Terms of Reference
EUROPEAN URBAN INITIATIVE – INNOVATIVE ACTIONS

THIRD CALL FOR PROPOSALS
06/05/2024 – 14/10/2024

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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[1] - 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[2], 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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[1] 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.

[2] *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 third EUI-IA Call for Proposals. For this Call for Proposals, an indicative budget of EUR 90 million ERDF is allocated.

The present document sets out the requirements and process to follow for the third 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 (https://www.urban-initiative.eu/sites/default/files/2024-05/EUI-IA_Call_3_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 agglomoeration 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.

- 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 THIRD 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 third Call for Proposals, applicants can submit project proposals focussing on one of the two topics: Energy transition and Technology in cities.

3.1 ENERGY TRANSITION

OVERALL DEFINITION AND CONTEXT OF THE TOPIC 'ENERGY TRANSITION'

Energy is central to the European Union's transition to climate neutrality by 2050, in line with the [European Green Deal](#). Responsible for more than 75% of greenhouse gas emissions in the EU, the energy sector is undergoing a profound transformation towards a net-zero economy.

Russia's war of aggression against Ukraine has also recalled Europe's critical dependency on fossil fuel sources and the heavy economic toll it takes in case of shortages, in particular on vulnerable groups and sectors highly dependent on energy.

As part of its response, the EU adopted the [REPowerEU](#) plan to: (i) reduce EU's dependency on fossil fuels through energy savings; (ii) diversify supplies; and (iii) quickly substitute fossil fuels with renewable and low-carbon alternatives.

More recently, the Commission proposed to include clean and bio technologies (including for energy production and consumption) among the critical technologies on which to build the EU's industrial sovereignty and longer-term competitiveness, as part of the strategic technologies for Europe platform (STEP)[3].

The EU relies on a comprehensive legislative and policy framework that sets targets for the use of renewable energy, energy efficiency and the decarbonisation of the building stock. Reaching these objectives requires the mobilisation from all actors. Member States have been called to develop final updated National Energy and Climate Plans (NECPs) by June 2024[4] to outline their respective

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[3] Regulation (EU) 2024/795 of 29.02.2024 establishing the Strategic Technologies Platform (STEP).

[4] [National energy and climate plans (europa.eu)](#)

contributions. It is estimated that an additional investment of EUR 620 billion annually compared to current levels is needed for the EU energy transition[5].

In this context, Cohesion policy plays a key role and is all geared towards achieving a socially just energy transition. For the period 2021-2027, 33% of allocations to programmes from the European Regional Development Fund (ERDF) and 56% from the Cohesion Fund will be made available for investments into climate action, including to support energy conservation (particularly in buildings), sustainable urban mobility and adaptation to climate change in Member States, regions, cities and towns. More than 15% of these funds will be directed to save energy, promote renewable energy, enhance smart grids and up- and reskill people for the green and digital transition. In addition, the Just Transition Fund, as a new instrument created to make sure that no region is left behind, will invest another EUR 25 billion in skills and economic diversification, the support to renewable energy sectors and the decarbonisation of carbon-intensive industries in coal regions and other territories most affected by the negative impact of the climate transition. Altogether, a Cohesion policy envelope of EUR 110 billion represents an unprecedented opportunity to secure a sustainable path towards a climate-neutral Europe[6].

Addressing air pollution, the security and affordability of energy supply and availability of carbon-free public transport, buildings and services in urban areas in a holistic manner requires innovative, integrated and socially inclusive solutions. It is essential to embed the energy transition into integrated approaches beyond traditional sectors (energy, transport and waste management) in order to address wider societal goals such as active mobility, affordable housing, energy poverty, circular economy, public health, and/or the fostering of jobs and skills for the green transition.

Under the topic 'Energy transition', the EUI aims at supporting the testing of transferable and scalable innovative solutions in real-life settings for economically viable, smarter and more integrated local energy networks, zero carbon and demand driven while empowering citizens and stakeholders to accelerate the transition.

