the project budget and report the costs incurred for the delivery of the activities. Detailed information on the Associated Urban Authorities (including legal status, experience and competencies, contact persons, etc.) shall be provided in the Application Form.

It is recommended that associations and/or groupings of urban authorities (without a status of organised agglomerations) who wish to apply should be territorially contiguous and seek to limit the number of Associated Urban Authorities involved.

Associated Urban Authorities formalise the contractual relation with the Main Urban Authority by signing the Partnership Agreement, as other Project Partners, following the approval of the project.

Proposing new forms of cooperation, of mutualising means to reach the desired critical mass for a joint purpose and thus applying to a EUI-IA Calls for Proposals as a group of urban authorities is possible and sometimes highly desirable to foster functional urban area dynamics.

## **Delivery Partners**

The development of strong partnerships between public bodies, the private sector and civil society (including citizens and inhabitants) is widely recognised as a cornerstone of sustainable urban development. Depending on the issue to be addressed and based on the local context and previous experiences, Main Urban Authorities should involve a different mix of relevant Partners (institutions, agencies – even if fully owned by municipality/city councils, higher education institutes, private sector partners, investors, research institutions, NGOs, etc.), that are needed to deliver the proposed innovative solution, to achieve the project's objectives and ensure longer term effects as concerns sustainability and scale-up. Delivery Partners should have a relevant experience and expertise to complement that within the Main Urban Authority and to add value to the entire project. If projects are to address the challenges perceived as the most pressing by the stakeholders and target groups, if they are to be truly bold on innovation and committed to apply tested solutions at wider scale once the project is completed, then they should seek to benefit from the knowledge and expertise that exists outside of the urban authorities in the local ecosystem as well as of the support from public and/or private investors interested to be associated.

The Partnership should be balanced and complementary in terms of policy and thematic competences. Partnerships should seek to promote horizontal (including actors dealing with the different dimensions of the urban challenge to be addressed) and vertical integration (including different levels of governance). There is no “one size fits all” solution. Applicants should be aware that Partnerships with more than 10 partners may require extra efforts and resources to ensure an effective management.

Any organisation having legal personality can have the role of a Delivery Partner in a EUI-IA project. Delivery Partners shall have an active role in the design and implementation of the project and are responsible for the delivery of specific activities and the production of the related deliverables/outputs. Delivery Partners have a share of the project budget and report the costs incurred for the delivery of the activities. Delivery Partners should be selected in respect of the principles of transparency and equal treatment. Consultancy firms having as primary objective, the development and management of European projects and organisations with no staff budgeted (only declaring external expertise costs) are not entitled to participate in a project as Delivery Partners. Detailed information on Delivery Partners (including legal status, experience and competencies, contact persons, etc.) must be provided in the Application Form. In principle a Delivery Partner can be involved in several project proposals in the framework of the same Call for Proposals provided that the contribution and the added value in the

different projects are clearly justified.

Please note, that urban authorities cannot be considered and listed as a Delivery Partner but only as Main Urban Authority or Associated Urban Authority, provided they fulfil the eligibility criteria listed above.

### **Transfer Partners**

Transfer Partners are urban authorities which join the Project Partnership in order to follow and learn from the experimentation. It is expected that each EUI-IA project will have 3 Transfer Partners originating from other Member States than the Main Urban Authority.

Any urban authority of a local administrative unit defined according to the degree of urbanisation (DEGURBA) of Eurostat as city, town or suburb (corresponding to DEGURBA code 1 or DEGURBA code 2 of Eurostat) and located in the European Union can become a Transfer Partner. There is no minimum number of inhabitants required (cities of all sizes can become Transfer Partners).

The logic behind Inviting Transfer Partners to the Project Partnership is to foster the adaptability of the tested solution to other urban contexts in the EU and then enhance its chances to be replicated abroad and deployed at wider scale in the longer term, possibly with funding from mainstream Cohesion policy programmes and from the ERDF in particular. Additionally, it may also contribute to support knowledge exchange between the EU cities and build long-term relations between them. Being involved in the experimentation will allow Transfer Partners to reinforce their own innovation potential and increase their capacity for implementing innovative solutions (both in terms of content and process) and prepare the process of adapting and replicating, in all or in part, the tested innovative solution in their own cities by participating in the transfer activities and benefiting from a solution they will see materialising and bringing results, but also overcoming problems and obstacles that pave the way to innovation.

