



Terms of Reference: second Call for Proposals

Urban Innovative Actions Initiative

16/12/2016 – 14/04/2017



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1. Introduction

As stated in the Article 8 of the ERDF Regulation¹, ERDF may support innovative actions in the area of sustainable urban development. In this framework, the European Commission has launched the Urban Innovative Actions (UIA) Initiative in order to identify and test new solutions which address issues related to sustainable urban development and are of relevance at Union level.

The main aim of the UIA Initiative is therefore to provide urban authorities across Europe with space and resources to test bold and unproven ideas addressing interconnected challenges and experiment how these respond to the complexity of real life. Projects to be supported shall be innovative, of good quality, designed and implemented with the involvement of key stakeholders, result oriented and transferable.

Urban authorities should seize the opportunity offered by the UIA Initiative to move from “normal projects” (that could be financed through “traditional” sources of funding, including mainstream ERDF Programmes) and take the risk to turn ambitious and creative ideas into prototypes that can be tested in real urban settings. In other words, UIA can support pilot projects that are too risky to be funded by traditional sources of funding provided that they are highly innovative and experimental.

The UIA Initiative has a total ERDF budget of around EUR 372 million.

UIA projects will be selected through annual Calls for Proposals from 2015 to 2020 on one or more topics proposed by the Commission. Each action can receive up to a maximum of EUR 5 Million ERDF co-financing. Project implementation must take place within a maximum period of 3 years. There is no an ideal size for UIA project budgets. Small projects (i.e. below EUR 1 million ERDF requested) may have a reduced probability of being selected as they may struggle to demonstrate that the actions are of sufficient scale to produce meaningful conclusions. Whereas, projects including significant investment costs, particularly at the end of the implementation period, should demonstrate that the cost fit the purpose and are duly justified.

Project implementation must take place within a maximum period of 3 years.

¹ European Regional Development Fund Regulation (EU) No 1301/2013: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1301>

The UIA Initiative is an instrument of the Commission and is managed by the Directorate General for Regional and Urban Policy under indirect management. For the implementation of the Initiative, the Commission has designated the Region Hauts-de-France² as Entrusted Entity. For the management of the Initiative, a Permanent Secretariat (PS) has been established³.

With the present Terms of Reference, the Entrusted Entity is inviting eligible authorities to submit project proposals in the framework of the second Call for Proposals. For this Call for Proposals a budget of EUR 50 million is allocated.

The present document sets out the requirement and process to follow for the second Call for Proposals. It should be read in conjunction with the UIA Guidance and the guidance for the Application Form, published on the UIA website and updated in the framework of the second Call for Proposals.

2. Eligible authorities – Who can apply

Article 2 UIA establishes that the following authorities may apply for support to undertake Urban Innovative Actions:

- a. Any urban authority of a local administrative unit defined according to the degree of urbanisation as city, town or suburb comprising at least 50 000 inhabitants
- b. Any association or grouping of urban authorities of local administrative units defined according to the degree of urbanisation as city, town or suburb where the total population is at least 50 000 inhabitants; this can include cross-border associations or groupings, associations or groupings in different regions and/or Member States

Only eligible urban authorities as defined by the Article 2 of the Delegated Act can submit an Application Form in the framework of an UIA Call for Proposals.

² Formerly Region Nord-Pas de Calais

³ Information and contact details of the Permanent Secretariat can be found here: <http://www.uia-initiative.eu/en/about-us/meet-team>

The definition of Local Administrative Units (LAUs) as well the classification according to the degree⁴ of urbanisation and the figures on the number of inhabitants are based on information provided by Eurostat in the **Correspondence table LAU2-NUTS2010, EU28 (2012)**⁵. This table will be used by the UIA Permanent Secretariat as its main reference document for the Eligibility Check. Applicants are invited to refer to Correspondence table to verify their eligibility and provide information on the LAUs included in its administrative borders and the figures concerning the number of inhabitants.

Additional detailed information on the eligibility of urban authorities is provided in the following sections.

a) Eligible applicants under the first category are:

1. Municipalities/city councils whose administrative borders correspond to a single LAU. In this case the LAU 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
2. Municipalities/city councils whose administrative borders include several LAUs. This is the case for municipalities/city councils in Portugal, United Kingdom, Ireland, Greece and Latvia where the Eurostat definition of LAU 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 (more than 50%) of the inhabitants lives in LAUs 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)
3. 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 municipalities/city councils to join

⁴ Definition of Local Administrative Units and degree of urbanisation are available here : <http://ec.europa.eu/eurostat/web/nuts/local-administrative-units> ; http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Degree_of_urbanisation

