Assessment Study of the Urban Innovative Actions 2014-2020

Final Report

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Final Report

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ABSTRACT

The Urban Innovative Actions (UIA) is an EU initiative incentivising cities to test new solutions to urban challenges. It is funded by the European Regional Development Fund (ERDF) with a total budget of €372 million during 2014-2020 and with a maximum contribution of €5 million per project.

The present study constitutes the first external assessment of the UIA while the implementation of the initiative is ongoing. Its findings must thus be seen as preliminary and not capturing a full impact that only an ex-post evaluation will be able to measure, as from 2024 at the earliest. As an intermediate step, the study focused on four calls for proposals organised at EU level between 2015 and 2019 through which funding was granted for 75 projects addressing a range of topics consistent with the priority themes of the Urban Agenda for the EU and implemented by local partnerships led by urban authorities. It does not cover the fifth and last UIA call for proposals, which resulted in 11 additional projects more recently approved in 2020.

The assessment study evaluated the effectiveness, efficiency, relevance, coherence and EU added value of the UIA. It identified a range of innovations tested including the use of new techniques, social innovation, service delivery innovations, financial innovations and governance innovations. There is evidence of solid achievements in projects selected in the first two calls. However, delays in implementation have also been observed for some projects, as well as uncertainty as to whether these projects will achieve all intended outputs as planned and/or on time. The UIA offers potential for wider impact on sustainable urban development and Cohesion Policy through a multiplier effect brought about through sustainability, scaling up, transfer and replication of innovations, but this potential remains largely unrealised at this mid-term stage in the implementation of the Initiative.

Recommendations from the study include retaining the fundamental elements of the instrument, better defining the types of innovations to be pursued, strengthening the focus on sustainability, scaling-up and transfer of successful innovations and revising the selection and implementation process with a view to improving the operational readiness of projects and their relevance to Cohesion Policy 2021-2027.

EXECUTIVE SUMMARY

Introduction

This assessment study has evaluated the effectiveness, efficiency, relevance, coherence and EU added value of the Urban Innovative Actions (UIA) 2014-2020, an EU initiative still in the process of implementation. Its findings must thus be seen as preliminary and not capturing a full impact that only an ex-post evaluation will be able to measure, as from 2024 at the earliest.

As such an intermediate step, the study has examined:

- Four calls for proposals organised between 2015 and 2019;
- The implementation and performance of the 75 UIA projects selected as a result of these four calls;
- Possible improvements in the current (2014-2020) or next (2021-2027) programming periods.

The assessment study did not cover the fifth and last UIA call for proposals, which resulted in 11 additional projects more recently approved in 2020. It has focused on initial steps (application and selection procedure) of the delivery cycle and on implementation only to the extent possible, given the current status of projects examined.

The assessment study was undertaken through a document review, analysis of programme data, consultations of stakeholders, online surveys (reaching 236 applicants, 93 Managing Authorities (MAs) for Cohesion Policy programmes, 581 other stakeholders), 15 case studies, an expert assessment of evidence from all sources and verification research culminating in this final report.

Implementation and state of play

The UIA is an EU initiative under Cohesion Policy aimed at incentivising cities to innovate. The objective of the UIA is to provide urban authorities across the EU with resources, extending beyond the support provided traditionally through mainstream Cohesion Policy programmes, to: (i) identify and test new solutions to urban challenges of EU relevance; (ii) see how these work in practice and respond to the complexity of real life; and (iii) draw lessons, collect and share the acquired knowledge in view of allowing the transferability of successful experiences to other cities in the EU.

The UIA is funded by €372 million from the European Regional Development Fund (ERDF) for the 2014–2020 period. The ERDF contribution is 80% of the total budget of a project, with a maximum contribution of €5 million. Funding is allocated through competitive calls at EU level focused on topics consistent with the priority themes of the Urban Agenda for the EU (UAEU).[1] Eligible applicants are urban authorities or associations/groupings of urban authorities with at least 50,000 inhabitants. Urban authorities are expected to establish strong local partnerships involving key stakeholders to implement projects of 3-4 years' duration. An additional year is allowed for the dissemination of lessons learnt, knowledge transfer and closure.

The European Commission allocated the role of Entrusted Entity for the indirect management of the UIA to the Région Hauts-de-France. The Entrusted Entity then created a Permanent Secretariat (PS) to manage the UIA. The PS has organised five calls, of which

[1] Urban Agenda for the EU: Pact of Amsterdam; agreed at the Informal Meeting of EU Ministers responsible for urban matters on 30 May 2016 in Amsterdam, the Netherlands.

the first four are covered by this assessment. Each call focuses on 3-4 topics in line with the UAEU. The table below provides a summary.

Call	Deadline	Topics	Applications received	Projects funded	ERDF awarded
1	31/03/2016	Energy transition Integration of migrants & refugees Jobs & skills in the local economy Urban poverty	378	17	€ 76m
2	14/04/2017	Circular economy Integration of migrants & refugees Urban mobility	206	16	€ 63m
3	30/03/2018	Adaptation to climate change Air quality Housing Jobs & skills in the local economy	184	22	€ 92m
4	31/01/2019	Digital transition Sustainable use of land and nature-based solutions Urban poverty Urban security	175	20	€ 82m
ALL	-	**-**	**943**	**75**	**€ 313m**

Source: UIA programme data

As shown in the table below, at the start of this assessment, some projects from the first call had reached their end date, whilst others were still ongoing during the assessment.[2] None of the projects from Calls 2, 3 or 4 had reached their end date at the time this final report was written. Projects from Call 4 in particular were at a very early stage of implementation (with four having not signed their subsidy contracts) scheduled to last until August 2022.

Key timelines / numbers	Dates / Numbers
Call 1	
Number of projects selected	17
First project start/end date	11/2016 – 10/2019
Last project start/end date	08/2017 – 01/2021
Call 2	
Number of projects selected	16
First project start/end date	11/2017 – 10/2020
Last project start/end date	07/2018 – 06/2021
Call 3	
Number of projects selected	22
Project start/end date (all projects)	11/2018 – 10/2021
Call 4	
Number of projects selected	20
Project start/end date (all projects)	09/2019 – 08/2022
Number of subsidy contracts signed	16/20 projects

Source: UIA programme data

[2] At the time of closing this assessment (with cut-off date 31/10/2020), there are discussions still ongoing for a possible extension of some projects' duration due to COVID-19.

Effectiveness

UIA projects have tested a diversity of experimentations that are in line with broader EU policy objectives and consistent with the broader theoretical literature on innovation. This assessment has developed a typology of innovations tested by UIA projects, inspired by the taxonomy of public sector innovation presented in the European Public Sector Innovation Scoreboard.[3]

Types of innovations supported by the UIA

- Service innovations through new techniques, new technologies or new uses of technology
- Innovative use of technology to inform and influence decision-making
- Social innovation, empowerment and co-participation
- Service delivery innovations
- Financial innovations
- Territorial governance and organisational innovations.

The UIA has supported a considerable diversity of experimentations and there is evidence of solid achievements in the case of projects from Calls 1 and 2, although effects cannot be assessed in full at this mid-term stage of UIA's delivery cycle. The UIA projects feature many different types of innovations involving the development and testing of new products, processes or services, new ways to engage target groups, new ways to mobilise citizens or stakeholders and/or new forms of delivery. Projects have mobilised, through the partnership working principle, local alliances that could last and bring extra benefits in the long run on the innovation ecosystem dynamics. Of the projects in Calls 1 and 2 that were the subject of an expert assessment within this assignment, most (81%) look likely to complete most or all of their intended activities, and to achieve most but not all of their results and outputs (see project scorecards in Annex 2). Call 3 and 4 projects are at an earlier stage of implementation but most project co-ordinators (84%) report that their projects are being implemented fully or mostly according to plan. Survey results show that the UIA Initiative is visible and known and well understood by cities as an opportunity for them to innovate in line with its intervention logic.

The effects of the UIA cannot be assessed against pre-defined categories of urban innovation or standardised performance indicators. The instrument was not prescriptive in terms of the intended types of innovations, intended outputs or key performance indicators. This adds to the inherent challenge in measuring public sector innovativeness, especially in the urban development context, as acknowledged by the wider literature. However, the experience of the current UIA projects is showing the potential to develop a more explicit typology of urban innovations, which could orientate the design of future calls or guide the articulation of key performance indicators and thus reinforce coherence and complementarity with other EU programmes targeting innovation (see "Coherence", below). Moreover, most projects are not focused on a single innovation but instead acknowledge that each aspect of urban life is inter-connected. In this way, experimentations under the UIA demonstrate new forms to apply the EU principles of good urban governance enshrined in the New Leipzig Charter (policy for the common good, integrated approaches, multi-level governance, place-based approaches, participation and co-creation) adopted in November 2020.[4]

[3] European Commission (2013), European Public Sector Innovation Scoreboard 2013 - A pilot exercise.

[4] The New Leipzig Charter: The transformative power of cities for the common good was adopted by Ministers from the EU27 Member States at the Informal Ministerial Meeting on Urban Matters of 30 November 2020.

Despite the delays and challenges experienced in the implementation of projects, a diversity of outputs has been generated. The table below lists some of the key outputs from a sample of projects in Calls 1 and 2 that were reviewed in depth.

Types of outputs	Achieved outputs in project sample (Calls 1 and 2)
New services launched	• 1 x local energy market place (FED) • 2 x new energy systems and functions (CoRDEES, VIlawatt) • 2 x one-stop-shops for refugee services (CoRE, MiFRIENDLY CITIES) • 3 x co-housing models with individualised support for migrants or refugees (CURANT, U-RLP, Curing the Limbo) • 1 x career start guarantee scheme (BRIDGE) • 1 x personal carbon trading scheme (CitiCAP) • 1 x programme of events and training on culinary skills (TAST'in FIVES) • 1 x EdTech factory innovative Digital Innovation Hub, containing Alternative Learning Classrooms (NextGen Microcities)
New products or processes completed	• 1 x skills verification digital tool "OpenBadge" (OpenAgri) • 2 x local digital currencies launched (B-MINCOME, CitiCAP) • 1 x new soil product based on urban waste tested (URBAN SOIL 4 FOOD) • 9 x circular economy construction methods tested (Super Circular Estate)
Technology platforms	• 2 x energy marketplace or data platforms (FED, CoRDEES) • 4 x urban mobility data platforms serving transport planners, providers and users (CitiCAP, LINC-TUPPAC, TMaaS, SASMob) • 1 x digital platform for minimum income beneficiaries to access municipal services (B-MINCOME) • 1 x digital platforms for consumers to source urban food produce (URBAN SOIL 4 FOOD) • 1 x "Future Career Office" online platform (NextGen Microcities)
Infrastructure and equipment	• 1 x co-housing and incubator space built in renovated building (U-RLP) • 24 x social housing units adapted (B-MINCOME) • 3 x houses constructed using circular economy building techniques (Super Circular Estate) • 1 x smart bicycle highway developed (CitiCAP) • 20 hectares brownfield renovated into a housing complex with a collective kitchen (TAST'in FIVES) • 1 x urban garden with 66 plots set up (URBAN SOIL 4 FOOD) • 1 x autonomous vehicle transport system, subject to testing (LINC-TUPPAC) • 1x smart blue-green roof installed as part of the Innovation Lab (RESILIO)
Citizen outputs	• 75 x migrants accessing housing and personal support services (CURANT) • 175 x refugees accessing employment and skill services (MiFRIENDLY CITIES) • 119 x mentors trained to support refugees (CoRE) • 60 x teachers trained to support refugees (CoRE) • 115 refugees housed (Curing the Limbo) • 904 x refugees + 53 local youths housed (U-RLP)

Types of outputs	Achieved outputs in project sample (Calls 1 and 2)
	• 258 x refugees in business incubation programmes (U-RLP) • 232 x refugees in entrepreneurship programmes (U-RLP • 650 career start guarantees + mentoring for students (BRIDGE) • 250 migrant/refugee medical professionals supported into employment (USE-IT!) • 80 local residents trained as Community Researchers (USE-IT!) • 80 young people trained in urban agriculture (MAC)
Business outputs	• 2 x business innovation/training hubs (OpenAgri, MARES) • Co-operatives established (MARES) • 1 x network for knowledge-intensive business services (AS-FABRIK) • 1 x training course for of aspiring farmers and entrepreneurs (OpenAgri) • +100 x local food producers featured on app for consumers (URBAN SOIL 4 FOOD) • 1 x Makerspace opened for business innovation ideas and tech support (NextGen Microcities) • New crowd-funding opportunities for start-ups and SMEs (URBAN SOIL 4 FOOD)
Partnership/governance outputs	• 1 x public-Private-Citizen Partnership for local energy supply (Vilawatt) • 7 x public-private partnerships: Business Challenges Labs (MILMA) • 5 x public-private partnerships: Growth and Social Investment Pacts with businesses investing in skills (GSIP Vantaa) • 9 x neighbourhood partnerships (USE-IT!)

Projects featuring a high allocation of their budget for investments in infrastructure and equipment are those presenting the most natural interest from an ERDF perspective but tend to feature higher risks to delivery and to their timescales. Of the 75 projects, such expenditure accounted for more than 50% of budgets in 16 projects, 25-50% in another 28 projects and less than 25% in the other 31 projects. There is a clear correlation between expenditure on infrastructure and equipment and risks in implementation, such as delays in public procurement procedures, in recruiting staff, obtaining construction permits and/or in construction works. Some challenges faced are inherent to such investments, suggesting a certain predictability that could thus have been better anticipated, which may suggest a need for a revision of the operational assessment of project proposals and, more robust preparation at the outset. These risks are all the more significant when envisaging the longer-term effects of the UIA. Given that ERDF has a strong (albeit not exclusive) focus on infrastructure and equipment, such risks may hinder the potential for scaling up and replication of UIA innovations, if not adequately addressed.

The UIA offers the potential for wider, long-term impact on sustainable urban development and Cohesion Policy and beyond through a multiplier effect brought about through sustainability, scaling up, knowledge transfer and replication of innovations, but this potential remains unrealised at this mid-term stage of the Initiative. This potential arises first from the complementarity between the UIA and current sustainable urban development (SUD) strategies and programmes supported by the ERDF, as well as from the consistency of UIA topics with Cohesion Policy objectives 2021-2027 (see "Relevance" and "Coherence" below). It also manifests itself in the stated interest in scaling-up and replication expressed by cities and MAs. Many of the activities

and core innovations within Calls 1 and 2 have potential to be sustained, but this very much depends on their nature and predictability of prospects to continue with these activities, making crucial the early identification and securing of dedicated funding. This aspect should be systematically addressed in project design and assessment. There is indeed noticeable uncertainty surrounding sustainability and scaling up of UIA projects: of the projects in Calls 1 and 2 that were the subject of an expert assessment within this assignment, fewer than half were likely to fully (18%) or mostly (23%) sustain or scale up their activities. This proportion is consistent with projects' prospects across the four calls: fewer than half of projects (46%) responding to the online survey were certain that their experiences will be scaled up. Nonetheless, there are examples of innovations having been or likely to be scaled up as well as replicated, thus demonstrating the potential multiplier effect of the UIA. The main obstacles to replication relate to the practicalities (e.g. funding, transfer mechanisms) or the broader context rather than to the inherent value in or potential for replication. Indeed, whilst the current UIA design provides some support and funding for knowledge transfer, this is relatively limited and the initiative as a whole lacks a structured approach to supporting transfer and replication.

Efficiency

The application and selection processes are mostly operating successfully in terms of attracting a high number and diversity of applications meeting UIA quality standards and in terms of the satisfaction of applicants. The four calls have attracted a high volume, quality and diversity of applications from cities of varying sizes across the EU, albeit with some imbalance as concerns the geographical origins of proposals, suggesting a need to encourage more cities to apply in some Member States. The calls have also resulted in a diverse selection of project proposals rated with a high innovativeness and good coverage of all UIA topics. The level of competition relative to funds available has been higher than for other EU programmes focused on innovation (reflected in a success rate for eligible applications of 9% compared to 12% in Horizon 2020). There is a high level of satisfaction amongst applicants with most elements of the application and selection process (most notably usefulness and clarity of the description of topics and the rules relating to eligibility of authorities) and with support and feedback provided, although there are some challenges around the time taken to complete the selection process, which has tended to take longer than comparable programmes. For example, the average time-to-grant (i.e. elapsed time between the call closing date and the official project start date) was 255 days within the first four UIA calls[5] compared to 192 days across the whole of Horizon 2020.[6]

There is a possible need to revise the selection procedure and criteria in the view of a stronger articulation of the intervention logic of the UIA and to reduce overlap between the strategic assessment (SA) and the operational assessment (OA) of proposals. The evaluation criterion of innovativeness could be strengthened by giving consideration to the types of innovations that should be prioritised, the role to be played by local authorities and the types of projects that more obviously lend themselves to scaling up and replication by mainstream ERDF programmes. The merits of proposals relative to their geographical context might also deserve specific consideration. Nonetheless, there is a need to introduce the sustainability of innovations into the selection criteria and to separate transferability and scaling up as two distinct concepts.

There is also a possible need to revise the selection criteria and the weighting given to them in order to strengthen projects' readiness and their potential for long-term impact. Analysis undertaken for this assessment has not established any significant correlation between OA scores received by proposals during the selection

[5] The actual signature of the UIA grant agreement takes place at the end of the initiation phase, which can be up to six months after the official project start date. See Section 0.

[6] SWD(2017) 220 final, Commission Staff Working Document, In-Depth Interim Evaluation of Horizon 2020.

procedure and smoothness in delivery. Moreover, lengthy initiation phases and delays in implementation for some projects, as well as uncertainty as to whether these will achieve all their intended outputs as planned and on time have been observed. This might suggest the need to better consider operational readiness when selecting projects and to strengthen it during the initiation phase. Overall, there is a need to strengthen the operational assessment of proposals or for some applicants to have more time to develop their workplans. This might be best addressed by revising the operational assessment criteria or their weighting, by separating more clearly the strategic assessment from the operational assessment or by exploring the merits and feasibility of a "two-stage" application procedure, taking inspiration from other EU programmes.

Relevance

The UIA topics are demonstrably relevant to the challenges facing cities and citizens, as evidenced by the literature and overwhelmingly by stakeholders' responses to the surveys. The vast majority of UIA applicants (97%) and other stakeholders (88%) believe that the UIA topics are relevant to cities. The relevance of topics is also an important motivation for applicants to apply. Overall, the survey responses provide a solid ground for continuing with the well-accepted concept of calls based on needs relevant at the EU level, in the light of emerging priorities and trends (e.g. green and digital transitions, resilience and recovery from COVID-19 crisis, etc.).

The UIA topics are relevant to broader EU policy objectives. The topics covered by the UIA are, by definition relevant to the Urban Agenda for the European Union (UAEU) having been defined by the European Commission precisely in this way. The UIAs topics also remain relevant to the objectives of the New Leipzig Charter, in its three dimensions of the just city, the green city and the productive city and its underlying urban governance principles (place-based, integrated, participatory approaches). By design, the UIA topics are relevant to the ERDF thematic objectives, although this relevance is not explicitly referred to in the calls and does not seem to have played a significant role in the selection of projects (see below). Last, the UIA topics for the first four calls are clearly relevant to the objectives of Cohesion Policy for the 2021-2027 period, to the Commission's priorities for 2019-2024 and to the United Nations Sustainable Development Goals (SDGs), to which the EU is committed, confirming the potential of the UIA to continue to inform the EU policy response in the years to come.

Selected projects are relevant to urban challenges and broader EU policy objectives although their value added for Cohesion Policy could be better weighted in the selection procedure. Relevance of projects has been ensured through the focus on topics that are consistent with the priority themes of the UAEU. The selection process has resulted in a good spread of projects across the different topics. Innovative investments in infrastructure in particular address a proven need of cities and are naturally the most relevant, for scaling-up or replication, with ERDF funding, although these have not been always prioritised by UIA projects as previously stated. Relevance of projects to ERDF thematic objectives is an UIA requirement documented in the application process that gives useful indications on where complementarity with ERDF programmes could be highest (see "Coherence", below). How this requirement is valued in the selection procedure is less evident since it was not explicitly weighted by reference to a specific criterion or sub-criterion. This suggests a need to recalibrate its function in the assessment of project proposals in the future.

The design of the UIA instrument is relevant to and valued by cities. The opportunity to test ideas and innovate is a particularly relevant feature of the UIA for applicant cities, whilst key parameters such as the limit of €5 million EU funding and the minimum population size of cities or associations/groupings thereof (at least 50,000 inhabitants) are seen as appropriate. The online surveys show that most respondents, i.e. applicants but also other local authorities and stakeholders, would support keeping these

key parameters unchanged, and the analysis highlights the advantages in doing so, i.e. maintaining a focus on urban areas with projects of a sufficient critical mass and beneficiaries financially and technically equipped to administer them. Cities greatly appreciate the design of the UIA rules, as they are seen as more facilitative of innovation during implementation (advance payment of ERDF, budget flexibility, simplified cost options and possibility to make project changes, etc.) than many other funding streams. In this way, the design of the instrument appears to allow the possibility to innovate in a way which is less administratively burdensome in comparison to some other funding sources.

Coherence

The UIA selection process is consistent with other comparable EU programmes (e.g. Smart Cities and Communities lighthouse projects within Horizon 2020, LIFE pilot projects) in requiring applications to focus on one main topic but the process differs in its focus on urban authorities. Unlike the other programmes, the UIA selection process is very specifically targeted on urban authorities working to address challenges in their local context, albeit in partnership with other local stakeholders. The other programmes all have a wider cohort of eligible applicants and they either require or reward the integration of transnational co-operation into project activities.

The UIA is generally coherent with and complementarity to other EU programmes within Cohesion Policy and other EU programmes that promote innovation. The UIA demonstrates coherence in terms of objectives and complementarity by virtue of its design, activities and ERDF thematic objectives addressed with Cohesion Policy programmes (including Interreg programmes, Sustainable Urban Development strategies supported under Article 7 of the ERDF Regulation). In contrast to other EU programmes (outside Cohesion Policy) focusing on innovation, the UIA is very specifically targeted on local authorities working in partnership with other stakeholders to test innovations "for real" in one single local innovation ecosystem, i.e. onsite and/or at urban scale with associated complexity (buy-in from residents and stakeholders, legal requirements in terms of standardisation, safety, data protection, etc.). There may be scope to increase the complementarity with these EU programmes focusing on innovation by better defining the types of innovations intended to be supported specifically by the UIA. At local level, there are numerous instances of UIA projects being complementarity to projects funded by other EU programmes but the mere fact of different EU-funded projects operating in the same territory as UIA projects does not necessarily lead to the exploitation of potential complementarities.

The UIA has supported innovations with the potential to be scaled up or replicated by mainstream ERDF programmes, although the extent of that potential varies from project to project and is largely unrealised at this mid-term stage. This mostly unrealised potential so far (see "Effectiveness", above) is evidenced by a high degree of thematic compatibility between UIA topics/projects and the priorities of SUD strategies financed by the ERDF in the current period as well as with Cohesion Policy objectives 2021-2027. Notably, 69% of UIA projects take place in cities that implement SUD strategies that are often thematically compatible and thus might offer potential to support the scaling up of their own UIA projects. Some UIA investments in infrastructure or equipment might be particularly suitable for mainstreaming, where they are exemplary of the types of investments supported by ERDF, for example, the 21% of UIA projects (16 out of 25) that have committed more than 50% of their budgets to investments in infrastructure and equipment. Encouragingly, MAs from ERDF programmes supporting sustainable urban development show some openness to financing the scaling-up (56% of MA responding to the online survey would consider it) and replication (40% of MAs responding would consider it and another 3% were planning it) of UIA innovations, although for some it is too early to consider concrete support and they would need more knowledge about UIA projects and their achievements. To increase MAs' knowledge of UIA

innovations and help them prepare for the next period, there may be some merit in organising EU-level knowledge transfer activities specifically targeted at MAs and Cohesion Policy stakeholders, as part of a more structured approach to knowledge transfer and replication at programme level. There is scope for increasing the potential for scaling-up or replication of investments in Cohesion Policy programmes 2021-2027 (see "Recommendations" below).

EU added value

The UIA has strengthened the overall EU policy response to the challenges facing urban areas. Evidence to date shows that the UIA has offered a unique opportunity for cities to innovate and is thus meeting a demand that is not fully addressed by other programmes. The UIA has increased the focus given to the priority themes of the Urban Agenda for the European Union (UAEU) as areas within which to stimulate innovative thinking and has helped to steer cities' innovation efforts toward these specific urban challenges. The UIA is also demonstrating the value of the New Leipzig Charter principles through real-life experimentations across the EU.

The UIA has tested innovations that could lend themselves to wider deployment through mainstream Cohesion Policy programmes, offering the potential for transnational knowledge transfer and replication that should be systematised in the future through dedicated transfer mechanisms and appropriate funding. As stated above (see "Efficiency"), cities from countries that did not succeed to be represented in the UIA to date should be encouraged to apply to further improve in the future the geographical coverage of urban diversities across the EU. Still, the UIA has already enabled cities to experiment on an equal footing regardless of the strength of their varied national innovation contexts in not less than 18 Member States, a representativeness that has been increasing call after call. It has also provided an opportunity for urban authorities, as the sole eligible applicants, to lead local innovation processes irrespective of the role that they would otherwise play in their endogenous innovation ecoystems. In the absence of the UIA, the testing of innovative solutions to tackle urban challenges might have still taken place but with lesser focus on common EU policy priorities and lower potential for transfer and knowledge dissemination within and across different Member States.

At project level, the most important form of EU added value is the opportunity for urban authorities to test new ideas and to lead local innovation processes in collaboration with other actors. This is evidenced by the programme being almost unique amongst EU programmes in targeting urban authorities in this way, giving them the opportunity to lead local innovation processes. Although this opportunity to be in the lead may not always have been fully seized by all cities (see Section 3.6.2), the UIA has enabled the setting-up of local innovation alliances involving them and that could endure over time. In the long-term, this might allow urban authorities to be a key player in local innovation ecosystems, if appropriate innovation capabilities identified in the assessment are further built upon at EU level in the future. Such an added value is also evidenced by the fact that the vast majority of unsuccessful applications have not been implemented without UIA funding and none of the selected projects reported that they would have implemented all their activities without EU funding.

Recommendations

1. The successor programme - European Urban Initiative 2021-2027 - should retain the fundamental elements of the UIA instrument.[7]

It is recommended to ensure a certain stability of rules and procedures which are well accepted and understood by applicants and beneficiaries (e.g. the processing of calls on urban challenges of relevance at EU level based on predefined selection criteria, eligibility standards for urban authorities, the limit of €5 million per project), or seen by them as creating the favourable conditions to successfully implement innovative projects (for example, advance payment of ERDF, budget flexibility, simplified cost options and/or simplified rules on state aids).

2. Enhance the UIA intervention logic by better defining targeted impacts and the types of innovations and/or urban innovation capabilities pursued, possibly taking inspiration from the guiding urban principles endorsed in the New Leipzig Charter.

The current assessment has suggested a more explicit typology of urban innovations, which could guide the design and implementation of any successor programme. Such innovations could be thematic, as in the current UIA, or more cross-cutting in line with the principles of the New Leipzig Charter (policy for the common good, integrated approaches, multi-level governance, place-based approaches). They could also relate to ways to further empower cities and citizens. Definition of outputs and key performance indictors in the calls could also help both to aggregate results from projects focusing on a given area and to enable building scenarios on potential impacts from successful experimentations rolled out at a larger scale. However, outputs and indicators should not be so narrowly-defined that they stifle the innovativeness of proposals. There is also a need to increase the focus on urban authorities (for example, through the selection criteria) given that they have not always played the central role in the innovation process, despite being the only eligible applicants. The above-mentioned orientations would not aim only at enhancing innovative actions per se, but also at increasing their complementarity with other EU programmes targeting other actors and/or stages of the innovation process, and more fundamentally their added value for sustainable urban development under Cohesion Policy (and the ERDF in particular).

3. The successor programme - European Urban Initiative 2021-2027 - should have a strengthened focus on and support for sustainability, scaling-up and transfer of successful innovations developed by funded projects.

Greater focus could be provided in the selection process by introducing the sustainability of innovations into the selection criteria and by separating transferability and scaling up as two distinct concepts. It might also be necessary to give greater priority to applications in which the proposed innovative ideas would naturally lend themselves to scaling up and replication through mainstream ERDF programmes, such as those that feature significant investments in sustainable infrastructure and/or equipment. There may also be a need to introduce new mechanisms to support transfer and replication. This could include more structured support for knowledge transfer once innovations have been tested, for example, along the lines of the URBACT model. It might also include a more structured approach to supporting replication, which is embedded in the future UIA delivery cycle, e.g. taking inspiration from the Widening Actions' Teaming or Smart Cities and Communities Lighthouse models within Horizon 2020. This could include funding to address the needs

[7] In the next programming period 2021-2027, the UIA will become an integral part of a novel instrument under Cohesion Policy, the European Urban Initiative (EUI). The initiative will aim to offer more coherent support to cities to overcome the current landscape of manifold initiatives, programmes and instruments in support of cities under Cohesion Policy (see Section 2.1).

of potential replicator cities for mentoring, guidance, and technical assistance and to meet any costs of the UIA partners that exceed the existing budget for knowledge transfer activities. Replicator cities would acquire the competences necessary to raise their innovation profile and replicate the solutions tested in lead cities. A modest amount of funding might bring them to the point at which they could make a credible proposal but part of their duty in return for participation would be to identify the funding necessary for the actual replication (e.g. from Cohesion Policy programmes). From making more systematic and concrete the efforts for transfer, such an option would increase the chances to create the desired multiplier effect and spread tested innovations more widely across Europe.

4. It is recommended to revise the UIA selection and implementation process with a view to improving the operational readiness of projects.

It is recommended to revise the operational assessment and perhaps the selection process more generally. As a minimum, overlaps between the operational assessment (OA) criteria and strategic assessment (SA) criteria should be addressed. Different options could then be explored, such as: a minimum threshold for OA scores (below which no project would be selected), a revision of the relative weighting of the SA and the OA (so that projects with operational weaknesses cannot be selected solely on the basis of a strong SA score), or "elimination criteria" (so that any application failing to meet them would be rejected regardless of their other merits).

It might also be worth exploring whether a "two-stage" application process following the example of other programmes, such as the Widening Actions' Teaming under Horizon 2020 or LIFE+, would improve the operational readiness of projects and ultimately, their impact. A first stage would involve the selection of the most promising ideas on a given topic based on a short proposal assessed against strategic assessment criteria. The promoters of those projects would receive funding to further develop their innovation concepts and bring them to the required level of maturity within a short period of time (e.g. 6-12 months). The second stage would involve an operational assessment of these more developed innovation concepts and their detailed workplans ending with the shortlisting of the strongest applicants from the first stage for the full roll-out of demonstration projects, mature for experimentation at real scale and possibly with the greatest scaling-up and transfer potential. These workplans would also contain draft investment plans for scaling up and replication, including the intended funding sources, whether from mainstream Cohesion Policy programmes or other sources. The aim would be to reserve most funding for proposals that require less preparation at the initiation phase, are less likely to face undue delay or require major changes during implementation, and have greater potential for impact. This option could also have the merit of allowing the identification of the most promising ideas based on a simpler procedure for applicants. These would not be penalised for maturity reasons at the start but receive seed funding to develop their concept, with the view to get funding for more substantial investments (including possibly into transfer partnerships, see previous recommendation) if credible for a stage 2, or to be discontinued if the concept is inconclusive and not ready to be implemented in a timeframe compatible with requirements from the programme. The merits of such reengineering of the selection procedure would nevertheless have to be further assessed against possible pitfalls, including the potential repercussions on management and control proceedings and associated risks, or extra-administrative costs and/or delays generated.

5. Steps should be taken to optimise the UIA's added value for Cohesion Policy.

The potential for scaling up and replication through Cohesion Policy programmes could be increased by organising UIA calls for proposals by Cohesion Policy objectives 2021-2027 and by adapting UIA selection criteria so that they favour applications with potential to be scaled up and/or replicated under Cohesion Policy programmes and in particular ERDF mainstream and Interreg programmes. Awareness-raising on UIA calls could also be

reinforced by making a better use of Cohesion Policy programmes' communication channels, possibly increasing participation in some Member States and attracting proposals that better reflect the geographical diversity of urban innovation contexts across the EU. It may also be possible for the European Commission to take a pro-active role in engaging with Managing Authorities (MAs) during negotiations to accommodate the text of future mainstream and Interreg programmes and/or to organise their internal procedures to enable support for scaling up or replicating UIA innovations. MAs might indeed be called to offer incentives (e.g. bonus points) in their programmes' selection criteria and procedures for UIA projects seeking funding for scaling-up and replication or even for unsuccessful but high quality UIA applications (that could not be funded due to budget limitations of UIA/EUI), by ways such as a "Seal of Excellence" possibly attributed in the future for that purpose by the Commission or the UIA/EUI Entrusted Entity. Knowledge transfer from UIA projects should also be organised more systematically and lead to the development of an offer on capacity building activities for urban authorities and other entities benefiting from Cohesion Policy programmes as part of the global support function from the EUI 2021-2027.

1. INTRODUCTION

1.1 Purpose of the report

The Centre for Strategy & Evaluation Services (CSES) is pleased to submit this Final Report for the "Assessment Study of the Urban Innovative Actions 2014-2020". The report has been developed in line with the European Commission's Terms of Reference (ToR) and in light of the research and consultations undertaken regarding the Urban Innovative Actions (UIA). On this basis, as required by the ToR, the report presents in full the results of the analyses and conclusions arising from the assessment study.

1.2 Scope of the report

The assessment study has evaluated the effectiveness, efficiency, relevance, coherence and EU added value of the UIA through assessing the results and impacts of its implementation, while the EU initiative is ongoing. Its findings must thus be seen as preliminary and not capturing a full impact that only an ex-post evaluation will be able to measure, as from 2024 at the earliest.