Transfer Partners must be identified and selected and are expected to commit to the Project Partnership the latest during the Initiation Phase. The transfer cooperation, implemented through the Work Package Transfer, must start no later than 12 months from the start of the project implementation. Transfer Partners will have a fixed budget allocated to them.

### **Involvement of target groups and of wider stakeholders**

When developing the EUI-IA project and throughout all project phases, it is necessary to identify and involve **the wider stakeholders' group, depending on the character of the project: local communities, social partners, business, NGOs, experts, institutions, organisations, individuals etc., as well as project's target groups (i.e. depending on the projects: citizens, trainees, job seekers, vulnerable groups and/or marginalised communities, users of a given service or administration), that may influence or be influenced by the project.** Identifying stakeholders, understanding their influence on the EUI-IA project, and balancing their needs and expectations are critical to the success of the project. Therefore, urban authorities should bring all relevant stakeholders around the table to better frame the problems and needs, agree on a shared vision or desired change that the EUI-IA project should contribute to achieve, and design concrete solutions and actions that will tackle the problems and lead to the desired change.

The wider group of stakeholders benefit directly and/or indirectly but has no direct role in the EUI-IA project implementation and should not be considered as partners of the EUI-IA project. Therefore, they have no specific budget allocated, neither explicit responsibilities in the project implementation but are considered relevant and should be actively involved (co-creation) to ensure a smooth and effective delivery of the project.

## 6.2 PROJECT INTERVENTION LOGIC AND WORK PLAN

**The Intervention Logic of the EUI-IA project is a representation of clear and well-thought-out understanding how planned actions are expected to lead to the desired change and intended results.** It is a way of describing the logical sequence between initial needs, inputs, projects activities, outputs, results and ultimate impact. It is a tool to structure complex interventions and to prepare the evaluation of a project. The Intervention Logic describes: What is the rationale for the intervention/project? What are the challenges/needs that triggered the intervention? What problems is the intervention meant to solve? What is the "desired change"? How are these changes to be achieved?

The Intervention Logic is composed of strategic, operational, and monitoring and evaluation components:

- Strategic components include: overall objective, specific objectives and expected results.
- Operational components include: project Work Plan, Work Packages, activities, deliverables and outputs.

**Project Work Plan** explains the "how" of your project. It's a roadmap representing the guide for implementing your project if it gets funded. The Work Plan is a breakdown of the project into major steps called Work Packages, and Work Packages are broken down into smaller steps called activities. Activities lead to deliverables and each Work Package leads to one or more outputs.

**Work Packages** are building blocks of the Work Plan, they represent the main pillars of the project and are composed of related project activities required to deliver specific components of the project and produce project outputs. To structure the EUI-IA project the following set of Work Packages should be used:

- Work Package Preparation and Initiation Phase
- Work Package Project Management
- Work Package Monitoring and Evaluation
- Work Package Communication and Capitalisation

- Work Packages Thematic
- Work Package Transfer
- Work Package Closure
- Monitoring and evaluation components include: output indicators and result indicators.

## 6.3 SUPPORT OF EXPERTS

**Each project financed in the framework of the EUI-IA will benefit from the support of a EUI Expert.** More specifically, EUI Experts will provide projects with:

- Advice and guidance at a strategic and operational level on the project and its implementation.
- Assistance in the development of project documentation and outputs that will capture and disseminate achievements and post-implementation prospects (sustainability, scale-up and transferability potential), lessons learnt and good practices, to a wider audience in view of facilitating the deployment of the most successful innovations in other EU cities.
- Participation and contribution to capitalisation and dissemination activities.
- Assistance in the implementation of the Transfer Work Package.

The support and advice will be provided by the EUI Experts on an ongoing basis throughout the implementation process of projects as well as during the closing phase.

EUI Experts are individuals with in-depth knowledge of the urban topics of relevance for each Call for Proposals; experience in working with urban authorities on projects involving public investments and their physical realisation; as well as a good understanding of the Cohesion policy framework and proven experience in supporting urban experimentation and innovation.

**The EUI-IA directly covers all costs related to the activities of EUI Experts (including costs for travel and accommodation). Therefore, applicants should not foresee any budget for that purpose in their Application Form.**

## 6.4 TRANSFER

A key novelty in comparison to the Urban Innovative Actions projects financed during the 2014-2020 programming period is the embedment of the transnational transfer component as an integral part of EUI-IA projects.

