



Terms of Reference: third Call for Proposals

Urban Innovative Actions Initiative

15/12/2017 – 30/03/2018



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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 should take place within a maximum period of 3 years². There is no 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.

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

² In exceptional and well justified cases projects may be extended by maximum 1 year.

The UIA Initiative is an instrument of the European Union and is managed by the European Commission's (EC) Directorate General for Regional and Urban Policy under indirect management. For the implementation of the Initiative, the Commission has designated the Region Hauts-de-France³ as Entrusted Entity (EE). For the management of the Initiative, a Permanent Secretariat (PS) has been established⁴.

With the present Terms of Reference, the Entrusted Entity is inviting eligible authorities to submit project proposals in the framework of the third Call for Proposals. For this Call for Proposals an indicative budget of between EUR 80-100 million is allocated.

The present document sets out the requirement and process to follow for the third 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 third 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:

- 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
- 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.

³ Formerly Region Nord-Pas de Calais.

⁴ 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 degree⁵ 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)**⁶. This table will be used by the UIA PS 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.

2.1 Eligible applicants under the first category:

- 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
- Municipalities/city councils whose administrative borders include several LAUs. This is the case for municipalities/city councils in Portugal, United Kingdom, Ireland, Greece, Malta 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)
- 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

⁵ 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.

⁶ 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
- 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 UIA Call are considered as organised agglomerations and therefore they can apply in the framework of UIA 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 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 live in LAUs involved in the agglomeration that are classified as cities, towns or suburbs according to the degree of urbanisation.

2.2 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 (MUA) 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 MUA 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.

2.3 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.
- 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 UIA Initiative
- 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 third 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 third Call for Proposals, applicants can submit project proposals addressing the following topics:

- Adaptation to Climate Change
- Air quality
- Housing
- Jobs and Skills in the local economy

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 4 topics of the third UIA Call for Proposals.

3.1 ADAPTATION TO CLIMATE CHANGE

Overall definition and context of the topics

Cities are centres of innovation and growth, and the engines of European economic development. They host around 75% of the population and use about 80% of the energy produced in Europe, with

an expected increasing trend. However, cities are major contributors to climate change, generating significant greenhouse gas emissions (e.g. energy generation, vehicles, industry, and biomass use). At the same time, cities and towns are heavily vulnerable to the impacts of climate change: heat, flooding, water scarcity and droughts can impact health, infrastructure, local economies, and quality of life of city dwellers. Over the past three decades, Europe has seen a 60% increase in extreme weather events. Effective climate action ensures not only resilience to the climate impacts but also important benefits to urban areas in terms of quality of life, improved public health, costs savings as well as job creation.

Relevance for and role of urban authorities

The capacity to prepare for and respond to climate impacts at the local level is crucial. Urban authorities have a catalyst role in getting together the actors present on their jurisdiction to co-develop policies and strategies for territorial development, also in the context of small and remote territories (e.g. cities in islands or outermost regions). Urban authorities should play a leadership role to create policies responding to citizens' needs and to attract investments for economic development.

Vulnerability to climate change is often a result of human actions, such as settling in risk-prone areas or inadequate planning or building design. For example, the covering of soil for housing, roads and car parks (soil sealing) increases the absorption of energy from the sun and leads to higher urban temperatures (the so-called 'urban heat island effect'). At the same time, natural drainage is decreased, which, particularly during heavy rains, can lead to urban floods.

Through appropriate and resilient urban design the impacts of climate change can be reduced, for instance through the use of green infrastructure such as forests, parks, wetlands, green walls and roofs. Such approaches also lead to significant co-benefits, including improved air quality, support for biodiversity and enhanced quality of life, as well as opportunities for employment.