The topic 'Energy transition' contributes to and has interconnections with a number of EU policies and initiatives such as the EU Green Deal, REPowerEU Plan, EU Strategy on Adaptation to Climate Change, EU's Strategic Energy Technology Plan, EU Zero Pollution Action Plan, New European Bauhaus Initiative, EU Renovation Wave Strategy, Affordable Housing Initiative, New European Mobility Framework, EU Missions on Climate-Neutral and Smart Cities and Adaptation to Climate Change, European Partnership Driving Urban Transitions of Horizon Europe, EU Covenant of Mayors for Climate and Energy, and Intelligent Cities Challenge.

It also builds on the achievements from the Urban agenda for the EU thematic partnership on 'Energy transition' and the actions developed for better regulation, funding and knowledge in the area[7].

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[5] 2023 Foresight Survey (COM(2023)376 of 6.7.2023).

[6] #EURegioDataStories – Exploring investments 2021-2027

[7] https://www.urbanagenda.urban-initiative.eu/partnerships/energy-transition

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. Project proposals are expected to be highly experimental, consequently not likely to be funded by traditional or mainstream sources of funding.

RELEVANCE FOR AND ROLE OF URBAN AUTHORITIES

Urban action is paramount to achieve climate neutrality. More than 75% of the EU population lives in urban areas and this figure is expected to rise to almost 85% by 2050. As a result, cities are responsible for most of EU's energy demand, most often produced outside of their borders, and account for the highest levels of greenhouse gas emissions.

At the same time, as hubs of economic activity, community engagement and innovation, cities are well-placed to take lead in the deployment of solutions that the energy transition requires and to steer partnerships with on-the-ground scientific expertise, stakeholders from across the energy spectrum, businesses and citizens to trigger coordinated actions and consumers' behaviour changes.

Leveraging their fiscal and regulatory power at local level, cities can guide developments for land use and spatial planning in a way that increases energy efficiency in all urban sectors from sustainable transport (e.g. car free zones, congestion fees) to local renewable-energy production (e.g. green bonds). They are also directly empowered by the EU legislation, such as the recently revised Energy Performance of Buildings Directive[8] and the Energy Efficiency Directive[9] which foresees municipalities from 45 000 inhabitants and above to develop local cooling and heating plans.

Cities can also make a real difference as local service providers when operating, maintaining or making strategic decisions on investments in municipality-own assets. As such, they have the upper hand on ways forwards for the reduction of greenhouse gas emissions deriving from public transport fleets, waste and wastewater management, heating/cooling systems from municipal building (including housing) stocks. They can mainstream new practices through green and innovative public procurement, energy audits or public-private partnerships.

Urban authorities are well positioned to mobilise pertinent local industrial and economic actors. Sustainable energy systems have to be developed at appropriate scale to serve multiple consumers and buildings at a neighbourhood or district level. District energy management has an important part to play in creating smart integrated energy systems that minimise primary energy demand. Districts represent a right scale for innovation[10] and for citizens to be engaged and to take direct control of parts of the energy supply chain (local markets). Small and medium-sized cities in particular could benefit

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[8] https://www.europarl.europa.eu/news/en/press-room/20240308IPR19003/energy-efficiency-of-buildings-meps-adopt-plans-to-decarbonise-the-sector

[9] Directive (EU) 2023/1791 of 13.09.2023 on energy efficiency amending Regulation (EU) 2023/955

[10] See integrated approach to Positive Energy Districts as part of the revision of EU's Strategic Energy Plan (COM 634 final of 20.10.2023).

from less constrained (centralised) energy distribution networks than bigger agglomerations, to excel in such innovative and participatory approaches.

On the other hand, moving towards more decentralised and dynamic energy systems and technologies, requires increasingly cities and surrounding municipalities to plan together how the energy demand will evolve and how it will be met over time in a given locality. Joining forces helps to reaching the critical mass required for certain types of investments, to ensure more efficient use of resources and realise economies of scale, diversify supply sources and/or better integrate into larger energy networks. Working across administrative boundaries and acting at the level of functional urban areas is also highly relevant for financing and achieving cleaner mobility in a commuting zone and in the urban-rural interplay.

Beyond, urban authorities must get used to a more marketing-like approach to be able to pitch solid energy plans and projects to a wide range of stakeholders, including citizens, local companies, researchers, banks, and private investors. Innovative financing schemes, formula to attract private financing will be key considerations to strengthen the replicability and upscaling potential of investments. Initiatives such as the EU City Facility[11] or the Smart Cities Marketplace[12] provide concrete hands-on support and advise on how cities should get organised to the respect.