As an intermediate step, the study has examined the following dimensions:

- Four calls for proposals organised between 2015 and 2019;
- The implementation and performance of the 75 UIA projects selected as a result of these four calls, including in-depth analyses of 15 case studies (see Annex 6);
- The EU added value and strengths of the UIA, as well as possible improvements in the current programming period (2014-2020) or the next period (2021-2027).

The assessment study did not cover the fifth and last UIA call for proposals, which resulted in 11 additional projects more recently approved in 2020. It has focused on initial steps (application and selection procedure) of the delivery cycle and on implementation only to the extent possible, given the current status of projects examined.[8]

1.3 Method followed and limitations experienced

The following tasks have been undertaken:

- Inception (Tasks 1-3): kick-off meeting, initial research, inception report;
- Document review: (Task 4): this covered EU-level documents, a sample of UIA applications, and project-level documents relating to a sample of 38 projects (see Annexes 2 and 3);
- Programme data analysis (Task 5): extensive analysis of data relating to applications, the selection process, selected projects, allocation of funding and the nature of beneficiary organisations; this includes a statistical analysis to test for any correlation between different variables (e.g. scores received at selection stage and level of risk identified in the risk assessment undertaken by the UIA Secretariat);
- On-line surveys (Task 6): the total number of responses is sufficient for robust analysis. The results of this survey informed the findings in this report. A full survey report serves as Annex 7 to this report. Three surveys were undertaken:
    - Closed survey of applicants and beneficiaries (236 reached, of which 130

[8] The cut-off date for the assessment is 31/10/2020. Finding and conclusions must be read in view of a situation that continues to evolve in a particularly exceptional context linked to COVID 19.

respondents fully completing the survey);[9]

- Open survey of any stakeholders with an interest in the UIA (581 reached, of which 355 respondents fully completing the survey, which 27% were local authorities);
- Closed survey addressed to Managing Authorities (MAs) in charge of EU Cohesion Policy programmes covering sustainable urban development strategies (ERDF Regulation Article 7), plus any MAs that were redirected from the open survey (93 reached, of which 53 MAs fully completing the survey).

- Stakeholder consultations (Task 7): a sample of 32 project promoters was approached for interviews. Other interviews undertaken or arranged include project partners, MAs, national or regional bodies, unsuccessful applicants and non-applicant cities;
- Case studies (Task 8): a pilot case study was undertaken, followed by 14 additional case studies. The summary reports are provided in Annex 6 of this report. Collectively, these projects account for €66m of ERDF funding allocated to UIA projects in Calls 1 to 4, representing 21% of the total of €313m of all ERDF allocations in these calls. Case study projects were selected according to the following criteria:
  - Geographical coverage (i.e. good spread of Member States);
  - Size and nature of participating urban authority;
  - Good representation across the different UIA topics;
  - Stage of implementation: seven from Call 1, five from Call 2 and three from Call 3.
- Interim report (Task 9): included initial findings, preliminary conclusions and one pilot case study.
- Verification research (Task 10a): filling in any gaps in the data, answering remaining questions and exploring lines of enquiry that merit further investigation;
- In-depth expert assessment (Task 10b): the research has gathered a considerable volume of evidence regarding the application, implementation and achievements of a sample of 22 projects from Calls 1 and 2 (out of 33 projects selected in these two calls). This includes the 12 projects from these calls that featured as case studies. The evidence includes the application form, application score, on-line survey response, project promoter interview, UIA Expert Journals and Zooms, annual progress reports and risk assessment undertaken by the UIA Secretariat. This evidence has provided a clear indication of the implementation and achievements of the sample. The evidence has informed a series of project scorecards provided in Annex 2. It has also informed analysis related to several issues:
  - State of play in terms of the extent of implementation, changes made and the likely extent to which activities would be sustained or scaled up (Section 3.2.1);
  - Performance of each project against the ambitions set out in the application with respect to the core features of innovativeness, partnership, measurability of results and outputs, and transferability and scaling up (Section 3.4.1);
  - Extent to which the UIA has enabled urban authorities, other public bodies and private bodies to innovate (Section 3.6.2).[10]

[9] Of those reached, some partially completed the survey.

[10] Given their early state of implementation, projects in Calls 3 and 4 were not covered by this analysis.

- Final report (Task 11): including draft and final versions and final presentation of results.

The methodology has proved sufficient to provide a robust evidence base for this final report. Relevant literature was reviewed covering the context, origin, rationale, implementation and effects of the UIA and also in relation to comparable EU programmes. Programme data has been extensively analysed as far as necessary to answer the evaluation questions. In this, the research team has been assisted by being given access to relevant sections of the management information system of the UIA Secretariat. A large and diverse set of stakeholders was consulted via the on-line surveys and interviews (with many more invited to offer their views but choosing not to respond). In-depth case studies have covered 15 projects, compared to the minimum of 10 required by the ToR.

Despite this extensive gathering and analysis of evidence, some limitations must be noted. The mid-term nature of the assessment means that the full results and impacts of the UIA cannot be known. As a result, much of the evaluation of effectiveness relates to the potential for impact, given that only 9 UIA projects had completed their activities at the time the assessment started (January 2020) and some were only just starting their implementation or were still in the initiation phase (i.e. some Call 4 projects). For that reason, the assessment has focused more on initial steps (application and selection procedure) of the delivery cycle and on implementation only to the extent possible, given the current status of projects.

Due to the COVID-19 pandemic, very few consultations were undertaken in person, with most taking place by telephone or on-line (e.g. via Skype, MS Teams). However, the consultations still gathered the required quality and quantity of evidence. Similarly, restrictions on travel limited the opportunity to visit the fifteen case study cities, although in some cases, the city was well known to the researchers undertaking the case studies.

Regarding the intended effects, it should also be noted that the UIA projects were free to specify their intended effects and to define their own output and result indicators, without having to refer to any prescribed list or even a broad typology. This is fully consistent with the Initiative's objective of allowing the freedom to innovate but it has resulted in considerable diversity in the definition of outputs and results across the UIA project portfolio and the various monitoring activities of the UIA Secretariat have quite rightly not sought to impose any uniformity. Such diversity has made the aggregation of effects very difficult in this assessment. The Inception Report for this assessment offered broad typologies of outputs, results and impacts, which have facilitated a degree of grouping and aggregation. However, the full aggregation of effects has not been possible and, in any case, would perhaps be misleading, given that the core aim of the Initiative is to test and scale up or transfer innovations.

1.4 Structure of the report

The main body of the report is structure in three parts:

- Section 2 of the report offers a descriptive summary of the implementation and state of play of the UIA Initiative;
- Sections 3 to 7 offer an analysis of the performance of the UIA against the evaluation criteria specified in the ToR and the Better Regulation guidelines: effectiveness, efficiency, relevance, coherence and European added value;
- Section 8: offers conclusions and recommendations.

Each section of the report has been structured to reflect the list of evaluation questions used in the research.

The main report is supplemented by a number of annexes:

- Annex 1: List of the selected UIA projects by topic;
- Annex 2: Project scorecards for the sample of 22 projects in Calls 1 and 2;
- Annex 3: Project summaries for the sample of 16 projects in Calls 3 and 4;
- Annex 4: List of interviewees;
- Annex 5: Bibliography;
- Annex 6: Case study reports;
- Annex 7: Analysis of on-line survey responses.

Regarding terminology, throughout the report and for reasons of simplicity, the UK is referred to as an EU Member State, as most of the activities covered by the study took place prior to the UK's departure from the EU on 31 January 2020. (The closing dates for the four UIA calls for proposals were between 2016 and 2019, with the first selected projects starting their activities on 1 November 2016 and completing them on 31 October 2019.) It should be noted that the recommendations for the future apply to the EU in its current form, i.e. 27 Member States.

2. IMPLEMENTATION AND STATE OF PLAY

"Implementation and State of Play" is not an evaluation criterion as such but serves as a first step to find out how the situation has evolved since the UIA began, how it has been implemented and what has happened/is happening both at local level and EU level.

This section offers a summary of: (i) the origins and objectives of the UIA and important elements of the context within which it has been assessed through the present study for the first time; (ii) applications received, funding allocated in the four calls and timeframe for the implementation of the projects selected via those calls; and (iii) approaches to experimentation and knowledge transfer. This section of the report is essentially descriptive rather than evaluative. However, it is important to set the scene for the analytical sections that follow.

2.1 Origins of the UIA and context of the mid-term assessment

Q1. What are the UIA Initiative origins and elements in the present context to consider for its mid-term assessment?

The legal basis for the UIA is the ERDF Regulation (1301/2013).[11] According to the Regulation, the overall task of the ERDF is to finance support which aims to reinforce economic, social and territorial cohesion by addressing the main regional imbalances in the EU. Within this overall task, the Regulation offers special recognition of the need to support integrated actions to tackle challenges facing urban areas. In particular, this includes investments through Article 7, which requires 5% of ERDF resources allocated at national level to be invested in integrated actions for sustainable urban development. These investments amount to around €17bn (mostly from ERDF but with around €1.5bn provided by ESF and around €1.3bn provided by the Cohesion Fund) managed directly by cities and supporting more than 950 sustainable urban development strategies during 2014-20.[12] Article 9 also mandates the Commission to establish an urban development network to promote capacity-building, networking and exchange of experience between urban authorities.

The ERDF Regulation also recognises that the cities are (or can be) key enablers of innovation in sustainable development. This is highlighted by Recital 20 of the Regulation, which states that the ERDF should support innovative actions that identify or test new solutions which address issues that are related to sustainable urban development. Article 8 of the Regulation then mandates the Commission to propose an instrument supporting innovative actions in the area of sustainable urban development and an ERDF envelope of €372m for such actions.

As stressed in Article 8 of the ERDF Regulation, innovative actions can include pilot projects to identify or test new solutions which address issues that are related to sustainable urban development and are of relevance at Union level. Such pilot projects should involve relevant partners, namely the competent urban and other public authorities, economic and social partners and relevant bodies representing civil society, including environmental partners, non-governmental organisations, and bodies responsible for promoting social inclusion, gender equality and non-discrimination.

[11] Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006

[12] https://urban.jrc.ec.europa.eu/strat-board/#/where

The detailed rules concerning the principles for the selection and management of innovative actions in the area of sustainable urban development to be supported by the ERDF are set out in Commission Delegated Regulation (EU) No 522/2014, which supplements Regulation 1301/2013.[13] These rules were later amended by Commission Delegated Regulation (EU) 2017/2056, which increased the maximum implementation period of projects from 3 to 4 years.[14] The UIA Initiative falls under the indirect management mode in the sense of Article 62(1)(c) of Regulation 2018/1046.[15]

Last but not least, there is recognition that innovations in cities that are successful (or at least where they generate useful knowledge and experience) can inform wider EU policies and programmes. Given that the UIA are rooted in the overall legal basis for the ESI Funds (Regulation 1303/2013) and for ERDF in particular (via Regulation 1301/2013), they should not be seen as a stand-alone initiative. Instead, they should be seen as relevant to the overall challenges addressed by ERDF and coherent with other ERDF-financed interventions. During 2014-20, beyond the 5% minimum allocation from the ERDF, it is estimated that about €115 billion EU Cohesion Policy funding is planned to be invested in urban areas from the ERDF plus the Cohesion Fund (CF).

The wider EU policy context in 2014-2020 both shaped the rationale for intervention and the extent to which the UIA will achieve the intended impacts. This context has four main elements.

First, the high-level policies, including the overarching Europe 2020 Strategy and those for specific policy fields, such as Cohesion Policy, Innovation Union, Energy Union, Industrial Strategy, Digital Single Market, etc. Cohesion Policy (and the programmes therein) is clearly one of the most important and has shaped the rationale of the UIA (as described above). The Innovation Union was also of particular relevance, with the Commission Communication (COM(2010) 546) highlighting the importance of developing a better understanding of public sector innovation, giving visibility to successful initiatives, and benchmarking progress.

Second, EU policies specifically related to urban development. Of prime relevance has been the Urban Agenda for the EU (UAEU), as set out in the 2016 Pact of Amsterdam.[16] The Pact has been launched as a new urban policy initiative complementing the 2007 Leipzig Charter on Sustainable European Cities, in which Member States' ministers for urban development set out common principles and strategies for urban development. Its core ambition was to put multi-level governance into action by enabling cities, Member States, the European Commission and other key stakeholders to come together to jointly tackle pressing urban matters through solutions aiming at better regulation, better knowledge and better funding. The Pact of Amsterdam set out a number of "Priority themes for EU cities" and for each theme a multi-level partnership was constituted. The list of themes for co-operation have been enriched by successive Presidencies of the EU Council.[17] These

[13] Commission Delegated Regulation (EU) No 522/2014 of 11 March 2014 supplementing Regulation (EU) No 1301/2013 of the European Parliament and of the Council with regard to the detailed rules concerning the principles for the selection and management of innovative actions in the area of sustainable urban development to be supported by the European Regional Development Fund.

[14] Commission Delegated Regulation (EU) 2017/2056 of 22 August 2017 amending Delegated Regulation (EU) No 522/2014 supplementing Regulation (EU) No 1301/2013 of the European Parliament and of the Council with regard to the detailed rules concerning the principles for the selection and management of innovative actions in the area of sustainable urban development to be supported by the European Regional Development Fund.

[15] Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union.

[16] Urban Agenda for the EU: Pact of Amsterdam; agreed at the Informal Meeting of EU Ministers responsible for urban matters on 30 May 2016 in Amsterdam, the Netherlands.

[17] Respectively the Slovak (2017); Maltese (2018) and Austrian Presidencies (2019) that contributed to complete the list of 14 UAEU partnerships existing to date. For more information on the UAEU: https://ec.europa.eu/regional_policy/sources/docgener/brochure/urban_agenda_eu_en.pdf

themes have been the main inspiration for the urban challenges to be addressed by the four consecutive UIA calls for proposals (see Section 2.2.2).

Looking ahead, the experience of the UIA is also to be seen as intended to inform future policies and programmes, most notably the preparation of the Cohesion Policy programmes for 2021-27. This experience will be relevant to all five proposed specific Policy Objectives (POs) but particularly PO5, which supports "a Europe closer to citizens by fostering the sustainable and integrated development of urban, rural and coastal areas and local initiatives". Of the elements in the proposed regulation, the UIA can particularly inform investments in sustainable urban development for which it is proposed that at least 6% of the ERDF resources at national level under the Investment for jobs and growth goal will be allocated.

In this specific frame, the key purpose of this mid-term assessment is to inform the proposed European Urban Initiative (EUI) 2021-27, which will support urban capacity-building, innovative actions, and knowledge, policy development and communication. Most notably, it is proposed that 60% of the budget dedicated to the EUI will support innovative actions involving experimentation in the area of sustainable urban development (based on the current UIA).[18]

Beyond that, the UIA offers the potential to contribute to the achievement of the European Commission's six priorities for 2019-24, which include "A European Green Deal", "An economy that works for people", and "A Europe fit for the digital age". In that way, the rationale is that the impacts of the UIA should ultimately strengthen the various policies (policy factors) that shape the new context for urban development and EU Cohesion Policy.

A key building block shaping this new context that is paramount to consider in this UIA assessment is the New Leipzig Charter, which was adopted in November 2020.[19] The Charter highlights three dimensions of the transformative power of cities: just, green and productive. It also proposed an update of the Charter's working principles, namely " Urban policy for the common good", "Integrated approach", "Participation and co-creation", " Multi-level governance" and "Place-based approach".

2.2 Intervention logic for the UIA

Q2. What was the intervention logic for the UIA Initiative?

The European Commission's Better Regulation Guidelines require evaluations to consider how the intervention was expected to work.[20] This typically features the development of an intervention logic which enables identification of the different steps and actors involved in the intervention which in turn allows identification of the expected cause and effect relationships.

In line with this requirement, Figure 1 below presents the intervention logic that has been applied to this mid-term assessment of the UIA. It thus reflects the context of the UIA for the period of its operation, i.e. 2014-2020. The intervention logic has drawn on the ERDF Regulation, UIA programme documents, other EU policy documents and the wider literature on public service innovation. It includes the key elements required by the Better Regulation Guidelines, notably rationale, objectives, inputs, outputs, results and impacts.

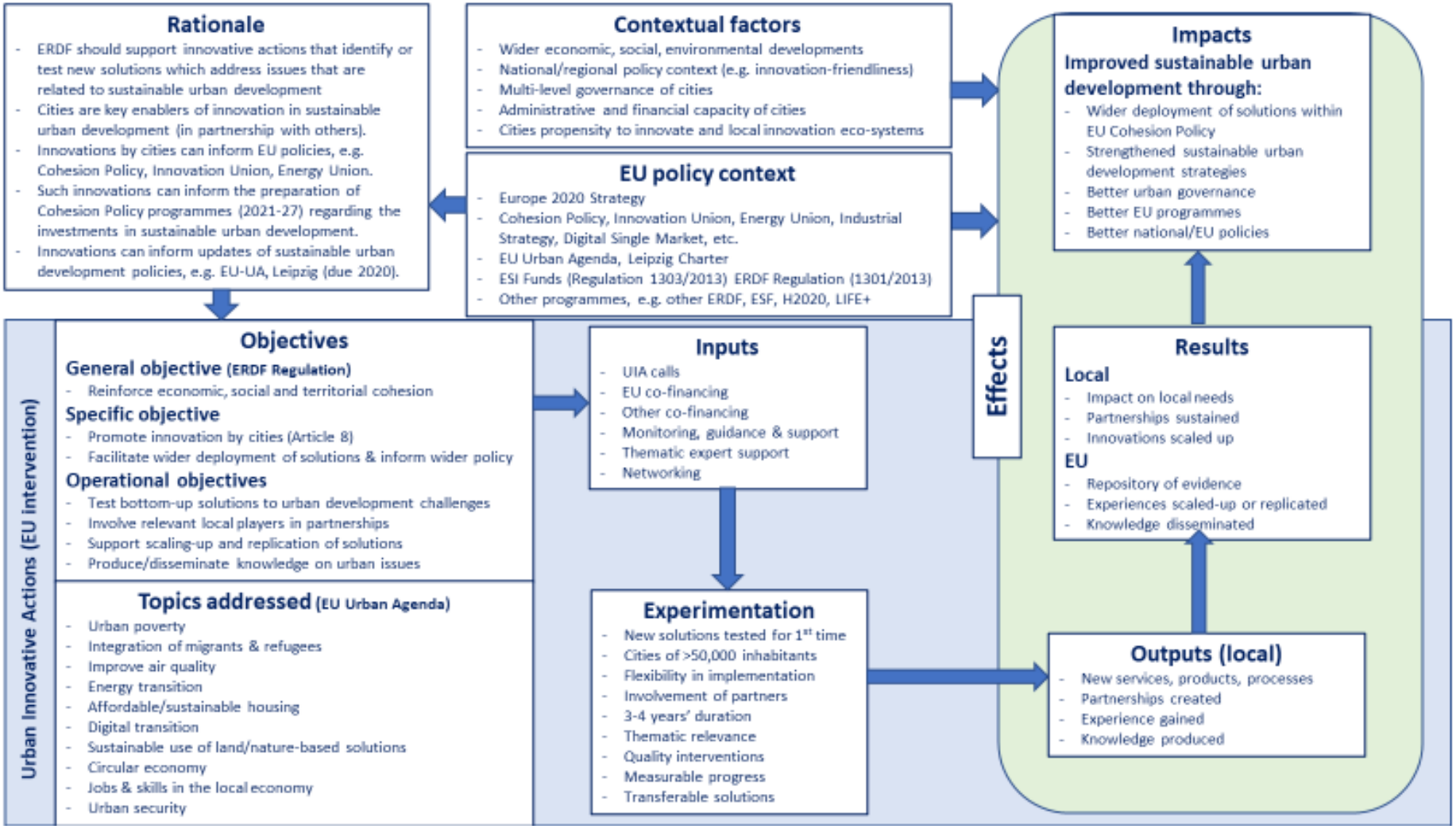
[18] European Commission (2019), Explanatory Memo: European Urban Initiative - Post 2020: Article 104(5) CPR Proposal and Article 10 ERDF/CF Proposal

[19] The New Leipzig Charter: The transformative power of cities for the common good was adopted by Ministers from the EU27 Member States at the Informal Ministerial Meeting on Urban Matters of 30 November 2020.

[20] https://ec.europa.eu/info/law/law-making-process/planning-and-proposing-law/better-regulation-why-and-how/better-regulation-guidelines-and-toolbox_en

The intervention logic has guided the design and implementation of the mid-term assessment, as well as the analysis and presentation of findings in this report.

Figure 1 Intervention logic for the Urban Innovative Actions (2014-2020)



2.2.1 Objectives of the UIA

As shown in Figure 1, the UIA intervention logic includes a hierarchy of objectives at three levels.

General objective: Given that the UIA are funded by the ERDF, they should contribute to the overall objective of the ERDF to "reinforce economic, social and territorial cohesion by redressing the main regional imbalances in the Union". For that purpose, they can support all activities necessary to achieve all ESIF thematic objectives and corresponding ERDF investment priorities.

Specific objectives: The UIA should promote the objective set out in Article 8 of the ERDF Regulation 1301/2013, which is to support innovative actions and incentivise cities "*to identify and test new solutions which address issues that are related to sustainable urban development and are of relevance at EU level*". In doing so, projects may support in an integrated way all the thematic objectives set out in Article 9 of Regulation (EU) No 1303/2013. Beyond this principal objective, tested operations aim at expending existing EU, national and local knowledge on the way to address defined urban challenges (even in case of failure) and at being scaled-up and/or transferred (if successful) to other urban territories across the EU. In this sense, the UIA has a second specific objective to influence positively the programming, design and implementation of sustainable urban development investments under Cohesion Policy and to encourage the wider deployment of tested solutions with the support of the EU funds, wherever feasible.

Operational objectives: whilst the ERDF Regulation does not explicitly state the operational objectives for the UIA, these flow logically from the specific objectives and can be deduced from the documentation related to the UIA. In the first instance, they involve the testing of bottom-up solutions to urban challenges, through partnerships of relevant players. In the second instance, they involve support for scaling up and replication of effective solutions and for dissemination of knowledge on such solutions and on urban issues more generally.

2.2.2 Topics

The objectives for the UIA are pursued through calls for proposals on topics chosen by the Commission. For the four calls covered by this study, the topics align with the 12 priority themes of the UAEU.

Table 1 Topics addressed by UIA Calls 1 to 4

Call	Topics
1	Energy transition Integration of migrants & refugees Jobs & skills in the local economy Urban poverty
2	Circular economy Integration of migrants & refugees Urban mobility
3	Adaptation to climate change Air quality Housing Jobs & skills in the local economy
4	Digital transition Sustainable use of land and nature-based solutions Urban poverty Urban security

2.2.3 Inputs

The main inputs to the UIA are the overall "package" of support from the EU level, including EU funding (maximum EUR 5 million per project), guidance on applications and implementation, support from the UIA Secretariat, expert support for advice and knowledge capitalisation and access to EU-level networks, events, etc.

2.2.4 Experimentation

The inputs (just described) provide the opportunity for UIA projects to experiment in their respective urban localities. UIA projects enable urban authorities (or associations or groupings thereof) covering areas with 50,000 inhabitants or more to work with their partners to test new solutions for the first time in their territories. As noted above, each project can receive up to €5m of EU funding, provided that the city and project partners share the risk by meeting at least 20% of the total cost from their own resources. The design of the UIA instrument allows the projects some degree of flexibility over a period of 3 (Calls 1 and 2) to 4 years (Calls 3 and 4) of implementation. Selected projects address the specified themes, are of demonstrable quality (at application stage), should demonstrate measurable progress and lead to transferable solutions of relevance to other cities. Projects were free to define the specific types of innovation to be tested provided that they were relevant to the topic in question and to ERDF thematic objectives and that they satisfied the selection criteria of innovativeness, partnership, measurability, transferability and scaling-up.

2.2.5 Outputs

These are the immediate effects of the projects. According to the UIA guidance, each work package of projects must produce at least one output, defined as a "tangible or intangible object produced as result of the funding given to the project. It shall be captured by an output indicator and directly contributes to the achievement of project result(s)." Examples of tangible outputs offered by the guidance include training programmes delivered, business incubators established or buildings refurbished. Other types of output mentioned by the guidance include processes leading to new products or services, studies, policy recommendations, and good practice guides. Beyond the broad definition and the given examples, the guidance does not specify a list of intended outputs. Instead, in line with the experimental nature of the UIA, it is for projects to specify their intended outputs at application stage and to define their own output indicator.

2.2.6 Results

Intended results are defined by the UIA guidance as "the change in the local situation the project is aiming for as direct consequence of the project implementation". They can be grouped into three types.

First, there are the intended results at local level, in terms of identifiable effects on urban issues faced at local level (e.g. improved air quality, reduced urban poverty, better housing, etc.). These are intended to be measurable. At the local level, there is also the sustainability of the partnerships developed by the UIA projects.

Second, there are the EU-level results in the form of knowledge collected at programme level. This would include thematic knowledge that is specific to one or more themes or operational knowledge regarding methods of a holistic or cross-cutting nature, for example, relating to governance, integrated and participatory approaches very much valued as sustainable urban principles, especially within Cohesion Policy. Such knowledge might be captured in a diversity of forms, such as any reports or publications featuring good practice, etc.

Third, there are the effects on stakeholders in other localities across the EU who benefit from experiences scaled-up or transferred and knowledge capitalised and disseminated.

This is essential if the UIA are to realise their full potential to generate EU added value; without them, the effects of the UIA can still be positive but would be mostly localised.

2.2.7 Impacts

The primary intended impact could be said to be the wider deployment of solutions tested by UIA projects in other cities across the EU, so that the UIA contributes to systemic change and thus to the achievement of the global objective of the ERDF. Such deployment could be through programmes funded by EU Cohesion Policy or by other funding, such as national or regional programmes. In particular, wider deployment might arise within sustainable urban development strategies funded via ERDF funding under Article 7.

Another intended impact would be the exploitation of knowledge and experience generated and disseminated by projects. The recipients of such knowledge and experience might include the cities and partners participating within UIA projects, but also other cities (and their partners) and policymakers at all levels.

2.3 Operational legal framework of the UIA

Q3. How does the UIA operate?

The UIA is funded by the ERDF, with a total envelope of €372m for the period 2014–2020. The contribution of ERDF is 80% of the total budget of a project, with a maximum contribution of €5m. Eligible beneficiaries are exclusively urban authorities with at least 50,000 inhabitants (or associations of smaller cities provided that the total population exceeds 50,000). Each UIA project must be led by a "main urban authority" but with a strong local partnership involving key stakeholders able to contribute to the implementation of the project with experience and expertise. Transnational partnerships are not requested. Regular information on knowledge generated (i.e. journals) are published on the dedicated page of the UIA website.

The European Commission allocated the role of Entrusted Entity for the indirect management of the UIA to the Région Hauts-de-France. The Entrusted Entity then created a Permanent Secretariat (PS) to manage the Initiative. The UIA Initiative was then officially launched at the second European CITIES Forum in Brussels on 2 June 2015.[21]

The funding dedicated to the UIA is allocated through competitive calls at the EU level on themes defined by the European Commission, in line with the topics of the Urban Agenda for the EU and ERDF thematic objectives. Project applications are evaluated according to the selection criteria covering: (i) innovation; (ii) quality (e.g. analysis of the feasibility, impact, sustainability, etc.); (iii) partnership; (iv) measurability of the results; and (v) transferability and scaling-up of the solutions.

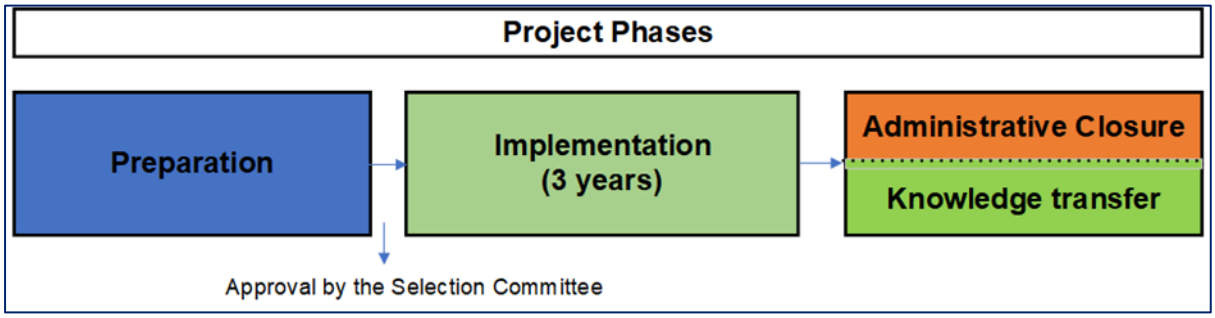
Selected projects are implemented in three phases (not including the application and selection process):

- **Preparation**: comprising all activities related to the elaboration of the project application and ending with the approval of the project by the UIA Initiative. A lump sum of €20,000 eligible costs (of which a maximum of €16,000 from the ERDF) is allowed, provided the project is approved.
- **Implementation**: includes i) initiation phase (up to six months) featuring training, fulfilment of administrative and legal requirements, modification of the application form (if necessary), ex-ante audit; ii) implementation of the activities proposed in the application form.
- **Administrative closure and knowledge transfer**: closure features the preparation

[21] https://ec.europa.eu/regional_policy/en/conferences/cities-2015/

of the final progress report (within three months), whilst knowledge transfer involves capture and dissemination of the knowledge and lessons generated by the project and culminates in a final qualitative report (within one year). A lump sum of €15,000 eligible costs (of which a maximum of €12,000 from the ERDF) only is allocated for this crucial phase.

Figure 2 Phases within UIA projects



Source: UIA Guidance

Specific features of UIA projects include: 50% advance payment of ERDF, simplified rules on State Aids, 20% budget flexibility, simplified cost options (flat rates, lump sums) for certain categories of expenditure and the possibility to make project changes. Major changes relate to core or substantial elements of the project, having a significant impact on implementation. Major changes are to be considered as exceptional and may be approved only in duly justified cases, following a formal request to the PS. Each project is permitted a maximum of two major changes, although each major change request may affect more than one part of the project (e.g. budget change, partner change). Minor changes (mere adjustments to the project set-up having no significant impact on implementation) only need to be communicated to the PS.

2.4 State of play on UIA processes and projects covered by the mid-term assessment (Calls 1 to 4)

Q4. What is the current state of play in terms of funding allocated and projects implemented?

The first call for proposals was launched in 2015, followed by four subsequent calls (the last of which is not covered by this assessment). The four calls covered by this assessment are presented in Table 2 below. Each call led to the selection of projects specifically addressing one of the topics indicated.

Table 2 Overview of calls and allocation of funding

Call	Deadline	Topics	Applications received	Projects funded	ERDF awarded
1	31/03/2016	Energy transition Integration of migrants & refugees Jobs & skills in the local economy Urban poverty	378	17	€ 76m
2	14/04/2017	Circular economy Integration of migrants & refugees Urban mobility	206	16	€ 63m
3	30/03/2018	Adaptation to climate change	184	22	€ 92m

Call	Deadline	Topics	Applications received	Projects funded	ERDF awarded
		Air quality Housing Jobs & skills in the local economy			
4	31/01/2019	Digital transition Sustainable use of land and nature-based solutions Urban poverty Urban security	175	20	€ 82m
ALL	-	**-**	**943**	**75**	**€ 313m**

Source: UIA programme data

The progress of the selected projects in terms of signature of subsidy contracts, start dates and end dates, is presented in Table 3 below. It should be noted that only 9 projects from Call 1 had reached their final dates for implementation and could thus be considered officially completed at the start of this assessment (January 2020). All the other projects were ongoing according to respective paths ending between 2020 (for Call 1 projects) and 2022 (for Call 4 projects). These timelines are important to bear in mind when considering the findings of this mid-term assessment which relate to partial achievements and results, especially as concerns the most recently-adopted projects (in particular from Calls 3 and 4).

Table 3 Timelines for Calls 1 to 4

Key timelines / numbers	Dates / Numbers
Call 1	
Number of projects selected	17
Call deadline	3/2016
Project selection completed (email sent to selected projects)	10/2016
Last subsidy contract signed	10/2017
First project start/end date	11/2016 – 10/2019
Last project start/end date	08/2017 – 01/2021
Call 2	
Number of projects selected	16
Call deadline	04/2017
Project selection completed (email sent to selected projects)	09/2017
Last subsidy contract signed	10/2018
First project start/end date	11/2017 – 10/2020
Last project start/end date	07/2018 – 06/2021
Call 3	
Number of projects selected	22
Call deadline	30/03/2018
Project selection completed (email sent to selected projects)	24/09/2018
Project start/end date (all projects)	11/2018 – 10/2021
Last subsidy contract signed	02/2020
Call 4	
Number of projects selected	20
Call deadline	31/01/2019
Project selection completed (email sent to selected projects)	01/08/2019
Project start/end date (all projects)	09/2019 – 08/2022
Number of subsidy contracts signed	16/20 projects

Source: UIA programme data

3. EFFECTIVENESS AND SUSTAINABILITY

Effectiveness considers how successful the UIA have been in achieving progress towards their objectives at a local level (projects) and the EU level (UIA Initiative). This aspect of the evaluation involves identifying the effects and how those effects have arisen. In this section, the performance of the selected projects is considered. This complements the analysis of the performance of the application and selection process (covered in Sections 4.1 and 4.2).

At this mid-term stage in the implementation of the UIA Initiative, with only some of the Call 1 projects being complete, the overall effectiveness and sustainability of the Initiative cannot be fully assessed. However, the evidence allows some findings to be drawn against the effectiveness questions.

3.1 Approaches to urban innovation within UIA projects

Q5. What approaches have been taken to experimentation by UIA projects? Can these be recognised as urban innovation?

The analysis of the innovations tested by the UIA projects is a key aspect of this assessment. This involves unpacking the process of experimentation and thus making the link between inputs to outputs, results and impacts. The projects supported in the first four calls represent 75 discrete experimentations. One task of the assessment has therefore been to review the UIA applications and projects outputs to identify the approaches taken to experimentation, the types of expenditure undertaken and the types of organisations supported.