⁵ The Correspondance table LAU2-NUTS2010, EU28 (2012) can be downloaded here: <http://ec.europa.eu/eurostat/web/nuts/local-administrative-units>

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 municipalities/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 UIA project. Associations are invited to provide precise reference to the national legal framework. Organised agglomeration shall have exclusive competences for the design and implementation in policy areas relevant for the UIA project
- ✓ To have a specific political (with indirect representation of the municipalities involved) and administrative (dedicated staff) structure

Examples of organised agglomerations in the framework of the UIA Initiative are:

- ✓ France: Métropoles, Communautés Urbaines, Communautés d'Agglomération and Communautés de Communes
- ✓ Italy: Città Metropolitane and Unione di Comuni
- ✓ Germany: Landkreis
- ✓ Spain: Mancomunidades and Area Metropolitana Barcelona
- ✓ United Kingdom: Combined Authorities

In the framework of the UIA Initiative, organised agglomerations are considered as a single urban authority representing all the municipalities/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 PS will check that the total number of inhabitants is at least 50.000 and that the majority (more than 50%) of inhabitants lives in LAUs involved in the agglomeration that are classified as cities, towns or suburbs according to the degree of urbanisation.

- b) Eligible applicants under the second category are associations/groupings of urban authorities without legal status of organised agglomerations.**

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 in the framework of the UIA Initiative, cannot apply as a single urban authority.

They shall identify a Main Urban Authority among the municipalities/city councils involved and list the others as Associated Urban Authorities.

In order to be eligible, all urban authorities involved (Main and Associated) shall be recognised as Local Administrative Units and be classified as cities, towns or suburbs according to the degree of urbanisation. 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 point a.2 of the present section 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 UIA PS will provide the Main Urban Authority with a template of Partnership Agreement to be signed by all partners involved (Associated Urban Authorities and Delivery Partners) during the first months of the implementation phase.

For more details on the roles and responsibilities of the Main and Associated Urban Authorities (and Delivery Partners) applicants shall refer to the section 5.1 of the present Terms of Reference as well as to the section 2.1 of the UIA Guidance.

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.

2.1.1 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 UIA Initiative:

- 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 an UIA Call for Proposals. An Application Form submitted by a Delivery Partner will be declared ineligible.
- 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 UIA Initiative in the framework of a previous Call for Proposals cannot submit a new Application Form on the same topic over the entire duration of the Initiative.

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 section 5.1 of the present Terms of Reference as well as in section 2.1 of the UIA Guidance)

As stated in the previous paragraphs, the UIA PS will use as the main tool for verifying compliance with the eligibility criteria the spreadsheet **Correspondence table LAU2-NUTS2010, EU28 (2012)**. Applicants are therefore strongly advised to check the spreadsheet and carry out an eligibility self-assessment before filling in the Application Form.

In case of gaps, inconsistencies or doubts concerning the interpretation of the data included in the Eurostat spreadsheet, applicants are strongly advised to contact the UIA PS before filling in and submitting the Application Form.

During the eligibility check, in cases any applicant's status as eligible candidate is uncertain, the UIA PS will liaise with all relevant partners, including Eurostat, to determine the eligibility.

3. Thematic coverage for the second Call for Proposals

The Commission has decided to closely align the topics that Urban Authorities can address through the UIA Initiative to those defined in the framework of the Urban Agenda for the EU.

More especially, each Call for Proposals for UIA will focus on a certain number of topics.

For the second Call for Proposals, applicants can submit project proposals addressing the following topics:

- Integration of migrants and refugees
- Circular economy
- Sustainable urban mobility

Urban authorities applying in the framework of a UIA Call for Proposals are requested to select only one of the topics proposed. However, as an integrated approach should be developed in order to tackle effectively the challenges identified, in the Application Form applicants have the possibility to describe the links and externalities with other topics and policy areas.

As stated, the Commission's desire is to see projects proposed that bring forth creative, innovative and durable solutions to address the various challenges identified. As UIA will also be a laboratory for new ideas, the Commission aims to encourage novel experimentation which draws on experience in a variety of disciplines. For that reason, the Commission has avoided being overly prescriptive in terms of describing the types of projects it expects to see proposed.

In terms of support to ERDF Thematic Objectives and Investment Priorities, the overall project needs to be viewed as supportive of the thematic objectives and investment priorities for ERDF. However

UIA projects contributing to Thematic Objectives 8-10 (i.e. those that are more social oriented) will be able to be supported provided that:

- The knowledge generated by the overall project can be viewed as supportive of the thematic objectives and investment priorities for ERDF; and
- The project is not overwhelmingly focused on European Social Fund (ESF) type of activity

Please bear in mind that during the selection and implementation of project proposals, the complementarity and synergies with other Union funding programmes and policies, as well as supported projects, is of utmost importance.