In view of the above, project proposals on the 'Energy transition' topic should not be elaborated in isolation from medium to long term action aimed at tackling in a holistic way the socio-economic and environmental challenges of the energy transition and are expected to be embedded into existing strategic and systematic approaches towards greening and/or climate neutrality and resilience of a city. Such approaches[13] may, for example, include Sustainable Urban Development Strategies of Cohesion policy[14], Sustainable Energy and Climate Action Plans (SECAPs) developed under the EU Covenant of Mayors for Climate and Energy[15], Sustainable Urban Mobility Plans (SUMPs), Local Green Deals of the Intelligent City Challenge[16] or Climate City Contracts prepared by the cities involved in or adhered to the EU Mission on Climate-Neutral and Smart Cities[17]. Such an embedding in relevant urban strategies and plans will be weighted in project proposals' Strategic Assessment[18].

PROMPTS FOR URBAN AUTHORITIES

Without being prescriptive in terms of response expected, that may vary significantly from one city to the other in view of their size, inner characteristics and challenges, applicants are invited to consider

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[11] https://www.eucityfacility.eu/home.html

[12] https://smart-cities-marketplace.ec.europa.eu

[13] List of strategic/systemic approaches is exemplary.

[14] Article 11 of the 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.

[15] https://eu-mayors.ec.europa.eu/en/home

[16] https://www.intelligentcitieschallenge.eu/local-green-deals

[17] Climate-neutral and smart cities - European Commission (europa.eu)

[18] See section 3.2 of the EUI-IA Guidance for applicants for further details on the selection procedure.

the themes and issues listed below when preparing their project proposals. Testing measures linked to more than one of these themes and issues, in an integrated manner, is also possible and highly recommended for the topic of this Call.

- **Minimizing the energy demand** in cities through:

  - retrofitting of public buildings and of the housing sector, and other energy measures encouraging real estate companies, businesses and/or individuals to make such types of investments, with a particular focus on deprived neighbourhoods and/or vulnerable households, to tackle energy poverty and the costs of the accelerated energy transition.

  - decarbonisation of urban public transport as an alternative to passenger cars, using the combined potential of electrification (in particular sourced by renewable energy), of connectivity, automation or smart fleets, road traffic and energy management. Emerging solutions in the field of micromobility and Mobility as a Service (MaaS), new technologies and logistic hubs aimed at accelerating the modal shift to cleaner and more affordable mobility modes (walking, cycling), with additional benefits in terms of health, congestion, accidents, noise and growing transport urban poverty could also be explored, same as coordinated decarbonisation measures and incentives at functional urban area's level to allow commuters from outside city's administrative boundaries to contribute to, and benefit from, the shift to cleaner mobility modes.

- **Diversifying local energy sources,** by maximising endogenous potential for the production and use of renewable energy (wind, water, ocean, solar, geothermal, biomass) or of local secondary energy sources, including through the recovery and use of diverse range of waste and/or secondary heat sources available in the city and its surroundings, removing the barriers of circularity and resource efficiency.

- **Deploying smart and integrated local energy systems,** by fostering innovative approaches to energy storage and supply to reduce reliance on external sources, and/or increasing the interaction between buildings and transport energy systems through smart (power or thermal) grids, or by further testing and expanding the model of Positive Energy Districts (PED)[19].

- **Maximizing multi-stakeholder and citizens' engagement** by developing incentives and/or innovative supporting schemes and/or business models to develop energy communities[20] and any other formula of the kind to enable various customers to become energy 'prosumers', i.e. both

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[19] According to the definition elaborated in the frame of JPI Urban Europe Programme 'Positive Energy Districts and Neighbourhoods for Sustainable Urban Development': "*Positive Energy Districts are energy-efficient and energy-flexible urban areas or groups of connected buildings which produce net zero greenhouse gas emissions and actively manage an annual local or regional surplus production of renewable energy. They require integration of different systems and infrastructures and interaction between buildings, the users and the regional energy, mobility and ICT systems, while securing the energy supply and a good life for all in line with social, economic and environmental sustainability*".