Section 3.1.1 describes how the present assessment has explored how to qualify and categorise the innovations supported drawing on UIA basic acts, UIA programme documents (in particular the terms of reference for each call and topic) and the variety of projects supported. It compares the resulting typology of UIA innovations to other EU policy documents of relevance and the wider literature on public service innovation as a way to measure its pertinence. Section 3.1.2 then offers a first analysis on the allocation of project budgets to different categories of expenditure, which then informs later findings about the relevance of UIA projects to the ERDF (see Section 5.2.1) and coherence with mainstream Cohesion Policy programmes (see Section 6.2.2). Finally, Section 3.1.3 offers a first analysis on the allocation of project budgets to different types of organisation, which then informs later findings about the extent to which projects have enabled local authorities to have the central role in the innovation process (Section 3.6.2).

3.1.1 What types of innovation have been tested?

As noted above (Section 2.2), one of the specific objectives of the UIA is to promote innovation by cities. It thus becomes important to identify what types of innovation have been tested, in order to place the findings on effectiveness, efficiency, etc. in their context. As anticipated in Section 2.2.4, a first element of diagnosis to consider here, is that although the UIA Guidance provided general information to applicants on what was expected from project proposals in terms of innovativeness,[22] the **ERDF Regulation and other UIA applicable rules were not prescriptive in terms of the intended types of innovation**, outputs or performance indicators (see Section 3.3) provided that applications addressed the urban challenges described in the calls. The effects of the UIA cannot therefore be assessed against pre-defined categories of urban innovation or standardised performance indicators. This adds to the inherent challenge in evaluating

[22] See point 3.2.2 'Strategic assessment' of the UIA Guidance (latest version 5 dated 16/09/2019).

public sector innovativeness, especially in the urban development context, as acknowledged by the wider literature.

Consequently, a typology of innovations has been developed specifically for this assessment as a way to investigate the multiple forms taken by innovation in the UIA projects. This has been achieved in two ways: first, by reviewing the core innovations planned or implemented by all 75 projects in Calls 1 to 4 in order to identify broad types; second, by refining these types in light of previous typologies and the theoretical literature. More specifically, the typology of innovations within UIA projects builds on the taxonomy of public sector innovation included within the European Public Sector Innovation Scoreboard.[23] The Scoreboard was a pilot exercise to construct an EU-wide metrics system measuring and comparing the performance and impact of public sector innovation in Europe. The refined typology is presented in Table 4 together with actual examples from the UIA projects. Whilst the typology is important in showing the variety of innovations within the UIA, it is worth noting that many UIA projects feature more than one innovation or innovations that cut across two or more types.

The development of the typology highlights shows that **UIA projects have tested innovations that are in line with broader EU policy objectives and consistent with the broader theoretical literature on innovation.** The typology presented in Table 4 is not only consistent with the taxonomy of public sector innovation presented in the European Public Sector Innovation Scoreboard, but also with the overall thrust of EU innovation policy, notably the Innovation Union. For example, the Commission Communication on the Europe 2020 Flagship Initiative Innovation Union (COM(2010) 546) highlights the importance of maximising social and territorial cohesion through innovation, including smart specialisation strategies. The Communication goes on to highlight the potential for social innovations to tap into ingenuity to bring about the behavioural changes which are needed to tackle major societal challenges, such as climate change. In particular, it calls for greater innovation in public services, such as more citizen-centred approaches to service delivery or e-government strategies aimed at moving existing services online or at developing new internet-enabled services. The typology of UIA innovations relates well to such innovations, for example, through new uses of technology in public service provision and decision-making or through social innovations that empower citizens or involve more citizen-centred approaches to service delivery. Similarly, the typology relates well to the interdependent building blocks proposed by the OECD (building on a survey carried out by the OECD and Bloomberg Philanthropies across 89 cities around the world) as **forming the basis for cities capacity to innovate**: strategic thinking and goals, organisational arrangements (leadership and staffing), data management capability, resources and funding (including though revenue-raising initiatives) and leveraging partnerships for innovation.[24] Moreover, the typology also relates well to the concept of innovation developed in the "Oslo Manual" of the OECD and Eurostat, which features four dimensions: knowledge, novelty, implementation, value creation and which has been applied here to the specific case of urban innovation.[25] Further illustration of this approach has been applied in the case studies (see Annex 6).

Table 4 Typology of innovations within UIA projects

Types of innovations	Examples
Service innovations through new techniques, new	• Use of autonomous vehicles to address the first/last mile challenge (LINC-TUPPAC) • Use of green technologies to convert waste from invasive

[23] European Commission (2013), European Public Sector Innovation Scoreboard 2013 - A pilot exercise.

[24] OECD (2019), Enhancing Innovation Capacity in City Government, OECD Publishing, Paris.

[25] OECD/Eurostat (2018), Oslo Manual 2018: Guidelines for Collecting, Reporting and Using Data on Innovation.

Types of innovations	Examples
technologies or new uses of technology	alien species into reusable materials (APPLAUSE) • Pilot system for urban soil production from biological and mineral waste (URBAN SOIL 4 FOOD) • Local and digital marketplace to connect cooling, heating and electricity into a single system (FED) • Introduction of a digital local currency app, based on blockchain technology, to support the local economy (BMINCOME) • Creation of a smart network of blue green rooftop rainwater buffer systems (RESILIO)
Innovative use of technology to inform and influence decision-making	• Provision of collated, real-time, customised mobility data for transport planners, providers and users (TMaaS, SASMob) • Community Energy Management Platform to monitor, consolidate and analyse energy data for all buildings and public facilities in real time (CoRDEES) • Personal carbon trading scheme operating via an app (CitiCAP) • Digital platform measuring the impacts of experimentations and providing real-time data for mobility decision-makers (COMMUTE) • Digital platform for the exchange of data on air quality and digital services (DIAMS)
Social innovation, empowerment and co-participation	• Career guarantees for young people entering secondary vocational education (BRIDGE) • Using intermediary organisations to link macro-assets (e.g. capital developments, large public bodies) with micro-assets (local people or marginalised communities) (USE-IT!) • Participatory design in a user-centred innovation ecosystem platform (AirQon) • Participatory budgeting (HOPE) • Provision of affordable housing from unused housing stock in return for work of community benefit (Curing the Limbo) • Co-design of integration and sustainable support services for refugees (S.A.L.U.S Space)
Service delivery innovations	• Personalised case management and support services matching individuals' needs (U-RLP) • Integrated provision of affordable housing, language training, social support and "buddying" for refugees (CURANT) • Refocusing local training, re-training and educational opportunities towards the needs of digital industries (NextGen Microcities, AVEIRO STEAM CITY) • Community incubators providing support for entrepreneurship, skills and jobs linked to local needs (MARES)
Financial innovations	• Local digital currency rewarding citizens choosing sustainable transport options (CitiCAP) • Local digital currency used to pay a guaranteed minimum income to citizens in a deprived neighbourhood (B-MINCOME)

Types of innovations	Examples
	• Starting capital for renovation of housing which becomes a recurring fund to be reinvested in additional renovations (ICCARus) • Innovative financing models for delivering nature-based solutions for climate-resilience (IGNITION)
Territorial governance and organisational innovations	• Local public-private-citizen partnership providing access to local energy supply, energy savings contracting, renovation assessment of buildings and new financing possibilities (Vilawatt) • Urban Sustainability Trustee Facilitator ensuring stakeholder cooperation, user empowerment and service coordination (CoRDEES) • New partnerships between economic and social actors enabling urban-rural linkages (OpenAgri) • New forms of co-operation between small municipalities (NextGen Microcities)

Based on the analysis for this assessment, one of the most common innovations tested within UIA projects is **service innovation through new techniques, new ICT technologies or new uses of these technologies** to achieve project goals. With topics such as Digital Transition, Energy Transition, it is understandable that technological innovations would dominate the swathe of projects approved. However, projects within Adaptation to Climate Change, Urban Poverty, Circular Economy, Housing, and Sustainable Use of Land & Nature-Based Solutions often employ green or industrial solutions to deliver new services. From raw earth construction to rewilding of urban spaces, these technologies avail of existing resources and demonstrate ways to revolutionise existing practices and reduce a city's carbon footprint. For example, the RESILIO project (Amsterdam, Netherlands) uses smart technology to connect 'blue-green' roofs into a network, collecting and reusing rainwater to sustain green roofs and thus cool dense urban housing in the hot summer months. Similarly, Urban Mobility projects have tested new uses of technology in the form of autonomous vehicles, for example, the LINC-TUPPAC project (Albertslund, Denmark).

UIA project example: Service innovations through new techniques, new technologies or new uses of technology
The URBAN SOIL 4 FOOD project (Maribor, Slovenia) piloted a system for urban soil production from biological and mineral waste. Rather than leaving this waste in landfills, the project aimed to transform it into soil, which can be used in urban activities such as food production, park beautification, and construction. This involves not only developing machines that can achieve these processes, but also testing the bio-waste to ensure it is reusable. It combines three key technologies: composting, mixture, and processing. The project (which was still being implemented at the time of the assessment) aimed to create a legally sound, distributable soil that can be produced, as well as the development of a set of legal standards for these products in Slovenia. The factory, once finished, is intended to reduce organic waste by 2,400 T /year and mineral waste by 2,000 T /year by producing circa 3,000 T of soil and building material (as well as 590 kWh of energy).

Other projects are **testing innovative uses of technology to enable, inform and incentivise more sustainable choices by citizens and users of public services,** including through better use of big data. For planners and providers of public services (e.g. mobility), this can come through better collation and use of data. For citizens, this usually comes through a monitoring app or information platform that provides real-time information and/or demonstrates to users how their actions and consumption add up. This

can be found in the more environmentally-focused topics, such as Air Quality, Urban Mobility, Circular Economy. One example is a personal carbon trading scheme relating to use of sustainable mobility options within the CitiCap project (Lahti, Finland). Within the SASMob project (Szeged, Hungary), city authorities installed sensors and a smart data-collection system to analyse commuter mobility patterns and mobility habits, encouraging major employers to pledge their commitment to sustainable commuting by their employees.

UIA project example: Innovative use of technology to inform and influence decision-making

The CitiCap project (Lahti, Finland) developed a Personal Carbon Trading scheme using a mobile application based on transport mode detection and offering incentives for citizens choosing sustainable mobility options. Once registered, citizens receive a "budget" based on their personal situation, e.g. number of children, workplace, distance to work, from a baseline of 17kg/week, up to 27kg/week. When users make journeys in the city, they use their carbon budget based on travel choices. If they stay below their budget, then they gain credits. Every two weeks, if they are travelling sustainably, then they earn virtual euros in terms of discounts and bus tickets, etc. At the time of this assessment, the scheme had been launched (June 2020) and the app had been downloaded by 1,800 citizens, even with most of the promotional activity still to take place.

Financial innovations feature in several projects and are often linked to the new uses of technology just described. They tend to feature in projects that identified from the start solutions for the sustainability of the new services they were proposing to test under the UIA. Some feature virtual currencies, such as rewards offered to citizens choosing sustainable transport options (within the personal carbon trading scheme just described). Within the Housing topic, the ICCARus project (Ghent, Belgium) is providing starting capital to stimulate renovation of housing which serves as a recurring fund that can be reinvested in additional renovations. Within Nature-based solutions, the IGNITION project (Greater Manchester) proposed new funding schemes to finance solutions in the long term.

UIA project example: Financial innovations

The B-MINCOME project (Barcelona, Spain) tested a local digital currency as a means of paying a proportion of a guaranteed minimum income (GMI) to citizens in several deprived neighbourhoods. Around 1,000 households received a minimum income on a trial basis, combined with active social and labour policies such as job training, entrepreneurship support, community development, to address several dimensions of poverty at once. Participants received a proportion of their minimum income in a Barcelona-specific local currency, the REC (Real Economy Currency). This digital currency could only be used in local businesses and was designed to ensure that money stayed in the local area. A secondary innovation was the comparison of the intervention group with a control group, i.e. to compare results achieved for the project beneficiaries with results for a group of people with similar characteristics who received no basic minimum income.

At the citizen level, the emphasis on **social innovation through participatory, co-design, co-implementation and co-monitoring** is clear, and a highly innovative approach, very often involving apps as the main enabler. Rather than announcing new projects or mandates from the administrative level, these bottom-up approaches involve citizens and a diversity of stakeholders in the reform and improvement of their cities from the start. Every topic incorporates this approach in at least one of its selected projects, but how it manifests depends on the nature of the project itself. For example, projects in Adaptation to Climate Change use co-design to mobilise collective knowledge to properly address the needs on the ground. However, co-design is not constrained to designing buildings and housing estates; it can also involve citizens and stakeholders in the design and implementation of solutions involving online apps or sustainable technology. For

example, the DIAMS project (Aix-Marseille Provence metropole) within the Air Quality topic relies upon participatory design in a user-centred innovation ecosystem platform, whilst the HOPE project (Helsinki, Finland) involves participatory budgeting. Within the Digital Transition topic, the WESH project (Heerlen, Netherlands) proposes an app to encourage citizens to perform public services.

The innovation of community or multi-stakeholder-led approaches leads to **social innovation through empowerment for and employability of target groups**. Indeed, these forms perpetuate one another, as witnessed in Urban Security and Housing, where empowerment is achieved through community participation, integration amongst a variety of groups and engagement. However, empowerment can also be achieved through innovations in supporting employability and providing training for target groups, particularly in the Urban Poverty and Jobs & Skills in the Local Economy topics. Projects under this topic provide citizens with training opportunities, talent management, and working with young students to instil a career-focused mindset at a young age, all while creating new schemes to cater to a variety of disciplines and talents. Meanwhile, Circular Economy projects create jobs and encourage new businesses to grow, and some Housing projects include a social common area where workshops on employment, training, and other topics take place. A greater emphasis on this innovation also appears in Urban Mobility, Urban Poverty, and Integration of Migrants & Refugees, where the goal is to lift target groups out of poverty and foster social and professional connections.

UIA project example: Social innovation, empowerment and co-participation / empowerment for and employability of target groups

The USE-IT! project (Birmingham, UK) innovated through the use of intermediary organisations to link macro-assets (e.g. capital developments, large public bodies) with micro-assets (local people or marginalised communities). The rationale of the project was to create links that would enable local markets (employment, procurement, etc.) to function better for the mutual benefit of both the macro- and micro-assets. Linking required local community organisations to act as "bridges" between the macro and micro-assets, giving a credible "offer" to the macro-assets and creating trust amongst local people. A particularly successful innovation was to use the "bridges" to link migrant and refugees with qualifications and experience in the medical professions but not currently working in such roles to major health employers whose recruitment methods would not usually reach such individuals. By the creation of new employment and training pathways for this target group, some 250 individuals were enabled to re-enter employment as medical professionals.

Several topics feature **innovations in governance** in various forms. One form is **multi-stakeholder governance**, which appears most prominently in topics that involve community hubs, **one-stop-shops** or establishments that are governed collectively. In Urban Poverty and Housing, this governance model appears in a communal kitchen and in a cooperative housing scheme, to name a few. Within Energy Transition, one project features an innovative local public-private-citizen governance partnership. **New forms of co-operation between municipalities** is also a feature of projects that are implemented by groupings of local authorities with fewer than 50,000 inhabitants. New approaches to **urban-rural linkages** is another governance innovation, which includes new partnerships between economic and social actors and citizens to develop new approaches to sustainable development.

UIA project example: Territorial governance and organisational innovations

The CoRDEES project (Paris, France) originated from the observation of a gap between forecast and actual energy performance in the operational phase of the eco-district's East sector developments. Such gaps can arise because of the design choices and the operating and usage behaviour of the many stakeholders: network operators, developers, investors, institutional sponsors, housing operators, users, etc. The project aimed to

UIA project example: Territorial governance and organisational innovations

get stakeholders to take responsibility for achieving their objectives in the design of eco-districts by creating an Urban Sustainability Trustee Facilitator. This ensures stakeholder cooperation, user empowerment and service coordination. Through a partnership agreement, the facilitator provides services free of charge, namely assistance with the operation of energy facilities; monitoring of consumption; proposals for corrective measures; coaching of interested residents; and an individualised rate structure for heating costs.

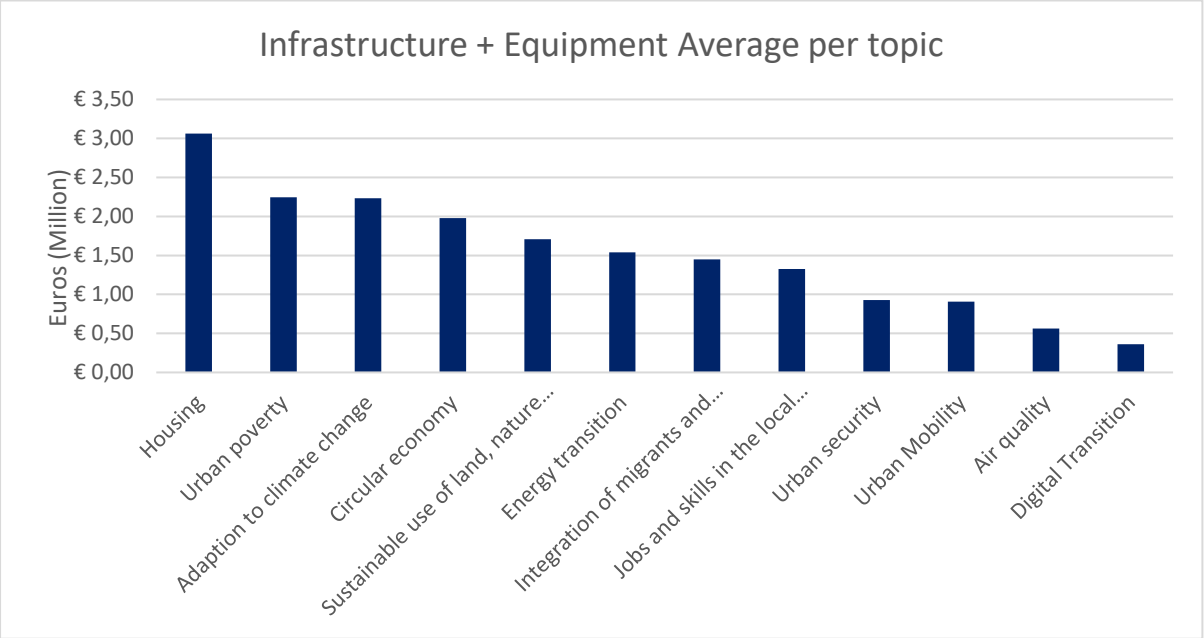
As demonstrated above, there is significant overlap between the most common innovations across all UIA calls and topics. Most projects are not focused on a single innovation but instead acknowledge that each aspect of urban life is inter-connected. In this way, many of the innovations within the UIA are cross-cutting and thus **in line with the principles of the New Leipzig Charter**, namely, policy for the common good, integrated approaches, participation and co-creation, multi-level governance, and place-based approaches (see Section 5 on "Relevance").

3.1.2 What types of expenditure have been incurred?

A concrete way to view the approaches taken with to experimentation is to review how projects have allocated their budgets to different categories of expenditure. This can provide insights into the nature of project activities, which is essential to understanding the findings on effectiveness (Sections 3.2 to 3.6). The types of expenditure undertaken also has implications for the relevance of the UIA projects to the needs of cities and to the ERDF (see Section 5) and thus ultimately to their potential to be scaled up or replicated by mainstream ERDF programmes (see Section 6.2.1).

There is considerable diversity in categories of spending by projects within the same topics and in different topics. Staff costs account for the highest proportion of project budgets, followed by investments in infrastructure and equipment. The experimentations described above require budgets to be allocated to different purposes. Across all the UIA projects, staff costs (42%) account for the largest budget item, followed by infrastructure and works and equipment (31%) and external expertise and services (20%). However, these figures hide considerable diversity within the topics. As shown in Figure 3, infrastructure and equipment accounts for around half of project budgets (€3m) in the Housing and a considerable share of budgets (€2m) in Urban poverty, Adaptation to climate change and Circular economy. In contrast, Digital transition projects featured no infrastructure budget at all and only €0.4m expenditure on equipment. Energy transition featured only €0.3m of average infrastructure budget, but by far the highest average expenditure on equipment per project (€1.1m), primarily linked to the introduction of smart data platforms, control and energy management.

Figure 3 Average project expenditure on infrastructure and equipment by topic



Source: UIA programme data

Projects have varied widely in the share of funding committed to investments in infrastructure and equipment. Seven projects allocated no funding to such investments, whilst the highest percentage (77%) was allocated by the CALICO project (Brussels, Belgium). Analysis by topic highlights some tendencies in terms of budget allocation to investments in infrastructure and equipment:

- Urban poverty: projects vary widely (from 0-72%);
- Circular economy: projects vary widely (from 10-70%);
- Energy transition: all projects have similar levels of investment (26-30%);
- Air quality: all projects have <15% (except one project with 43%);
- Digital Transition: all seven projects feature <25% (of which five have 0-4%).

Table 5 Allocation of project budgets to infrastructure and equipment investments

Budget allocated to infrastructure and equipment	Number of projects	Topics (number of projects)
>50%	16	• Urban poverty (5) • Housing (4) • Adaption to climate change (2) • Circular economy (2) • Integration of migrants & refugees (2) • Jobs and skills in the local economy (1)
25-50%	28	• Sustainable use of land, nature based solutions (5) • Circular economy (4) • Jobs and skills in the local economy (4)

Budget allocated to infrastructure and equipment	Number of projects	Topics (number of projects)
		• Adaption to climate change (3) • Energy transition (3) • Urban mobility (3) • Urban poverty (3) • Air quality (1) • Integration of migrants & refugees (1) • Urban security (1)
<25%	31	• Digital Transition (7) • Jobs and skills in the local economy (5) • Air quality (4) • Integration of migrants & refugees (4) • Urban poverty (3) • Circular economy (2) • Urban mobility (2) • Urban security (2) • Adaption to climate change (1) • Housing (1)

Source: UIA programme data

3.1.3 What types of organisation have received funding?

Another concrete way to view the approaches taken with to experimentation is to review how projects have allocated their budgets to the main urban authority compared to the delivery partners. The extent to which local authorities, beyond their status as sole eligible bodies to apply under the UIA, have been responsible for the use of projects' allocations can inform the analysis of the extent to which the UIA has enabled urban authorities to lead the innovation process (see Section 3.6.2).

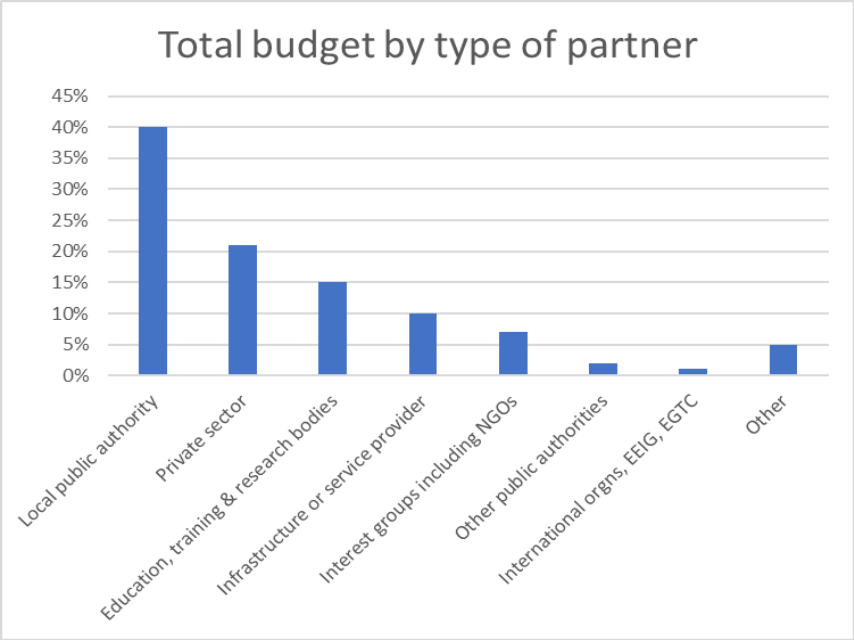
A unique feature of the UIA Initiative in comparison to other EU programmes targeting innovation is that the innovation process is meant to be driven by local authorities, albeit with a crucial role for other types of partners. To a large extent this is part of the policy intention behind the UIA, as codified in the Delegated Regulation and the strict requirements in terms of the eligibility of applicants. As noted in Section 2.3, applications need to be led by a "main urban authority" (or an association of authorities, if the population of the main authority is less than 50,000). This suggests a policy intention that local authorities will play a key role in the innovation process rather than merely acting as "intermediaries" for innovations driven by other actors. The ERDF Regulation and the Delegated Regulation do make clear that UIA projects should feature strong partnerships between public bodies, the private sector and civil society (including citizens and inhabitants) with urban authorities being the lead partner. It is worth noting that this is consistent with the approach proposed by the OECD as forming the basis for cities' capacity to innovate: strategic thinking, organisational arrangements including leadership and associated skills to leverage desired local partnership (see Section 3.1.1).[26]

Urban authorities have received considerably more funding than other types of organisation. As shown in Figure 4, some 40% of UIA budgets are allocated to urban authorities (including the main urban authorities that are the lead bodies for contractual

[26] OECD (2019), Enhancing Innovation Capacity in City Government, OECD Publishing, Paris.

purposes).[27] However, the other main partner types still account for significant shares, notably private sector, comprising firms, sector agencies and business organisations (21%), education, training and research bodies (15%, of which 13% to higher education and research), infrastructure or service providers (10%) and NGOs (7%).

Figure 4 Relative budget share of partner types



Source: UIA programme data

Projects have varied widely in the share of funding allocated to urban authorities but in many cases that share is quite low, suggesting that their role in the innovation process might not always be central. Of course, the main urban authorities might still have a central role in the innovation process without receiving the highest budget share. However, the variations in the share of funding allocated suggest a need for the selection process to give greater consideration to the centrality of urban authorities in UIA projects (see Section 3.6.2). The programme data also gives an indication of the number of projects that allocated a relatively high or low share of their funding to urban authorities. The data shows considerable variation between projects:

- The highest budget allocation to the MUA was 83% (Yes We Rent! Project, Mataró, Spain);
- The lowest allocation was just 1% (FED project, Gothenburg, Sweden);
- One third-of projects (25) allocated more than half of their budget to the MUA;
- More than one third-of projects allocated less than 25% to the MUA;
- Nine projects allocated less than 10% of their budgets to the MUA.

Analysis by topic highlights some tendencies in the allocation of funds to the MUA:

- Sustainable use of land, nature-based solutions: feature relatively high allocations to the MUA (49-69%);
- Adaption to climate change: projects feature a relatively low allocation to the MUA (9-

[27] The programme data does not always allow isolation of the funding allocated to main urban authorities from other urban authorities involved (as delivery partners) in UIA projects.

20%), except in one project (OASIS project, Paris, France: 62%);

- Circular economy: projects feature a relatively low allocation to the MUA (8-29%), except in two projects (A2UFood, Heraklion, Greece: 38%; BRICK-BEACH, Vélez-Málaga, Spain: 76%).

Table 6 Allocation of project budgets to main urban authority

Budget allocated to main urban authority	Number of projects	Topics (number of projects)
>50%	25	• Urban poverty (6) • Sustainable use of land, nature based solutions (4) • Digital Transition (3) • Integration of migrants & refugees (3) • Housing (2) • Jobs and skills in the local economy (2) • Adaption to climate change (1) • Air quality (1) • Circular economy (1) • Urban mobility (1) • Urban security (1)
25-50%	21	• Jobs and skills in the local economy (6) • Digital Transition (4) • Circular economy (2) • Integration of migrants & refugees (2) • Urban mobility (2) • Urban security (2) • Air quality (1) • Sustainable use of land, nature based solutions (1) • Urban poverty (1)
<25%	29	• Circular economy (5) • Adaption to climate change (5) • Urban poverty (4) • Air quality (3) • Energy transition (3) • Housing (3) • Integration of migrants & refugees (2) • Jobs and skills in the local economy (2) • Urban mobility (2)

Source: UIA programme data

3.2 Progress in implementation

Q6. What progress has been made in delivering the UIA?

Annex Two provides a summary of the state of implementation by topic in the forms of scorecards for projects studied by this assessment, based on the desk research, interviews and survey responses. The same sources have also provided information as to the nature of and reasons for any delay to implementation. This section should be read in light of Section 2.3, which provided a description of the different phases within UIA projects.

3.2.1 Are projects being implemented as planned and on time?

The expert assessment (see description in Section 1.3) considered the state of play in terms of the extent of implementation, changes made and the likely extent to which activities would be sustained or scaled up, for a sample of 22 projects in Calls 1 and 2. A summary of findings is presented in Table 7 below, whilst the detailed assessment is in Annex 2. Given their much early stage of implementation, evidence for Calls 3 and 4 is based on projects' responses to the survey of UIA applicants as well as programme data on requests for major changes; this evidence is presented in Table 8.

Table 7 State of play for a sample of projects in Calls 1 and 2

Indicator	Expert rating	Number of projects
Actual/likely completion of activities	Fully	10 (45%)
	Mostly	8 (36%)
	Partly	3 (14%)
	Too early to say	1 (5%)
Being implemented to schedule	Ended (Call 1)	12 (55%)
	On schedule	1 (5%)
	Slightly behind schedule	8 (36%)
	Far behind schedule	1 (5%)
Changed during initiation phase	Fundamentally	4 (18%)
	Slightly	6 (27%)
	Not at all	12 (55%)
Major change requests during implementation*	2 major changes	6 (27%)
	1 major change	12 (55%)
	0 major changes	4 (18%)
(Likely) extent to which activities sustained or scaled up	Fully	4 (18%)
	Mostly	5 (23%)
	Partly	10 (45%)
	Not at all	1 (5%)
	Too early to say	2 (9%)
(Likely) extent to which core innovation potential fulfilled	Fully	10 (45%)
	Mostly	7 (32%)
	Partly	5 (23%)
	Not at all	0 (0%)
	Too early to say	0 (0%)

*Source: Expert assessment based on all sources of evidence (*exception: data on major changes from the database of the UIA Secretariat).*

Table 8 State of play for projects in Calls 3 and 4

Indicator	Survey response	Percentage of projects
Being implemented according to the plan	Fully	22%
	Mostly	62%
	Slightly differently	16%
	Very differently	0%
Being implemented to schedule	Ahead of schedule	3%
	On schedule	19%
	Slightly behind schedule	33%
	Far behind schedule	0%
	Too early to say	44%
Changed during initiation phase	Fundamentally	8%
	Slightly	57%

Indicator	Survey response	Percentage of projects
	Not at all	35%
Major change requests during implementation	Yes	16%
	No	84%
Extent to which activities expected to continue beyond period of UIA funding	All activities	19%
	Most activities	28%
	Some activities	22%
	No activities	0%
	Too early to say	31%
Experience expected to be scaled up	Yes	56%
	No	0%
	Too early to say	44%

*Source: Survey of UIA applicants (NB: not all Call 3 and 4 project responded to the survey) (*exception: data on major changes from the database of the UIA Secretariat).*

Most Call 1 and 2 projects have completed or are likely to complete most of their activities, whilst most Call 3 and 4 projects report implementation mostly of fully to plan to date. As shown by the evidence from the expert assessment in Table 7 (above), 81% of Call 1 and 2 projects had completed or were likely to fully or mostly complete their activities. Call 3 and 4 projects were naturally at a much earlier stage of implementation. Nonetheless, the majority of Call 3 and 4 projects (84%) reported implementation mostly or fully to plan, as shown in Table 8.

Ongoing projects in Calls 1 and 2 are mostly behind schedule, whilst one third of Call 3 and 4 projects are already behind schedule. As shown by the evidence from the expert assessment in Table 7 (above), most ongoing projects in Calls 1 and 2 were behind schedule (i.e. 9 out of 10 ongoing projects from the sample of 22). Some delays were experienced during the preparation phase with this phase requiring extension for several Call 1 or 2 projects who chose to postpone the formal project state date (in response to an offer from the Secretariat). As a result, the period from announcement of selection decision to the signature of subsidy contracts took up to 10 months in Call 1 rising to 17 months in Call 3 (see Section 0). At the time of this assessment, four projects in Call 4 had not yet signed their subsidy contracts. The Secretariat then reports delays in the implementation of projects in Call 1, with one particular problem being that the three year implementation phase was very short to deliver complex projects, particularly those featuring investment activities and large partnerships.[28] To address this issue, the maximum duration from Call 3 onwards was extended to four years by modifying Commission Regulation No 2017/2056 of 11.1.2017. Implementation delays were also reported by the Secretariat for Calls 2 and 3.[29] Of the Call 3 and 4 projects responding to the survey, more projects reported being behind schedule (33%) than on or ahead of schedule (22%), with the rest (44%) reporting that it was too early to say.

Most projects have been changed either during the initiation phase or during the implementation phase (or both). Across the first four calls, 52% of projects reported being changed slightly during the initiation phase, whilst another 8% reported having changed fundamentally (see analysis of on-line surveys in Annex 7 and Section 4.3.1 for more details on the impact of the initiation phase). As shown in Table 7, 41% of projects from the Call 1 and 2 sample changed during initiation, whilst 65% of projects in Calls 3 and 4 reported having changed. Most Call 1 and 2 projects from the sample (82%) then went on to request major changes during implementation. Some projects from Call 3 had

[28] UIA Secretariat: Annual Implementation Report 2017.

[29] UIA Secretariat: Annual Implementation Report 2019.

also requested major changes. (See Section 4.3.2 for a more detailed analysis of major changes).

There is variation in the extent to which the activities in Call 1 and 2 projects will be sustained or scaled up and uncertainty in respect of Calls 3 and 4. As shown in Table 7, evidence from the expert assessment showed that activities would mostly or fully be sustained or scaled up for fewer than half (41%) of Call 1 and 2 projects. Within Call 3 and 4, no projects ruled out their activities being sustained or scaled up, but only 47% anticipated sustaining most or all activities with 22% reporting some activities and 31% that it was too early to say. Similarly, 55% anticipated scaling up their activities but for 45% it was too early to say. This contrasts with the strong expectation (articulated in the selection criterion of "Transferability and scaling up") that all projects will scale up their activities, if successful. Looking ahead, the challenge is therefore to increase the focus on and preparation for sustaining and scaling up, so that a large majority of future projects sustain most or all of their activities. As explained in Section 4.2.4, this might be achieved by introducing sustainability more explicitly in the selection criteria and by separating transferability and scaling up as two distinct concepts.