The UIA Initiative Selection Committee will seek to avoid any duplication when deciding on which projects to support.

The following sections provide detailed descriptions for the 3 topics of the second UIA Call for Proposals.

3.1 Integration of migrants and refugees

Cities are often the first entry points for migrants and refugees into the host society. A comprehensive integration policy is therefore an essential component of effective urban development. By providing quality services, infrastructure and opportunities, cities have the capacity to ensure the long-term integration of migrants and refugees into the urban fabric. However fostering integration and mutual trust is a difficult, complex and long-term process. If this integration into the urban fabric is poorly managed, it can fail to address basic needs and lead to the exclusion of migrants and refugees from the labour market, housing, health and education services etc. In turn social cohesion is put at risk. This is particularly the case when cities are asked to deal with sizeable and sudden population movements that place pressure on their services. The Urban Innovative Actions support cities to address these challenges.

To better clarify the scope of the eligibility, it is important to take into account the following definitions when designing the proposals:

Migrant: A broader-term of an immigrant and emigrant, referring to a person who leaves one country or region to settle in another, often in search of a better life. (Source: European Migration Network)

Refugee: A third-country national who, owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, political opinion or membership of a particular social group, is outside the country of nationality and is unable or, owing to such fear, is unwilling to avail himself or herself of the protection of that country, or a stateless person, who, being outside of the country of former habitual residence for the same reasons as mentioned above, is unable or, owing to such fear, unwilling to return to it (Council Directive 2011/95/EU).

In practice, this means that projects may target a range of non-EU citizens living in EU Member States such as third-country nationals, undocumented migrants, stateless persons, asylum seekers and recognised refugees.⁶ Actions should not target EU citizens moving from one Member State to another, either for temporary or long-term purposes.

The first priority of this call is the long-term integration of migrants and refugees, which is a multifaceted process requiring integrated approaches (including the one-stop-shop approach⁷). However since integration starts from the day of arrival into the Member State elements of short-term responses may be considered if they are part of long-term integration strategies.

Following the ERDF scope of support, actions may cover a range of investments in social, health, education, housing and childcare infrastructure, regeneration of deprived urban areas, actions to reduce spatial and educational isolation of migrants and refugees, business start-ups and others. In order to reinforce the comprehensive nature of the activities, measures addressing human capital investment, such as vocational training, coaching, capacity building and skills development, could also be included. The following non-exhaustive list provides some examples:

- *Social infrastructure:* actions could include the development of community-based social care, community centres, family centres etc..
- *Housing infrastructure:* measures could invest in social housing which does not further reinforce the spatial isolation of marginalised communities. Investments should primarily focus on measures which simultaneously help to reduce and/or eliminate the physical isolation and improve the access to basic services.
- *Education infrastructure:* From early childhood to higher education, actions could target the accession and quality of educational services. They may also include the development of training and language courses.

⁶ For more information see the glossary: http://ec.europa.eu/dgs/home-affairs/e-library/glossary/index_a_en.htm

⁷ The term one-stop-shop refers to the centralised access to different types of services.

- *Health*: a focus on facilitating access to mainstream health services and on the provision of health services for those problems with more prevalence in newly arrived migrants and refugees such as physical injuries (hypothermia, burns, gastrointestinal illnesses, cardiovascular events, pregnancy- and delivery-related complications, diabetes and hypertension), as well psychological support and trauma healing⁸ is possible. Innovative actions could include investments in health infrastructure for prevention and primary health care services.

The Urban Innovative Actions could also focus on specific (vulnerable) groups:

- Unaccompanied minors⁹: Isolated and vulnerable to trafficking, actions could develop child protection systems that link services across all social sectors to prevent and respond to risks of violence, abuse, exploitation and neglect of children, to support children who are not in the care of their families and to provide protection to children in institutions.
- Women: Since migrant and refugee women often experience specific challenges to access housing, health services, training and language courses, as well as in the integration into the labour market, actions could seek to address these points.¹⁰
- Young people including young people with a migrant background¹¹: Prone to leave school early and be less educated, their transition into the labour market is often more difficult. Actions could focus on education and labour market inclusion but also on providing spaces for interaction for young people of diverse backgrounds (e.g. through sport and cultural activities and/or infrastructures).

Finally, as this is the second time that the topic of the integration of migrants and refugees has been included in a UIA Call for Proposals, we would recommend that applicants look at those projects approved in the first Call for Proposals in order to complement those actions already funded.