[20] Through the Clean energy for all Europeans package, adopted in 2019, the EU introduced the concept of energy communities in its legislation, notably as citizen energy communities and renewable energy communities. https://energy.ec.europa.eu/topics/markets-and-consumers/energy-communities_en

consumers and producers of energy on the local market. Digital solutions (smart apps, data sharing) to accelerate co-participation and behaviour changes could also be considered.

- **Boosting jobs and skills for the energy transition** by identifying and addressing existing gaps in local labour markets in terms of qualified staff for clean transport and energy sectors and/or exploring the potential for new sustainable products, innovative jobs and upgraded knowledge and skills that the transition can enable. In particular, social innovation, leading to the employability of the most vulnerable and/or flourishing of proximity services, start-ups (including micro-enterprises) based on repair, reuse and/or commercialisation of high-quality recycling of products could be considered.

COHESION POLICY TARGETS

- Specific objective 2.1 for a greener Europe by "*promoting energy efficiency and reducing greenhouse gas emissions*",

- Specific objective 2.2 for a greener Europe by "*promoting renewable energy in accordance with Directive (EU) 2018/2001, including the sustainability criteria set out therein*",

- Specific objective 2.3 for a greener Europe by "*developing smart energy systems, grids and storage outside the Trans-European Energy Network (TEN-E)*",

- Specific objective 2.6 for a greener Europe by "*promoting the transition to a circular and resource efficient economy*",

- Specific objective 2.8 for a greener Europe by "*promoting sustainable multimodal urban mobility, as part of transition to a net zero carbon economy*",

- Specific objective 5.1 for a Europe closer to citizens by "*fostering the integrated and inclusive social, economic and environmental development, culture, natural heritage, sustainable tourism and security in urban areas*".

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 topic 'Energy transition' in particular, urban authorities are invited to define a set of indicators capturing, in an integrated way, the interrelated co-benefits (e.g. air quality, climate resilience, employment, inclusiveness) that their project proposals would generate.

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 do not correlate explicitly with the subject matter of the topic on energy transition but which can be of help to express tangible results and are thus worth considering. Such indicators should be complemented by indicators relevant to the specific project.

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.

<u>Output indicators</u>

- 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).

- Enterprises cooperating with research organisations (*measurement unit:* enterprises working with research organisations).

- Enterprises supported (of which: micro, small, medium, large) (*measurement unit:* enterprises).

- Population covered by projects in the framework of integrated actions for socio-economic inclusion of marginalise communities, low-income households and disadvantaged groups (*measurement unit:* persons).

- Public buildings with improved energy performance (*measurement unit:* square meters).

- Dwellings with improved energy performance (*measurement unit*: dwellings).

- Additional production capacity for renewable energy (of which, e.g. electricity, thermal) (*measurement unit:* MW).

- District heating and cooling network lines newly constructed or improved (*measurement unit*: km).

- Renewable energy communities supported (*measurement unit:* renewable energy communities).

- Solutions for electricity storage (*measurement unit:* MWh).

- Systems for monitoring air pollution installed (*measurement unit:* number of systems[21]).

- Digital management systems for smart energy systems (*measurement unit:* system components).

- Stakeholders involved in the preparation and co-implementation of the project (*measurement unit*: participations of stakeholders).

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[21] The measurement stations shall meet the quality requirements set up in EU Clean Air legislation, namely 2008/50 and 2004/107, and are duly reported to the European Environment Agency in line with Decision 2011/850.

- Citizens involved in the preparation and co-implementation of the project (*measurement unit:* persons).

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).

- SMEs introducing product, process, marketing or organisational innovation (*measurement unit:* enterprises).

- Trademark and design applications (*measurement unit:* trademark and design applications);

- Annual final energy consumption reduced (*measurement unit:* percentage of the reduction in comparison to the previous year).

- Total renewable energy produced (of which, e.g. electricity, thermal) (*measurement unit:* MWh/year).

- Estimated greenhouse emissions (*measurement unit*: tonnes of CO_2eq/year).

- Improvement of air quality (*measurement unit:* fine particulate matter (PM2.5) concentrations).

- Users connected to smart energy systems (*measurement unit*: end users/year)

- Annual users of new or modernised public transport (*measurement unit*: end users/year).

- Increase of population using options for active mobility (*measurement unit*: percentage of the local population).