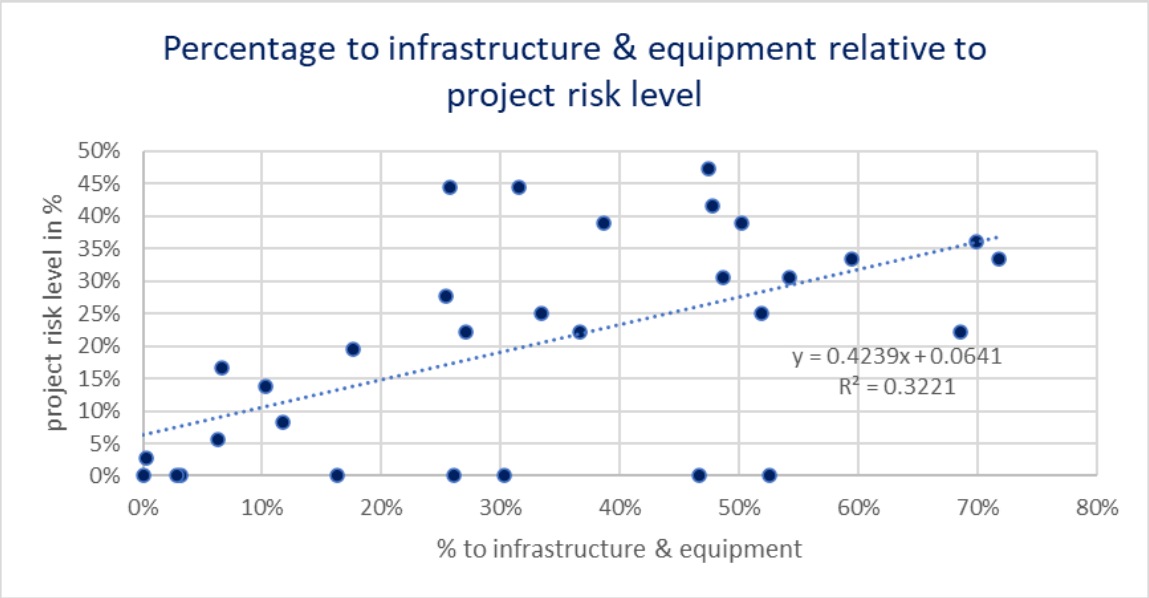
3.2.2 Which types of projects are most at risk?

The assessment considered whether certain types of project are more likely to be delayed, more likely to be at risk of not being successfully implemented, or successfully as planned in view of major changes applied (see Section 4.3.2 for a definition of major changes). The analysis covered Call 1 and 2 projects, as projects in Calls 3 and 4 remain in the early stages of their implementation. This part of the analysis tested for any correlation between the allocation of project budgets (i.e. percentage of budgets allocated to infrastructure and equipment, main urban authorities and public bodies in general) and a range of implementation factors (number of major changes approved, delayed start dates, and risks identified by the UIA Secretariat). Data on risks to projects was drawn from the monitoring overview and scorecard undertaken by the UIA Secretariat, which considers the level of risk related to activities, time plans, deliverables, results and outputs for the Call 1 and 2 projects that were still being implemented at the time of the risk assessment. According to the UIA Secretariat monitoring method, risks from projects are rated on a scale from 0 (little or no risk) to 3 (extensive or severe risk).

First, it is worth highlighting that **within Calls 1 and 2, the risk analysis from the UIA Secretariat is consistent with our analysis** (presented in Section 3.2.1) **as concerns projects' likelihood of completing activities as planned and on time**. The vast majority of the projects assessed by the UIA Secretariat (22/23 projects) featured only low levels of risk (risk score of 0 or 1) in relation to their activities and deliverables. None featured imminent risks (risk score of 3). In relation to results and outputs, the level of risk was perceived to be only slightly higher, with most projects (19/23) featuring only low levels of risk (risk score of 0 or 1) in relation to their results and outputs. None featured the highest level of risk (risk score of 3). However, more than half of the projects assessed by the UIA Secretariat (13/23 projects) feature considerable or imminent risks regarding their timely completion.

When comparing the level of risk estimated by the Secretariat for each individual project from Calls 1 and 2 and budget characteristics above mentioned, the analysis for this study found **a clear correlation between expenditure on infrastructure and equipment and overall project risks** (see Figure 5 below).

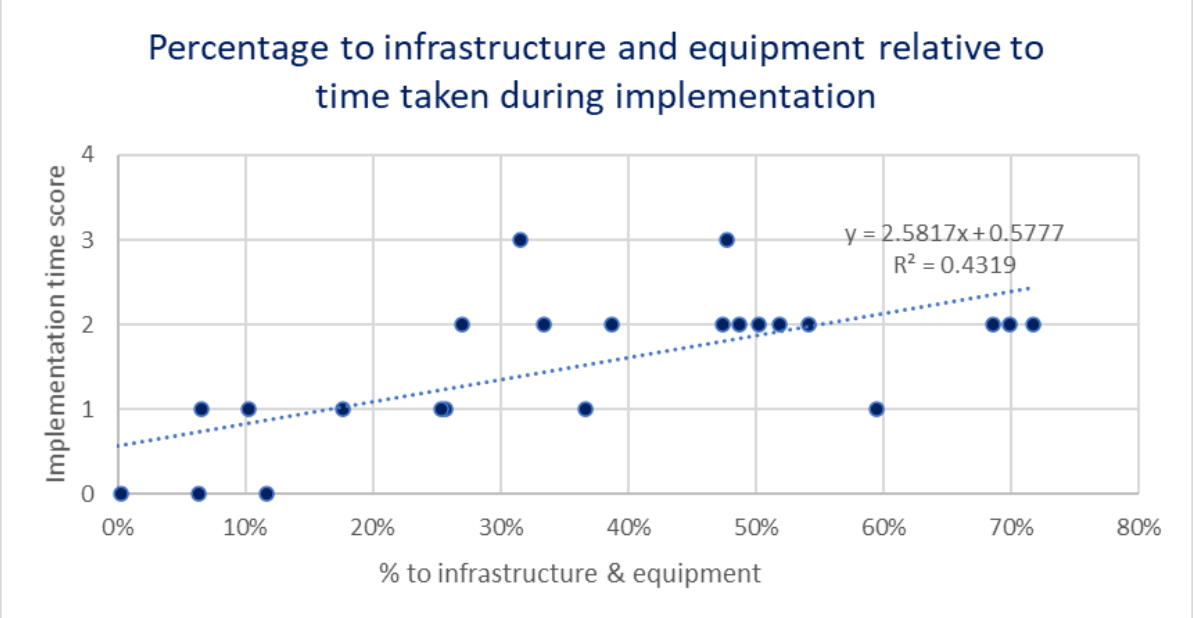
Figure 5 Infrastructure and equipment expenditure and level of project risk



Source: Monitoring overview and scorecard undertaken by the UIA Secretariat (level of risk); UIA programme data (% expenditure on infrastructure and equipment)

There is a clear correlation between expenditure on infrastructure and equipment and risks related to implementation time. The UIA Secretariat considered risks to projects' timelines of activities, time foreseen for activities, time foreseen for testing of solutions, and delivery timeline of deliverables and outputs. The statistical analysis found a clear correlation between such risks (on the scale of 0 to 3, just described) and the percentage of project budgets devoted to infrastructure and equipment.

Figure 6 Infrastructure and equipment expenditure and risks to implementation time



Source: Monitoring overview and scorecard undertaken by the UIA Secretariat (level of risk to implementation time); UIA programme data (% expenditure on infrastructure and equipment)

Evidence from specific projects illustrates these statistical trends with delays very often related to infrastructure and equipment investments. For example, the OpenAgri project in Italy had to undergo a lengthy public procurement process for renovation works. The AS-Fabrik project faced delayed investment in infrastructure works, as the owner of the brownfield site was reluctant to sell the space. In the case of the CitiCap project, there were delays in the infrastructure investment for the cycle highways due to resistance to the plans from local stakeholders who were concerned about the potential negative impact to the local biodiversity. In this case, it was necessary to undertake a second hearing on the proposed plans to clear doubts. This also required the urban authority to undertake a second round of procurement tendering.

Several projects were not completed on time because the buildings they sought to renovate were more dilapidated than initially believed (AS-Fabrik, OpenAgri). Several projects faced additional delays as the COVID-19 lockdowns halted construction works (AS-Fabrik, Urban Soil 4 Food). In the project LINC-TUPPAC, the risks to completion by the project end date were due to delays in testing new equipment (i.e. autonomous shuttle buses). Other projects faced difficulties relating to obtaining building permits or to public procurement (Earth Cycle, CitiCAP). The project MILMA, is on track to be completed by the end date despite facing considerable delays in investments for the refurbishment of one of the BC lab buildings.

There is no significant correlation between expenditure on infrastructure and the need to have major changes approved. The relationship between the percentage of project budgets devoted to infrastructure and equipment and the number of major changes was not found to be statistically significant (R^2 = <0.001).

Projects that are driven by local authorities are no more or less risky than projects driven by other types of partner, including private companies. Taking the share of budget allocated to the main urban authorities as a proxy measure for the "centrality" of their role in the innovation process, the statistical analysis showed that there was no significant correlation between that measure and the level of risk identified by the UIA Secretariat (R^2 = 0.004).

3.2.3 What are the main challenges faced in implementation?

Consistent evidence emerges from the desk research, projects' responses to the survey and the interviews regarding the main challenges faced in implementation. To a certain extent, such challenges (aside from the COVID-19 pandemic) are inherent to certain types of activity not only those supported by the UIA (e.g. investments in infrastructure), and certain types of risks e.g. delays in public procurement procedures, in recruiting staff, obtaining construction permits and/or in construction works (see below) could perhaps have been better anticipated in project design and selection. This raises the question as to whether the operational assessment of applications is sufficient (as discussed in Section 4.2.2) and whether such challenges should be better addressed in the initiation phase.

Some UIA projects faced challenges linked to the innovative nature of their activities. To a large extent, such challenges were not foreseeable; indeed, this reflects the focus of the UIA on testing innovations for the first time in 'real' conditions, i.e. in the public space and/or in interacting with citizens and target groups as end users. The development of new techniques and new technologies or their application in new ways raised challenges in some cases. For example, the FED project found that the available documentation for the relevant technical installations and production units was not well suited to their application in new local energy systems. Similarly, there was a lack of any visualisation of the technical systems that could help to provide an understanding of how the systems function and are connected. Another challenge was that regulatory frameworks are not always supportive of innovations, having not been designed with them in mind. This was the case with the LINC-TUPPAC project which faced challenges gaining

type approval for autonomous vehicles; given the innovative and fast-evolving nature of the technology, the project promoter felt that the relevant national legislation was out-of-date and therefore unduly restrictive. Within several projects, the take-up by target groups was higher or lower than anticipated, which reflects the difficulty in forecasting for new services or applications. For example, within the Curing the Limbo project, much fewer private landlords than expected chose to take up incentives to participate in the form of 6 months upfront rental payment. Within the B-MINCOME project, the local guaranteed minimum income scheme faced low take-up amongst eligible families, despite the overall achievements of the project. Conversely, the USE-IT! project featured much greater take-up of English language learning by overseas medical professionals from the local migrant or refugee community, as part of their pathway back to employment in these professions. Finally, the URBAN Soil 4 Food project faced public misunderstanding regarding the siting of a pilot factory for the production of soil from urban waste.

UIA projects consistently face challenges comparable to those of standard ERDF projects and typically seen in implementing investment activities. Such delays have been consistently reported by the Secretariat in its annual implementation reports (AIR). For example, four Call 1 projects are named in the 2019 AIR as having delays or facing challenges related to investment activities. These related to the discovery of asbestos (OpenAgri, S.A.L.U.S. 'W' SPACE) or unexploded ordnance at construction sites (5Bridges) and to legal constraints linked to refurbishment of property (Vilawatt). The 2019 AIR goes on to note investment delays in Call 2 projects. Construction works were mentioned as the most challenging by 18% of projects responding to the closed survey. For example, one case study project had to entirely relocate its factory to a new building site due to protests from the public (URBAN SOIL 4 FOOD). When asked to give an open comment, three projects reported that construction challenges related to difficulties in gaining permits, appointing contractors or recruiting staff. Similarly, in an interview one project mentioned difficulties in getting a building contractor to agree to a modification of the task specification for a housing development.

UIA projects consistently face challenges in public procurement or the regulatory environment. Again, delays linked to procurement are reported by the Secretariat in the 2019 AIR. For example, technical problems faced by the AS-Fabrik project required a tender to be reissued, whilst procurement challenges had delayed the production of soil within the Urban Soil 4 Food project. Some 18% of projects responding to the survey mentioned public procurement as their greatest challenge. Open comments from seven projects highlighted challenges arising from national legislation related to public procurement or environmental authorisations.

Inevitably, some delays are reported due to the COVID-19 pandemic. This does not explain all delays, most notably those linked to investment or procurement just described (particularly in Call 1 projects, which were mostly due to have finished before March 2020). However, "adapting to changing circumstances" was the most commonly reported challenge, being highlighted by 25% of projects responding to the survey. When invited to comment on the main challenges and the reasons for being ahead or behind schedule, the most commonly-stated reason was the COVID-19 pandemic (stated by 18 projects who chose to give an open comment). These findings were reinforced by the interviews, with at least 12 projects reporting challenges, largely related to COVID-19, such as:

- Delays in construction of housing and in moving-in dates for tenants, leading to loss of time to measure and monitor progress within the lifetime of the UIA project;
- Delay in refurbishing building that will host innovative provision of advanced services for industry;
- High dropout amongst the project beneficiaries (in a project involving on-the-job training and provision of housing for migrants);

- Delay to launch date for an app related to urban mobility.

Based on the above analysis, it can be seen that **UIA projects do not seem to differ significantly from "standard" ERDF projects when it comes to implementation challenges**. For some of these challenges, this implies a certain predictability that could be better anticipated at the outset (see Sections 4.2 and 4.3).

3.3 Achievement of outputs

Q7. What outputs have been achieved so far and what has proved effective in delivery?

At this point in the UIA Initiative, only some projects from Call 1 have completed their implementation, whilst projects from Call 4 are in the first year of implementation. The extent to which conclusions can be drawn about outputs is therefore limited. This section highlights the main (likely) achievements for Calls 1 and 2.

3.3.1 What are the core outputs achieved to date?

Project outputs were required by the selection criteria to be measurable and broad indications of the intended outputs were provided in the terms of reference for calls with examples (e.g. training programme delivered, business incubators, buildings refurbished). Within these parameters and to allow flexibility, projects were free to specify their intended effects and define their own output indicators. As a result, it is not possible to capture the full spectrum of outputs, as they are both numerous and diverse. However, this assessment has developed a broad typology that can capture the core outputs relating to the main innovation within projects. The table below presents the typology with a list of the core outputs achieved within the sample of Call 1 and Call 2 projects covered by this assessment. Looking ahead, the typology could be used in the UIA Guidance to indicate the intended core outputs, whilst still allowing applicants the freedom to define their precise outputs.

Table 9 Core outputs achieved within the sample of UIA projects (Calls 1 and 2)

Types of outputs	Achieved outputs in project sample (Calls 1 and 2)
New services launched	• 3 x new energy systems (FED, CoRDEES, VIlawatt) • 2 x one-stop-shops for refugee services (CoRE, MiFRIENDLY CITIES) • 3 x co-housing models with individualised support for migrants or refugees (CURANT, U-RLP, Curing the Limbo) • 1 x career start guarantee scheme (BRIDGE) • 1 x personal carbon trading scheme (CitiCAP) • 1 x programme of events and training on culinary skills (TAST'in FIVES) • 1 x EdTech factory innovative Digital Innovation Hub, containing Alternative Learning Classrooms (NextGen Microcities)
New products or processes completed	• 1 x skills verification digital tool "OpenBadge" (OpenAgri) • 2 x local digital currencies launched (B-MINCOME, CitiCAP) • 1 x new soil product based on urban waste tested (URBAN SOIL 4 FOOD) • 9 x circular economy construction methods tested (Super Circular Estate)

Types of outputs	Achieved outputs in project sample (Calls 1 and 2)
Technology platforms	• 2 x energy marketplace or data platforms (FED, CoRDEES) • 4 x urban mobility data platforms serving transport planners, providers and users (CitiCAP, LINC-TUPPAC, TMaaS, SASMob) • 1 x digital platform for minimum income beneficiaries to access municipal services • 1 x digital platforms for consumers to source urban food produce (URBAN SOIL 4 FOOD) • 1 x "Future Career Office" online platform (NextGen Microcities)
Infrastructure and equipment	• 1 x co-housing and incubator space built in renovated building (U-RLP) • 24 x social housing units adapted (B-MINCOME) • 3 x houses constructed using circular economy building techniques (Super Circular Estate) • 1 x smart bicycle highway developed (CitiCAP) • 20 hectares brownfield renovated into a housing complex with a collective kitchen (TAST'in FIVES) • 1 x urban garden with 66 plots set up (URBAN SOIL 4 FOOD) • 1 x autonomous vehicle transport system, subject to testing (LINC-TUPPAC) • 1x smart blue-green roof installed, as part of the Innovation Lab (RESILIO)
Citizen outputs	• 75 x migrants accessing housing and personal support services (CURANT) • 175 x refugees accessing employment and skill services (MiFRIENDLY CITIES) • 119 x mentors trained to support refugees (CoRE) • 60 x teachers trained to support refugees (CoRE) • 115 refugees housed (Curing the Limbo) • 904 x refugees + 53 local youths housed (U-RLP) • 258 x refugees in business incubation programmes (U-RLP) • 232 x refugees in entrepreneurship programmes (U-RLP • 650 career start guarantees + mentoring for students (BRIDGE) • 250 migrant/refugee medical professionals supported into employment (USE-IT!) • 80 local residents trained as Community Researchers (USE-IT!) • 80 young people trained in urban agriculture (MAC)
Business outputs	• 2 x business innovation/training hubs (OpenAgri, MARES) • Co-operatives established (MARES) • 1 x network for knowledge-intensive business services (AS-FABRIK) • 1 x training course for of aspiring farmers and entrepreneurs (OpenAgri) • +100 x local food producers featured on app for consumers (URBAN SOIL 4 FOOD)

Types of outputs	Achieved outputs in project sample (Calls 1 and 2)
	• 1 x Makerspace opened for business innovation ideas and tech support (NextGen Microcities) • New crowd-funding opportunities for start-ups and SMEs (URBAN SOIL 4 FOOD)
Partnership/governance outputs	• 1 x public-Private-Citizen Partnership for local energy supply (Vilawatt) • 7 x public-private partnerships: Business Challenges Labs (MILMA) • 5 x public-private partnerships: Growth and Social Investment Pacts with businesses investing in skills (GSIP Vantaa) • 9 x neighbourhood partnerships (USE-IT!)

Within Call 1, there is evidence of solid achievement in most projects, albeit with some uncertainties about all outputs as initially planned and with delays in some projects (as described in Section 3.2.1). Within Call 2, there is evidence of good progress, but some projects have faced delays related to technical or technological challenges (such as those described in Section 3.2.3)**.** However, key outputs around research, testing and development of data platforms are mostly achieved. Across the topics, the picture is as follows:

- **Energy transition** (Call 1): have mostly achieved their core outputs: research required for the development, testing and launching of new technology or infrastructure; technology development, in the form of data platforms and automated ICT solutions; better energy systems for citizens.

- **Urban poverty** (Call 1): intended outputs are mostly complete. Outputs relating to citizens are largely achieved including overseas medical professionals from the local migrant/refugee community supported into health or social care jobs, local residents been trained and working as Community Researchers, citizens trained to cook and grow produce (as means of fostering integration). Achievements relating to empowerment and co-decision-making are generally complete, such as local partnerships, co-design and co-creation workshops and engagement between citizens and employers. The core infrastructure output in one project is not yet complete, namely a laboratory of ethical production and rural marketing.

- **Jobs and skills in the local economy** (Call 1): delays experienced in two projects, with core outputs not yet achieved, whilst the other two projects are complete. Outputs relating to citizens are largely achieved, notably career start guarantees and mentoring for school pupils, and training for businesses and entrepreneurs. Business-related outputs are mostly achieved, including newco-operatives and business partnerships. Business innovations are still being tested.

- **Integration of migrants and refugees** (Calls 1 and 2): all projects have largely completed their main intended outputs, albeit after major changes to some projects due to political and social circumstances. Main outputs include: tailor-made plans for individual refugees/migrants providing a range of social, skills development, integration, legal and wellbeing services; one-stop-shop solutions offering multiple services to refugees and local communities, as well as a co-housing solutions; community building, networking and partnerships between host and refugee community, as a core part of the operating model of most projects.

- **Circular Economy** (Call 2): all three projects have faced technical and other

challenges, in two cases (EARTH CYCLE, URBAN SOIL 4 FOOD) relating to procedures for approving factory construction and location of their factories and in the third case relating to the recycling and remanufacturing processes. Key outputs to date include: research into use of waste materials; infrastructure, in the form of pilot houses constructed, urban gardens established and planning permission gained for factories; pilot projects for material recycling; engagement of citizens through interactive technology platforms (via apps and website); business outputs through start-ups and crowdfunding campaigns.

- **Urban mobility** (Call 2): uncertainty over the full operation of mobility innovations in two projects due to delays related to the testing of technological innovations; achievement of the core innovation in the other project, i.e. launch of a personal carbon trading scheme (CitiCAP). Other outputs achieved include: research required before the development, testing and launching of new technology or infrastructure; development of data platform and apps.

3.3.2 What has proved effective in delivery?

The UIA projects are very diverse in their contexts, innovations, activities and outputs and there is no blueprint for a successful UIA project. However, the experience of the UIA projects (including the 15 case studies in Annex Six) highlights some qualitative findings on effective approaches to delivering innovations within UIA projects.

Having a sound knowledge base for the design of innovations. The "Oslo Manual" of the OECD and Eurostat highlights that innovations derive from knowledge-based activities that involve the practical application of existing or newly-developed information and knowledge. This need to base innovations on knowledge has been reinforced by the experience of the UIA. Such knowledge might relate to new techniques and technologies or to other things, such as the needs of target groups or the experience of other cities that have tested innovations. For example, the CitiCap project (Lahti, Finland) designed its personal carbon trading scheme taking into account unsuccessful trials of schemes in other countries, thus learning from their experience. Similarly, the B-MINCOME project drew on the experience of pilot projects on universal basic income in Canada, Finland, Kenya and the Netherlands. The partners in the FED project (Gothenburg, Sweden) studied other international projects using energy "microgrid" technology in developing a single system connecting cooling, heating and electricity.

Ensuring wide ownership amongst key local stakeholders and communities. Innovations can be, by nature, disruptive and risky. Relevant stakeholders can thus be wary of engaging with the innovation process or in committing to sustaining innovations beyond the project. Successful UIA projects have taken time to build ownership of the project, not only within the project partnership but also with external stakeholders. Some projects have successfully used intermediaries to engage wider stakeholders and communities. For example, the USE-IT! project (Birmingham, UK) worked through local grassroots community organisations to reach local residents (including those with a migrant or refugee background) who might not otherwise be reached by or wish to engage with the main public institutions (e.g. local authority, hospital trust). Where wider ownership is not ensured, implementation can be affected. For example, the Urban Soil 4 Food project (Maribor, Slovenia) faced protests from the public regarding the proposed siting of a recycling site for converting urban waste into usable soil and building materials.

Actively involving target groups not just as recipients or users of innovations but as co-designers and co-decision-makers in the innovation process. The nature of (untested) innovations is that the full potential is not known at the outset. As well as the need to gain trust and acceptance of target groups, there is also potential to draw on their insights and experience, which can strengthen the relevance and effectiveness of innovations. For example, the urban mobility project SASMob (Szeged, Hungary) encouraged cross-sectoral cooperation between businesses and the municipality, with the

businesses signing "Employer Mobility Pledges" and in return receiving guidance to co-design and tailor innovative solutions to facilitate sustainable commuting for their employees. This approach led to a diversity of solutions conceived by the businesses themselves, such as new cycle rental and storage options, incentives for staff commuting by bicycle (e.g. extra paid leave), flexibility to commute between different sites (within the same business), installation of public transport ticketing machines within offices, new tram stops, and initiatives to encourage savings on petrol use. The CALICO project (Brussels, Belgium) involved local residents in co-designing the planning and development of an innovative, multi-generational housing solution and also in advocating for the housing development as a positive force in urban environments. Regular general assemblies of all residents have guided the project and a group of residents manage the new housing developments. Some projects have used new on-line platforms or apps both to keep local residents and potential users informed and to involve them in piloting. For example, the LINC-TUPPAC project (Albertslund, Denmark) involved 500 students and university staff in pre-testing an app relating to the planned use of autonomous busses on the campus.

Adapting to changing circumstances, needs and opportunities. Inherent to the process of innovation is a degree of uncertainty around the effects that will be achieved and the factors that will contribute to success. Whilst a good knowledge base can guide design (as noted above), the capacity to adapt to unexpected or changing circumstances can be vital to success. For example, the Curing the Limbo project (Athens, Greece) proposed a system of social exchange where refugees receive subsidised living spaces in vacant and disused publicly and privately owned properties, in return for community service. In practice, it did not prove feasible to use public housing stock for legal and operational reasons. Instead, the focus shifted entirely to private sector accommodation options. This proved successful, as one innovative element, a new social rental agency, the first of its kind in Greece, was found to be particularly well-suited to act as a mediator between owners of vacant properties and refugee renters. As a result, 116 private landlords entered into rental contacts compared to the original target of 75. Within the OpenAgri project (Milan, Italy), delays were experienced in regenerating a site to host an open innovation hub on Peri-Urban Agriculture This delay required adopting contingency measures to maintain the other project activities. To overcome this difficulty, project adopted a "widespread hub", a solution that has been built on the existing capacity of the partners to receive, on a temporary basis, some project activities (e.g. training courses/meetings/workshop were organised at partners' premises).

3.4 Achievement of results

Q8. To what extent have projects generated (or are likely to generate) the intended results in a timely manner?

Results are defined by the UIA guidance as "the change in the local situation the project is aiming for as direct consequence of the project implementation". As described in Section 2.2.6, results can be grouped into three types:

- Results at local level, in terms of identifiable effects on urban issues faced at local level (e.g. improved air quality, reduced urban poverty, better housing, etc.), as well as the sustainability of the partnerships developed by the UIA projects;
- EU-level results in the form of knowledge collected at programme level and captured in a diversity of forms, such as reports or publications featuring good practice, etc;
- Effects on stakeholders in other localities across the EU who benefit from experiences scaled-up or transferred and knowledge capitalised and disseminated.

At this mid-point in the implementation of the UIA and with only some projects from Call 1 being completed, the available evidence mainly concerns the potential to achieve results at local, rather than the realisation of results at other levels.

3.4.1 Will projects fulfil their potential?

As described in Section 1.3, the in-depth expert assessment covered a sample of 22 projects in Calls 1 and 2, taking into account the full volume of evidence regarding the implementation and achievements of projects (including application form, application score, on-line survey response, project promoter interview, Expert Journals and Zooms, annual progress reports and risk assessment undertaken by the UIA Secretariat). This evidence has provided a clear indication of the implementation and achievements of the sample of projects. This analysis suggests a number of findings.[30]

Overall, projects within Calls 1 and 2 have been implemented broadly as planned and mostly achieved the intended results and outputs. However, the achievements have varied across the main features of projects – innovativeness, partnership, measurability, scaling up and transferability. Projects have been most successfully in fulfilling their aspirations around innovativeness and partnership (in particular). They have been least successful in fulfilling their intentions for scaling up and transferability (see Sections 3.2.1 and 3.5.2).

Most projects are fully or mostly fulfilling their innovative potential. Of the Call 1 and Call 2 projects covered by the in-depth expert assessment 45% "fully" fulfilled their innovative potential as planned in the application and 32% "mostly" fulfilled the innovative potential, even if not all of those projects achieved all their intended measurable results and outputs (see below).[31] Only one project "slightly" fulfilled the potential (MARES de Madrid), which was able to implement many of its initiatives but fell short of its intended targets. Some projects were able to deliver a number of core innovations or the project´s main innovation, but their innovative potential was not fully fulfilled due to external factors. This is specially the case for those projects in which the innovation involved infrastructure, such as building construction. For instance, the S.A.L.U.S project (Bologna, Italy) had to change from an urban building renovation project to a demolition and rebuild, which has taken significant time; building work was also hindered due to the COVID-19 lockdown and ban on construction. The pandemic also affected the implementation and delivery of other innovative activities, for example the SASmob project in Szeged, had to postpone some mobility campaigns.

Projects have been most successful in fulfilling their aspirations with regard to partnership working. According to the in-depth expert assessment (described in Section 1.3), the majority of Call 1 and 2 projects (85%) was fully implemented following the partnership approach described in the application. There was only one project, the U-RLP project in Utrecht, that had to change slightly the partnership approach in order to adapt to new situations; the project had to transfer the project to an authority responsible for asylum seeker issues (COA). The project had to develop an unexpected partnership approach with this national public entity. Which caused challenges for the project delivery, especially the more innovative aspects.

Projects are mostly achieving their measurable results and outputs. According to the in-depth expert assessment, the majority of the sample of Call 1 and Call 2 projects (81%) are "fully" (45%) or "mostly" (36%) achieving their intended measurable results and outputs (see Table 7). The outputs of these projects were quantifiable and have been measured through a robust monitoring system. For those assessed as "mostly" achieving

[30] Given their early state of implementation, projects in Calls 3 and 4 were not covered by this analysis.

[31] Fulfilment of innovative potential was assessed on the basis of a qualitative comparison of the core innovation described in the UIA project application against the achievement in practice (identified through project final reports or other relevant sources, e.g. UIA Expert Journal). See the project scorecards in Annex 2.

the intended results and outputs, the issue was more often around the ability to deliver on time rather than a failure to achieve. Some projects had some delays in completing some of the outputs, however most of those projects are on track towards completing the remaining results and outputs (SASMob, Vilawatt). As mentioned above, external factors, such as COVID-19, also affected the delivery of infrastructure (S.A.L.U.S, OpenAgri, AS-FABRIK, Urban Soil 4 Food). Evidence from the case studies shows some emerging results at the city level, including measurable effects for indirect beneficiaries and project participants.

Table 10 Examples of UIA project results

Direct and indirect results of UIA projects
The B-MINCOME project addressing urban poverty has carried out a full impact evaluation, finding significant positive effects on wellbeing for its project participants (1,000 households). In-depth learning is being applied to improve service design and delivery mechanisms, including an award-winning local digital currency, for other disadvantaged wards in Barcelona.
In Gothenburg, the FED project has put in place a local energy market trading system, which is operational – connecting cooling, heating and electricity suppliers into a single system. The system is designed to optimise energy consumption schedules in buildings, allowing for energy exchange between buildings, storage, and fossil-free local energy production. Collaboration between multiple energy suppliers means that the system can automatically switch between energy carriers, depending on availability and comparing prices for different types of energy.
In Greece, a one-stop-shop facility called the Athens Exit Lab has been set up in the centre of Athens – offering affordable housing, employability, training, empowerment, and social inclusion services to refugees and asylum seekers. A survey is currently being carried out to see if this is the best way to deliver services to refugees and their attitudes to the centre.
In the USE-IT! project (Birmingham, UK), the creation of effective employment pathways led to £1.2m in savings for the local hospital trust, as a result of switching from international to local recruitment of qualified medical professionals. Approximately 250 overseas medical professionals have been upskilled and trained and are now in jobs or generating their own income.

3.4.2 Will activities and innovations be sustained?

For long-term results to be achieved, it is clear that the results of successful innovations will usually need to be sustained beyond the life of the UIA project. The UIA Guidance (point 4.5.5) states that ownership of outputs and results having the character of investments in infrastructure or productive investments realised within the project must remain with the concerned project promoter for at least five years after the end of the project which can be seen as a minimum period during which sustainability would need to be ensured beyond the lifetime of UIA projects. Evidence from the desk research, survey and interviews suggests a number of findings.

Overall, a rather mixed picture emerges regarding the likelihood of project activities being sustained. As shown by Table 7 in Section 3.2.1, activities would mostly or fully be sustained or scaled up for fewer than half (41%) of Call 1 and 2 projects, although they would be partly sustained or scaled up for another 45% of projects. The applicant survey shows that fewer than half of Call 3 and Call 4 projects report that most (28%) or all (19%) of their activities will continue, while 22% expect that some activities will continue. However, 31% report that it is too early to tell (see Table 8). It is not

particularly surprising that there is a high degree of uncertainty with regard to whether project activities are likely to be sustained or not beyond the period of UIA funding. Even if there is an emphasis on this in the project designs (an emphasis that may need to be reinforced: see Section 4 on "Efficiency"), in many cases it will be too early to predict whether project activities will continue beyond the period of UIA funding and may well depend on the scope and scale of results achieved.

Many projects point to the **strong partnerships formed as part of their UIA project, and sustainability of some activities may be linked to continued co-operation between project partners**. This might be expected in the case of research organisations in particular, where research interests may be complementary, for example in the case of Innovation Lab/Makerspace/Fab Lab type activities (RESILIO, AS-Fabrik, NextGen Microcities).

Service delivery projects, with a focus on improving public services for particular target groups, will be particularly depend on public sector budget support, at least to sustain core activities. A focus on justifying value for money, wider cost savings or efficiency of delivery models might be expected (e.g. BMINCOME, Curing the Limbo, USE-IT!, CALICO). Perhaps the most likely to continue are those activities with significant private sector involvement, where economies of scale or potential cost savings provide a profit incentive (e.g. FED, Earth Cycle, Urban Soil 4 Food).