⁸ World Health Organisation (WHO): <http://www.euro.who.int/en/health-topics/health-determinants/migration-and-health/migrant-health-in-the-european-region/migration-and-health-key-issues>

⁹ For more information on the difficult integration of refugee and asylum seeker women see: European Commission, http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/asylum/uam/uam_infographic_a4_en.pdf

¹⁰ European Parliament: [http://www.europarl.europa.eu/RegData/etudes/STUD/2016/556929/IPOL_STU\(2016\)556929_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2016/556929/IPOL_STU(2016)556929_EN.pdf)

¹¹ These young people could have the citizenship of an EU member state.

3.2 Circular Economy:

According to the action plan¹² set out by the EU, a transition to the circular economy will contribute in the efforts to develop a sustainable, low carbon, resource efficient and competitive economy. It will allow for products, materials and resources to be maintained for as long as possible in the economy reducing the generation of waste. In Europe, cities are home to over 70% of the population¹³ and they centralise the bigger part of its economic activity and growth. Cities are heavily dependent on external resources to meet the demands of their citizens for food and energy for instance. It is also in cities where most goods are consumed generating large volumes of waste. Urban authorities therefore provide the ideal context for the development of the circular economy thanks to their close proximity to their inhabitants, service providers, and businesses¹⁴.

Another important priority stated by the action plan concerns water reuse. Water scarcity and droughts have worsened in some parts of the EU in recent decades, with damaging effects on our environment and economy. Climate change projections point to a worsening situation as regards water availability in various parts of Europe. In addition to water-efficiency measures, the reuse of treated wastewater in safe and cost-effective conditions is a valuable means of increasing water supply and alleviating pressure on over-exploited water resources in the EU.¹⁵

Urban authorities have a solid experience in providing sustainable waste management as a service of general interest. Cities can also drive the change towards more sustainable modes of production and consumption, including the untapped potential of water reuse. Adapting to the circular economy will require a qualified workforce with specific and sometimes new skills (especially in design) creating new employment opportunities and social dialogue. It will stimulate the creation of new businesses (including social enterprises) and business models as well as encourage cooperation between manufacturers and retailers to produce more durable, repairable and recyclable products.

Without being prescriptive in terms of the types of projects expected, cities are invited to consider in particular the following themes and issues:

¹² Closing the loop – An EU action plan for the circular economy: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52015DC0614>

¹³ <http://www.uia-initiative.eu/en/initiative/uia-european-context>

¹⁴ http://ec.europa.eu/environment/archives/ecoinnovation2014/1st_forum/pdf/ecoap-16th-report.pdf

¹⁵ EEA Report No 12/2016: <http://www.eea.europa.eu/publications/urban-adaptation-2016>

- Cooperation with local manufacturers and retailers or citizen-led initiatives and third sector/social enterprises as a good way to promote more durable, repairable and recyclable products.
- Supporting industrial symbiosis would allow cooperation between businesses and the utilisation of surplus resources generated by industry.
- Cities can influence consumption patterns through the encouragement of re-use and repair.
- Promotion of a collaborative economy which shares products or infrastructure would see citizens and businesses consuming services rather than products.
- Tools such as Green Public Procurement and Public Procurement of Innovation with criteria developed by public authorities can ensure that the sustainability, durability and reparability when setting out or revising criteria.
- Improving the management of municipal waste representing 10% of the total waste stream in Europe¹⁶.
- Prevention of food waste (100 million tonnes wasted annually¹⁷) along the value chain by taking different steps including changing behaviours through awareness raising campaigns. Further development of urban composting systems, linked to urban farming and hydroponics projects.
- The recycle or re-use of materials from construction and demolition projects, one of the biggest sources of waste in Europe and many of which take place in cities.
- Waste from electrical and electronic equipment such as mobiles, TVs and washing machines of which high numbers are concentrated in cities is expected to reach 12 million tonnes by 2020. Cities struggle to manage this type of waste but could play a key role in recycling and re-using the rare earth materials and precious metals they include, reducing the dependence on importing them.
- Promote water reuse (e.g. rainwater harvesting), as a measure to address water scarcity and droughts.
- Contribute to measurable and replicable resource-efficiency solutions by documenting baseline use and progress observed, through standard indicators and appropriate data collection, formats and sharing and publishing rules.
- Ensure that any solution adopted to handle data is interoperable and based on open standards.

¹⁶ http://ec.europa.eu/eurostat/statistics-explained/index.php/Municipal_waste_statistics

¹⁷ Figure taken from DG Health and Food safety:

http://ec.europa.eu/food/safety/food_waste/good_practices/awareness_information_education/index_en.htm

In order to make a transition to the circular economy a reality, the European Commission expects urban authorities to involve all stakeholders from the design of products to its re-use benefiting both the economy and the environment including the participation of citizens and communities.