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

3.2 TECHNOLOGY IN CITIES

One of the European Commission's six priorities[22] is to ensure that digital technology serves sustainable growth, improves quality of life and secures Europe's leadership in the global economy. Emerging technologies can be an important ally in developing inclusive, safer, resilient and sustainable cities.

Innovation, and in particular its new wave of deep-tech innovation, is the EU's reply to global commitment to bring down greenhouse gas emissions, to make our economies more digital and to guarantee Europe's food, energy, and raw materials security. The New European Innovation Agenda[23] provides for actions to mobilise cities and regions through "regional innovation valleys" in view of accelerating the deployment of deep tech innovation.

The EU is pursuing a human-centric and sustainable vision for a digital society to empower citizens and businesses. Multi-country projects are supported by the Digital Europe[24] programme 2030 in order to boost European digital capacities and capabilities centred around four thematical objectives: digital skills, digital infrastructure, digital transformation of businesses and digitalisation of public services.

To help building a resilient Europe's Digital Decade[25], public administrations, citizens and businesses should be able to enjoy the benefits of Artificial Intelligence (AI) while feeling safe and protected. The European AI Strategy aims at making the EU a world-class hub for AI and ensuring that AI is human-centric and trustworthy. Such an objective translates into the European approach to excellence and trust through concrete rules and actions.

Alongside with AI, the Internet of Things (IoT) enables us to merge the physical and the virtual worlds. It offers innovative solutions and allows us to create smart environments. IoT technologies are at the forefront of the world economy's digital transformation. Data collected from IoT sensors can be monitored and fed back to a central system to trigger an action, gain insights or respond to another connected object, hundreds of kilometres away.

Data is another essential resource from the digital world with a great potential for economic growth, competitiveness, innovation, job creation and societal progress in general. The development of data-driven applications will bring various benefits to public administration, citizens and businesses: better policymaking and public services, improved healthcare, new products and services, while reducing the costs of public services and improving their sustainability and efficiency.

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[22] Priorities 2019-2024 - European Commission (europa.eu)

[23] The New European Innovation Agenda - European Commission (europa.eu)

[24] The Digital Europe Programme | Shaping Europe's digital future (europa.eu)

[25] Europe's Digital Decade | Shaping Europe's digital future (europa.eu)

In this context, the Cohesion funds contribute to the development of an inclusive digital society where citizens, research organisations, businesses and public administrations take full advantage of the opportunities that digitalisation offers. Effective e-government at national, regional and local level involves developing tools as well as rethinking organisation and processes, in order to deliver public services more effectively, easily, quickly and at a lower cost. In particular, digital and telecommunication technologies can be used to enhance traditional networks and services for the benefit of local communities through developing projects such as smart cities and villages.

Special attention is given by Cohesion policy to tackling environmental and climate challenges, in particular the transition towards a climate-neutral economy by 2050, to harnessing the potential of digital technologies for innovation purposes, and to support the development of functional urban areas[26].

Cohesion policy has been contributing to Europe's efforts to deploy digital technology to reach growth and sustainability goals for over a decade. For the 2021-2027 period, Cohesion policy has planned more than EUR 40 billion of investments in digitisation through the 2021-2027 programmes funded by ERDF, ESF+, the Cohesion Fund, Interreg and the Just Transition Fund.

Under the topic 'Technology in cities' the EUI aims at supporting the testing of innovative solutions powered by new technologies in real life settings for better services to citizens and/or for boosting local authorities' capacities to offer these services, via experimentations that could be replicated at a wider scale with the help of the Cohesion policy investments.

The topic 'Technology in the cities' contributes to and has links with a number of EU policies and initiatives such as the EU Green Deal, EU fit for the Digital Age, EU Mission on Climate-neutral and Smart Cities, EU Security Union Strategy, EU Cybersecurity Strategy, New European Bauhaus Initiative, Harnessing Talent in Europe's Regions, European Innovation Partnership on Active and Healthy Ageing.

It also builds on the achievements from the Urban agenda for the EU thematic Partnership on "Digital transition" and the actions developed for better regulation, funding and knowledge in the area[27].

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. Project proposals are expected to be highly experimental, consequently not likely to be funded by traditional or mainstream sources of funding.

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[26] Article 11 of the Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the ERDF an on the CF.