The European Union is supporting cities in this endeavour through several frameworks. The EU Strategy on Adaptation to Climate Change (2013) provides a framework and mechanisms to improve the preparedness of all actors to deal with current and future climate change impacts. At urban level, the strategy fosters strengthening local authorities' capacity to adapt to the unavoidable impacts of climate change. The Covenant of Mayors for Climate and Energy provides a framework that helps to build more sustainable and resilient cities. It stems from the important role that cities and urban areas play in the implementation of the Paris Climate Agreement towards low-carbon and climate-resilient development.

There are many outstanding examples of cities implementing ambitious climate action across Europe. The [Covenant of Mayors](#) has a collection of case studies and best practices examples on cities and municipalities implementing climate change mitigation and adaptation measures.

Prompts for urban authorities

The most pressing need for urban authorities is the identification of adaptation solutions that combine sustainable development pathways with equitable and ethical outcomes.

Urban authorities should design adequate adaptation pathways according to the nature, timing, type and level of protection needed: actions should extend the focus on adaptation to assess the increasing understanding of factors that influence decision making and whether and how decisions are implemented. Institutional, economic and social barriers related to the implementation of adaptation measures (resistance to change or social acceptance) should be considered. Urban planning for improved urban governance should help reduce inequalities and poverty while fostering the development of adequate climate and land use policies.

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

- Innovative and integrated climate risk and vulnerability assessments, flood/heat risk management plans, capacity-building for cities and information sharing at regional or national scale
- Projects addressing innovative and integrated nature-based water management solutions (flood management and water retention) and development of green and blue infrastructure (forests, parks, wetlands, green walls/roofs, floodplains)
- Promoting climate-resilient urban infrastructure: improved water retention, urban drainage, sewage systems, building standards
- Projects in support of good governance structures and approaches promoting bottom-up resilience and capacity building at neighbourhood and community level. A focus on increased coordination, both vertically (multi-level governance) and horizontally (multi-stakeholder governance); Regional coordination between local authorities to address large-scale or transboundary climate risks

- Citizen engagement/participation in urban adaptation projects; increasing social awareness of climate-related hazards; develop financing mechanisms to leverage risk-proofed investments.

3.2 AIR QUALITY

Overall definition and context of the topics

Despite considerable progress in the past decades, ambient air pollution remains the number one environmental cause of death in the EU, still leading to about 400.000 premature deaths each year in the EU due to elevated levels of fine particles, nitrogen dioxide and ozone. Air pollution also continues to harm ecosystems as more than halve of the EU territory is exposed to excess nitrogen deposition (eutrophication) and ozone concentrations. This causes reduced biodiversity, crop yields and other material damage.

EU environmental policy focusses on developing and implementing a clean air policy framework that reinforces national, regional and local policies for those aspects of the air quality problem that Member States cannot handle effectively or efficiently alone. EU policies also aim at implementing the Union's international obligations in the field of air pollution, and on integrating environmental protection requirements into, for example, the industry, energy, transport and agriculture sectors.

Figures illustrating the importance and backgrounds of ambient air pollution can be found on http://ec.europa.eu/environment/air/cleaner_air/index.html

The Partnership on "Air Quality" of the Urban Agenda for the EU aims to improve air quality in cities and to bring the 'healthy city' higher on the local, national and EU agendas⁷

Relevance for and role of urban authorities

Urban authorities are best placed to implement measures as they know the local situation and control a range of instruments such as urban planning, infrastructure/traffic management, housing permits, parking policy etc., which allows them to steer and promote innovative solutions. They will generally control local budgets and employ the staff that will have to do any implementation and to take or enforce measures in the case of smog episodes or long term air quality plans.

⁷ <https://ec.europa.eu/futurium/en/air-quality>.

In many Member States city authorities are either responsible for developing, implementing and evaluating official air quality plans under Directive 2008/50/EC or for city air quality plans that are linked to official regional air quality plans under Directive 2008/50/EC. Even if there are official regional air quality plans, cities often play a major role as they tend to be the big economic centre of the region, with a concentration of population, traffic and industry. The fact that exceedances of PM and NO₂ in many cities in many countries persist, despite air quality action plans, indicate that innovative solutions and improvements in the approach are necessary: a better insight in where and when the air pollution problems may occur and how innovative solutions can contribute to solutions would be very welcome.