3.3 Sustainable urban mobility:

To achieve the main aim of creating a transport system that meets individual needs for a rapid, efficient, safe and cost effective movement of people and goods, cities need to implement effective alternatives, including alternative fuels, to conventional means of transport and give way to the transition to a more responsible and less polluting mobility.

Cities are important nodes of the European transport system as most trips start or end in urban areas. Urban transport plays a key role in achieving economic competitiveness, social cohesion and sustainable growth. However, many of the negative effects of transport such as congestion, road accidents or pollution occur mainly in urban areas¹⁸. In addition, many European cities must deal with issues such as old infrastructure and narrow streets especially if they are home to historic sites. Further to these local challenges, cities face worldwide issues such as global warming, energy dependency as well as increased energy costs. Urban authorities in all EU Member States share common challenges ranging from public transport inadequacy to long commuting for its citizens. The most prevalent issue is congestion, with consequences on people's health, on the use of public space as well as on local GDP.

Climate change-related high temperatures can put infrastructure at risk — deformed roads and rail tracks can hamper the supply of goods and commuters. Building infrastructure ready for future climate conditions and not in risk prone areas (such as floodplains) will result in lower costs and increased effectiveness. Climate risks need to be considered also in the transport and urban planning sectors, in an integrated fashion. Heat production due to transport and heat-storing surfaces (such as asphalt) aggravate heat waves impacts in urban areas. Hot temperatures exacerbate air pollution through increased formation of ground-level ozone (ozone precursors such as NO_x are emitted during fuel combustion for example by road transport). Transport management can therefore reduce heat waves and air pollutants. Urban flooding is exacerbated by impervious soils, such as roads and parking places.

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¹⁸ <https://www.kowi.de/Portaldata/2/Resources/fp/trip-urban-mobility.pdf>

¹⁹ EEA report on urban adaptation, 2012.

Urban Authorities have been working for many years with local, national and European initiatives and projects on sustainable urban mobility, in particular under the Covenant of Mayors²⁰ to reduce GHG emissions and the Smart Cities and Communities policy framework (concretely supported by the European Innovation Partnership on Smart Cities and Communities²¹ and the respective Horizon 2020 calls²²) to develop innovative, replicable solutions. Part of this work has been reflected in the establishment of Sustainable Urban Mobility Plans (SUMP) allowing a long term common vision for cities' mobility strategies with the citizen at the centre and making an effective use of public space. The UIA aims to support this. There are some key elements urban authorities proposing projects should consider:

- To promote and facilitate cycling (including e-bikes and cargo bikes), a healthy, clean and cost effective means of transport
- To support those solutions that will contribute to the implementation and the development of SUMP as part of an urban authority's integrated planning strategy
- Innovative multi-modal hubs and mobility services, allowing for a seamless transfer from one mode of transport to another where passengers are able to take an informed decision, ticketing, routing on how to proceed with their journey in the most effective and sustainable way
- The creation of logistic hubs to reduce congestion and increase average traffic speed.
- Endorse shared mobility solutions such as car-pooling or bicycle sharing schemes²³ which are slowly becoming part of the urban landscape,
- Facilitate and implement innovative alternative fuels (e.g. biofuel, energy from waste, electricity from photosynthesis) infrastructure, in particular charging stations for electric vehicles, and other incentives.
- Roads can be transformed and redesigned as flood defences. Vegetated road-sides and tree-lined roads reduce flood and heat wave risks while improving air quality and quality of life.
- Contribute to measurable and replicable resource-efficiency solutions by documenting baseline use and progress observed, through standard indicators and appropriate data collection, formats and sharing and publishing rules.
- Ensure that any solution adopted to handle data is interoperable and based on open standards.

²⁰ <http://www.covenantofmayors.eu>

²¹ <http://eu-smartcities.eu>

²² <http://ec.europa.eu/geninfo/query/index.do?queryText=H2020-SCC>

²³ <http://civitas.eu/sites/default/files/civitas-plus-innovative-urban-transport-solutions-www-final.pdf>

The types of activities proposed include technological, societal, cultural, economic and environmental aspects. They imply an active role for citizens and communities as well as businesses and public transport providers. While urban authorities should experiment with bold ideas, they should involve communities and citizens to ensure an easy transition to more sustainable modes of transport.

All new infrastructure proposed for EU funding should encompass an appropriate climate vulnerability and risk assessment, and take appropriate climate change adaptation measures where needed.