Evidence from Calls 1 and 2 suggests that many, perhaps most, of the core innovations will be sustained, even if project activities are not sustained in their entirety. Based on the survey, interviews and desk research, a range of innovations is being or is likely to be sustained. The table below provides a summary by type of innovation.

Table 11 Sustainability of innovations developed by UIA projects

Types of innovations	Likelihood of sustainability
Service innovations through new techniques, new technologies or new uses of technology	• Product and process innovations, where successful, look likely to continue to be used beyond the life of the project, e.g. construction materials made from recycled waste (Super Circular Estate, EARTH CYCLE), promotion of local food products (URBAN SOIL 4 FOOD). • Innovations based in/on new infrastructure developments, have potential to be sustained in most cases but is not certain in all cases, e.g. factories and urban garden within the Circular economy topic, and labs and centres within the Integration of migrants and refugee topic and a kitchen facility (TAST'in FIVES). • Uncertainties where the viability of the innovation is not yet confirmed, such as autonomous vehicles (LINC-TUPPAC) or personal notification services regarding urban mobility (TMaaS).
Innovative use of technology to inform and influence decision-making	• Data platforms and apps mostly look set to be sustained, e.g. promotion of local food products (URBAN SOIL 4 FOOD), personal carbon trading scheme (CitiCAP). • App-based services, where tested with a small number of users now need to reach a much wider base of users (e.g. CitiCAP). • In cases where commercial agreements need to be entered into for the post-project period, this can create uncertainty (TMaas).

Types of innovations	Likelihood of sustainability
Social innovation, empowerment and co-participation	• Can require a dedicated body or mechanism: this includes sustaining a community of Community Researchers (recruited and trained by the UIA project from the local migrant and refugee community) as a self-standing social enterprise or community interest company (USE-IT!). • New ways of serving target groups very often mainstreamed into practices of partners and other stakeholders, e.g. housing (S.A.L.U.S. 'W' SPACE), mentoring, education, training and employment services for target groups (CoRE, USE-IT!, MiFRIENDLY CITIES, BRIDGE).
Service delivery innovations	• Sustainability depends on new agreements being reached between the different actors involved in the project, including the owner of the emergency shelter that hosts the services (community housing, learning, business incubator, work spaces (U-RLP). • Can be self-sustaining, e.g. with revenues or contributions from users, e.g. Business Challenge Labs sustained by SMEs (MILMA).
Financial innovations	• Digital currencies mostly look set to be sustained, provided that the number of citizens and businesses using them is sustained and increased (CitiCAP, B-MINCOME). • Starting capital for renovation of housing becomes a recurring fund (RESILIO).
Territorial governance and organisational innovations	• Sustainability of local public-private-citizen partnerships can be uncertain where citizens and businesses are not convinced of long-term benefit of participation (Vilawatt). • Governance innovation (involving stakeholders and users) can be sustained where the service it provides is effective (CoRDEES).

3.4.3 Will projects be scaled up?

One specific objective of the UIA is to encourage the wider deployment of tested solutions and thus generating multiplier effects. This is necessary if the investment of UIA funds is to generate an impact that goes beyond the cities receiving funding. For this reason, one of the criterion of the strategic assessment was the "Project's transferability and scaling up". This accounted for 10% of the total score in the selection process. A key question is therefore whether the projects have the capacity to be scaled up in a way that produces benefits to a larger territory or target group of beneficiaries. Given that only some projects in Call 1 are complete, there is limited evidence, except the opinions of projects. Taking this limitation into account, the research suggests a number of findings.

Some projects are already looking to scale up within their home cities, and have begun discussions with relevant authorities on how to do this (BMINCOME). Others are looking at scaling up the number of partners involved in the project, to expand its overall reach (SASMoB, AS-Fabrik). In some cases, scaling up the use of a technology to regional or national level is foreseen (eg Future Classes digital classroom technology from the NextGen Microcities project), or increasing the Innovation Laboratory space available for testing innovative ideas. Where the commercial viability of a new product/service was one of the project results, then scaling up would depend on the development of a viable

business model (EarthCycle, RESILIO, FED). A few projects explicitly stated that any scaling up would be dependent on i) a set of successful results, ii) the level of demand from target groups, and iii) the removal of legal and adminsitrative barriers (OpenAgri, CALICO).

There is considerable uncertainty over the likelihood of project activities being scaled up within the same city or region and over the funding to be used for scaling up. As shown in Section 3.2.1, evidence from the expert assessment of a sample of projects in Calls 1 and 2 found that only 18% of projects "fully" fulfilled their intentions for scaling up (locally or regionally), although another 23% mostly fulfilled their intentions. Nearly half (45%) "partly" fulfilled their intentions for scaling up but 5% had not been sustained or scaled up at all and for another 9% it was too early too say. The Energy transition projects from Call 1 have been the most successful in terms of scaling up. The Vilawatt model was designed in a way that once set up it only requires for new users to adhere to the project to expand and users have already adhere. Roll-out of the CoRDEES project is already foreseen in the rest of neighbourhood where the project was located and some lessons learned are applied to another neighbourhood in Paris. Regarding the projects that were not successful in their intentions for scaling up, there are different reasons, sometime external to the project, such as a change in the party coalition governing the municipality (MARES de Madrid), sometimes inherent to its design, e.g. the absence of a specific plan for scaling up agreed (OpenAgri). For others, it is too early to say (LINC TUPPAC) or there was not enough funding for the scaling up phase (CURANT).

This finding is supported by results from the on-line survey. Fewer than half of projects (46%) reported that their experiencees would be scaled up, with half (50%) saying it was too early to say. Surprisingly, projects in Calls 1 and 2 were no more positive about scaling up than those in Calls 3 and 4. Some 44% of projects also reported that they did not know what funding they would use for scaling up. Overall then, scaling up is unlikely to be possible for many projects until they have been completed and further funding is identified for scaling-up purposes. This assumes of course that the projects demonstrate success and scaling up is justified. Interestingly, projects were more positive about scaling up in general across the UIA than about their own projects, with a majority (55%) believing that innovations tested by UIA projects are likely to be scaled up to a great extent or reasonable extent. This optimism was shared by the majority of stakeholders responding to the open survey (52%) and by Managing Authorities (67%). MAs were positive about considering providing incentives/funding in their programme(s) to scale up successful UIA projects. When asked, the majority (56%) said they would consider it and none ruled it out, whilst just less than one third (31%) said it was too early to say.

Despite this uncertainty, there are diverse examples of innovations having been or likely to be scaled up. They include the following:

- New energy ecosystem and Community Energy Management Platform, which will be sustained by national funding (CoRDEES);
- Expanding the provision of training and employment support for migrants and refugees through the introduction of a larger, follow-on programme to the UIA project financed through mainstream funding (USE-IT!);
- Wider use of new formula for concrete products based on recycled waste (Super Circular Estate);
- Widening the user base for apps and related services: including for a personal carbon trading scheme (CitiCAP) and a mobility information service (TMaaS);
- Expanding the provision of housing and personal support services for unaccompanied young refugees (CURANT);
- Scaling up a guaranteed minimum income scheme for residents of deprived neighbourhoods (B-MINCOME);

- Extending the number and type of employers signing the Employers' Mobility Pledge to support sustainable commuting of their workforce (SASMob);
- Reaching out to city inhabitants with a business model that will make blue-green rooftop investment more profitable in the future (RESILIO);
- Twelve new projects that are based on the new system tested (connecting cooling, heating and electricity into a single system (FED).

Funding for scaling up is likely to come from a diversity of sources, including commercial revenue, mainstream funding or continued project-based funding, and in some cases is considerable. Some innovations can operate on a commercial basis (e.g. new formula for concrete products based on recyled waste: Super Circular Estate). Others can attract mainstream funding (e.g. provision of training and employment support for migrants and refugees: USE-IT!). Where projects responding to the survey were able to state the source of funding for scaling up, they mostly mentioned non-EU sources of funding: own (41%) or other local, regional or national (35%). Of the projects responding to the survey reporting that EU funding is to be used, this mostly consists of mainstream Cohesion Policy programmes (21%) and, to a more limited extent, sustainable urban development strategies under ERDF Article 7 (3%). This shows that there is potential for mainstream Cohesion Policy programmes to support scaling up but that such potential has not been fully identified by stakeholders and exploited, perhaps reflecting a lack of awareness amongst some MAs, although many are open to supporting it (as discussed in Section 3.5.2). Projects that were able to specify the indicative budget for scaling up stated a wide range of values: €20k, €400k, €1-2m, €1-10m, €2m, €3m, €10m and €15.5m.

3.5 Knowledge transfer and replication

Q9. What is the potential for knowledge transfer and replication?

3.5.1 What approaches to knowledge transfer are being taken at EU level?

At the EU level, the UIA Secretariat has taken steps to disseminate knowledge from the projects and from the overall UIA Initiative. Most notably, this includes Project Journals that are produced every six months by the UIA Experts that follow, advise and support UIA projects. The journals are developed on this basis of evidence gathered by the UIA Experts during their site visits and regular contacts with the projects. They include a summary of progress, challenges, achievements and lessons learned from the innovation process. Project Journals are complemented by an annual "Zoom In", also produced by the UIA Experts, which offer a deeper analysis of a specific aspect or dimension of the project. All Project Journals and Zoom Ins are made available on the UIA website. The website also includes a "UIA Knowledge Lab" which allows any interested person to search by theme or location for relevant knowledge from the UIA projects, for example, in the form of articles and publications, videos and podcasts and documents.[32] Events organised by the Secretariat have disseminated knowledge not only from the UIA projects but also from other relevant sources, such as URBACT cities, EU Urban Agenda partnerships, and urban practitioners and experts. This includes two joint URBACT-UIA web conferences on solutions to housing challenges in the urban environment. The Secretariat has also disseminated knowledge at other events, such as the European Commission's CITIES Forum 2020.[33] These activities, together with projects' own activities (described next), have helped make the UIA visible and known as an opportunity for cities to innovate: a majority of respondents to all three surveys considered the UIA initiative to be visible and UIA projects to be innovative.

[32] https://uia-initiative.eu/en/knowledge-lab

[33] https://uia-initiative.eu/en/events/meet-all-uia-cities-cities-forum-porto

Building on this, a more strategic approach to knowledge capitalisation, dissemination and transfer will take place over the next few years. In July 2020, the Entrusted Entity and the European Commission launched a joint Knowledge Management Strategy (2020-2023).[34] The strategy sets the objectives of capturing knowledge from UIA projects, disseminating knowledge on common policy areas, and making knowledge more accessible for urban practitioners.

3.5.2 What is being done by projects to promote knowledge and replication?

Replication of successful UIA innovations in other territories would be an important means by which to maximising the added value of UIA-supported projects. Reflecting this, the selection criterion on "Project's transferability and scaling up" included a focus on the extent to which projects would be transferable to other urban areas across the EU. However, it should be noted that this criterion only counted for 10% of the weighting in the selection criteria, which is perhaps low if this objective is to be strategically important. To support this, UIA projects have one year from the end of the implementation phase to undertake knowledge transfer activities and, as recalled earlier (see Section 2.3) a lumpsum of only €15,000 within each €5 million maximum grant to undertake these. At the time of writing, 14 projects in Call 1 had entered the 12-month knowledge transfer phase, but none had yet completed it. No projects from other calls had entered the knowledge transfer phase.

The evidence suggests that much of the focus and achievements to date of knowledge transfer is in the same city or region as the UIA project. Evidence from the case studies shows that many projects see local or regional dissemination as the starting point for knowledge transfer activities, i.e. to neighbouring city districts, via municipal authorities and local events with stakeholders. Those projects that are implementing knowledge transfer plans report some success in reaching target audiences, but often limited to other actors in their city or region. Other cities (in the same or other countries) had been reached only to a lesser extent.

Projects typically need support, networks or mechanisms at national or EU level to maximise the potential of their knowledge transfer activity. Most case study projects cited existing European networks as important vehicles for transferring knowledge beyond national borders, with the most common being the Interreg network,[35] the Urban Development Network/URBACT[36] and UIA networks.[37] Other networks mentioned include UNESCO Global Network of Learning Cities, Digital Innovations Hubs, Digital Cities Challenge, Eurocities, Civitas, and the Celsius Initiative. Two examples were identified of projects receiving help from national bodies to transfer their knowledge: a personal carbon trading scheme tested within the CitiCAP project (Lahti, Finland) had been promoted nationally and EU wide, as part of Finland's Presidency of the Council of the EU (2nd half of 2019); a Romanian national body reported it had connected the Cluj Future of Work project to the Jobs and Skills in the Local Economy Partnership within the UAEU and disseminated knowledge from two Romanian UIA projects: SPIRE (Baia Mare), Cluj Future of Work (Cluj).

There is interest in, potential for and instances of replication. The survey responses show that the overwhelming majority of applicant cities or other cities (93-99%) are in principle interested to learn from and replicate UIA projects and only a small minority consider that UIA projects would not be relevant to them (2-5%). Similarly, only a small minority of stakeholders (cities, MAs, others) consider that UIA projects would not be

[34] https://uia-initiative.eu/en/news/uia-knowledge-management-strategy

[35] Urban Soil 4 food, SASMob, AS-Fabrik, FED

[36] Calico, EarthCycle, Curing the Limbo, Use-IT!, NextGen Microcities, AS-Fabrik

[37] OpenAgri, Curing the Limbo, Calico

replicable outside of their local contexts (10-12%) or that replication would be complicated (4-11%).

Several projects among the case studies were developing 'models' designed for replication in whole or in part in other cities experiencing similar challenges, and many had already received visits from municipal authorities interested in setting up similar initiatives. For example, one project is developing a financially viable climate adaptation model for future uptake in multiple European cities (RESILIO), whilst another project is developing a 'social exchange' model which could be used in many cities facing integration challenges with refugees (Curing the Limbo). Almost all of the case-study projects were developing handbooks, guidance or transferability studies specifically aimed at organisations interested in replicating their model (e.g. FED, Use-IT!, LINC TUPPAC, NextGen Microcities).

Some projects stated that while replication of specific activities would be possible, these would need to be adapted to local contexts, for example facilitating diverse citizen participation, supporting self-sufficiency through social enterprise, co-housing initiatives (S.A.L.U.S). Two projects had already replicated certain elements in other cities, via the involvement of project partners in those specific activities (OpenAgri and CoRDEES). Some private sector partners were already replicating activities internally, at their different company sites and factories (SASMob).

One example shows the potential for knowledge transfer but also the challenges associated with it.

Knowledge transfer example

A good example of a project with knowledge transfer as a central feature is the TMaaS urban mobility project (Ghent, BE). The aim of the TMaaS project is to provide information to citizens to help them avoid congestion in undertaking journeys. The project started in February 2018 and continues to January 2021. The rationale for the project is to bring together the high volume of mobility data already available and put it together on one dashboard. It features three main products: information platform for traffic controllers (part of the City of Gent; an information platform for citizens; and notifications to users before leaving home (e.g. regarding delays and alternative routes). In addition to the communications campaign aimed at potential users in the Ghent area, there is a lot of interest from other cities, both in Belgium and further afield.

Knowledge transfer and replication is, in fact, built into the project through three "replicator cities": Antwerp (Belgium), Durán (Ecuador) and Southwark (UK). They were selected in June 2019 and have varying interests in the project: Durán's main interest is to monitor public transport, see services on an on-line map and identify shortages; Southwark's main focus is on public transport and status of key roads, and how to react to a traffic incident; Antwerp is not interested in the TMaaS dashboard, as the city has an existing tool, but rather wants to adopt a specific aspect of the system, namely the pre-trip notification option as the traffic managers cannot at present communicate with citizens in Antwerp in advance of them taking a journey. Replicator cities were identified through a webinar organised by Intelligent Transportation Systems (ITS) Canada that involved various organisations including TomTom and Waze (GPS navigation software app owned by Google).

Whilst Stad Gent is seeking to collborate with other cities through its own networking efforts, there is a view that more could be done to promote contact between UIA projects in this field as there has been little contact wth other UIA projects working on IT solutions in mobility or working on traffic data. It is, however, recognised that the COVID-19 crisis

Knowledge transfer example
has been a constraint (a first meeting with other projects took place in January 2020 but no travel has been possible since then).

There remain some substantial challenges to replication. A key obstacle is the lack of dedicated funding for replication, being most often cited by all types of respondents to the survey and several interviewees. Other programmes (e.g. mainstream Cohesion Policy programmes) offer the potential of funding for replication, depending on the relevance of the innovation in question. **Managing Authorities are uncertain but potentially open to supporting the replication of successful UIA projects with incentives or funding from their programmes.** Only 5% explicitly ruled out such support and only 3% were planning it, whereas 40% said they would consider it and the others were uncertain. But such programmes are not usually designed specifically to support replication, i.e. in terms of priorities, eligibility, scoring criteria, etc. The result is that those with an interest in replicating UIA innovations face competition for finite funds. Another obstacle is the lack of mechanisms to transfer knowledge (methods, guidelines, framework to organise it with other cities), which was the main difficulty reported by projects responding to the survey that had knowledge transfer plans.

3.5.3 How can replication be better supported?

Based on the evidence of replication and of obstacles to replication just described (in the previous two sub-sections), there may be structured ways to better support replication of UIA innovations. Three main suggestions are offered here.

First, a more structured approach to knowledge transfer at the level of the UIA Initiative. It is not known whether cities responding to the survey had already engaged with the existing knowledge transfer activities at EU or project level. In any case, the UIA Initiative as a whole is in the early stages of its knowledge transfer phase (i.e. with Call 3 and 4 projects still in the early stage of implementation) and the Knowledge Management Strategy only recently launched. Nonetheless, the interview and survey feedback as a whole suggest a demand from cities for a structured approach that might include:

- More in-depth information about innovations, lessons learned, success factors, etc., presented in a structured way, including but not only in a searchable online format;
- More in-depth information about the technical and organisational aspects of implementation;
- City visits and exchanges, which will allow UIA projects to be viewed in their local context; for example, transnational co-operation could be built into the design of UIA projects from the outset, with a small percentage of funds ring-fenced for that purpose;
- More good practice workshops and presentations with a chance to question projects on their experiences, problems faced, lessons learned, success factors, failures, costs, etc;
- Make knowledge transfer from UIA projects part of capacity building activities for cities and other entities benefiting from EU Cohesion Policy programmes; this option was supported by 85% of all respondents to the three surveys.

Second, a more structured approach to replication. Some cities mentioned that their small size, lack of capacity or institutional weaknesses meant that they might need more help than is currently available. Moreover, as noted above, there is a lack of dedicated funding specifically to support replication; UIA projects have resources for knowledge transfer and can thus "supply" solutions, but there is no specific dedicated funding on the "demand" side for other cities to replicate UIA innovations. Replication thus becomes

reliant on UIA projects' dissemination activities reaching cities that happen to have access to the right funding package to replicate the innovations in question.

A more structured approach to replication might feature:

- Support in "matchmaking", i.e. between UIA projects and replicator cities;
- A structured way of finding companies willing to invest in technologies or other innovations;
- Systematising the scaling-up and transfer of successful UIA projects with EU funding from Cohesion Policy programmes (supported by 84% of all respondents to the three surveys);
- Funding stream(s) dedicated to the replication of UIA innovations in other cities; one project interviewee suggested the adoption of a similar approach to that of the Horizon 2020 Smart Cities and Communities lighthouse projects that feature "lighthouse cities" that implement innovations and "follower cities" that look to replicate such innovations (see Sections 6.1 and 6.3.1 for more details on this approach to replication).[38] Such funding streams might be available for UIA projects that have already demonstrated the success of their innovations.
- Structured links to other programmes (e.g. Interreg) or capitalisation activities;
- Provision of replication guidance and methodologies e.g. guidelines for replication, practical methods and local models for replication;
- Technical assistance (e.g. consultants, experts) to support cities looking to replicate;
- Thematic networks with funding for replication.

Third, calls for UIA funding specifically to support co-operation between successful projects and cities interested in replication. Such funding might address the need of potential replicator cities for mentoring, guidance, and technical assistance to prepare themselves for adoption of a UIA innovation. It might also help meet any costs of the UIA partners that exceed the existing budget for knowledge transfer activities. Replicator cities would still need to identify funding for the replication itself (e.g. from Cohesion Policy programmes). But a modest amount of funding might bring them to the point at which they can prepare a credible proposal.

Reliable models for knowledge transfer such as URBACT or Smart Cities and Communities Lighthouse projects under Horizon 2020 are presented in Sections 6.1 and 6.2 on "Coherence".

3.6 Achievement of impacts

Q10. To what extent is the UIA likely to generate the intended impacts?

This question looks at the more systemic effects, particularly at EU and national level produced by the UIA projects and the UIA initiative as a whole in particular in relation to strengthened sustainable urban development and the Priority Themes defined in the Urban Agenda for the EU in the way these were described in the terms of reference for each UIA call, as well as to the longer-term perspectives for EU policy, particularly Cohesion Policy. The primary intended impact could be said to be the wider deployment of solutions tested by UIA projects in other cities across the EU. As well as wider deployment (including through scaling up and replication), the UIA may also bring about wider impacts through the exploitation of knowledge and experience generated and disseminated by projects.

[38] https://www.euro-access.eu/calls/smart_cities_and_communities_lighthouse_projects

3.6.1 To what extent are innovations being deployed more widely within Cohesion Policy?

There is potential for UIA innovations to be deployed more widely within mainstream Cohesion Policy programmes, but more needs to be done to exploit this potential.[39] The research for this assessment uncovered no concrete instances of UIA innovations being deployed more widely or being prioritised by mainstream programmes. However, Managing Authorities (MAs) for Cohesion Policy programmes are optimistic about the transfer potential of UIA innovations and potentially interested in supporting scaling up and replication but cannot yet commit to specific proposals and require more information about UIA projects. The majority of MAs (56%) reported being open to the possibility of providing incentives/funding in their programme(s) to scale up successful UIA projects. Some 40% of MAs reported that they would consider providing incentives to replicate successful UIA projects with funding from their programmes, and another 3% were even planning to do it. However, whilst many are positive, a considerable number of MAs reported that it was too early to say or that they did not know in respect of their willingness to supporting scaling up (44%) and replication (52%). This hesitancy to offer concrete responses might be because MAs are not formally involved in the UIA Initiative, which means that special efforts have to be made (at project level or initiative level) to inform them about UIA projects and through Commission support to promote the systematic use of mainstream funding for replication. For example, one MA reported its readiness to explore the possibility to scale up UIA projects by disseminating the results of UIA projects via its national network of cities but needed better knowledge of the projects, so it can know which ones would be relevant to the specific situation of its territory/territories.

There may be ways by which the design and operation of future Cohesion Policy programmes can better support the wider deployment of UIA innovations. For example, 54% of MAs responding to the survey would support incentives (e.g. bonus points) for UIA projects seeking funding for replication or and 85% would support making knowledge transfer from UIA projects part of capacity building activities for cities and other entities benefiting from EU Cohesion Policy programmes.

Wider deployment through Cohesion Policy funding might be increased by better aligning UIA calls with Cohesion Policy. This potential might be better exploited if UIA projects were selected in part on the basis of their relevance to Cohesion Policy programmes and/or potential to be scaled-up by programmes once completed. Such relevance could be increased in two ways: first, by organising UIA calls for proposals by EU Cohesion Policy objectives 2021-27; second, by adapting UIA selection criteria so that they favour applications with potential to be scaled up under Cohesion Policy programmes. Both options were supported by a strong majority of respondents to all three surveys (81% and 74% respectively, with only 6% and 13% disagreeing). More analyses on relevance and coherence with Cohesion Policy programmes and how to reinforce it in the future are offered in Sections 5 and 6.

There is potential for sustainable urban development (SUD) strategies supported by Article 7 or other Cohesion Policy funding to support scaling up or wider deployment of UIA innovations but this potential has not been realised yet. Of the cities responding to the open survey of stakeholders, 33% reported that they might use SUD funding to replicate a successful UIA innovation. As and when UIA projects are completed and knowledge transfer activities undertaken, SUD strategies might thus be used for this purpose. There is a high degree of thematic complementarity between UIA projects and SUD strategies (see Section 6.2.1) that could favour such a move. The fact that cities play a key role in selecting operations funded under SUDs would be another favourable condition that may not exist in mainstream programmes. However, given that

[39] This potential is further evidenced in Sections 5 and 6.

funding for the current programming period is already likely to have been earmarked or committed, it is more likely that support will come in the next period rather than the current one. Still, this should not constitute an obstacle as UIA projects are based on topics that remain fully consistent with Cohesion Policy objectives 2021-27 (see Section 5.1.2).

There are not yet any instances of concrete plans for UIA innovations to be sustained or replicated with funding from SUD strategies although there are instances of complementarity between SUD strategies and UIA projects in some cities. For example in Barcelona, the 10 neighbourhoods targeted by the SUD strategy were the same as those targeted by the B-MINCOME project. Similarly, several projects funded by the SUD strategy in Milan are in the same district as the target areas for the OpenAgri UIA project. In Latvia, some city-level education technology facilities financed under the SUD strategies were used by the NextGen Microcities project, including part of its Makerspace facilities. However, within the 15 case study projects, no instances were identified of SUD strategies funding the continuation or scaling up of UIA innovations in their entirety. One project, S.A.L.U.S. 'W' SPACE project (Bologna, Italy), reported that the National Operational Programme (Pon Metro) responsible for the SUD was co-financing the community building activities within the UIA project, although this did not extend to sustaining or scaling up the UIA project in its entirety. In some of these cases, there was no SUD strategy (e.g. Albertslund, Sevran) or the strategy had different thematic objectives than the UIA project (e.g. Birmingham, Bologna). In those cases where the UIA project was relevant to the thematic objectives of the SUD strategy, this did not necessarily lead to any direct commitment to using the SUD strategy to sustain or scale up UIA projects.

3.6.2 Will the UIA strengthen strategies, governance, programmes and policies for urban development?

The UIA has strengthened the overall EU policy response to the challenges facing urban areas. As noted above, at this mid-point in its implementation, it is too early to determine the precise extent to which the UIA Initiative will have a broader impact on the EU policy response related to sustainable urban development. However, the knowledge and experience emerging from UIA innovations has the potential to generate a strategic impact on EU strategies, governance, programmes and policies related to urban challenges, not least through the knowledge transfer activities, including those undertaken by the UIA Secretariat and the Commission through the joint Knowledge Management Strategy (see Section 3.5.1). As the Strategy highlights, knowledge produced by UIA projects does not only have the potential to provide for **'on the ground' evidence that has and will continue to inform the thematic EU policy response** in the different policy fields addressed by UIA topics, but it also generates **learning on how to concretely apply urban governance principles valued at EU level,** for being anchored in the New Leipzig Charter, or core to the delivery method of Cohesion Policy priority objective 5 "Europe closer to citizens", i.e. place-based, integrated and participatory approaches.

There is evidence that UIA projects have potential to strengthen the urban development approaches and local innovation ecosystems of their host cities. Most notably, the opportunity to test new ideas and innovate was reported by 94% of projects to be the main benefit from being part of the UIA and the most important reason (59%) or a very important reason (35%) for applying amongst successful and unsuccessful applicants. As one project stated in an interview: "The UIA has allowed projects to be more innovative and not driven by traditional growth outcomes. It has allowed projects to test and do things differently and offered flexibility over what can be done." Moreover, the Secretariat reports that the UIA can trigger innovation even at application stage, with the main authorities for all Call 1 projects going through a genuine process of co-generation

and co-design with partners and other stakeholders in the preparation of their proposals.[40] Indeed, the emphasis placed on partnership within the UIA (a selection criteria accounting for 15% of the strategic assessment; see Section 4.2) has constituted a strong incentive to **build new local innovation alliances encompassing a wide range of public and private actors** (see Figure 15) **that appear to be among the best guarantees of long-term sustainability of UIA projects** (see Section 3.4.2). This strengthening of local urban development approaches can come directly through the sustaining or scaling up of UIA innovations (see Section 3.4). It can also come indirectly through policy learning, experience gained, stronger partnership working and influence on future activities. For example, policy learning from the B-MINCOME project (Barcelona, Spain) was generated about the use of local digital currencies, which was strengthening the city's broader activities in this area. Similarly, Curing the Limbo (Athens, Greece) generated valuable learning about target groups' needs, which was influencing mainstream housing support services. The partners in the USE-IT! project (Birmingham, UK) reported having learned how best to link macro-assets (such as major employers or infrastructure developments) to micro-assets (such as local people in deprived neighbourhoods) and were strengthening their mainstream activities using this concept. Stronger partnership working was a key impact of the AS-Fabrik project (Bilbao, Spain) with new partnerships enduring between entrepreneurs, knowledge intensive business services companies and local service providers, universities and research institutions, and policy-makers.

In many cases, UIA projects have enabled local authorities to have the central role in the innovation process and thus raise their innovation profile, but this has varied widely across projects. As the only eligible applicants to the UIA calls, urban authorities (cities of more than 50,000 inhabitants or associations or groupings thereof) have been called to be instrumental in triggering project proposals and in leading the local partnerships to be organised around them. In practice, as noted in Section 3.1.3, the share of project budgets allocated to the main urban authority (MUA) has varied very significantly from 1% to 83%. The expert assessment covering a sample of 22 projects in Calls 1 and 2 (described in Section 1.3) considered the extent to which projects had enabled the MUA to play a central role in innovation. Taking into account the budget share allocated to the MUA for each project has been one of the parameters for this expert assessment together with their implications in the achievements of the projects. The expert assessment concluded that 12 projects (55%) had enabled the MUA to innovate to a great extent, 8 projects (36%) to a modest extent and 2 projects (9%) to a very low extent. Looking across all UIA projects, more than one third (29/75) allocated less than 25% to the MUA. Again, as noted in Section 3.1.3, in these projects, the MUA's role in the innovation process might not be central, which creates the risk that the capacity of the MUA to innovate is not developed to a large extent. In some projects, the MUA was found to have a more of a facilitation role with other partners leading the innovations. Some projects perhaps have more of a focus on industrial or commercial-type innovations, rather than on public service innovations. In other cases, the MUA might invest in new premises, leaving other partners to lead the innovations that take place within such premises. On this basis, the Commission should consider whether to revise the focus and requirements of the UIA, in order to ensure a more central role for MUAs and greater emphasis on building urban authorities' capacity to innovate.

There are instances of UIA projects contributing to respective cities being recognised for their innovation profile and potential to inform wider sustainable urban development practices and policies. Several projects received European or international prizes or awards for the innovation or impacts. Although these awards were based on a wider range of criteria than just the extent of innovation in the projects concerned, innovation was nevertheless an important factor. They include:

[40] UIA Secretariat: Annual Implementation Report 2016.

- CitiCAP project (Lahti, Finland): the personal carbon trading scheme developed by the UIA project was highlighted by the jury for the European Green Capital when awarding the 2021 title to Lahti.[41]
- TMaaS project (Ghent, Belgium): the Traffic Management As A Service platform received the CIVITAS "Bold Measure Award" in 2018.[42]
- CALICO project (Brussels, Belgium): the intergenerational and socially diverse community-led cohousing innovation was a finalist in the international Wellbeing Cities 2020 Award.[43]
- Urban Infra revolution (Lappeenranta, Finland) was a finalist for the EU's European Green Leaf 2021 award for its approach to renewable energy and a clean environment, which encompassed the UIA innovation focussed on a new method for producing recyclable and functional urban construction products.[44]

[41] https://finland.fi/business-innovation/it-all-adds-up-how-finnish-towns-are-taking-action-against-climate-change/

[42] http://civitas.eu/award/civitas-awards-2018

[43] https://newcities.org/wellbeingcity-award/

[44] https://ec.europa.eu/environment/europeangreencapital/news/finalist_cities_latest_news_piece.html

4. EFFICIENCY

Efficiency considers how well the various elements of the implementation process have operated and the costs and benefits associated with the initiative.

4.1 Application process

Q11. How efficient are the different elements of the application process?

The UIA application process features calls at EU level (see Section 2.4) with applicants demonstrating their relevance to one of the designated topics. Application is a one-step process with applicants submitting a full application. The application must describe both the strategic approach (problem addressed, solution proposed, innovative potential, expected results, etc.) and the operational aspects (e.g. workplan, management arrangements, budget). Applications are subject to an eligibility check, following which all eligible applications are assessed against a set of strategic criteria ("strategic assessment"). The highest scoring projects then proceed to an assessment against operational criteria ("operational assessment"), after which the projects receiving the highest combined scores are approved for funding (see Section 4.2).

4.1.1 How efficient is the promotion of calls for proposals?

Analysis of programme data and responses to the survey of applicants and other sources suggest a number of findings regarding the efficiency of efforts to promote the calls for proposals and the UIA initiative in general.

The UIA was successful in attracting a high volume of applications in total and relative to the funding available. Some 943 applications were received, of which only 75 were selected for UIA funding, a rate of 8%. After excluding ineligible proposals, the success rate for eligible proposals was 9%.

The UIA calls have tapped into a greater demand for resources relative to the funding available than have comparable programmes. One of the main comparable programmes is Horizon 2020, the EU's Framework Programme for research and innovation. Through a wide range of instruments and actions, Horizon 2020 supports innovation "all the way from lab to market", as well as enhanced business and SME involvement in the innovation process. Applicant success rates within Horizon 2020 are not precisely comparable with the UIA, given the differences in selection processes, applicant eligibility, funding per project, etc. However, they provide a broad benchmark. The latest available data shows that the success rate across Horizon 2020 was 12% for eligible applications and 14% for all applications. Most sections of Horizon 2020 have featured higher success rates than the UIA, possibly reflecting a lower level of demand relative to the funding available. Table 12 provides a summary.