Prompts for urban authorities

It should be stressed that healthy living and urban air quality can be improved by mitigation of the relevant emission sources of air pollutants or their precursors. Urban air quality is not only influenced by urban sources (i.e. traffic, domestic heating, industry) but also by sources situated outside the city. This so called background air quality is composed of/influenced by the emissions from non-urban emission sources such as agriculture, (inland) shipping, natural sources and emissions in distant (urban) areas. Decisions on which urban source could best (cost-effectively) be mitigated, requires good data on the background sources (which determine the background concentration and the city's own contribution to the air quality). In addition, air pollution in an urban environment is not homogeneous. In any urban environment hotspots occur, which can be related to various sources. High-resolution modelling could help identifying these hotspots and allow far more precise and more cost-effective measures that are best suited for that micro environment.

When identifying innovative solutions, urban authorities are invited to take note of and build on lessons learnt as described in the report from the European Environment Agency⁸ on air implementation in 12 cities and from projects done under the LIFE programme⁹.

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

- develop and test tools to establish better source inventories of air pollution and high resolution modelling tools to identify urban air pollution hot spots;

⁸ <https://www.eea.europa.eu/publications/air-implementation-pilot-2013>.

⁹ <http://ec.europa.eu/environment/life/publications/lifepublications/lifefocus/documents/airquality.pdf>.

- promote low or no emission modes of transport such as cleaner fuel mobility, better connection with public transport, instruments for different modes of transport, innovative modality options like e-bikes, cargo bikes or car sharing
- healthy designs of public areas stimulating cycling and walking
- Citizen Science (measuring air quality with small yet sufficiently accurate measuring devices in order to create a large urban dataset on air quality, establishing local hotspots)
- behaviour change and public participation projects (e.g. Smarter Labs)
- nature-based solutions in cities (e.g. trees and plants for air quality, but based on evidence of air quality benefits)
- innovative local and regional financing mechanisms (taxation, PPP's ,...) that further stimulate the uptake of low-emission solutions by citizens (mobility and housing) and industries.
- innovative approaches to unlock policy/political bottlenecks to boost implementation of innovation based solutions/technology to improve air quality.

3.3 **HOUSING**

Overall definition and context of the topics

Housing is a key infrastructure for cities' economic growth and wellbeing of their citizens. Yet, lack of adequate housing of good quality is a continuing problem in most European countries. Over the past decade, worsening affordability, homelessness, social and housing polarisation and new forms of housing deprivation have been an increasing concern for public policies.

Several EU level policies have important impact on housing and provide support in this area (e.g. EU's social policy agenda, energy, industry and environmental policies, regional and urban policies, single market, state aid). However, it is rather the national governments which develop their own housing policies. Many are facing similar challenges: how to renew housing stocks, how to plan and promote [sustainable development](#), how to fight urban sprawl, how to help young and disadvantaged groups with housing and how to promote energy efficiency among house owners.

In 2015, 11.3 % of the EU-28 population lived in households that spent more than 40 % of their [disposable income](#) on housing¹⁰. Nearly 11% of the EU's population is in a situation where their households are not able to adequately heat their homes at an affordable cost. In 2012, this situation was estimated to affect around 54 million people in Europe. The scale of the problem is due to rising

¹⁰ Eurostat.

energy prices, low income and poor energy efficient homes, and it is particularly prevalent in Central Eastern and Southern Europe.¹¹ The new social housing production has decreased between 2009 and 2012, whereas the number of households on waiting lists keeps increasing: BE 140 000 to 186 000, FR 1.2 to 1.7 million, IT 600 000 to 650 000. Moreover, across the EU there is an increasing amount of homeless.¹²

Relevance for and role of urban authorities

Housing policies preceding the global financial crisis put cities and local authorities in a challenging position. Their funding and responsibility for housing provision has been systematically reduced since the 1980s. As a result of more recent housing policy shift internationally (see UNECE, 2015) that has transferred the responsibility for housing from central to local authorities, cities are again increasingly asked to finance, manage and distribute housing assets. This change gives cities an opportunity to build innovative housing solutions fit for the realities of the housing markets post crisis.