4. Funding Principle

Total costs principle

The UIA Initiative follows the total costs principle. The project receives ERDF co-financing up to 80% of the eligible costs. Every partner 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. The partners contribution can be in the form of cash and/or in-kind. It should be noted that unpaid volunteer work is not eligible under UIA eligibility rules while paid staff should be considered as contribution in cash.

ERDF payments

The UIA payment scheme is mainly based on the principle of advance ERDF payments²⁴ and also based on the principle of reimbursement of costs that were actually incurred (including flat rates):²⁵

- A first ERDF advance payment corresponding to 50% of the ERDF grant is made to the (Main) Urban Authority within 90 days from the signature of the Subsidy Contract (and of the Partnership Agreement when necessary). This first advance payment also covers the lump sum for preparation costs (maximum EUR 16 000 ERDF).
- 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 an interim progress report and project expenditure verified by the First Level Controller. The reported expenditure

²⁴ As stated in the Delegation Agreement signed between the European Commission and Région Hauts-de-France (ex-Région Nord-Pas-de-Calais) in 2015

²⁵ Idem

must reach 70% at least of the first pre-financing instalment (corresponding to 35% of the total project budget).

- A third ERDF payment corresponding to maximum 20% of the ERDF grant (minus the lump sum dedicated for the project closure and transfer of knowledge) is made to the (Main) Urban Authority after the submission and approval of the Final Progress Report. This report, submitted no later than 3 months after the project end date, includes the final project expenditure verified by the First Level Controller. 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.
- A final payment is made to the (Main) Urban Authority after the approval of the Final Qualitative Report (submitted no later than one year after the project end date). The payment amounts to maximum EUR 12 000 ERDF and covers the phase project closure and transfer of knowledge.

5. Project generation and development

5.1 Partnership for Urban Innovative Actions

Only eligible urban authorities as defined by the Article 2 of the UIA Delegated Act can submit an Application Form in the framework of an UIA Call for Proposals.

However, in the framework of the UIA Initiative, Urban Authorities are expected to establish strong local partnerships with the right mix of complementary partners. All partners need to be from the EU. A partnership for an UIA project can be made up of a (Main) Urban Authority, associated urban authorities and delivery partners. The wider group of stakeholders is not part of the project partnership but should also be involved in the project.

- **Urban Authority (or Main Urban Authority in case of proposal submitted by several urban authorities):** the UIA Initiative functions on the basis of an Urban Authority who is responsible for the overall implementation and management of the entire project. The (Main) Urban Authority signs the Subsidy Contract with the Entrusted Entity and receives the ERDF to be distributed to the other partners (Associated Urban Authorities and/or Delivery Partners) according to their specific roles and responsibilities (and related budget). In the case of organised agglomerations, the institution, including all the other urban authorities involved in

the agglomeration, shall be considered as a single Urban Authority and listed as the Main Urban Authority in the framework of the UIA project.

- **Associated Urban Authorities:** Any association of urban authorities (national/regional associations of urban authorities, territorial pacts or associations, development districts, etc) without legal status of organised agglomeration as well as individual urban authorities without formalised cooperation agreement but willing to jointly apply in the framework of the UIA shall list in the Application Form one LAU as Main Urban Authority and the other LAUs as Associated Urban Authorities. The Associated Urban Authorities will be responsible for the delivery of specific activities and the production of related deliverables/outputs. Associated Urban Authorities will have a share of the project budget and will report the costs incurred for the delivery of the activities. Detailed information on the Associated Urban Authorities (including legal status, experiences and competencies, contact persons, etc.) shall be provided in the Application Form.
- **Delivery Partners:** institutions, agencies, organisations, private sector partners, associations that will have an active role in the implementation of the project. Urban Authorities should select their Delivery Partners in respect of the principles of transparency and equal treatment. They will be responsible for the delivery of specific activities and the production of the related deliverables/outputs. It should be noted that only organisations having legal personality are entitled to participate in a project as Delivery Partners. Consultancy firms having as primary objective the development and management of European projects are not entitled to participate in a project as Delivery Partners.
- **A wider group of stakeholders** should also be involved in the design and implementation of the project. The group could include institutions, agencies, organisations and associations. These will not have a direct role (and therefore they do not have a dedicated budget for implementation) but are considered relevant in order to ensure a smooth and effective implementation as well as shared ownership of the project.

Detailed information on the roles and responsibilities of the Urban Authorities (Associated Urban Authorities, if relevant) and Delivery Partners is provided in section 2.1 of the UIA Guidance.

5.2 Project Activities

Activities within the frame of the UIA projects shall be organised around Work Packages and shall support one or several ERDF Thematic Objective(s) and related Investment Priority(ies) as set out in the first paragraph of the Article 9 CPR²⁶ for ESIF and in the Article 5 ERDF.