[27] https://www.urbanagenda.urban-initiative.eu/partnerships/digital-transition

RELEVANCE FOR AND ROLE OF URBAN AUTHORITIES

Cities are places of pluralism, creativity and solidarity. Cultural and political traditions have been foundations for the development of cities reflecting democratic rights and values. Cities are also laboratories for new forms of problem-solving and test beds for social innovation.

Cities are faced with numerous and increasing complex challenges but also have new technological tools at hand to better address them. The technology, data, and information are playing increasingly important roles in the life of citizens and shifting the power dynamics of our society. Cities are at the forefront on this technological change. Due to their specific ecosystem with high population and infrastructure density, cities are constituting prime locations for new technologies to be implemented, and for data to be produced, collected and shared to optimise the benefits of new technologies by multiple stakeholders.

There is no limit to the potential of new technologies to help cities to improve public services, better interact with local businesses and citizens and help them to be involved (active and participative democracy), increase productivity and address sustainability challenges.

By creating innovative and inclusive urban communities to test and use the new technologies for a better urban governance, new dynamics could be induced in the urban ecosystem, tools and processes replying to the specific needs of the city identified, and/or co-created within local and regional innovation clusters or digital hubs.

The recent development of less costly sensors, combined with the spread of mobile and highspeed internet and the miniaturisation of computing technology, have opened the way for a new technological revolution. The Internet of Things (IoT), Artificial Intelligence (AI), the high resolution global positioning system (GPS), big data, Blockchain technology, virtual and augmented reality (AR/VR), Digital Twins with embedded AI base components and AR/VR and new building materials and techniques are expected to transform cities' core functioning elements and transform the way our citizens live and interact in urban areas.

Within this context, local authorities should focus on finding new place-based, citizen-centric solutions that address the community needs and respond to economic, social and environmental local challenges, while ensuring data privacy and security. These technologies used in urban context will need to work together seamlessly and be inclusive to benefit all citizens.

Issues of public control and ownership of local data accumulated via new technologies should be carefully and transparently assessed, particularly in cases where services are externalised to third parties that could potentially misuse such information. Applications created for the benefits of the community should be free, open source and user-friendly. Technologies in themselves are neutral – but the way they are managed will determine the real impacts on city life.

Project proposals on the 'Technology in cities' topic should therefore not be elaborated in isolation from medium to longer term goals of applicant cities, as expressed for instance, in Sustainable Urban

development strategies of Cohesion policy[28] or any other city-level strategic document. Such an embedding in relevant urban strategies and plans will be weighted in project proposals' Strategic Assessment[29].

PROMPTS FOR URBAN AUTHORITIES

Without being prescriptive in terms of response expected, that may vary significantly from one city to the other in view of their size, inner characteristics and challenges, applicants are invited to consider the themes and issues listed below when preparing their project proposals. Testing measures linked to more than one of these themes and issues, in an integrated manner, is also possible and highly recommended for the topic of this Call.

- **Ensuring better and adapted public services** by facilitating the access to quality services, lowering the administrative burden for citizens, creating new adaptive services, improving the management of the public infrastructure, enhancing the transparency and efficiency, ensuring real time exchange of information with users, reducing costs transaction time and errors. Emphasis must be placed on cost reduction, automation, acceleration, and simplification of administrative procedures. To combat the digital divide, support to the most vulnerable in the digital transition must be part of any proposed change.

- **Consolidating the multilevel and multistakeholder governance, ensuring an effective participatory democracy and stimulate innovation and competitiveness** by increasing the number of local stakeholders and citizens actively and structurally involved in the strategic planning and decision-making process but also enhancing the co-design and co-creation approaches for instance, to build gender equality into urban planning; by developing the organisational, regulatory and governance structure that provides the environment and conditions to support a culture of innovation and facilitate partnerships between cities, universities and local businesses, to create/enhance the innovation and smart specialisation dynamics. Smart Communities AR/VR digital twinning could also be used for enabling informed decision-making processes through advanced modelling techniques and natural immersive interfaces empowering city stakeholders and citizens (CitiVERSE).

- **Mastering the digital transformation, local data collection and sharing while ensuring the highest standards for data privacy** by exploring how cities can collect, use, store, share sub-city level data, with increased granularity, in order to facilitate and to improve the delivery of services to their citizens, to help to the decision-making process based on data management, to contribute to the local economic development and innovation, to the skilling and reskilling of the most vulnerable, to promote jobs and new businesses creation and to attract and retain talents.