Cities therefore play important role in housing provision and rehabilitation while working creatively with all types of housing providers, private, public and community (experience shows that the reliance on one sector to provide housing brought limited results) and promoting sustainable land use.

One of the key challenges that cities are called on to tackle following the economic and financial crisis, is access to affordable housing. In general terms, cities lack affordable and social housing across all tenures, while some suffer from housing vacancies and decaying stock. Examples of urban areas affected:

- Metropolitan areas with heated housing markets, where the demand for housing is increasing, where housing prices are inflated and housing affordability dropping significantly for the wide spectrum of income groups (from low income to medium and medium high income) and their varying needs.
- Neighbourhoods where inhabitants cannot afford to invest and/or to cover utility expenses.
- Shrinking cities and areas with low demand for housing (i.e. areas with an increased number of vacancies and empty housing).

¹¹ Energy poverty may affect nearly 11% of the EU population, <https://ec.europa.eu/energy/en/news/energy-poverty-may-affect-nearly-11-eu-population>.

¹² Feantsa, The Second Overview of Housing Exclusion in Europe 2017, <http://www.feantsa.org/en/report/2017/03/21/the-second-overview-of-housing-exclusion-in-europe-2017>.

Another challenge to tackle is the vulnerable groups in the society having a particular difficulty in accessing social and affordable housing, such as the elderly, lone parents, people with disabilities, homeless, long-term unemployed, youth leaving institutional care, Roma, migrants, etc. Particularly in these areas actions should be linked with relevant supporting measures (education, health, social affairs, employment, security, desegregation etc.).

Prompts for urban authorities

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

Considering the housing challenges faced by cities it is important to re-establish responsible housing production and housing consumption systems to address the issues of growing and shrinking cities, and deprived urban neighbourhoods. Responsible housing systems should:

1. bring economic benefits, such as
 - increase housing affordability
 - increase energy efficiency, reduce CO2 emissions
 - promote efficient and sustainable use of building land and prevent urban sprawl
 - local jobs
 - innovative financing schemes through public-private partnership
2. limit waste through
 - efficient use of resources
 - recyclability of housing
 - brownfield re-development
 - housing refurbishment
3. promote people based solutions , such as
 - better access to affordable, quality housing and social housing
 - housing solutions corresponding to life courses
 - reflection to demographic and social trends
 - collaborative housing
 - desegregation, closing the social and physical isolation gap between different groups of the society
 - prevention of the unintended effects of gentrification (e.g. evictions)
 - specific needs of vulnerable groups.

Urban interventions in the housing systems promote housing products and the built environment that is aesthetic and usable to the greatest extent possible by everyone, regardless of their age, gender, nationality or ethnic background.

General principles:

- Assess the specific local needs and respond appropriately.
- Ensure an integrated approach so that the action is interlinked with other relevant measures to achieve better overall results.
- Actions should not have any discriminatory and segregating effects.
- Actively curb perceived competition for market share between different types of housing providers (e.g. private and public) in order to advance socially mixed and tenure mixed housing production and consumption.
- Sustainability of action beyond the timeframe of the project should be ensured.
- For actions in favour of vulnerable groups, involve the community in the preparation, design (and implementation where relevant) of the action.

3.4 JOBS AND SKILLS IN THE LOCAL ECONOMY

Overall definition and context of the topic

Job creation is one of the top priorities of the EU. This is not surprising when one considers that whilst the level of unemployment has been falling in recent times, 19.092 million men and women were unemployed in May 2017, with many of these in the age-groups that should normally be the most productive and involved in a healthy, prosperous society.