It is important to underline that the primary focus of the EUI-IA projects remains on the testing of new innovative solutions in a given locality, but with this new component it is expected that the processes and results of experimentation will be followed by partner cities from other countries (Transfer Partners). A dedicated Transfer Work Package is now included in all EUI-IA projects, with specific activities, budgets, deliverables and outputs.

EUI-IA is established to identify and support the testing of transferable and scalable innovative solutions to address issues relating to sustainable urban development at the European Union level. It also aims at collecting and sharing results from experimentations (also via supporting transfer activities) to foster innovation capacities and knowledge building for all EU urban areas. The objective is that EUI-IA project outputs are used (replicated, scaled up) by other EU cities increasing the impact of the whole Initiative, contributing to urban policymaking on different levels, as well as supporting cooperation between European urban areas.

Incorporation of the transfer component should focus on:

- allowing Transfer Partners to follow the planning and piloting of the tested innovative solution,
- allowing Transfer Partners to analyse their local urban contexts in order to better understand how the innovative solution can be adapted to meet local needs and conditions,
- exchange of knowledge and experience between all the Project Partners,
- sharing critical inputs that can both bring the external perspective to the EUI-IA project and inspire Transfer Partners,
- the preparation, by Transfer Partners, of a documentation that can serve them for the future replication of the innovative solution (Replication Feasibility and Opportunity Study and investment documentation),
- the preparation, by the Main Urban Authority and its Project Partners, of the legacy of the EUI-IA project in the form of a EUI - Innovative Solution Model to be used by other EU cities interested in the innovative solution.

The above activities can be realised using the following **palette of working methods**: site visits, on-line or off-line workshops/meetings/discussions, peer review activities, own work of the Transfer Partners allowing them to further capitalise on learnings coming from the transfer exchange but also to prepare for future replication of the innovative solution, and other desired forms of work and cooperation.

Transfer Partners are expected to prepare the following learning and investment deliverables and outputs: **Transfer Capacity Survey, Replication Feasibility and Opportunity Study** – (one per each Transfer Partner). They are also allowed to finance **investment documentation and the implementation of a small-scale pilot investments**.

The Main Urban Authority is expected to prepare an **EUI - Innovative Solution Model** – a final document focused on the transferability and scaling up of the tested innovative solution in order to allow others (not only Transfer Partners but also all interested EU cities) to learn about the findings of the experimentation and receive some guidance on how to approach replication.

The total budget of the Work Package Transfer is to be decided by the EUI-IA applicant and should include:

- a budget allocated to the Main Urban Authority and relevant Delivery Partners supporting implementation of the Transfer Work Package;
- budgets for each Transfer Partner in a form of a lump sum (simplified cost option) amounting to EUR 150 000 (corresponding to EUR 120 000 ERDF and own contribution of EUR 30 000).

The Main Urban Authority holds the responsibility for the identification and selection of the Transfer Partners it wishes to integrate into the Partnership. The process of identifying Transfer Partners should start already at the application stage, when applicants are asked to identify other European urban areas that could benefit from replicating the proposed solution in view of the favourable conditions for transfer (similar characteristic, contexts) or of increasing their innovation potential; to elaborate on how the most suitable Transfer Partners will be identified and specify potential Transfer Partners, if already identified, together with the underlying motivations/rationale. Since one of the EUI-IA's objectives is that project outputs will be used by other cities, increasing the impact of the whole Initiative and that the ambition of the EUI-IA is to increase the replicability of the innovative solutions developed by the projects, it is important that projects at application stage can demonstrate a well-elaborated process, rationale and motivation behind the selection of the most suitable Transfer Partners.

**Transfer Partners must be identified at the latest during the Initiation Phase and successful completion of the Initiation Phase is conditioned by Transfer Partners signing, as minimum, letters of intent.**

The selection of the Transfer Partners should allow: (i) to maintain a good balance in terms of variety of cities involved in the Partnership (their size (small, medium-sized, large cities) and localisation (less-developed, transition and more developed regions)), and (ii) to gather the most relevant Transfer Partners for the quality of the replication activities. Therefore, **the selection of the Transfer Partners will follow some guiding principles:**

- Transfer Partners come from different EU Member States;
- At least two of the four cities involved (the Main Urban Authority + the 3 Transfer Partners) are located in less developed or transition regions <sup>8</sup>;
- The partnership includes cities of different sizes.