- **Perfecting the spatial planning and land use and industrial zoning** by using technologies in the strategic and spatial planning, for ensuring harmonious and optimal urban and peri-urban

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[28] Article 11 of the 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.

[29] See section 3.2 of the EUI-IA Guidance for the applicants for further details on the selection procedure.

development. Cities need to find innovative ways in using new technologies to optimise the balance between the needs of various land uses such as housing, spatial activation of industrial zones, brownfield remediation and redevelopment, public space, social services.

- **Ensuring better services, digital and physical accessibility, and inclusion of persons with disabilities and older population** by increasing active participation in the governance system of the city, by collecting and analysing specific data on the local specific needs and experiences, in order to create/adjust local policy, allocate resources, improve services and create adapted smart street and/or infrastructure equipment/furniture for the sake of equal access to urban spaces, public transport and/or buildings; by developing free and open source, user-friendly mobile applications that cater to various disabilities (e.g. screen readers, voice commands, large fonts). The proposed projects should support the integration of persons with disabilities and an active ageing policy, with a specific attention on measures for labour market inclusion, lifelong learning, and retaining talent.

- **Safe, secure and resilient cities** by redesigning urban spaces for the citizens to be less exposed to climate change and other threats based on vulnerability assessment and scenarios, by proposing new innovative services, infrastructure and equipment contributing also to the resilience of critical infrastructures and public spaces, by elaborating and using prevention and crisis management plans and techniques, accompanied by specialised trainings for local practitioners and raising awareness techniques among citizens; by enhancing capacities of local administrations in cooperation with citizens and stakeholders to fight organised (cyber)crime.

Among the various areas to be explored to make EU cities safer, secure and more resilient, applicants could consider:

- **Strengthening prevention and mitigation of natural and man-made disasters** (industrial risks, extreme weather, wildfires, earthquakes, public health risks, security threats) in urban areas by integrating technologies in predictive and preventive policies, plans and projects used as new ways to build diverse scenarios, to anticipate environmental and climate challenges and economic risks as well as associated social transformations and health concerns.

- **Ensuring food security in urban and functional areas**: considering the increased impacts of climate change and the biodiversity crisis, cities have a key role in shaping "food environments". New technologies could be used in urban areas in a way that may create innovative, inclusive, and integrated ways to connect with local farmers, with the aim of creating functional areas for sustainable and resilient food systems.

- **Cybersecurity**: by including strategic foresight and proactive cybersecurity risk management processes in their plans and designs for integrating new technologies into their infrastructure systems; by proactively managing the ICT supply chain risk of any new technology used in cities' infrastructure and/or services. Ensuring cybersecurity in cities while actively involving citizens requires a multifaceted approach with due account of education and awareness raising with a focus on most vulnerable publics.

COHESION POLICY TARGETS

- Specific objective 1.1 for a more competitive and smarter Europe by "*developing and enhancing research and innovation capacities and the uptake of advanced technologies*".

- Specific objective 1.2 for a more competitive and smarter Europe by "*reaping the benefits of digitisation for citizens, companies, research organisations and public authorities*".

- Specific objective 1.4 for a more competitive and smarter Europe by "*developing skills for smart specialisation, industrial transition and entrepreneurship*".

- Specific objective 1.5 for a more competitive and smarter Europe by "*enhancing digital connectivity*".

- Specific objective 2.4 for a greener Europe by *"promoting climate change adaptation and disaster risk prevention and resilience, taking into account eco-system based approaches"*.

- Specific objective 4.1 for a more social and inclusive Europe by "*enhancing the effectiveness and inclusiveness of labour markets and access to quality employment through developing social infrastructure and promoting social economy"*.

- Specific objective 4.2 for a more social and inclusive Europe by "*improving equal access to inclusive and quality services in education, training and lifelong learning through developing accessible infrastructure, including by fostering resilience for distance and on-line education and training*".

- Specific objective 4.3 for a more social and inclusive Europe by "*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*".

- Specific objective 5.1 for a Europe closer to citizens by "*fostering the integrated and inclusive social, economic and environmental development, culture, natural heritage, sustainable tourism and security in urban areas*".