The New Skills Agenda for Europe (2016) reiterates the importance of job creation and of upskilling Europe's workforce. At the same time, the European Pillar of Social Rights (2017) strives to establish fairer working conditions and a strengthened social dimension in employment-related policies.

The focus of the Partnership on 'Jobs and Skills in the local economy' of the Urban Agenda for the EU is to facilitate the local economy by increasing the capacity and skills of the workforce and by providing favourable preconditions for business development and job creation, based on distinctive local specificities.

Relevance for and role of urban authorities

As the EU gradually moves out of the economic crisis, it should be remembered that more than two-thirds of the EU's workforce live in cities and that urban agglomerations are the main drivers for innovation, competitiveness and economic growth across Europe. Cities therefore have a key role to play in creating and supporting the right conditions for the innovative investments that lead to more and better jobs for their citizens.

Once more, the kinds of projects expected are not defined in detail, but the project already approved in the 1st UIA call and the URBACT report “More jobs: better cities” could be used for inspiration as it sets out some of the steps that urban authorities can take to stimulate growth and jobs.

Prompts for urban authorities

Without being prescriptive in terms of the types of projects expected, cities are invited to consider priority themes identified in the [orientation paper](#) of the Partnership on 'Jobs and skills in the local economy' of the Urban Agenda for the EU¹³ as well as the following themes and issues:

- Strengthening local supply chains to help the local economy to benefit from the local market and playing an active role in building connections between local companies, their Stakeholders, and both local and broader market opportunities;
- Supporting SMEs, providing innovative solutions for their key challenges and enhancing their interconnectivity with wider markets;
- Developing an enhanced entrepreneurial culture and fostering the creation of innovative businesses and social enterprises by promoting favourable local eco-systems, including through 'business incubators'
- Enabling the transition of cities into a next economy based on knowledge, sustainable energy, digital platforms and more localised and circular forms of production.
- Valorising research and development by commercializing the results of scientific research and development, via the cooperation of entrepreneurs and the scientific and research community;
- Aiming at a highly qualified workforce equipped with the adequate skills in order to foster higher productivity, creativity and innovation

¹³ <https://ec.europa.eu/futurium/en/content/jobs-and-skills-local-economy-orientation-paper>.

- Ensuring inclusive labour markets by providing equal opportunities for all, including marginalised and vulnerable groups;

In addition, the Commission recognises that cities need to manage their labour markets to ensure a good match between demand (the jobs available) and supply (the people who want them) in order to get the most benefits from economic growth. Upgrading skills levels and better foresight as to labour market needs are essential, as people need to have the right skills if they are to be employed long-term by a competitive employer. Working with educational establishments to match their teaching to the evolving labour market needs, stimulating skills demand, working together with them and with employers to make sure the skills needed are known in advance, while encouraging investment in new skills are also elements that could feature in actions that cities can take.

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 payments¹⁴ and also based on the principle of reimbursement of costs that were actually incurred (including flat rates):¹⁵

- 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).

¹⁴ As stated in the Delegation Agreement signed between the European Commission and Région Hauts-de-France (ex-Région Nord-Pas-de-Calais) in 2015.

¹⁵ Idem.

- 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 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 CPR¹⁶ 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.

¹⁶ Common Provision Regulation (EU) No 1303/2013:
<http://eurlex.europa.eu/legalcontent/EN/TXT/?uri=celex:32013R1303>.

5.3 Budget lines and eligible expenses

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 third 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 30/03/2018 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.

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.¹⁷ 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 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.

¹⁷ 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).

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 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

- 15/12/2017 – Launch of the third Call for Proposals
- 01/2018 – 02/2018 – Applicants seminars and webinars
- 30/03/2018 – Deadline for the submission of the Application Forms
- 10/2018 – Indicative date for the final decision for the approval of projects
- 11/2018 – Indicative start date for approved projects

We look forward to reading your project proposals soon!