Table 12 Success rates of UIA compared to Horizon 2020

Initiative or Action	Success rate
UIA (Calls 1 to 4)	9%
Europe in a changing world – inclusive, innovative and reflective societies	7%
Innovation in SMEs	8%
Information and Communication Technologies (ICTs)	9%
Health, demographic change and wellbeing	10%
Climate action, environment, resource efficiency and raw materials	11%

Initiative or Action	Success rate
Food security, sustainable agriculture and forestry, marine and maritime inland water research	13%
Secure, clean and efficient energy	13%
Marie Skłodowska-Curie	14%
Spreading excellence and widening participation	15%
Smart, green, and integrated transport	20%

Source: Horizon 2020 Dashboard (Extracted August 2020)

There was perhaps a significant pent-up demand for UIA support prior to the launch of the first call. Some 40% of all applications were received in response to the first call. Of these 378 applications, only 4% were funded: the lowest rate across all calls, reflecting the high demand relative to funding available.

Table 13 Number of applications by call

Call	Number of Applications	Number selected	Success rate
1	378	17	4%
2	206	16	8%
3	184	22	12%
4	175	20	11%
TOTAL	943	75	8%

Source: UIA programme data

Potential applicants are reached by a diversity of channels, of which websites are the most important. The UIA Secretariat and the European Commission take steps to ensure high visibility for the UIA Initiative and the calls for proposals via different channels. Reflecting this, seven different channels were mentioned by at least 5% of applicants responding to the survey, including websites, EU-level bodies or networks, newsletters, local partners. More than a third of applicants (35%) first heard about the possibility to apply for UIA funding from a website, most notably the UIA website (28%) together with the European Commission website (7%). Supporting this finding, a Google search undertaken for this assessment found that the UIA website appeared high in the list of results for different search terms:

- "urban innovative actions": 1st
- "urban innovative": 1st
- "urban innovation": 2nd
- "UIA": 4th
- "EU support for urban areas": 5th (NB: 1st and 2nd results were the DG REGIO website)
- "EU urban": 5th
- "EU urban funding" 7th (NB: 1st result was a Google featured snippet on the UIA, featuring information from the DG REGIO website)
- "EU urban development": 11th (2nd page).[45]

[45] Search undertaken 24.06.2020.

4.1.2 How many applications were submitted relative to the funding available?

Table 14 below presents data on the number of applications in total and at each stage of the selection process, as well as the ERDF funding requested. The data suggests a number of findings.

Demand was particularly high in the first call, perhaps reflecting pent-up demand from potential applicants. There was a significant amount of interest when the Initiative was launched as 378 applications were filed in the first call. The number of applications between the first and second call fell by 172, but afterwards the number of applications declined at a more gradual speed.

The number and proportion of ineligible bids was initially very high but had fallen considerably by Calls 3 and 4. As Table 14 shows, the number and percent of ineligible applications followed a similar trajectory to all applications. The ineligible applications represented 15% of all applications in the first call, 6% of all applications in the second, and roughly 3% in both the third and fourth call. This indicates a learning process was occurring across the calls with cities becoming more familiar with the eligibility requirements of the UIA Initiative and perhaps also reflecting a steady improvement in the UIA Guidance to applicants.

There have been more than enough projects scoring highly in the strategic assessment to absorb the available funding. The table shows that the number of applications passing the strategic assessment exceeded the number that were eventually funded in each call. Although no explicit threshold was applied in terms of projects requiring a certain score in the strategic assessment to proceed to the operational assessment, Selection Committees decided not to allow projects with a score below 4 out of 5 on the "innovation" criteria to proceed. The number of projects passing the Strategic Assessment stage was broadly similar across the four calls, i.e. 21-27. Overall, some 98 projects scored sufficiently highly (notably regarding innovation) to proceed to the operational assessment. However, low scores in the operational assessment amongst some applications, as well as constraints on funding meant that only 75 could be funded.

The high demand for UIA assistance means that only a small proportion of total applications has been funded: 4% of the applications in the first call, 8% in the second call, 12% in the third call and 11% in the fourth call. In total, of the 943 applications made across the four calls, 75 projects are being implemented: 8% of the total.

The demand for ERDF funding far exceeds the funding available. The Initiative has a total ERDF budget of €372m for 2014-2020. A total of €63m was awarded to the projects selected in the second call, far exceeding the €50m initially allocated to the second call. For the third and fourth calls between €80m-€100m was indicated as the ERDF budget available. The projects selected in Calls 3 and 4 were allocated €92m and EUR €82m respectively, in line with the indicated budget.[46] So far, a total of €313m has been allocated to the projects across the four calls; this represents just 77% of the funding requested by the 98 projects passing the strategic assessment (although some of those were of insufficient operational quality) and just 9% of the funding requested by the 864 eligible applications.

[46] The 2016 annual implementation report does not have details on the ERDF budget for the first call.

Table 14 Number of applications passing each stage of selection + ERDF requested

Call	Applications	Ineligible	Eligible	ERDF requested	Passing SA	ERDF requested	Projects selected	ERDF awarded
1	378	56	322	€ 1,206m	27	€ 116m	17	€ 76m
2	206	13	193	€ 730m	21	€ 83m	16	€ 63m
3	184	5	179	€ 700m	27	€ 111m	22	€ 92m
4	175	5	170	€679m	23	€ 95m	20	€ 82m
total	943	79	864	€ 3,315m	98	€ 405m	75	€ 313m

Source: UIA programme data. NB: One project was approved for funding but then withdrew.

4.1.3 Were any cities deterred from applying?

As described above, the UIA has attracted a large number of applications from a significant proportion of the EU's cities. Notwithstanding this, the open survey asked any cities responding to give their reasons for deciding not to apply. A total of 24 in this situation offered an opinion. These cannot be considered as representative of the full population of non-applicant cities; since they were reached by a survey about the UIA and chose to complete it, they have some knowledge of and interest in the UIA. Nonetheless, their opinions can illustrate any potential barriers to applying. Five main findings emerge from their opinions.

There is no evidence that cities are deterred by the design of the UIA instrument, except for the minimum city size and the perceived high degree of competition (related to calls at EU level). From the list of reasons proposed in the online survey, none of the responding cities selected "EU funding too small" or "Topics not relevant". Moreover, when asked to explain, none of the cities mentioned any reasons connected to the design of the UIA.

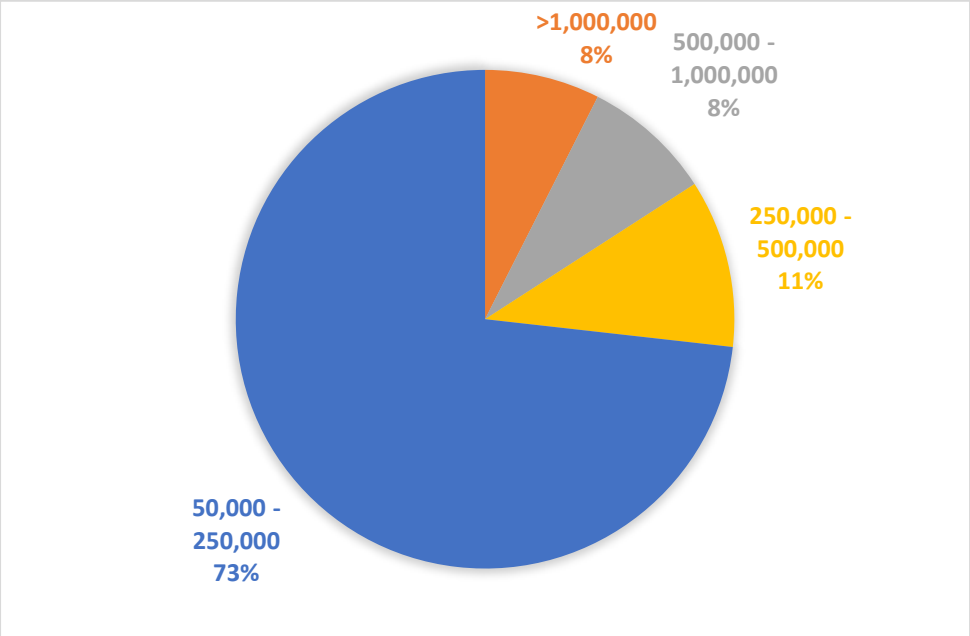
There is interest from cities with fewer than 50,000 inhabitants. Some 84% of respondents to the applicant survey found it easy to comply with the criterion of city size, whilst 7% found it difficult. However, the analysis of the programme data shows that a number of applications were rejected due to cities being too small, although this number decreased over time. Ineligibility due to city size was also the single most stated reason for not applying. There is the possibility for association or groupings of urban authorities to submit a joint application, where the total population is 50,000 or more. However, given the number of ineligible applications from cities below the threshold (albeit falling significantly from Call 1 to Call 4) and the number of survey respondents stating that they were deterred by their size, it seems that some cities are unaware of this option or unable or uninterested in pursuing it. For some cities, the need to co-operate with other authorities might aggravate the inherent challenges that already exist in forming a multi-sector project partnership. When invited to offer an open comment, one city reported that it had tried but failed to reach agreement with neighbouring towns. Another reported that co-operation with neighbouring authorities in the same conurbation had made progress but then been halted in the context of municipal elections. Given this interest, there may be scope to consider how better to promote the option for association or groupings of urban authorities to apply. Still, beyond strict compliance with the eligibility rule, there may be more fundamental reasons linked to administrative capacity from smaller cities both to apply and or envisage having to cope with requirements of EU funding if selected (see below).

For some cities, the perceived low chance of success and lack of capacity to handle the requirements linked to EU funding make it hard to justify the administrative burden associated with applying. One in three of the respondents to this question were deterred by the low chance of success and 29% both by the administrative burden to apply and the capacity to handle EU funding requirements, if selected. This was reinforced by comments offered in relation to an open question. One

respondent described the UIA as being "highly selective". Another reported: "As a city of 35,000, inhabitants we must compete with [the] biggest cities, with much more resources (human, material and economic)."

Applications came from a diversity of cities in terms of population size. As shown in Figure 7, nearly three-quarters (73%) came from applications covering 50,000-250,000 inhabitants. Moreover, a number of applications included smaller cities within groupings of municipalities. The data does not allow the precise number of cities with fewer than 50,000 inhabitants to be calculated (applicants only needed to state the population covered by the grouping of municipalities). However, selected projects include at least eight cities of fewer than 50,000 inhabitants.

Figure 7 City size of all applicants across all calls



Source: UIA programme data

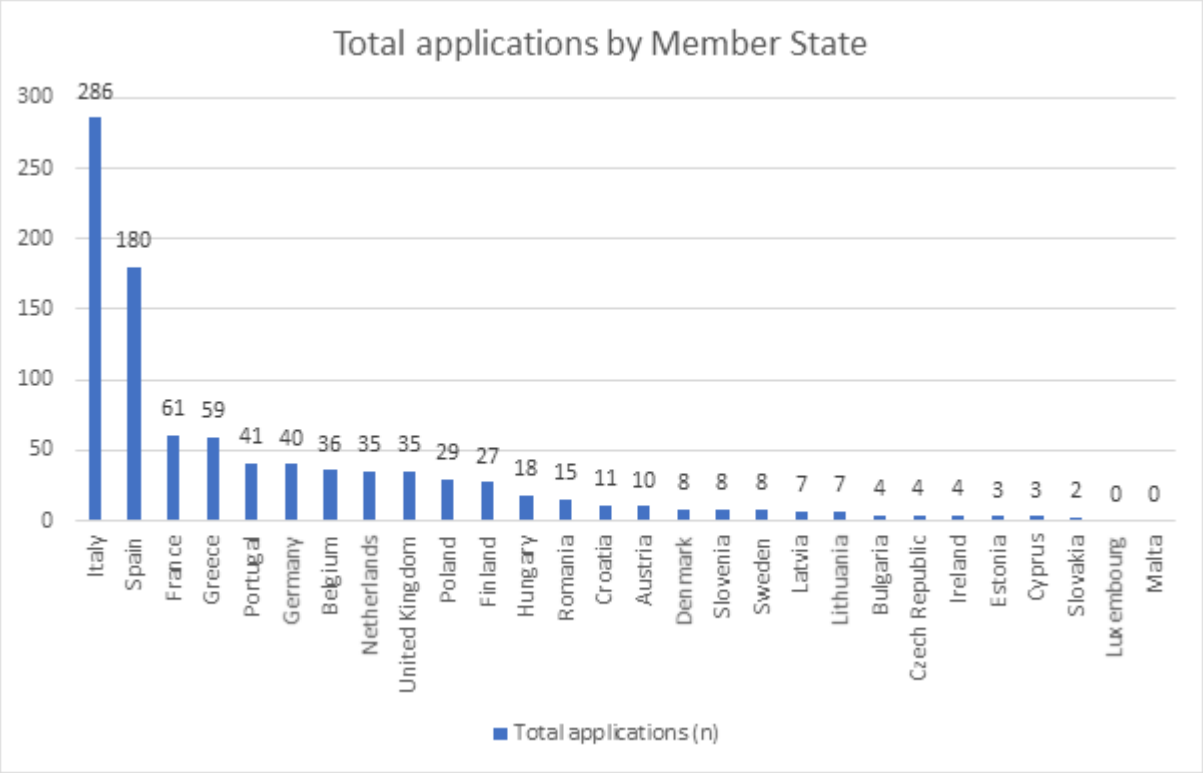
The preparation of a UIA application is not easy task for some cities. Indeed, barriers mentioned by at least 25% of respondents included lack of readiness, lack of capacity and inability to form a partnership. A small number (13%) are even unable to secure the 20% co-financing to match the ERDF. One French non-applicant city (population: 50,000) when interviewed, stated that the reason for not applying was the administrative burden associated with EU funding (e.g. application and reporting in English, justification required for project changes, requirement to disseminate, detailed planning of work packages), as well as the perceived low chance of success.

4.1.4 How successful is the UIA in attracting a diversity of applications?

Analysis of the programme data highlights a number of conclusions about the efficiency of the application process over the first four calls. These relate to two questions in particular: the level of applications by Member State; and the diversity of applications by topic. Regarding the first question, it should be noted that the intention of the UIA was not to ensure that all funds were evenly distributed across Member States. However, the intention was very much to ensure that applications were attracted from cities in a diversity of contexts across the EU.

The UIA has been successful in attracting a diversity of applications in terms of Member States, although nearly half came from Italy and Spain. Overall, applications were received from cities in 26 Member States, as shown in Figure 8. The only exceptions were the two least populous Member States, i.e. Luxembourg and Malta. As it would be expected, more applications tended to be received from Member States with larger populations. However, population size alone does not explain some of the differences. The most applications came from Italy and Spain which submitted 286 proposals and 180 proposals, respectively. In fact, this reflects the situation in Horizon 2020, where Spain and Italy account for the largest number of local authorities (NUTS 3 level) participating in the programme; this is around twice the number of any other country (except the UK).[47] Similarly, Italy and Spain are the two countries that have the highest number of projects funded within the LIFE programme.[48] This pattern continued over the four calls, despite targeted communication efforts by the UIA Secretariat, such as application seminars in different countries, including those with a lower number of applications. Whilst such efforts should continue, overall there is no reason to be overly concerned as a good number and spread of applications has nonetheless been attracted from the other Member States. Moreover, there is a better balance in the spread of successful applications across Member States, albeit with some under-representation in the EU-13 countries (see Section 4.2.3). Nonetheless, more systematic promotion of calls in under-represented Member States via national bodies or Cohesion Policy programmes channels might enhance accessibility. There may be scope to do this in a more structured way than has been the case to date, perhaps by the appointment of national contact points: an option supported by 70% of MAs responding to the survey. Such a role might support cities that have not previously been well connected to EU-level programmes.

Figure 8 Total applications by Member State



Source: UIA programme data

[47] Committee of the Regions (2017), Horizon 2020 and the Local and Regional Authorities

[48] https://life.easme-web.eu/

Applications and selected projects come from countries with different levels of innovation performance suggesting that the UIA is accessible to cities in a diversity of innovation contexts. As shown in the table below, there is diversity in terms of the applications and selected projects from countries categorised as "innovation leaders", "strong innovators", "moderate innovators" and "modest innovators" according to the European Innovation Scoreboard.[49] Thus the UIA is reaching cities in all types of innovation contexts.

Table 15 Applications and selected projects by national innovation performance

Country	Number of applications	Number of selected projects
Innovation Leaders	**78**	**16**
Denmark	8	1
Finland	27	5
Luxembourg	0	0
Netherlands	35	8
Sweden	8	2
Strong Innovators	**232**	**25**
Austria	10	2
Belgium	38	6
Estonia	3	0
France	61	9
Germany	40	1
Ireland	4	0
Portugal	41	2
United Kingdom	35	4
Moderate Innovators	**614**	**33**
Croatia	11	0
Cyprus	3	0
Czech Republic	4	1
Greece	59	3
Hungary	18	2
Italy	286	11
Latvia	7	1
Lithuania	7	0
Malta	0	0
Poland	29	0
Slovakia	2	0
Slovenia	8	2
Spain	180	13
Modest Innovators	**19**	**2**
Bulgaria	4	0
Romania	15	2
TOTALS	**943**	**75**

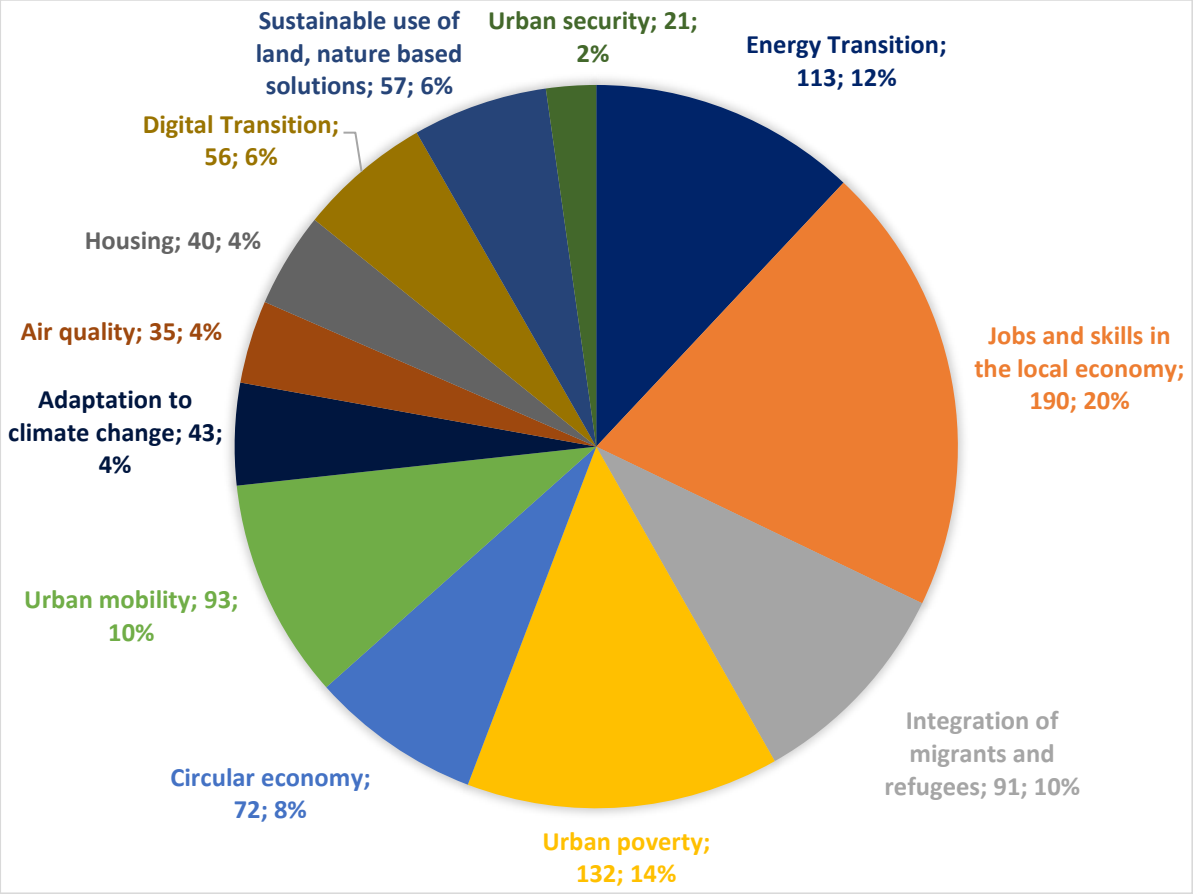
Source: UIA programme data and European Innovation Scoreboard

The UIA has been successful in attracting a good spread of applications across the different topics. As shown in Figure 9, each topic attracted at least 21 applications (the lowest being Urban security). Energy Transition stands out for having received the most applications (113) having featured in only the first call. Unsurprisingly, three of the four topics attracting the most applications were those that featured in more than one call: Jobs and skills in the local economy (20% across Calls 1 and 3); Urban poverty (14% across Calls 1 and 4); and Integration of migrants and refugees (10% across Calls 1 and

[49] https://ec.europa.eu/growth/industry/policy/innovation/scoreboards_en

2). If the percentage of applications covering these three topics is divided by two (to reflect their appearance in two calls), it is the case that all topics per call attracted between 2% and 12% of total applications across all four calls.

Figure 9 Topics across all applications



Source: UIA programme data

4.1.5 What is the quality of UIA applications?

A key issue is the extent to which the UIA attracted applications of high quality. Analysis of the data and of the minutes of the Selection Committee meetings offers a number of findings regarding the quality of applications in relation to the scores used by the assessors of UIA applications. (Section 4.2.4 provides analysis on the question as to whether the scoring process provide a reliable guide to successful implementation).

Some 8% of applications were ineligible.[50] Three topics accounted for the majority (71%) of ineligible applications: Energy transition (18), Integration of migrants and refugees (12), and Jobs and skills in the local economy (26). One possible reason might be the fact that these topics featured in the first round, when applicants had no previous experience of applying to the UIA and a weaker understanding of eligibility.

[50] The mid-term evaluations of Horizon 2020 and LIFE do not provide data on the percentage of ineligible applications.

Two of the same three topics had the highest percentage of eligible projects rejected in the Strategic Assessment: Energy Transition (95%) and Jobs and Skills in the Local Economy (93%). The reason for this high rejection rate might be related to the overall high level of demand in Call 1.

There is little difference in the strategic merits or operational readiness of applications across the different topics. Average rejection rates by topic following the SA ranged from 83-89% for all topics except the three with most applications (Energy transition, Jobs and skills, Urban Mobility) and one other Housing (79%). The average rejection rate following the OA was 22% across all applications. Whilst percentage rejection rate by topic varies, this in part reflects the small numbers involved (i.e. one accepted or rejected application significantly affects the overall rate by topic). More significant is the fact that the 22 rejected applications were spread relatively evenly across 11 of the 12 themes (i.e. 1 to 4 in each). The exception was Urban security with no applications rejected at the operational assessment stage, but this topic involved only three applications proceeding from the strategic assessment.

Some persistent weaknesses have continued to manifest themselves in UIA applications suggesting a need to ensure the submission of better-developed project proposals. The minutes of the Selection Committee meetings for Calls 3 and 4 note the persistence of some common weaknesses in submitted applications). These were:

- Poor descriptions provided (especially for investments);
- Lack of cross-references to connect Work Packages;
- Lack of intermediary steps (deliverables and delivery dates);
- Confusion between deliverables and outputs;
- Difficulties in defining results (and related indicators);
- Vague description of management structures and procedures.[51]

[51] Minutes of Selection Committee Meeting Call 4: 12 July 2019.

Table 16 Outcome of applications by topic

Assessment status by topic	Adaptation to climate change	Air quality	Circular economy	Digital Transition	Energy transition	Housing	Integration of migrants and refugees	Jobs and skills in the local economy	Sustainable use of land, nature based solutions	Urban Mobility	Urban poverty	Urban security	TOTAL
Applications	43	35	72	56	113	40	91	190	56	93	132	22	943
Ineligible	1	0	2	3	18	1	12	26	1	7	8	0	79
Ineligible (%)	2%	0%	3%	5%	16%	3%	13%	14%	2%	8%	6%	0%	8%
Eligible but rejected at SA	35	29	59	45	90	31	69	152	49	79	109	19	766
Eligible projects rejected at SA (%)	83%	83%	84%	85%	95%	79%	87%	93%	89%	92%	88%	86%	89%
Proceeding from SA to OA	7	6	11	8	5	8	10	12	6	7	15	3	98
Rejected at OA	1	1	3	1	2	3	2	2	1	2	4	0	22
Rejected at OA (%)	14%	17%	27%	13%	40%	38%	20%	17%	17%	29%	27%	0%	22%
Withdrawn	0	0	0	0	0	0	1	0	0	0	0	0	1
Approved	6	5	8	7	3	5	7	10	5	5	11	3	75
Success rate	14%	14%	11%	13%	3%	13%	8%	5%	9%	5%	8%	14%	8%

Key: SA = Strategic Assessment; OA = Operational Assessment
Source: UIA programme data

4.1.6 Are applicants satisfied with the application process?

It is clear that any initiative involving the allocation of up to €5m per project must involve a degree of rigour and require applicants to supply a certain amount of detail and supporting evidence. This is necessary to ensuring that successful applicants are eligible, high quality projects are selected and a firm basis is provided for the subsequent monitoring of projects. In that context, it is inevitable that any application will involve some administrative burden. The key question for this assessment is therefore whether the administrative burden is proportionate to programme requirements and whether any necessary steps taken to support applicants through the process are proving effective.

The interviews and responses to the survey of applicants provides an indication of applicants' satisfaction with different elements of the application process.

Successful and unsuccessful applicants are equally satisfied with the ease of filling in the application form with more finding it easy than difficult. Overall, a majority of applicants (54%) found it 'very easy' (5%) or 'fairly easy' (49%), although 41% found it 'fairly difficult' (29%) or 'very difficult' (12%). However, there was no significant difference of opinion between successful and unsuccessful applicants (in fact, a slightly higher proportion of unsuccessful applicants found it easy compared to successful applicants). One interviewee (from a successful applicant) stated: "The documents for the applications were very long but not burdensome" and considered the UIA application process to be no more burdensome than that of Horizon 2020. An unsuccessful applicant (when interviewed) reported that "it was quite easy because the form itself is not heavy-duty". Another successful applicant highlighted how the rigour of the application process had improved their project proposal: "It was my first time using this type of application form and it felt quite demanding going into so much detail, but that was useful because it forced us to really think about the logistics and feasibility of the project. It helped to clarify the role of each partner too." Thus, the application form itself does not prevent the submission of a high number of bids. However, the current format of the application does not remove the need for a significant number of selected projects to require an extension of the initiation phase or request major changes during implementation (as discussed in Section 4.2.2).

There is a high level of satisfaction with certain elements of the application process. One successful applicant, when interviewed, stated: "It was really very efficient. The application is very easy to understand, and the eligibility assessment and technical assessments were fast. Other processes [for other programmes] are quite prolonged, but this was not". Regarding specific elements of the process:

- Time period for submitting applications: considered to be sufficient by 64% of applicants; when asked if more time should be allowed to prepare applications, only 36% of applicants and 41% of open survey respondents agreed.
- Description of topics: an overwhelming 98% of applicants found the descriptions of the topics "clear and useful". These descriptions are rated together with UIA guidance as the most useful (up to 96% considering it fairly or very helpful) among the different assistance options offered during the application process.
- Clarity of rules: with 88% of applicants finding them clear.
- Ease of complying with rules: more applicants found all rules easy to comply with than found them difficult; in all cases, those finding the rules easy constituted a majority of applicants, except for rules related to revenue (where 46% found it easy, compared to 40% difficult).
- Rules relating to eligibility of authorities and partnership requirements: found to be "very easy" or "fairly easy" to comply with by 84% and 82% of applicants, respectively.

Some elements of the application process were (fairly or very) difficult for a significant number of applicants, albeit a minority: namely, rules related to revenue requirements (40%) or budgeting requirements (38%).

Applicants mostly find the different forms of support to be helpful, particularly the documentation (UIA guidance for applicants, description of topics). The guidance and topic description were found to be most helpful (with very few saying that they were unhelpful); this may in part because they were most accessible (i.e. being available online at any time). A significant number of applicants were not able to give a view on the seminars (22%), on-line sessions (23%) or face-to-face meetings with the Secretariat (30%) or the European Commission (39%), perhaps because they had not accessed them (or the person completing the survey had not personally accessed them). Of those that gave a view, the majority had found them helpful, although between 7-12% found each form of support to be unhelpful. One non-applicant interviewed had attended a pre-application seminar and found it helpful, even though the city had subsequently chosen not to apply.

Some applicants report improvements in the process from Call 1 to later calls. On this point, the very short time interval between the appointment of the Entrusted Entity and the launch of the first call should be noted, as it inevitably raised challenges for the Secretariat (for example, the need to design the selection process from scratch). One interviewee noted an improvement in the ease of completing the application form in later calls compared to Call 1, as the on-line portal was open at an earlier stage. Another interviewee noted there was greater clarity over the signature required at the end of printed version of the application form in later calls compared to Call 1.

4.2 Selection process

Q12. How efficient are the different elements of the selection process?

The selection process features three main stages:

- Eligibility check: the UIA Secretariat verifies compliance of the application with the formal eligibility criteria, and rejects any ineligible applications without any further assessment;
- Strategic assessment (SA): a panel of independent External Experts for each of the UIA topics (selected via an open call) assesses applications against the strategic assessment criteria (see Section 4.2.2 below). The external experts also verify that projects contribute to the thematic objectives for the ESI Funds and Common Strategic Framework. A Consensus Meeting allows the Experts, the Entrusted Entity, the UIA Secretariat and the European Commission to consider the results of the strategic assessment, share comments, and to reach agreement on a shortlist of applications above a certain threshold in the overall ranking.
- Operational assessment (OA): each of the shortlisted applications is reviewed by a Project Officer and a Financial Officer from the UIA Secretariat, followed by an overall assessment by the Project and Finance Co-ordinators within the UIA Secretariat. A Selection Committee, comprised of the Entrusted Entity and the European Commission, makes the final selection and the Commission provides the final agreement on the list of selected projects.

4.2.1 How well is the selection process operated?

Analysis of the programme data, minutes of the Consensus Meetings and Selection Committee Meetings, survey responses and Annual Implementation Reports highlight some findings about how well the selection process has operated.

A rigorous process of checking and moderation has been followed with the aim of ensuring fair and consistent scoring of projects both within and across topics. During the Consensus Meeting, all the Experts for each topic have met to review the scores allocated to projects within their topic. in a few exception cases, this has resulted in revisions to scores, which helps ensure quality and consistency. A final discussion involving the Entrusted Entity and the European Commission has allowed comparison of scores across topics and the raising of any concerns not noted by the Experts. This final moderation is essential, as given that there is a different panel of Expert assessors for each topic and thus a need to ensure consistency across topics.

There is evidence of a continual improvement in the assessment process. Each Consensus Meeting has devoted time to discussing ways by which to improve the process and tools of the Strategic Assessment, the Application Form and the tips for applicants. These have informed the subsequent Calls, for example, updates to the Application Form and the Guidance for Applicants. One improvement introduced from Call 2 has been the nomination of a Topic Co-ordinator for each topic from amongst the External Experts, whose role is to read all project proposals, assist other Experts with their assessments, provide an overview of main policy trends, and revise detailed comments made by assessors. Another improvement from Call 2 has been the organisation of an on-line pre-consensus meeting per topic involving Experts, topic co-ordinators and the UIA Secretariat.[52]

There are some challenges around the time taken to complete the selection process. Table 17 below presents the dates of call deadlines and the time taken to complete the selection of projects. It shows that the selection process took approximately 6 months to complete with the exception of the second call which took approximately 5 months. A small majority of applicants consider that the application process is too long, i.e. 54%, although most of those (48%) found it only slightly too long and 38% found it was not too long. Given that the number of applications was substantially higher in Call 1 than in subsequent Calls, it might have been expected that the time taken to complete the selection process would have reduced. One possible explanation is that the Secretariat has struggled to recruit sufficient numbers of expert assessors of the required quality in relation to each of the four calls. As a result, the deadline for applications from potential expert assessors was extended in Calls 2 and 4.[53]

Table 17 Time taken to complete project selection

Call	Call deadline	Date decision was announced (email sent to selected projects)	Time to inform
1	31/03/2016	04/10/2016	187
2	14/04/2017	18/09/2017	157
3	30/03/2018	24/09/2018	178
4	31/01/2019	01/08/2019	182

Source: UIA Permanent Secretariat

Very few complaints are received and most, perhaps all, are resolved. In the Call 1, just four formal complaints were received out of 361 unsuccessful applicants. None were received in Calls 2 or 3 out of 190 and 162 unsuccessful applicants, respectively. In Call 4, two complaints were received out of 155 unsuccessful applicants. These two complaints regarded the project eligibility status, which were confirmed as ineligible. Of the five

[52] Minutes of Consensus Meeting 6 July 2017 – 2nd UIA Call for Proposals.

[53] UIA Secretariat: Annual Implementation Reports 2017, 2019.

survey respondents that submitted complaints, all reported the feedback on their complaint to be useful.

Communication with applicants is viewed positively. Only a minority (29%) of applicants believe that communication with applicants requires improvement. As well as feedback on complaints (just described), the survey responses also showed that feedback on applications is helpful (80% of respondents). Of those applicants that requested additional feedback on their application, most (87%) considered it be useful.

The selection process is considered by most but not all applicants to operate transparently, although there is scope to better specify in advance what information will be provided post-assessment. More than two-thirds of applicants (69%) were positive about the transparency of the process (of which 26% "very transparent" and 43% "transparent"), with 15% considering it to be fairly opaque and 4% very opaque. Respondents were invited to comment on the transparency with ten choosing to do so. Four respondents stated concerns about not being able to access detailed information about other applicants (i.e. detailed scores, names of successful and unsuccessful applicant cities). Two respondents stated disappointment at not knowing who the assessors were. On both these points, it would be useful if the UIA guidance could specify the information that applicants can expect to receive and any reasons for not providing information, e.g. due to data protection and confidentiality.

Conditions imposed by the Selection Committee have helped address identified weaknesses in selected projects. The Selection Committee has specified recommendations and sometimes imposed conditions relating to issues including doubts and lack of detail about proposed investments (e.g. relating to the justification, plan, design, operation or budget for the investment), pricing of management costs, detail of staff costs, workplans (e.g. a need to unpack and split activities) and timelines (e.g. planned late delivery of key outputs). These conditions have informed the monitoring activities of the UIA Secretariat in the initiation phase (see Section 0).