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<sup>8</sup> <https://ec.europa.eu/eurostat/web/regions/background>



## 6.5 COST CATEGORIES

The following cost categories can be used by the EUI-IA projects:

- Staff
- Office and administration
- Travel and accommodation
- External expertise and services
- Equipment
- Infrastructure and construction works

For each cost category, in the EUI-IA Guidance, a definition is provided as well as guidance for budgeting and reporting. Project Partners are strongly recommended to seek advice from the Permanent Secretariat if there is any issue related to the eligibility of expenditure that is not answered by the present rules. Please note that Transfer Partners' expenditures are covered by a lump sum.

Expenditure, declared by the project, must be audited by a First Level Control. The independent First Level Control opinion must cover the legality and regularity of the expenditure declared, the delivery of the products and services, the soundness of the expenditure declared and the compliance of expenditure and operations with the EUI-IA, EU and national rules. As the First Level Control is directly appointed and paid by the EUI-IA, no control (audit) costs should be foreseen by the Project Partnership when setting up the project budget. On-the-spot controls on the projects will also be organised by the First Level Control. On-the-spot control means that the **First Level Control will actually visit the project and verify that certain activities, purchases of services and products as well as investments have actually taken place in accordance with the approved Application Form during the implementation, and that related regulations have been respected.**

As stated in the funding principles, the EUI-IA projects follow the "total costs" principle: a project is co-financed by the ERDF up to 80% of the total eligible costs, and each Project Partner (Main or Associated Urban Authority, Delivery Partner and Transfer Partner) receiving ERDF must secure a financial contribution to complete its budget up to the contribution target (20% of the Partner eligible costs at least).

When such contributions stem from private sources, they fall outside the context of State aid law. When contributions stem from public sources and in so far as the project activities are non-economic, funding for such activities will not constitute State aid. However, when there are contributions from public resources of a Member State to projects which involve "economic activities", i.e. offering goods and services on the market, then such projects must be designed in a way that any public contributions comply with State aid rules at all levels, that is either at the level of the owner, constructor and/or operator of the project or facility. In such cases, the public funding provided should be in line with the

requirements of the De Minimis Regulation, or with conditions set in the General Block Exemption Regulation (GBER) or the SGEI Decision for Services of General Economic interest.

Detailed information on public procurement and State aid are provided in the EUI-IA Guidance.

## 7. APPLICATION PROCESS

The **application pack** for the EUI-IA first Call for Proposals consists of the following:

- The present **Terms of Reference** available in all EU languages. However, in case of discrepancies, please note that the English version prevails.
- **EUI-IA Guidance (available only in English)** which needs to be extensively consulted regarding the overarching rules of the Initiative.
- **Technical guidance for the Electronic Exchange Platform (EEP)**.
- Detailed instruction on how to fill in the **Application Form available online** in all EU languages on the EEP system. However, in case of discrepancies, please note that the English version prevails.
- **Application Form Courtesy Working Document** (a working version of the Application Form and the Confirmation Sheet – a Word document available only in English) as a tool to help in the application drafting process.

All documentation can be found on the EUI website.

The application process is 100% paperless through the use of the EEP (<https://eep.urban-initiative.eu/>).

**The application consists of:**

- **Application Form:** The Application Form must be filled in using the online EEP platform. It is composed of sections presenting the project idea and the rationale (including information on the innovativeness of the proposal), the Partnership (including the Main Urban Authority, the Delivery Partners, Transfer Partners, and if relevant the Associated Urban Authorities), the main objectives and expected results, the proposed Work Plan and budget. Editing and submission is only possible during an open Call for Proposals. The application includes a number of automatic links, formulas and checks. These features mean that error messages appear in the form if it is not properly filled in (including missing Confirmation Sheet), and it cannot be submitted. This helps to significantly reduce the risk of submitting ineligible applications.

- **Annex:** Applicants can upload one annex in the EEP system that will be attached to the Application Form. This could be a map presenting the area of intervention, a graph, an infographic, etc. The type and size of the file to be annexed are specified in the EEP Guidance.
- **Confirmation Sheet:** The Confirmation Sheet is automatically generated by the online platform when the Application Form is being completed or after its completion. It must be printed, signed by a legal representative of the Main Urban Authority, scanned and uploaded in the Application Form Part H “Confirmation Sheet”. The Application Form cannot be submitted without the Confirmation Sheet.