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 topic 'Technology in cities' in particular, urban authorities are invited to define a set of indicators capturing, in an integrated way, the interrelated co-benefits (e.g. enterprises supported, citizens engagements, jobs and labour force, trained local actors or citizens etc.) that their project proposals would generate.

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 do not correlate explicitly with the subject matter of the topic, but which can be of help to express tangible

results and are thus worth considering. Such indicators should be complemented by indicators relevant to the specific project.

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.

<u>Output indicators</u>

- Citizens involved in the preparation and co-implementation of the project; (*measurement unit:* persons).

- Enterprises cooperating with research organisations (*measurement unit:* enterprises working with research organisations).

- Enterprises supported (of which: micro, small, medium, large) (*measurement unit:* enterprises).

- New enterprises supported (*measurement unit:* new enterprises).

- New equipment created and/or supported (*measurement unit:* new equipment).

- New products and services created (*measurement unit:* new products/services).

- People supported (trained, upskilled, accompanied or assisted) (*measurement unit:* persons).

- Population covered by projects in the framework of integrated actions for socio-economic inclusion of marginalised communities, low-income households and disadvantaged groups (*measurement unit:* persons).

- Stakeholders involved in the preparation and co-implementation of the project (*measurement unit:* participations of stakeholders).

- Value of digital services, products and processes developed for enterprises (*measurement unit:* euro).

- Investments in new or upgraded disaster monitoring, preparedness, warning and response systems against natural disasters (*measurement unit:* euro).

- Investments in new or upgraded disaster monitoring, preparedness, warning and response systems against non-climate related natural risks and risks related to human activities (*measurement unit:* euro).

<u>Result indicators</u>

- Apprenticeships supported in SMEs (*measurement unit:* persons).

- Jobs created in supported entities (*measurement unit:* annual FTEs).

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

- SMEs introducing product, process, marketing or organisational innovation (*measurement unit:* enterprises).

- Trademark and design applications (*measurement unit:* trademark and design applications);

- SMEs staff completing training for skills for smart specialisation, for industrial transition and entrepreneurship (by type of skill: technical, management, entrepreneurship, green, other) (*measurement unit:* participants).

- Users of new and upgraded digital services, products and processes (*measurement unit:* users/year).

- Population benefiting from flood protection measures (*measurement unit:* percentage of the local population protected).

- Population benefiting from wildfire protection measures (*measurement unit:* percentage of the local population protected).

- Population benefiting from protection measures against climate related natural disasters (other than floods and forest fires) (*measurement unit:* percentage of the local population protected).

- Population benefiting from protection measures against non-climate related natural risks and risks related to human activities (*measurement unit:* percentage of the local population protected).

- Annual users of new or modernised facilities for employment services (*measurement unit:* users/year).

- Annual users of new or modernised e-health care services (*measurement unit:* users/year).

- Annual users of new or modernised health and/or social care facilities ((*measurement unit:* users/year).

4. PROJECT PHASES

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

i. **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.

ii. **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.

iii. **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) 4th 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)**.

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

<u>All Partners must be located in the European Union</u> (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:

- <u>Strategic components</u> include: overall objective, specific objectives and expected results.

- <u>Operational components</u> 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

- <u>Monitoring and evaluation components</u> 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 [30];

- The partnership includes cities of different sizes.

6.5 COST CATEGORIES

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

- Staff

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[30] https://ec.europa.eu/eurostat/web/regions/background

- 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 third 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://connect.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 14/10/2024, 14h00 CEST

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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 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[31], 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,

- fraud,

- corruption,

- conduct related to a criminal organisation,

- money laundering or terrorist financing,

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[31] 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/reg/2018/1046/oj

- 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[32]. 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 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.

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[32] 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.

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

- **06/05/2024** – launch of the third EUI-IA Call for Proposals

- **06/2024 – 10/2024** – Applicant Seminars and online consultations

- **14/10/2024 (14h00 CEST)** – deadline for the submission of the Application Forms

- **03/2025** – indicative date for the final decision for the approval of projects

- **09/2025** – end date of the Initiation Phase

- **01/10/2025** – start date of implementation for all approved projects

We look forward to reading your project proposals soon!