4.2.2 What was the quality of selected projects?

Eligible applications are scored against two sets of criteria, as shown in Table 18. Projects were scored against each criterion on a scale of 1 (lowest) to 5 (highest), as shown in Table 19. The scores of selected projects in each call are presented in Table 20, whilst the scores of selected projects against each criterion across the four calls are presented in Table 21 and Table 22.

Table 18 List of selection criteria

Selection criteria	Weighting Call 1	Weighting Call 2, 3, 4
	Strategic Assessment	
Innovativeness	40%	40%
Partnership	15%	15%
Measurability of project's results and outputs	15%	15%
Project's transferability and scaling up	10%	10%
	Operational Assessment	
Need for the project	5%	-
Quality of the intervention logic	15%	20%
Quality of work plan	20%	20%
Management	15%	15%
Project's value for money	20%	20%
Quality of the budget	15%	15%
Communication strategy	10%	10%

Source: UIA Guidance

Table 19 Scoring scale

Scoring	Description
5	Excellent
4	Good
3	Adequate
2	Poor
1	Very poor

Source: UIA Guidance

Table 20 Quality scores of selected projects by call

Call	Score of highest scoring project	Score of lowest-scoring project funded	Average score of all funded projects	Number of selected projects
1	4.77	4.18	4.45	17
2	4.52	3.76	4.04	16
3	4.55	3.51	3.89	22
4	4.56	3.48	3.82	20
Average	4.60	3.73	4.04	75

Source: UIA programme data

Table 21 Quality scores of selected projects (Strategic Assessment)

Strategic Assessment (SA) criteria					
Call	1	2	3	4	Total
1	5.00	4.50	4.44	4.67	3.81
2	4.56	4.53	3.75	4.00	3.47
3	4.23	4.23	3.86	3.86	3.29
4	4.10	4.30	3.55	3.70	3.18
Average	4.45	4.38	3.89	4.04	3.42

NB: Total SA scores are weighted. Source: UIA programme data

Table 22 Quality scores of selected projects (Operational Assessment and total)

	Operational Assessment (OA) criteria								SA+OA
Call	1	2	3	4	5	6	7	Total	Total
1	3.61	3.11	3.28	3.17	3.06	3.00	3.50	0.63	4.45
2	-	2.94	3.06	2.69	2.69	2.81	2.81	0.57	4.04
3	-	3.05	3.00	3.09	2.86	2.77	3.27	0.60	3.89
4	-	3.45	3.00	3.05	3.25	3.00	3.30	0.64	3.82
Average	-	3.14	3.08	3.01	2.97	2.89	3.24	0.61	4.04

NB: Total SA and OA scores are weighted. Source: UIA programme data

Analysis of this data in the tables above, as well as the minutes of the Consensus Meetings and Selection Committee meetings allows a number of conclusions to be drawn about the quality of selected projects.

The scores of selected projects was highest in the first call. As Table 20 shows, the score of the highest scoring project funded and the lowest scoring project funded were higher than those found in the other three calls. Additionally, the average score of all the funded projects in the first call were higher than the averages for the other three calls. The higher number of applications in the first calls could mean the Selection Committee had more high-scoring projects to select from.

High-scoring applications were selected in every call (i.e. above 4.5) but the score of the lowest-scoring project funded decreased with each call. This could be explained in part by the fact that the number of applications declined with each call. Moreover, the UIA Secretariat reported introducing a stricter approach to the scoring of the Operational Assessment from Call 2. The minutes of Consensus meetings also show that quality was ensured in Call 3 by only allowing projects reaching a threshold of 2.9/5.0 to proceed from the Strategic Assessment to the Operational Assessment. In Call 4, the threshold was raised to 2.95/5.00.

The score on innovativeness of selected projects (at application stage) has remained high over all calls. Although the innovativeness score declined, it started at the highest level in Call 1 and was still above 4 in Call 4. It is also the case that a strong majority of all types of respondents to the three surveys (applicants, MAs, other stakeholders) considered the UIA projects to be 'very innovative' or 'fairly innovative' and to have a good chance to find new solutions to urban challenges, both in the respondents' own countries (or, in the case of MAs, in the territories covered by their programmes) and across the EU.[54]

The Selection Committee has helped maintain quality by imposing conditions on selected projects that featured identified weaknesses, particularly in relation to investments. Such projects have been required to address the weaknesses during the initiation phase as a condition for being granted a subsidy contract. This has allowed promising projects to go forward, whilst reducing the risks of weak projects being implemented. Based on the meetings of the Selection Committee meetings, the conditions most commonly apply to investments. For example, one project was deemed to be too focused on a building, so conditions were imposed related to increasing the number of target beneficiaries supported. A Housing project was required to reallocate funds away from the purchase of land and towards the direct purchase of flats (since the 31% of the budget allocated to land purchase exceeded the maximum of 10% or 15% for derelict sites). For another project, the major weakness was a disconnect between the main investment and the overall project work plan; in this case, the Selection Committee imposed a requirement for the applicant to better justify and connect the investment to the other work packages. Whilst these conditions help reduce risk and strengthen the operational readiness of projects, they do not anticipate all difficulties, as evidenced by the number of projects facing risks or delays in implementation (see Section 3.2.2).

4.2.3 What is the diversity of selected projects?

One intention underpinning the UIA was that selected projects would come from cities in a diversity of contexts across the EU. Analysis of the project data suggests some findings.

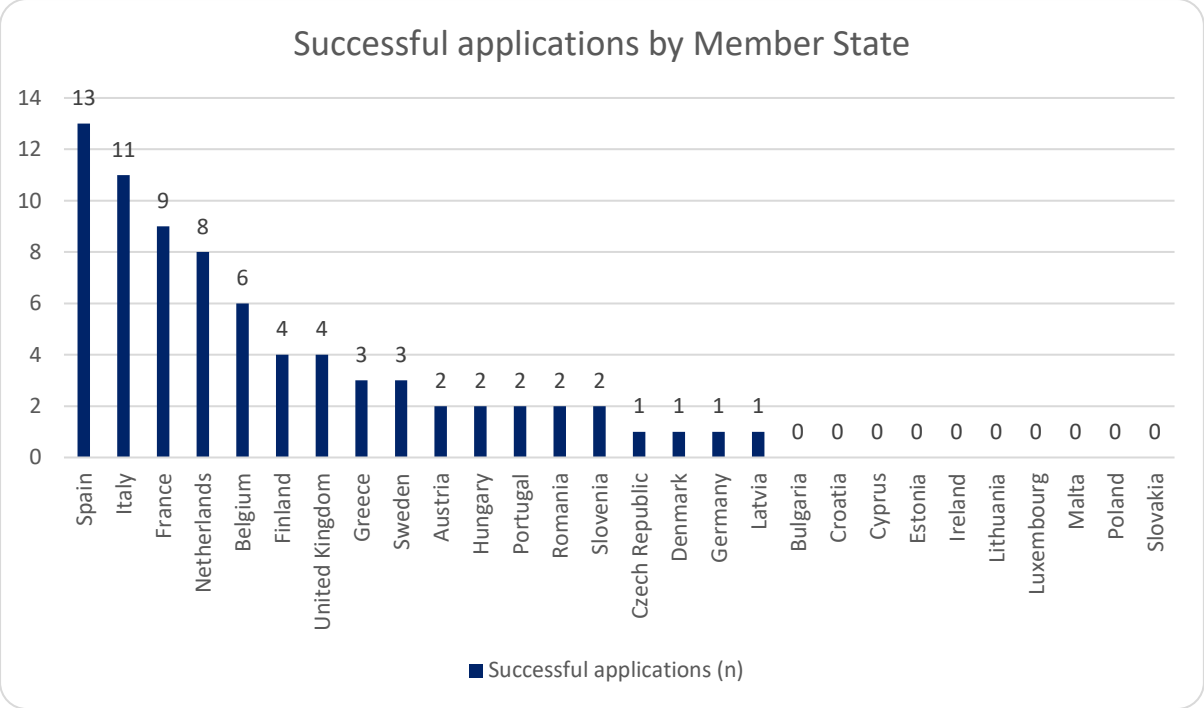
Selected projects come from a diversity of Member States but the EU13 countries are under-represented, especially in the first call. As shown in Figure 10, selected projects came from 18 Member States. None of the Member States have hosted more than 17% of selected projects, the most being in Spain with 13 projects followed by Italy with 11 projects. As noted in Section 4.1.4, this reflects a broader tendency in similar EU programmes, with these two countries accounting for the largest number of local

[54] Across the different surveys and questions, positive responses ranged from 64-92%, but were mostly above 80% in relation to innovativeness of UIA projects and their chance to find new solutions to urban challenges.

authorities (NUTS 3 level) participating in Horizon 2020 and the highest number of projects funded within the LIFE programme.

Selected projects only feature in five of the countries that joined the EU since 2004: Czech Republic (1), Hungary (2), Latvia (1), Romania (2) and Slovenia (2). None were selected in the first call. These eight projects represent 11% of all UIA projects, whereas these countries account for 17% of the EU's population. This in fact reflects a wider challenge that has manifested itself more strongly in other EU programmes that also award funding on the basis of excellence (rather than redistribution) and that exhibit high demand relative to the funding available. For example, the 2016 Interim evaluation of the EU's Horizon 2020 programme showed that the EU-13 countries had obtained only 4.4% of total funding available at the mid-point of the programme (despite accounting for 7.7% of GDP of countries participating in the programme). Similarly, the EU-13 countries also received only 1.9 % of European Research Council grants.[55]

Figure 10 Successful applications by Member State



Source: UIA programme data

The 75 selected projects come from 68 cities of diverse sizes. This is to be welcomed, as it suggests that the programme is both representative of cities across the EU and also so that knowledge of innovation in different contexts can be produced. Selected projects come from small cities of less 100,00 people, medium-sized cities and metropolitan areas. Figure 11 shows that cities (or groupings of cities) with between 50,000 and 250,000 inhabitants had the largest number of successful applications with 37, comprising 49% of the 75 projects supported by the UIA Initiative. These 37 projects covered the whole range of 12 topics. Nearly one-quarter of projects (23%) were from large cities of more than one million inhabitants.

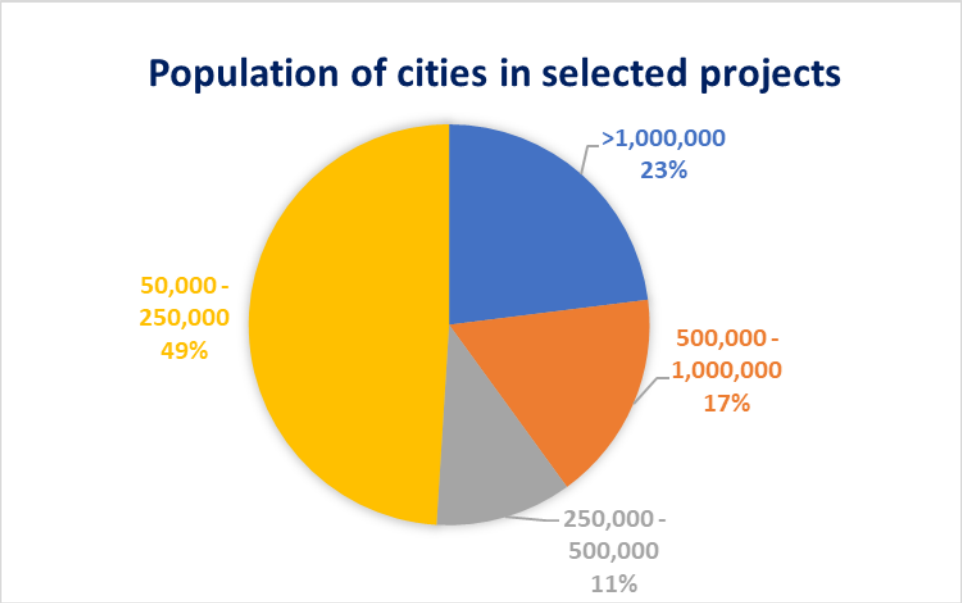
A number of cities below 50,000 are involved in selected projects involving grouping of municipalities:

[55] European Commission (2018), Spreading Excellence & Widening Participation in Horizon 2020: Analysis of FP participation patterns and research and innovation performance of eligible countries.

- Super Circular Estate project: Kerkrade (population: 46,000), Landgraaf (population: 38,000) and Brunssum (population: 28,000);
- LINC-TUPPAC project: Albertslund (population: 30,000);
- NextGen Microcities project: Ventspils (population: 38,000) and Valmiera (population: 25,000);
- GUARDIAN project: Riba-roja de Túria (population: 22,000);
- GAVIUS project: Gavà (population: 47,000).

The smallest population covered by a selected project was in Sevran (FR) (Earth Cycle) with a population just over 50,000. The next smallest were Portici (IT) with 55,000 residents (Air Heritage) and Cuenca (ES) with 57,000 (UFIL project). The largest population covered by a project was Greater Manchester (UK) with 3.4m inhabitants (IGNITION project, Call 3), followed by Madrid (ES) with 3.1m (MARES project) and Eindhoven (NL) with 2.7m (P4W project).

Figure 11 Population of cities in selected projects (all calls)



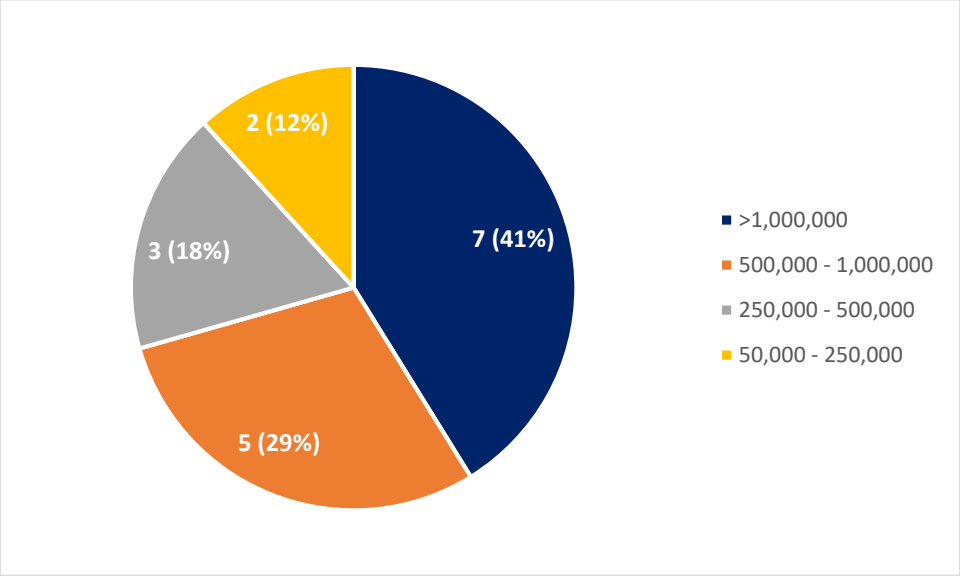
Source: UIA programme data

At the same time, **large cities have enjoyed higher success rates in their UIA applications**. Figure 11 shows that 40% of selected projects are implemented in cities (or groupings thereof) with populations of more than 500,000 people. However, cities of this size accounted for only 16% of applications (as shown earlier in Figure 7). The share of projects in medium-sized cities (11%) is proportionate to the share of applications (also 11%). However, cities of 50,000-250,000 account for 73% of applications but only 49% of selected projects. This no doubt reflects the greater resources and capacity of large municipalities (or groupings thereof) and thus their potential to submit stronger applications. For example, the representative of one national ministry reported that many small municipalities may lack sufficient numbers of staff with the necessary English language skills to prepare strong applications.

In particular, the first call appears to have disproportionately benefitted large cities, compared to the other calls. Interviews with the Secretariat have suggested that the short timescale for the first call resulted in the strongest applications being submitted by those cities with the strongest track record of accessing EU funding in recent years or with **better sources of co-financing and thus more ambitious project proposals**

(perhaps more often large cities and cities in EU15). Indeed, all the projects selected in Call 1 were from cities in the EU15 countries. Of those cities, the majority (69%) had a population of more than 500,000 people compared to 39% across all calls. Large cities (more than 1m people) accounted for 41% of Call 1 projects, compared to 23% across calls. Only 12% of Call 1 projects (2 projects) were in cities of less than 250,000 people compared to 47% across all calls. In fact, several of the Call 1 projects were located in some of the EU's largest, e.g. Barcelona, Birmingham, Madrid, Paris, Vienna.

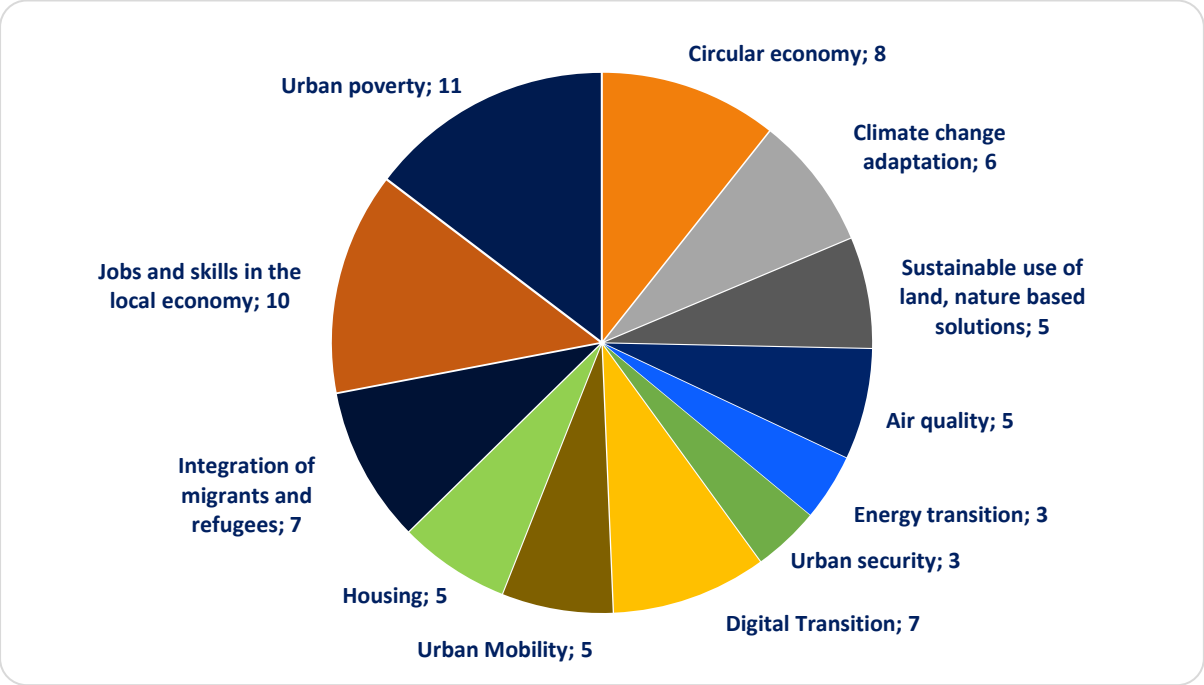
Figure 12 Population of cities in successful projects in the first call



Source: UIA programme data

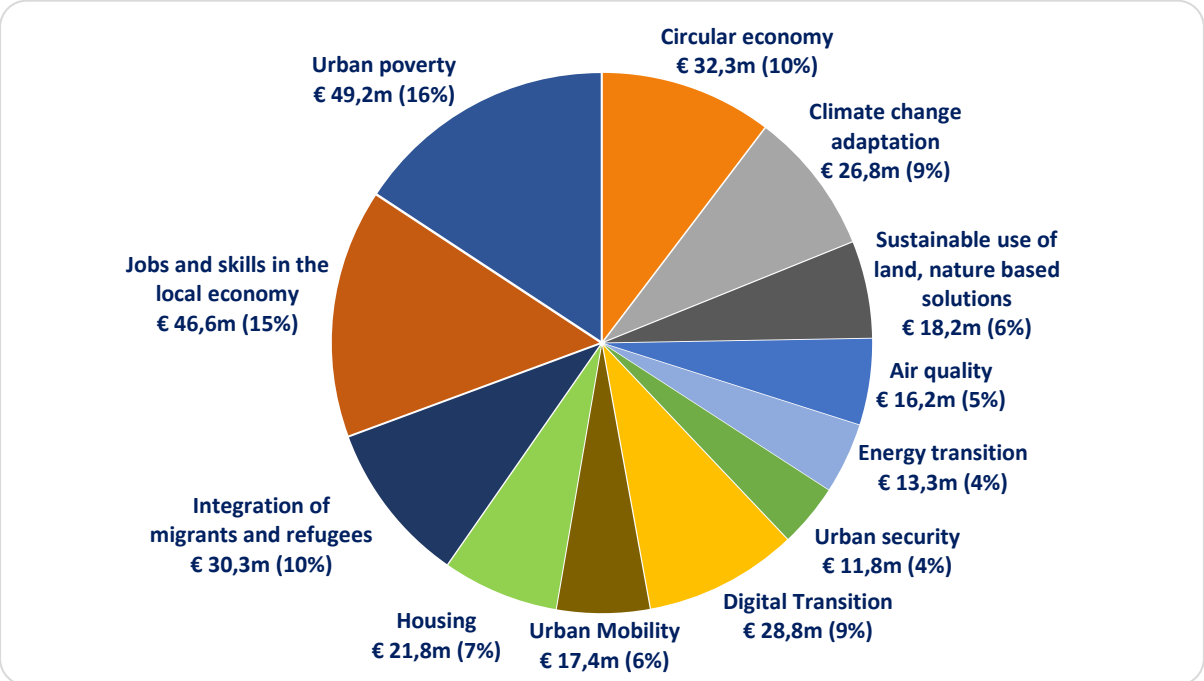
The UIA selection process has resulted in a good spread of projects across the different topics. Indeed, there is something approaching a critical mass for each of the topics. When it came to the successful applications, the categories of projects across the four calls were more evenly distributed than the applications. The topics with the most selected projects were two of the three that featured in more than one call, namely Jobs and skills in the local economy and Urban poverty. When adjusting for the fact that these topics (and Integration of migrants and refugees) featured in more than one call, it is the case that each topic per call accounts for between 4% and 10% of selected projects.

Figure 13 Topics of successful applications



Source: UIA programme data

Figure 14 Funding allocated by topic



Source: UIA programme data

The UIA selection process has mostly resulted in diversity in the size of city hosting innovations within each topic. In other words, there appears to be limited correlation between city and size and the topic of selected projects. On the whole, the different topics are represented in cities of differing sizes. There are some exceptions here, with three topics mostly featuring in cities of less than 250,00 inhabitants: Urban Mobility, Circular economy, and Sustainable use of land, nature based solutions. A majority of

projects in large cities relate to topics covered in Call 1 (i.e. 10 out of 17 projects). This might reflect large cities' relative success in being selected under Call 1, rather than a tendency for large cities to focus mostly on such topics.

Table 23 Number of projects by topic in cities of different sizes

UIA topic	Population of cities hosting projects			
	>1m	500k-1m	250k-500k	<250k
Urban poverty	4	2	0	5
Adaptation to climate change	3	2	0	1
Jobs and skills in the local economy	3	1	2	4
Integration of migrants and refugees	2	2	2	1
Housing	2	0	0	3
Digital Transition	1	1	1	4
Air quality	1	1	1	2
Energy transition	1	1	0	1
Urban security	0	1	0	2
Circular economy	0	1	1	6
Urban Mobility	0	1	1	3
Sustainable use of land, nature based solutions	0	0	0	5

Source: UIA programme data

The selected projects feature a mixture of public and private co-financing. Within all the projects, the ERDF contribution accounts for 80% of total funding. Within the selected projects, 70% of the co-financing is from public sources and 30% from private sources. There is some diversity across projects, with 15 projects having more private than public co-financing (i.e. 20% of the total of 75 projects). Only five out of 75 projects had no private co-financing. These occurred in three countries (three in Spain and one each in Austria and Czech Republic) and across five different topics (Urban poverty, Integration of migrants and refugees, Jobs and skills in the local economy, Air quality, and Adaptation to climate change).

Topics related to environmental issues tend to attract more private co-financing than do other topics. As shown in Table 24, these were Adaptation to climate change, Circular economy, Urban Mobility, Air quality and Energy transition (although one exception is Sustainable use of land, nature based solutions, in which no projects featured more private than public co-financing). In contrast, the more socially-oriented topics tended to feature projects with more public than private co-financing, namely Urban poverty, Jobs and skills in the local economy, Housing, and Integration of migrants and refugees.

Table 24 Public/private co-financing across all topics

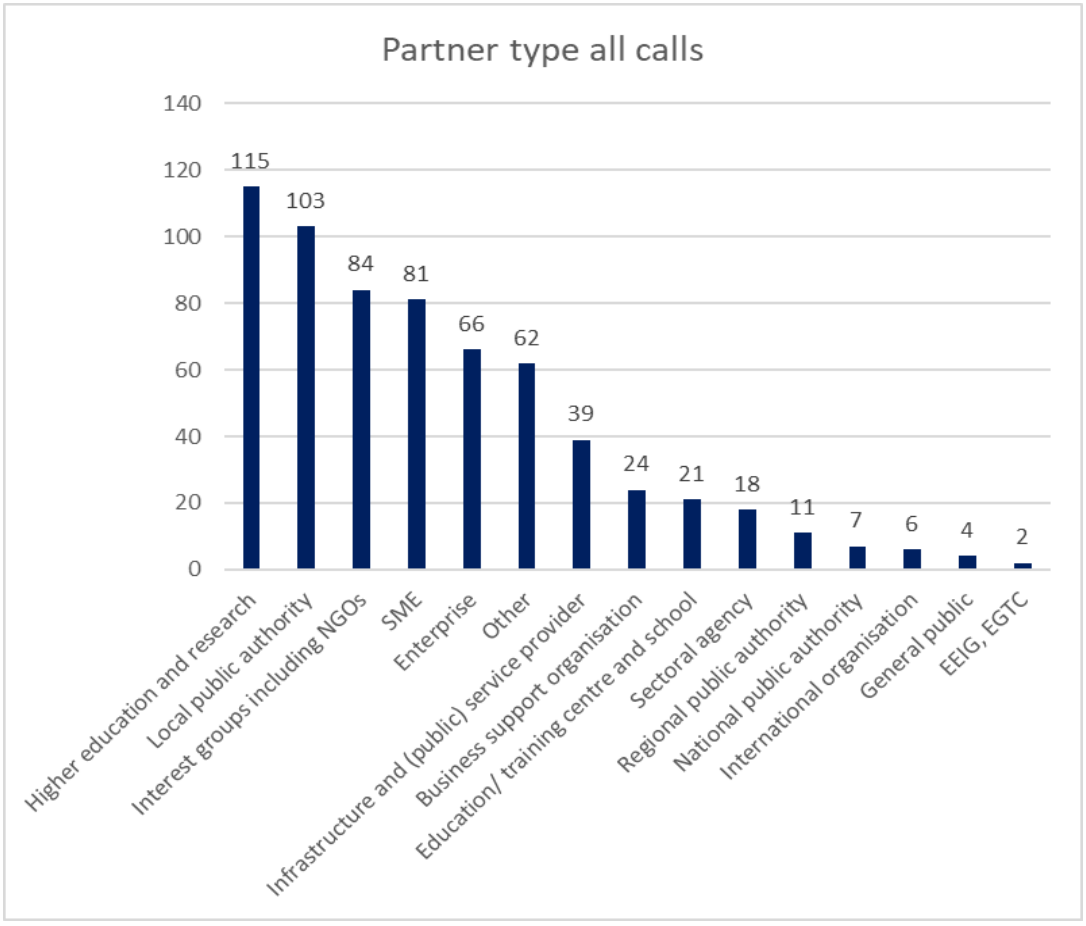
Topics	Projects with more private co-financing	Projects with more public co-financing	TOTALS
Adaptation to climate change	3	3	6
Circular economy	2	6	8
Urban Mobility	2	3	5
Air quality	2	3	5
Energy transition	2	1	3
Urban poverty	1	10	11
Jobs and skills in the local economy	1	9	10
Digital Transition	1	6	7

Topics	Projects with more private co-financing	Projects with more public co-financing	TOTALS
Housing	1	4	5
Integration of migrants and refugees	0	7	7
Sustainable use of land, nature based solutions	0	5	5
Urban security	0	3	3
TOTALS	**15**	**60**	**75**

Source: UIA programme data

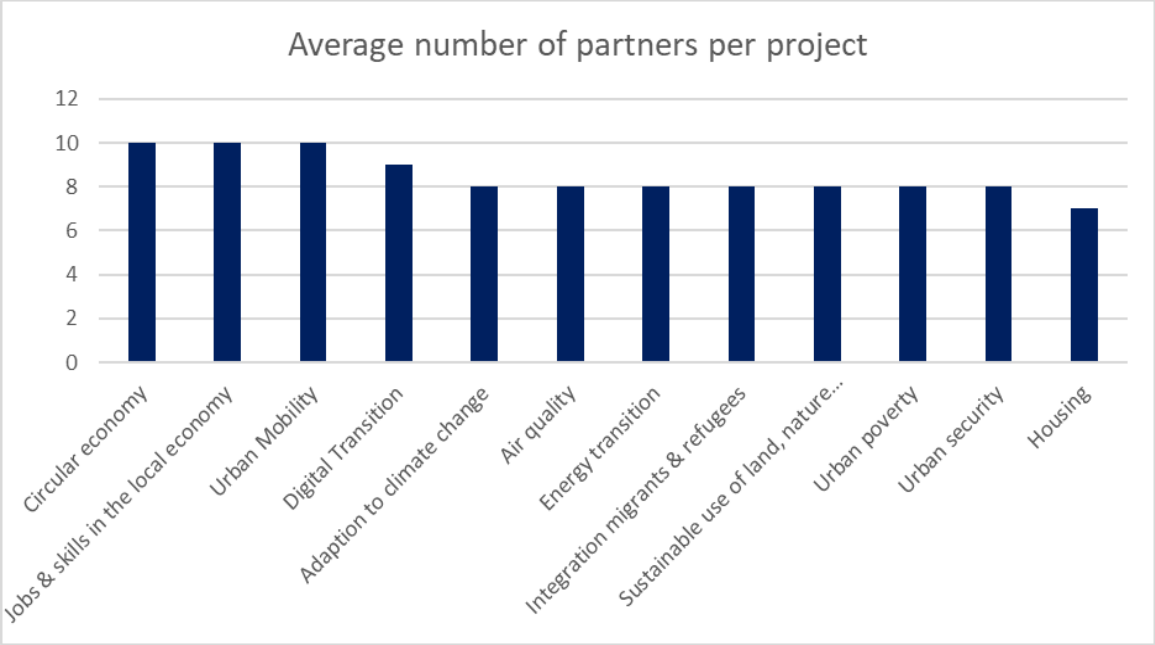
The UIA selection process has resulted in projects featuring a wide diversity of organisations in their partnerships. This is a requirement of the ERDF Regulation but it also means that the UIA addresses the need, highlighted by the Urban Agenda for the EU (UAEU), for multi-level and multi-stakeholder co-operation and for urban authorities to co-operate with local communities, civil society, businesses and knowledge institutions. The average number of partners per project is just less than 9. As shown in Figure 15, higher education and research organisations account for the largest number (115), followed by local public authority (103), interest groups including NGOs (84). Private companies are also well represented, including large enterprises (66) and SMEs (81). As shown in Figure 16, there is little difference in the average size of partnerships across different topics.

Figure 15 Types of partners in UIA projects



Source: UIA programme data

Figure 16 Average number of partners in UIA projects by topic



Source: UIA programme data

4.2.4 How appropriate are the selection criteria?

This section considers the appropriateness of the selection criteria and whether any might merit revision. On this question, there is some evidence, albeit limited, from the text in the UIA Guidance, minutes of Selection Committee meetings, the opinion of the UIA Secretariat and the survey respondents. By itself, this evidence does not point to concrete findings. However, as the evaluator, our expert assessment of the criteria and their application enables us to suggest some findings.

The selection criteria are considered to be clear and relevant by applicants. Each of the strategic assessment criteria are considered to be clear and relevant (by at least 73% of applicants), and each of the operational assessment criteria are considered to be clear and relevant (by at least 85% of applicants). The sequencing between strategic assessment and operational assessment is also considered to be clear (77% of applicants). A majority of applicants also (55%) believed the relative weights currently given to strategic and operational assessments are appropriate.

The criterion of innovativeness does not give any consideration to the types of innovation that should be supported. This is a weakness as it creates the risk that selected projects do not relate well to the overall intervention logic of the UIA. It also creates the risk of unnecessary duplication or overlap with other EU programmes focussed on innovation or weak coherence with broader Cohesion Policy. With a clear typology of innovations now articulated (in Section 3.1.1), based on the current cohort of UIA projects, there is scope to use this to inform a revision of the innovativeness criterion.

Within innovativeness, there may be scope to take more account of the innovativeness of a proposal relative to its geographical context, i.e. the extent to which a proposal is innovative for the city in its context. To date, the assessment of this criterion has generally been on the principle of absolute innovativeness in EU terms, which has ensured a high level of innovativeness. However, it has risked undermining proposals from cities in contexts that tend to be less supportive of innovation or where fewer powers are devolved to the local level. This risk was raised by several stakeholders in the

consultations but did not materialise from the evidence gathered judging from the variety of national and regional innovation contexts represented within the UIA (see Section 4.1.4). Still, some degree of geographical relativity might be considered to help foster innovation in "unpromising" contexts. At the same time, care would need to be taken to ensure that the overall level of innovativeness is not compromised.

There is some potential overlap between different criteria in the strategic assessment and the operational assessment. This suggests that a revision might be beneficial in order to strengthen the selection process. Table 25 below shows where there is potential overlap between the elements on which assessors make their scoring decisions for different SA and OA criteria.