It is strongly recommended that applicants fill in the Application Form in clear English, although it may also be submitted in any of the official EU languages. It should be noted that the Strategic and Operational Assessments will be done on the basis of the English version of the Application Form (translated in English by an external provider contracted by the Permanent Secretariat, in case the Application Form is submitted in another language). The quality of the translation will not be guaranteed by the Permanent Secretariat and therefore is at the applicants’ risk. Moreover, the Subsidy Contract, project management, formal reporting, key deliverables and all communication with the Entrusted Entity and the Permanent Secretariat will have to be in English.

**The final deadline for the submission of the Application Form and Confirmation Sheet is  
19/01/2023, 14h00 CET**

## 8. SELECTION PROCESS

Following submission, each application is subject to a selection process organised along the following steps:

1. Eligibility check
2. Strategic Assessment
3. Operational Assessment

## 8.1 ELIGIBILITY CHECK

Upon closure of the EUI-IA Call for Proposals, the Permanent Secretariat carries out an eligibility check on all submitted project applications before the Call deadline. The purpose of the eligibility check is to verify the compliance of the received Application Forms and their annexes with the formal eligibility criteria; avoid further assessment of ineligible applications; and ensure equal treatment of all proposals to be selected for funding.

The EUI-IA eligibility criteria are the following:

1. The Application Form has been submitted electronically via the EEP before the deadline indicated in the Terms of Reference of the Call for Proposals.
2. The Application Form is completely filled in.
3. The applicant is a single urban authority of a Local Administrative Unit defined according to the degree of urbanisation as city, town or suburb (corresponding to DEGURBA code 1 or DEGURBA code 2 of Eurostat) and comprising at least 50 000 inhabitants.

**OR**

The applicant is an association or grouping of urban authorities with legal status of organised agglomeration composed by Local Administrative Units, where the majority (at least 51%) of inhabitants lives in Local Administrative Units defined according to the degree of urbanisation (DEGURBA) of Eurostat as cities, towns or suburbs (corresponding to DEGURBA code 1 or DEGURBA code 2) and where the total combined population is at least 50 000 inhabitants.

**OR**

The applicant is an association or grouping of urban authorities without legal status of organised agglomerations where all the urban authorities involved (Main Urban Authority and Associated Urban Authorities) are Local Administrative Units defined according to the degree of urbanisation (DEGURBA) of Eurostat as cities, towns or suburbs (corresponding to DEGURBA code 1 or DEGURBA code 2) and where the total combined population (Main Urban Authority and Associated Urban Authorities) is at least 50 000 inhabitants.

4. The eligibility period is respected: the end date of the project respects the Call and the Initiative requirements.
5. The maximum budget requirements (maximum EUR 5 million ERDF) and the co-financing principle (minimum 20% of contribution secured by the Partnership) are respected.
6. All Partners involved (Main Urban Authority, Associated Urban Authorities and Delivery Partners) are from EU Member States.

7. In case of an association or grouping of urban authorities without a legal status of organised agglomeration, a Main Urban Authority and the Associated Urban Authorities are presented in the Application Form.
8. Applying urban authorities (Main Urban Authorities and/or Associated Urban Authorities) are involved in only one project proposal in the framework of the same Call for Proposals.
9. Applying urban authorities (Main Urban Authorities and/or Associated Urban Authorities) have not been selected and funded on the same topic from a previous EUI-IA Call for Proposals.
10. An unmodified Confirmation Sheet duly signed by the Main Urban Authority's legal representative is uploaded in the EEP, in the Application Form Confirmation Sheet Section.

**If not all requirements set out above are complied with, the application is deemed ineligible and no further assessment is undertaken.** Applicants will be notified at the end of the Eligibility check of the decision regarding their application (going forward or not).