To this end, different types of WPs should be used and are listed below:

- WP Preparation
- WP Project management
- WP Communication
- WP Implementation
- WP Investment

Except for the investment Work Package, all the other types of WPs are mandatory in UIA project applications.

Each project will have in place a UIA Expert:

- to provide ongoing advice and guidance on the substance of the action, especially regarding the innovative content
- to assist in the development of documentation and outputs that will capture and disseminate lessons learnt, good practice, etc. to the wide audience
- to ensure that the action remains on track and is in line with the agreed proposal

Costs for UIA Experts (including for travel and accommodation) will be covered by the UIA Initiative.

More information on the structure of the work plan for an UIA project as well as on the role and tasks of UIA Experts is provided the UIA Guidance.

5.3 Budget lines and eligible expenses

²⁶ Common Provision Regulation (EU) No 1303/2013:
<http://eurlex.europa.eu/legalcontent/EN/TXT/?uri=celex:32013R1303>

All expenditure related to the implementation of the UIA projects shall be eligible according to the UIA Guidance (see section 4.2) and budgeted in the appropriate budget lines:

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

6. Application process

The application pack for the second Call for Proposals for UIA consists of the following:

- The present Terms of Reference (available in all EU languages)
- Technical guidance for the Electronic Exchange Platform (EEP)
- Detailed instruction to fill in the Application Form (available online in all EU languages within the EEP system)

A working version of the Application Form and the Confirmation Sheet is also provided as a tool to help in the application drafting process (word document available only in English)

In addition, the UIA Guidance (available only in English), will need to be extensively consulted regarding the overarching rules of the Initiative.

All documentation can be found on the UIA website.

The application process is 100% paperless through the use of UIA's Electronic Exchange Platform (EEP).

The application consists in an Application form and a scanned signed Confirmation sheet.

An annex can also be uploaded and 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. Applicants will be able to submit an application in the EEP at the latest one month before submission deadline. News of its availability will be published on the UIA website.

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 Assessment will be done on the basis of the English version of the Application Form (to be translated in English by an external service provider contracted by the PS in case the Application Form is submitted in another language). The quality of the translation will not be guaranteed by the PS 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 PS will have to be in English.

The final deadline for the submission of the Application Form and Confirmation sheet is 14/04/2017 14h00 CET.

7. 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

7.1 Eligibility check

Upon closure of a Call, the PS carries out an eligibility check on all submitted project applications. The purpose of the eligibility check is to:

- Verify compliance of the received Application Forms and their annexes with the formal eligibility criteria
- Avoid further assessment of ineligible applications
- Ensure equal treatment of all proposals to be selected for funding

The UIA 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 (LAU) defined according to the degree of urbanisation as city, town or suburb 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 LAUs, where the majority (at least 51%) of inhabitants lives in LAUs defined according to the degree of urbanisation as cities, towns or suburbs 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 LAUs defined according to the degree of urbanisation as cities, towns or suburbs and where the total combined population (Main Urban Authority plus Associated Urban Authorities) is at least 50 000 inhabitants

4. In case of an association or grouping without a legal status of organised agglomeration, a Main Urban Authority and the Associated Urban Authorities are presented in the Application Form
5. Eligibility period is respected: the end date of the project respects the Call and the Initiative requirements
6. The maximum budget requirements and the co-financing principle are respected
7. All partners involved (Main Urban Authority, Associated Urban Authorities and Delivery Partners) are from EU Member States
8. Applying urban authorities (Main Urban Authorities and/or Associated Urban Authorities) are involved in only one project proposal in the framework of the same Call for Proposals.
9. Applying urban authorities (Main Urban Authorities and/or Associated Urban Authorities) have not been selected and funded on the same topic from a previous UIA Call for Proposals
10. The confirmation sheet duly signed by the (Main) Urban Authority's legal representative is uploaded in the EEP system by the Call deadline.

If not all requirements set out above are complied with, the application will be deemed ineligible and no further assessment will be undertaken.

7.2 Strategic Assessment

Applications that are declared eligible will be subject to a Strategic Assessment carried out by a panel of External Experts. The Strategic Assessment accounts for 80% of the weighting given to the overall project assessment and consists of the following criteria:

- Innovativeness (40% of weighting) – To what extent is the applicant able to demonstrate that the project proposal is new (not been previously tested and implemented on the ground in the urban area concerned and elsewhere in EU) and that has a clear potential to add value?
- Partnership (15% of weighting) – To what extent is the involvement of key stakeholders (Associated Urban Authorities if any, Delivery Partners and Wider group of stakeholders) relevant for the implementation of the project?
- Measurability (15% of weighting) – To what extent will the project deliver measurable results?
- Transferability (10% of weighting) - To what extent will the project be transferable to other urban areas across Europe?