## 8.2 STRATEGIC ASSESSMENT

Applications that are declared eligible and admissible will be subject to a Strategic Assessment carried out by a Panel of External Experts. The Strategic Assessment accounts for **70%** of the weighting given to the overall project assessment and consists of the following criteria:

- **Innovativeness and relevance** (30%) To what extent is the applicant able to demonstrate that the project proposal is a new solution that has added value in relation to the topic of the Call? To what extent is the solution relevant to the local context and to Cohesion Policy objectives?
- **Partnership and co-creation** (12%) To what extent is the Partnership relevant and solid to implement the proposed solution and achieve expected results. To what extent the proposal allows meaningful participation and co-creation from stakeholders, target groups and citizens?
- **Measurability of results and impact** (12%) To what extent are expected results specific and realistic, and reflecting project expected impact on the local context, as well as beneficiaries/end users?
- **Sustainability and up scaling** (8%) To what extent will the project provide a durable contribution to address the identified challenge? To what extent the proposed solution will be self-sustainable beyond its end date and has the potential to be up scaled if proven successful?
- **Transferability** (8%) To what extent will the project have the potential to be transferable to other urban areas across Europe?

The indicative assessment questions for each criterion are presented in the EUI-IA Guidance, Chapter 3.2 “Selection process”.

As a result of the Strategic Assessment, the Panel of External Experts elaborates an assessment of the applications and ranks them based on their Strategic Assessment scoring. In agreement with the EC, short listed applications in the overall ranking move forward to the Operational Assessment. Applicants are notified at the end of the Strategic Assessment process of the decision regarding their application (going forward or not).

## 8.3 OPERATIONAL ASSESSMENT

The Operational Assessment is carried out by the Permanent Secretariat and accounts for **30%** of the weighting given to the overall project assessment. The main objective of the Operational Assessment is to assess the robustness of the proposal i.e.: is it justified, realistic, consistent and coherent, complete, ready to be managed effectively and implemented swiftly and if it demonstrates value for money. The following criteria are under evaluation during the Operational Assessment:

- **Project Design and Logic** (12%) To what extent are Work Plan elements (activities, deliverables, outputs, indicators) complete, realistic, consistent and coherent? To what extent will the proposed project design lead to the achievement of objectives and expected results?
- **Project feasibility and operational readiness** (8%) To what extent the proposal demonstrates to be feasible (to be implemented within the given time-frame) and operationally ready?
- **Organisational arrangements and operational capacity** (5%) To what extent are management and communication activities appropriate and supporting the overall implementation of the project?
- **Budget** (5%) To what extent is the budget coherent and proportionate?

The indicative assessment questions for each criterion are presented in the EUI-IA Guidance, Chapter 3.2 “Selection process”.

After the Operational assessment, a Selection Committee makes the final selection. Applicants will be notified at the end of the Operational Assessment process of the decision.

## 8.4 ASSESSMENT SCORING SYSTEM

A scoring system is used to help in the decision-making process. A score of 1 to 10 is attributed to each weighted criterion; it results in an average score per project. The following scoring scale is used:

9-10 – excellent

7-8 – good

5-6 – adequate

3-4 – poor

1-2 – very poor

Please note that if a project scores less than or equal to 4 under any assessment criterion, it is automatically rejected and will not be further processed.

The scoring system is applied taking into account not only the specific merits of each project proposal but also in the spirit of a competitive process considering comparatively the other project proposals submitted in the framework of the same Call for Proposals. For this reason, applicants of project proposals not shortlisted for the Operational Assessment or not finally approved are not provided with their respective scores but with detailed comments for all criteria assessed.

Project applicants should note that being a selected project at the outcome of the selection process does not entitle them automatically to receive the corresponding EU grant. Should the conditions defined during the project Initiation Phase not be met (considering the project is not ready enough to be operationalised), the Entrusted Entity reserves the right to terminate the project and remove it from the list of the EUI-IA approved projects (for more details, see EUI-IA Guidance, Chapter 4 “Initiation Phase and Contracting”).

## 8.5 EXCLUSION CRITERIA FOR GRANT APPLICANTS

In accordance with Financial Regulation<sup>9</sup>, applicants may be excluded from the grant award procedure if the Main Urban Authority or persons having powers of representation, decision-making or control within the Main Urban Authority, or persons who are essential for the implementation of the project are in one or more of the following exclusion situations:

- bankruptcy, insolvency or winding-up procedures,
- breach of obligations relating to the payment of taxes or social security contributions,
- grave professional misconduct, including misrepresentation,

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<sup>9</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012: <https://eur-lex.europa.eu/eli/req/2018/1046/oj>

- fraud,
- corruption,
- conduct related to a criminal organisation,
- money laundering or terrorist financing,
- terrorist offences or offences linked to terrorist activities,
- child labour and other trafficking in human beings,
- irregularity,
- creating or being a shell company.

During the application process, all applicants must submit with the Application Form a declaration confirming that the Main Urban Authority and the Project Partners does not fall under one of the exclusion criteria above mentioned. This declaration is included in the Confirmation Sheet attached to the Application Form in the EEP. Please note that the Confirmation Sheet must be duly signed by the Main Urban Authority's legal representative for the application to be considered eligible during the Eligibility Check.

During the selection procedure and prior to the final decision of the Selection Committee on the grant award, the Permanent Secretariat checks applicants in the Early Detection and Exclusion System (EDES), the system established by the European Commission to reinforce the protection of the Union's financial interests and to ensure sound financial management<sup>10</sup>. If a Main Urban Authority is detected in the EDES, the Permanent Secretariat notifies the applicant, who has then the opportunity to present a defence before the final decision of the Selection Committee, in compliance with the principle of proportionality.

## 9. INITIATION PHASE AND CONTRACTING

The Initiation Phase covers the first 6 months before the project Implementation phase. Its purpose is to ensure that all administrative conditions are met for a smooth and efficient start of the project implementation and to provide guarantees on the level of readiness of the project (project

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<sup>10</sup> Article 142, Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union.



**management, project implementation, risk management).** The main aspects addressed during this phase are trainings on the project management (including introduction to the reporting and monitoring framework), the fulfilment of administrative and legal requirements for the project start, the integration of the Selection Committee recommendations, the ex-ante audit and readiness check. The Initiation Phase also aims at establishing a fruitful cooperation between the project and the Permanent Secretariat.

**The project readiness check is a process embedded in the Initiation Phase to prevent as much as possible major unexpected issues during the project implementation.** The project readiness check is carried out both by the First Level Control during the ex-ante audit and by the Permanent Secretariat and covers the whole scope of management, administrative, financial, and operational issues likely to affect the sound execution of the project and the achievement of targeted project results. The readiness check examines also if the project has a reliable strategy and sufficient anticipation with regard to the topics addressed in the Application Form "Risk management" Section (i.e. project management, human capacity to implement project, readiness in procurement procedures, realistic timeline, legal environment for project implementation, investments-related documentation, location and administrative authorizations...).

**If the Initiation Phase is not successfully completed within the proposed timeframe of 6 months (any of the above-mentioned steps not finalized, or negative outcome of the ex-ante audit and/or readiness check), the Entrusted Entity has the right to terminate the project** (considering the concept is not ready enough to be operationalized) and remove it from the list of the EUI-IA approved projects. In that case, only the two lump sums for Project Preparation and Initiation Phase are paid to the project. If the Initiation Phase is interrupted before being completed (e.g., the project drops out), only the lump sum foreseen for Project Preparation costs will be released to the Main Urban Authority.

A successfully completed Initiation Phase is the sine qua non condition for receiving the ERDF funding for implementation and start of the project Implementation Phase.

## 10. HOW TO GET ASSISTANCE

The Permanent Secretariat staff will be ready to assist applicants with any technical questions they may have during the EUI-IA Call for Proposals - details can be found on the EUI website. In addition:

- The Permanent Secretariat will organise Applicants Seminars in different cities across Europe. Dates and venues of the Applicants Seminars can be found on the EUI website. During these seminars, participants will have the possibility to book bilateral meetings with members of the Permanent Secretariat and/or representatives of the EC to discuss their project idea.
- On-line webinars on specific aspects of the project development and submission will be organised.

- Online Q&A section is provided on the EUI website and bilateral on-line consultations will be held.
- The application pack (consisting of: the Terms of Reference, EUI-IA Guidance, Technical guidance for the Electronic Exchange Platform (EEP), detailed instruction on how to fill in the Application Form available online in all EU languages on the EEP system, and Application Form Courtesy Working Document) are available on the EUI website.

## 11. KEY DATES

- **10/10/2022** – launch of the first EUI-IA Call for Proposals
- **10/2022 – 12/2022** – Applicant Seminars and online consultations
- **19/01/2023 (14h00 CET)** – deadline for the submission of the Application Forms
- **07/2023** – indicative date for the final decision for the approval of projects
- **02/2024** – end date of the Initiation Phase
- **01/03/2024** – start date of implementation for all approved projects

We look forward to reading your project proposals soon!