The indicative assessment questions for each criterion are presented in section 3.2.2 of the UIA Guidance.

The panel of External Experts will also verify that projects contribute to the thematic objectives for the ESI Funds and Common Strategic Framework as set out in the first paragraph of Article 9 CPR and that they propose integrated answers to the challenges identified and are in line with the principles of sustainable urban development. The Commission and Entrusted Entity may decide not to select a project for lack of contribution if these are not fulfilled.

As a result of the Strategic Assessment, the panel of External Experts elaborates an assessment of the applications and ranks them. In agreement with the Commission, applications which score over a certain threshold will go forward for an Operational Assessment. Applicants will be notified at the end of the Strategic Assessment process of the decision regarding their application (going forward or not).

7.3 Operational Assessment

The Operational Assessment is carried out by the PS and accounts for 20% of the weighting given to the overall project assessment.

The main objective of the Operational Assessment is to assess the quality of the proposal (including, the feasibility, consistency and coherence of the work plan, quality of the management structures proposed, coherence and proportionality of the budget, quality of the communication activities proposed).

Indicative assessment questions for the criterion “Quality” are presented in section 3.2.3 of the UIA Guidance.

After the Operational Assessment, a Selection Committee comprised of the Entrusted Entity and the Commission will meet to make the final selection. The Commission provides the final agreement as to which projects are selected. Applicants will be notified at the end of the Operational Assessment process of the decision.

7.4 Assessment scoring system

A score of 1 to 5 will be attributed to each weighted criterion which will result in an average score per project.

Detailed information on the assessment scoring system is provided in section 3.2.4 of the UIA Guidance.

The scoring system will be applied taking into account not only the specific merit 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 will not be provided with the scores but only with a detailed comment for all criteria assessed.

8. Public procurement, audit, and State aid

Project partners which fulfil the definition of a contracting authority according to the relevant national procurement legislation have to respect the applicable public procurement rules.

Expenditure declared by the project must be audited by a First Level Controller (FLC). The independent FLC 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 Union and national rule. As the FLC is directly appointed and paid by the UIA Initiative, no control (audit) costs should be foreseen by the project partnership when setting up the project budget.

In order to maintain a level playing field for all undertakings active in the internal market, approved projects must be designed in compliance with State aid rules so as to ensure the effectiveness of public spending and prevent market distortions such as crowding-out of private funding, the creation of ineffective market structures or the preservation of inefficient firms.²⁷ Care should be taken to ensure that funding of Urban Innovation Actions neither distorts competition nor leads to market interference without sufficient cause. Generally, the European Commission expects that the majority of the projects to be financed under the present second call will not involve economic activities or will have no or very limited effect on trade between Member States.

The European Commission finances the Urban Innovative Action by the European Regional Development Fund (up to 80% of the project's cost) through indirect management. As regards the 80% UIA funding, a State aid consistency check is necessary to ensure that public support delivers full benefit to the internal market. Considering the innovative and open character of UIA which works on the basis of calls for proposals for projects bringing forth creative solutions and the general themes selected for the calls, it appears that, in order to ensure that the distortive effect of EU budget resources is limited, the State aid consistency should be based on a limitation of maximum EUR 500,000 of the total amount of UIA funding that can flow to an individual undertaking involved in a particular project.

The remaining (at least 20% of the project's cost) may be covered by either private or public contributions. When such contributions stem from private sources, they fall outside the context of State aid law. However, when there are contributions from public resources of a Member State to

²⁷ For further guidance on the notion of State aid, see Commission Notice on the notion of State aid as referred to in Article 107(1) TFEU ('NOA'), published at: [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016XC0719\(05\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016XC0719(05)&from=EN).

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 sections 4.4.6 and 4.4.7 of the UIA Guidance.

9. How to get assistance

The PS staff will be ready to assist applicants with any technical questions they may have during the Call for Proposals. Contact details can be found on the UIA website.

The PS will also organise 4 Applicants Seminars in different cities across Europe. Dates and venues of the Applicants Seminars can be found in the section "Events" of the UIA website.

In addition, webinars will be organised on specific aspects of the project development and submission. Dates and topics of the webinars can be found in the section "Events" of the UIA website.

10. Key dates

- 16/12/2016 – Launch of the second Call for Proposals
- 12/2016 – 02/2017 – Applicants seminars and webinars
- 14/04/2017 – Deadline for the submission of the Application Forms
- 10/2017 – Indicative date for the final decision for the approval of projects
- 11/2017 – Indicative start date for approved projects

We look forward to reading your project proposals soon!