Table 25 Potential areas of overlap in the selection criteria

Elements within SA criteria	Elements within OA criteria
• "The expected results of the projects are properly described and quantified". (Measurability criterion) • "The project's outputs, results … are of sufficient scale to produce meaningful conclusions". (Measurability criterion) • "The project identifies clear indicators." (Measurability criterion)	• "The project outputs and results are realistic, specific, concrete and measurable" (Workplan criterion)
• The project … proposes a realistic methodology for data collection and monitoring of outputs and results" (Measurability criterion) • "The methodology used for measuring results is able to isolate the change attributable to the projects activities and discount external factors." (Measurability criterion)	• "The monitoring of both the impact of the project and the progress of the project are foreseen" (Workplan criterion)
• "Key stakeholders involved in the design and implementation" (Partnership criterion)	• "Partner involvement in decision-making" (Management criterion) • "Distribution of tasks among partners" (Workplan criterion)
• "The project demonstrates the potential of the new solution to add value" (Innovativeness criterion)	• "Demonstrating the need for investments" (Budget criterion)
• "Value for money" (Transversal criterion evaluated all along the proposal)	• "To what extent does the project budget demonstrate good value for money?" (Budget criterion)

Source: UIA Guidance

The criterion of measurability may require revision or redefinition. The Call 4 Consensus Meeting highlighted that this criterion caused confusion for applicants when filling out the application form. The Secretariat has also suggested a potential lack of clarity between outputs and results. A suggestion in the minutes was to restructure the application form, provide a concrete example and enhance the guidance for applicants. However, given the possible overlap, a more substantial revision might be required.

There is a need to better define and separate the concepts of scaling up and transferability. These two concepts should arguably be seen as distinct:

- scaling up is the process whereby the innovation, if successful, is implemented at greater scale in the host city or region. Scaling up is the responsibility of the project partners or other relevant bodies (e.g. regional stakeholders) and is largely within their

control, subject to the availability of resources and political support or the existence of any technical constraints.

- transferability relates to the potential to replicate the innovation in another territory. This might be at the same, greater or lesser scale as the original UIA project. The UIA project partnership can promote the transfer of innovation. However, transfer is ultimately outside their control and only takes place if stakeholders in other territories are willing and able to replicate the innovation.

The review of applications and of scores given to selected projects (undertaken for this assessment) has identified some confusion both among applicants and application assessors regarding these concepts. The expert view of the evaluator for this assessment is that the two concepts merit better definition in the UIA guidance and a clear separation in the scoring criteria. This would help applicants to prepare and implement projects that are stronger in relation to both dimensions.

Sustainability of innovations is lacking from the application form and from the selection criteria. The UIA Guidance specifies rules around durability of investments in order to address risks linked to unduly paid ERDF subsidies. However, this does not feature in the selection criteria and procedure. There is a broader policy intention within the UIA, which is that successful innovations will be scaled up in the host city or its region and replicated elsewhere. Perhaps not every successful innovation will lend itself to scaling up and replication. However, it could be argued that a basic requirement is for successful innovations to be sustained at least at the level enabled by the UIA project. For as long as innovations are sustained, the potential for scaling up or replication elsewhere would thus remain. The concept of sustainability is currently lacking from the selection criteria. It would merit inclusion, perhaps as part of a wider criterion related to "sustainability and scaling up".

There might be merit in increasing the weight given to scores for scaling up and transferability. As just noted, these two concepts perhaps merit inclusion as separate criterion. Moreover, scaling up and transferability are essential if the UIA Initiative is to deliver impact at EU level, rather than only at local level. For those reasons, there may be merit in increasing the current 10% weighting for this criterion (or for two new criteria, if they are separated).

There might be merit in introducing formal sub-criteria within all criteria. Currently, the OA scores are built up from sub-criteria scoring applied by the Secretariat, whereas SA scores are only given at criteria level. The introduction of formal sub-criteria (with weighting) might guide applicants and assessors and ensure greater consistency. It might also allow the definition of "automatic elimination" sub-criteria, i.e. where the failure to achieve a certain score leads to the automatic rejection of the application (see next paragraph).

It is worth considering whether the current 20% weighting for the OA should be revised or replaced by a minimum threshold. As noted in Section 3.2, projects have suffered delays and difficulties at the start and during implementation, (see also Section 4.3) that could have been prevented by giving more weight to operational readiness in the selection procedure. As an alternative, a minimum threshold could be applied, with projects falling below the threshold being automatically rejected. Such thresholds could apply to the overall Operational Assessment score and/or to some or all of the individual criteria. An alternative approach would be to stop combining scores from both assessments. In this scenario, the list of projects proceeding from the Strategic Assessment to the Operational Assessment would be assessed on an equal basis, i.e. the final list of selected projects would be determined only on the basis of the score received in the Operational Assessment. However, this might result in some highly innovative projects being rejected in favour of projects with more moderate levels of innovation. This

may be a reason to envisage further reengineering, such as a "two-stage" application procedure as described in the following section.

4.2.5 Does the selection process provide a reliable guide to risks in delivery?

The assessment considered the extent to which the scores achieved at application stage provide a reliable guide to risks in delivery. The analysis covered projects selected via Calls 1 and 2, as projects in Calls 3 and 4 remain in the early stages of their implementation. This part of the analysis tested for any correlation between the scores achieved at application stage and a number of risks identified by the UIA Secretariat. As in Section 3.2.2, data on risks to projects was drawn from the monitoring overview and scorecard undertaken by the UIA Secretariat, which considers the level of risk related to activities, time plans, deliverables, results and outputs for the Call 1 and 2 projects that were still being implemented at the time of the risk assessment. According to the UIA Secretariat monitoring method, risks from projects are rated on a scale from 0 (little or no risk) to 3 (extensive or severe risk).[56]

The analysis for this assessment study tested for any correlation between the level of risk identified in the UIA Secretariat's monitoring overview and scorecard and: i) Strategic Assessment score; ii) Operational Assessment score; iii) total assessment score. The findings of the analysis are as follows.

There is no significant negative correlation between Operational Assessment scores and the level of risks in implementation. The relationship between these two variables was not found to be statistically significant ($R^2 = 0.04$). In other words, projects with a low Operational Assessment score (relative to other selected projects but high enough to be selected) are no more likely than projects with a high Operational Assessment score to face risks in implementation. This suggests that the OA is not a reliable indicator as to which projects (out of those selected) are likely to face most risks in implementation.

There is a significant, albeit modest, negative correlation between Strategic Assessment scores and the level of risks in implementation. In other words, projects with a low Strategic Assessment score (relative to other selected projects) are more likely to manifest risks in implementation. The UIA Secretariat considered risks to projects across a range of factors, namely: i) context; ii) scope; iii) results; iv) activities, deliverables & outputs; v) time; vi) resources; and vii) investment. Each of these risks was assessed on the scale of 0 (no risk) to 3 (high risk) and collated into a single percentage score for the overall risk to the project. The statistical analysis found a clear correlation between the percentage risk score and the score given in the Strategic Assessment ($R^2 = 0.42$).

Overall, these results might suggest the need for a streamlining of the distinction between SA and OA or at the very least the revision of the OA. Indeed, the analysis suggests that relative OA scores do not affect actual risk. In contrast, the relative scores in the SA do matter; thus suggests the need to prioritise projects with the highest SA scores (provided that a minimum OA score is achieved) or to isolate criteria or sub-criteria that are pertinent within the SA which could instead be included within the stage of the OA. Moreover, the evidence on implementation (Section 3.2.1) shows that there are have been delays to the start of projects and to the implementation of projects and that there is some uncertainty as to whether projects will achieve all their intended outputs on time. This might suggest the potential to improve the OA (and the selection process more generally) so that the operational readiness of selected projects is strengthened.

[56] As explained in Section 3.2.2, UIA Secretariat's monitoring system provides for their assessment on the level of risk related to activities, and deliverables, as well as for results and outputs of ongoing Calls 1 and 2projects.

On this basis, it would be worth considering whether a **two-stage application process might help strengthen project workplans**. This option was put forward by eleven survey respondents without prompting when asked to suggest how the application process could be improved. A first stage would involve a short proposal based around the core innovation concept and other strategic assessment criteria. The promoters of those projects would receive limited funding to further develop their innovation concepts and bring them to the required level of maturity within a short period of time (e.g. 6-12 months). The second stage would involve the submission of detailed project workplans only by a shortlist of the strongest applicants at the first stage. This stage would result in the selection of the most mature project proposals with greatest potential for scaling up and replication. This approach has been introduced in other EU programmes, such as Teaming within Horizon 2020 (see Table 26 below).[57]

The ultimate aim would be to ensure the selection for biggest shares of funding of more strategic and "mature" proposals that complete the initiation phase without undue delay and that are implemented with fewer major changes and less risk of failing to achieve intended outputs on time and as planned. The option could also have the merit to allow for the identification of the most promising ideas based on simpler proceedings for applicants, that would not be penalised for maturity reasons at the start but receive seed fund to be further develop their concepts, with the view to receive more substantial funding (including possibly into transfer partnerships constituted for the sake of replicating the proposed solutions, as discussed in Section 3.5) if credible for a stage 2, or to be discontinued if inconclusive and not ready to be implemented in a timeframe compatible with requirements from the programme. The merits of such a reengineering of the selection procedure would nevertheless have to be further assessed against possible pitfalls, including the potential repercussions on management and control proceedings and associated risks, increased administrative costs or delays generated.

Table 26 Comparator example of a two-stage application process

Horizon 2020: Teaming
Teaming features a two stage application process. The first phase involves a consortium submitting a proposal with a draft Framework Partnership Agreement (FPA) which includes an Action Plan detailing the overall objective, vision and strategy for the development of the planned research centre of excellence, and a Coordination and Support Action (CSA). The proposal is independently assessed according to the criteria 'excellence' and 'impact'. Each criterion is assessed on a scale of 0-5,the minimum threshold being 4.42. For evaluation of the FPA: • 'Excellence' refers to the clarity and pertinence of the objectives; • 'Impact' refers to the extent to which the action plan of the FPA would contribute to each of the expected impacts mentioned in the work programme under the relevant topic. For evaluation of the CSA: • 'Excellence' refers to the quality of the proposed coordination and/or support measures. • 'Impact' refers to the quality of the proposed measures to: – Exploit and disseminate the project results (including management of IPR), and to manage research data where relevant; – Communicate the project activities to different target audiences.

[57] Another example of a "two-stage" approach within the LIFE+ programme is provided in Section 6.1.

Horizon 2020: Teaming

Successful applicants sign the FPA with the Commission and a Specific Agreement (SGA). The SGA provides a grant for 12 months for the consortium to develop a Business Plan to set up/upgrade a Centre of Excellence according to the CSA. After the 12 month period of the CSA is completed, a call for proposals of participants in the first phase is launched to receive funding in order to implement the Business Plan in phase 2. Applicants submit a proposal which reflects key elements of the Business Plan (but does not include it). Proposals undergo another independent evaluation by experts.

For the successful applicants, the initial FPA is continued and a new CSA grant is awarded to implement the Business Plan.

The timescale for phase 1 of Teaming for 2017 was as follows:

- 28 July 2016: opening of call for proposals
- 15 November 2016: deadline for submission of proposals
- 22 March 2017: Announcement of successful proposals.[58]

The timescale for phase 2 of Teaming for 2018-2019 was as follows:

- 15 May 2018: opening of restricted call for proposal
- 15 November 2018: deadline for submission of 2nd proposal
- October 2019: signature of grant agreements.[59]

Sources: Horizon 2020 Work Programme 2016-2017: Spreading Excellence and Widening Participation; Horizon 2020 Work Programme 2018-2020: Spreading Excellence and Widening Participation

4.3 Implementation

Q13. How efficient are the different phases (initiation, implementation, knowledge transfer)?

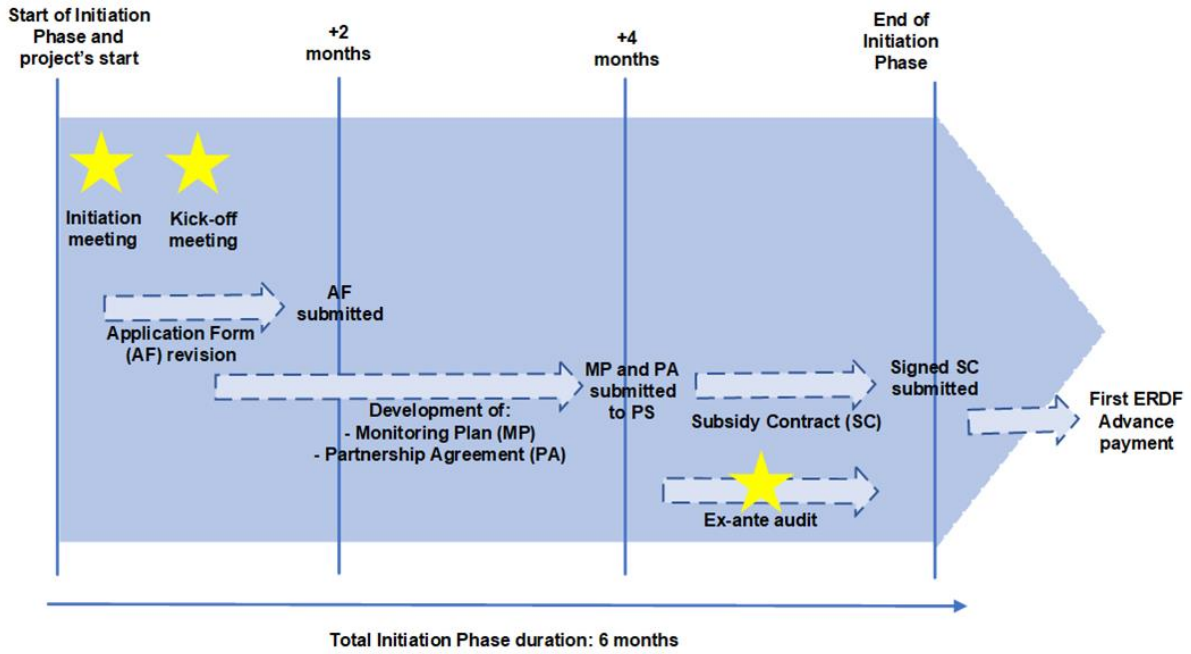
4.3.1 Impact of the initiation phase

The initiation phase lasts up to six months and includes training, fulfilment of administrative and legal requirements, modification of the application form (if necessary) and the ex-ante audit. It culminates in the signing of the subsidy contract. Analysis of evidence from all research tasks highlights some interesting findings regarding the initiation phase.

[58] https://ec.europa.eu/programmes/horizon2020/sites/horizon2020/files/list_of_teaming_1_project_winners_2017_updated.pdf

[59] https://ec.europa.eu/programmes/horizon2020/en/news/celebrating-new-excellent-research-partnerships-across-europe

Figure 17 Overview of the initiation phase



Source: UIA Guidance

Some projects have been considerably delayed or required changes in the preparation and initiation phases (see Section 2.3 for a description of the phases within UIA projects). Table 27 shows key dates in the initiation phase. The initiation phase for Call 1 projects was extended from four to six months and the Secretariat allowed for the postponement of project start dates of up to 9 months if required (in Calls 1 and 2). A total of seven Call 1 projects and twelve Call 2 projects requested postponements. As a result, the last Call 1 project did not start the implementation phase until August 2017.[60] Since Call 1, the time taken from the announcement of selection decisions to the signature of all subsidy contracts has increased. Again, this suggests a need to strengthen the operational assessment. As shown by the evidence from the expert assessment earlier (Table 7), some 45% of projects required to be changed during the initiation phase out of the sample of Call 1 and Call 2 projects.

Table 27 Project start and subsidy contract signature dates

Call	Date decision announced	Last project start	Last subsidy contract signed	Number of days
1	04/10/2016	01/08/2017	28/07/2017	297
2	18/09/2017	01/07/2018	03/10/2018	381
3	24/09/2018	01/11/2018	07/02/2020	502
4	01/08/2019	01/09/2019	4 not yet signed	n/a

Source: UIA Permanent Secretariat

The initiation phase has been used to help address weaknesses identified in the operational assessment. The Secretariat has supported projects to address identified weaknesses, which in many cases has required projects to make adjustments during the initiation phase. Should the Secretariat consider any issues not to be manageable during the initiation phase, the Secretariat has informed the Selection Committee. Subsidy

[60] UIA Secretariat: Annual Implementation Report 2017.

contracts have not been signed until weaknesses have been addressed and there remains the possibility to withdraw the offer of UIA funding if issues are not resolved.

The ex-ante audit within the initiation phase plays an important role in identifying potential weaknesses in projects. One specific feature of the UIA is that the ex-ante audit is carried out shortly before the signing of the Subsidy Contract and covers the public procurement policies, project management (including structures), planned investment locations and resources allocated to the project. Successful completion of the audit is a condition for projects to receive the 50% advance payment.

Overall, the initiation phase is valued by projects and enables most to be ready to start their activities. The initiation phase was important, as only 47% of projects responding to the survey were ready to start implementing their project once they learnt it was selected. Only 18% of projects started implementing their activities once they received notification of being selected. Three quarters of projects (75%) felt the length of the initiation phase (6 months) was about right. Most projects (92%) did not change fundamentally during the initiation phase. The initiation phase added value for the vast majority of projects (79%), either in terms of better project design (19%), better prepared partnership (14%) or both (47%).

At the same time, it is clear that **the initiation phase does not solve every problem for every project**. Three main difficulties arise. First, many projects go on to face challenges and associated delays in the implementation phase, some of which might have been better anticipated (as discussed in Sections 3.2.1 and 4.3.2). Second, amongst projects responding to the on-line survey, the majority (71%) experienced issues that were not anticipated in the initiation phase, with most of these projects (38%) reporting major issues; as a result, many projects needed to request permission for major changes (see Section 4.3.2). Third, a significant minority of projects (23%) responding to the survey reported not being ready to commence activities until the subsidy contract is signed. Again, this reinforces the need to strengthen the operational assessment as discussed in previous sections.

4.3.2 What has been the impact of major changes to projects?

The UIA guidance recognises that projects may need to modify certain elements related to the implementation in order to adapt to new developments or circumstances. For that reason, standardised rules and conditions have been developed under which approved projects can undertake either a major change (relating to core or substantial elements of the project and having a significant impact on its implementation) or a minor change (adjustments to the project set-up, having no or no significant impact on project implementation). Major changes require a formal request to be submitted to the Secretariat as well as the approval of the Entrusted Entity. They are to be considered as exceptional and may be approved only in duly justified cases. Major changes can relate to project duration, budget, partnership, or content (e.g. activities, outputs, results or certain deliverables). Approved projects should not undergo more than two major changes during implementation.[61]

The majority of projects within Calls 1 and 2 have required a major change. Analysis of the programme database identified 32 approved requests for major changes within 25 of the 33 projects in these calls. In many cases, the request related to more than one feature of the project. The table below provides a summary. Projects within Calls 3 and 4 are in the early stages of delivery, however, the UIA Secretariat reported 8 changes within Call 3, relating mainly to changes in delivery partners.[62]

[61] UIA Guidance Version 5 (2019).

[62] Annual Implementation Reports 2018, 2019

Table 28 Major changes to projects (Calls 1 to 4)

Type of change	Reasons for changes
Partner	5
Activity	10
Budget	22
End date	1
Other (e.g. nature of investment	13

Source: UIA programme database; NB: each request can cover multiple reasons (40 identified requests)

Given the wide occurrence of major changes, some consideration should thus be given as to whether some revision is required in any future programme. In some cases, major changes have been required under the rules but not fundamentally affected the ambition, focus or budget of the project. For example, where there is a change in the legal entity of a partner organisation, this requires a major change to be requested, even if the organisation is otherwise unchanged and continues to perform the same role within the project. In other cases, major changes have been more substantial, sometimes allowing more funding to be diverted to successful activities and away from the activities proven to be more complicated to implement in practice. This mixed picture makes difficult expressing a strong external judgement on whether all types of major changes have safeguarded entirely the level of ambition from initial proposals. Of projects requesting a major change who responded to the survey, most (68%) report that changes have kept the project at the planned level of ambition and innovativeness and 18% reported that it had increased the ambition and innovativeness of the project. All requests for major changes were considered by the UIA Secretariat and accepted by the Entrusted entity on the basis of a well-documented analysis. As noted in Section 3.2.3, UIA projects are not that different in comparison to standard ERDF projects when it comes to implementation challenges, which implies a degree of predictability also comparable that may allow avoiding the need to apply for major changes too frequently. At the same time, experience also shows that flexibility and adaptability are indispensable success factors to achieve results in untested fields. Nonetheless, some revision to the definitions and/or the possibility to make major changes might be merited in the successor to the UIA in order to more strictly limit major changes to exceptional circumstances, in particular to those unforeseeable in the innovation process itself to minimise the risk that projects veer too substantially from the proposal put forward in their applications.

4.3.3 Are applicants satisfied with the requirements and support during implementation?

Projects were asked about the impact of the rules and support relating to UIA funding and support offered by the UIA Secretariat. Their responses suggest a number of conclusions.

The specific design of the UIA rules are greatly appreciated. A majority of projects reported the advance payment of ERDF, budget flexibility, simplified cost options and possibility to make project changes to be "very helpful". A majority also reported that simplified rules on state aids were "very helpful" or "helpful". At the same time, it must be noted that the issue of evaluating the risk of state aid for UIA projects raised a particular challenge for the management of the initiative. Revised guidance provided by the Secretariat for Call 2 did not completely resolve the issue and four approved projects were identified as having a potential state aid issue, of which one could not move forward until

the issue was resolved.[63] The Secretariat reports that problems of state aid were eventually resolved in the guidance issued in 2018.[64]

Monitoring by the Secretariat is not considered burdensome by most projects. Milestones reviews, site visits by the Secretariat and ad hoc meetings with the Secretariat are considered to be "not burdensome at all" by the majority of projects (after excluding "don't know" responses).

A majority of projects find the requirements related to reporting, claims and audit to be burdensome, once "don't know" responses are excluded. Audit checks and visits were most often reported to be very or slightly burdensome, followed by financial claims and annual progress reports. Of course, a degree of administrative burden is inevitable if there is to be accountability for grant funding.

Compliance with rules linked to financing is most challenging for only a small proportion of projects, whether rules relating to the UIA (7%) or to other forms of co-financing (3%). This finding is supported by the interviews, with project promoters tending to report benefits from the greater flexibility associated with UIA funding compared to some other EU funding programmes. However, complying with rules related to EU funding does remain challenging for a small number of projects, with four projects citing difficulties related to the rules and processes attached to EU funding, when giving an open comment on the challenges faced. In the interviews, two projects reported problems with small partner organisations having to finance their costs in advance of receiving (all) the ERDF. Of these, one particularly highlighted that social enterprises and co-operatives had struggled to cover their costs incurred before receipt of the first ERDF payment.

All forms of support are considered to be fairly helpful or very helpful by at least two-thirds of projects. The most valued support is the assistance and monitoring from the UIA Secretariat, which 93% of projects found to be 'very helpful' or 'fairly helpful'. This was reinforced by the interviews, with project promoters consistently offering positive comments. One project noted: "The support was very good during all the phases. They were flexible and that's the most important thing for us especially since private actors were involved and we are not used to working with them." Another stated: "Other EU projects should be learning from UIA on how to be flexible in approach to projects and listen to grantees". Two project interviewees highlighted the support offered by their specific project officer at the Secretariat. Another interviewee stated: "The Secretariat are very professional, very invested in their topics beyond just administrative management."

Most projects value the assistance from UIA Experts but a few do not. Although the majority of projects (68%) indicated that the role of UIA Experts is helpful, 14% suggested the role was unhelpful (of which 6% very unhelpful) and 18% did not know. One project interviewee particularly valued the UIA Expert's specialist knowledge (about carbon trading and sustainable urban mobility) and promptness in supporting the project. Another project interviewee reported that the UIA Expert had been particularly helpful in supporting knowledge transfer, through the quality of the journals and through helping to connect with cities in other countries. Two project interviewees expressed divergent views about the utility of UIA Experts visiting them in person; one found it very helpful, whilst the other suggested it was unnecessary for every visit to be in person (not least in view of the carbon emissions involved with international travel).

One possible explanation for the finding that 14% of projects found the UIA Expert role unhelpful is that there were some changes in the UIA Experts (e.g. within the Earth Cycle project) and even some periods where projects were without a UIA Expert (e.g. within the

[63] UIA Secretariat: Annual Implementation Report 2017.

[64] UIA Secretariat: Annual Implementation Report 2018.

CoRDEES project). It is worth noting here the challenges faced by the Secretariat in recruiting suitable UIA Experts. The call for UIA Experts for Call 1 and Call 2 projects needed to be extended to attract a higher volume of suitable candidates.[65] Within the case study projects, most project promoters reported satisfaction with the support provided, although there were exceptions. For example, the S.A.L.U.S project (Bologna) reported that the UIA Expert did not seem to have the required expertise to help bridge the gap between Bologna and other European city experiences. The FED project reported that the UIA Expert role was not clear, with the result that the UIA Expert's analysis was largely based on the promoter's own analysis, thus involving more work for the promoter. Looking ahead, it would therefore seem sensible to retain the role of the UIA Expert but with some revisions. This could involve giving each selected project the opportunity, first, to be consulted on the choice of UIA Expert (or even to make their own suggestions, based on their knowledge of experts in the field) and, second, to shape the details of the UIA Expert role (albeit within parameters set by the Entrusted Entity). Involving projects in this way would be particularly relevant if a two-stage application process were to be introduced, i.e. after pre-selection but before final stage in the selection process.

4.4 Cost-effectiveness and efficiency relative to other programmes

Q14. How cost effective and efficient is the UIA compared to other EU programmes?

According to Toolbox 57 of the Better Regulations Guidelines, a cost-effectiveness analysis (CEA) is less easily applicable to interventions such as the UIA that have a number of objectives or that are likely to generate both direct and indirect impacts (e.g. through the dissemination of knowledge and experience). Given these limitations, the approach taken has been to apply the broad concepts of a CEA, whilst recognising that the detailed requirements of a CEA cannot be satisfied.

Time to inform (TTI) and time to grant (TTG) within the UIA exceeds that of some comparable programmes. TTI refers to the time from the call deadline to the invitation to sign the contract. As a benchmark, a target of 160 days was set for the TTI for programmes managed by the European Research Council Executive Agency (ERCEA) and the ERCEA was largely on target for each type of grant.[66] Within the UIA, the TTI was between 157 and 187 days, as shown below.

Across the whole of Horizon, TTG has been 192 days (i.e. the time elapsing between closure of a call and signature of the Grant Agreement, which typically marks the start of the project).[67] Within the UIA, if TTG is considered to be the average elapsed time between the call closing date and the official project start date, the average TTG was 255 days.[68]

Table 29 Time to grant across UIA calls

Call	Call deadline	Time to inform	First project start date	Shortest TTG (days)	Average TTG (days)
1	31/03/2016	187	01/11/2016	216	323
2	14/04/2017	157	01/11/2017	202	285
3	30/03/2018	178	01/11/2018	217	217

[65] UIA Secretariat: Annual Implementation Reports 2016 and 2018; UIA programme data.

[66] European Commission (2016), Evaluation of the operation of ERCEA (2012-2015).

[67] SWD(2017) 220 final, Commission Staff Working Document, In-Depth Interim Evaluation of Horizon 2020.

[68] The actual signature of the UIA grant agreement takes place at the end of the initiation phase, which can be up to six months after the official project start date. See Section 0.

Call	Call deadline	Time to inform	First project start date	Shortest TTG (days)	Average TTG (days)
4	31/01/2019	182	01/09/2019	214	214

Source: UIA Permanent Secretariat

The high number of applications submitted has increased the cost of the assessment process. As noted earlier, some 943 applications were received in the four calls, of which only 8% could be financed by the UIA funding available. To a certain extent, this is to be welcomed as proof of the high visibility and attractiveness of the UIA instrument. However, a lower number of applications would have required less assessment time, thus freeing up resources for other activities, such as knowledge capitalisation, dissemination and transfer at EU level. Assuming no increase in the global budget for the UIA or any change in the selection procedure, the risk is that the costs of the assessment process will remain relatively high compared to the budget available.

Some elements of the design of the UIA instrument have facilitated cost-effectiveness. Most notably, the fact that subsidy contracts are not signed until towards the end of the initiation phase (and after the ex-ante audit has taken place) tends to reduce the financial risks to the Initiative. Risks are reduced, as the ex-ante audit checks projects' public procurement policies, project management (including structures), planned investment locations, resource allocation, etc. The initiation phase has also provided an opportunity to check compliance with conditions imposed by the Selection Committee before EU funding is fully committed.

The model of indirect management is likely to have been more cost-effective than in-house management by the European Commission. It has long been recognised that the delegation of programme management to external bodies or Executive Agencies is a more efficient and cost-effective approach. Delegation can entail significant cost-savings compared to the in-house scenario, whilst allowing the Commission to focus on its core institutional tasks, such as policy-making, implementation and monitoring of the application of EU law, and strategic management. Such benefits are well documented in relation to delegation to Executive Agencies.[69] For example, the assessment of a very high number of applications to the UIA is a very resource-intensive task, which does not lend itself to being undertaken in-house by the Commission.

Technical assistance costs of the UIA are higher than for other EU programmes in the field of innovation but the management of the UIA does not enjoy the economies of scale associated with those larger programmes. The Delegation Agreement specifies that the remuneration of the Entrusted Entity will be 7% of the final amount of accepted expenditure of the UIA Initiative (i.e. approximately €26m).[70] To put this into context, 5% is the threshold applied to administrative expenditure allowed by the legal base for Horizon 2020. In the previous programming period, the Seventh Framework Programme had a level of administrative expenditure of 5% for the Ideas programme and 6% for the Cooperation, Capacities and People programmes.[71] Some larger programmes have featured low proportions of expenditure on programme management, which most probably reflects the potential for economies of scale. For example, costs for Executive Agencies have included: 2.75% for ERCEA, 2.6% for REA, 0.77% for INEA and 2.7% for

[69] SEC(2013) 493 final, Communication to the Commission on the delegation of the management of the 2014-2020 programmes to executive agencies

[70] Delegation Agreement (reference 2014CE160GT007)

[71] Annual Activity Reports 2016

EASME.[72] Similarly, programme management costs for the LIFE programmes (managed by EASME) have amounted to 3.6% of the programme budget of €2.25bn.[73]

[72] SWD(2017) 220 final, Commission Staff Working Document, In-Depth Interim Evaluation of Horizon 2020.

[73] SWD(2017) 355, Commission Staff Working Document: Mid-Term Evaluation Accompanying the document Report on the Mid-term Evaluation of the Programme for Environment and Climate Action (LIFE)

5. RELEVANCE

Relevance relates to the extent to which the UIA topics and selected projects are relevant to urban challenges (notably those set out in the New Leipzig Charter and the UAEU) and to broader EU policies, not least the 2021-27 Cohesion Policy objectives and programmes and European Commission priorities 2019-24, as well as international policy objectives to which the EU is committed, most notably those within the United Nations' 2030 Agenda for Sustainable Development. Relevance also considers the extent to which the design of the UIA instrument is relevant to the needs of citizens and to the objectives set for the UIA Initiative.[74]

5.1 Relevance of UIA topics

Q15. At the time of the calls, at the current time and with regard to future needs, to what extent are the topics relevant to the needs of cities and citizens?
Q16. To what extent are the UIA topics relevant to broader EU policies

5.1.1 Relevance of UIA topics to cities and citizens

The overall list of UIA topics is relevant to the needs of cities and citizens, although there may be scope to broaden the list (as discussed below). According to a JRC report on the Future of Cities that presents a recent overview on urban megatrends, the most pressing challenges for cities include housing, mobility, urban health, environmental footprint, climate action, and digitalisation - all of which have been covered by the UIA Calls 1 to 4, albeit with some nuances in their labelling and definitions.[75] In addition, the report mentions the importance of a circular economy approach, urban security, and addressing social segregation. The online surveys for this study confirm that the vast majority of UIA applicants (97%) and other stakeholders (88%) believe that the UIA topics are relevant to cities. Of those, a majority considered the topics to be very relevant. The relevance of topics is also the second most important motivation for applicants to apply (48%), second only to the opportunity to test ideas and innovate (59%).

Overall, the survey responses support retaining or possibly expanding the choice of topics available to cities or allowing cities a free choice of topic. In the applicant and open surveys, altogether, just short of a majority of respondents supported lengthening the list of topics proposed for each call (25% in the applicant survey; 26% in the open survey) or allowing cities a free choice of topic (19% in the applicant survey; 22% in the open survey), whilst 42% of applicants and 33% of open survey respondents support retaining the same number of topics. There is little support for shortening the list of topics covered by UIA calls with no more than 8% of respondents to either survey supporting the options of either a shorter list or only one topic per call.[76] Allowing cities to decide on the opportunity of the urban challenge to be tackled in their project proposals or to have a say on the definition on some of the topics to be addressed would be relevant as an extra-push for place-based approaches and bottom-up participation and consistent with the priorities of the New Leipzig Charter (see below).

5.1.2 Relevance of UIA topics to broader EU policies and programmes

The topics covered by the UIA are, by design, relevant to the topics of the Urban Agenda for the European Union (UAEU). Each year, the topics covered by the calls were defined by the European Commission to be relevant in this way. All but one priority themes within the UAEU have been addressed by at least one UIA call and by at least three

[74] Whilst the Better Regulation guidelines suggest that the relationship of an intervention to wider EU policy should usually be considered within "Coherence", the underlying logic of this assessment has required it to be treated as a question of "Relevance".

[75] European Commission JRC. (2019). The Future of Cities: Opportunities, Challenges and the Way Forward.

[76] See Section 6.1.2 of the survey report (Annex 7).

projects. The only exception is the UAEU priority theme of "Innovative and responsible public procurement". The overwhelming majority of applicants (82%) are aware that the UIA topics were aligned with those defined by the UAEU.

The UIAs topics are relevant to the thematic pointers and horizontal principles of good urban governance within the New Leipzig Charter, due to their close alignment with the UAEU topics. The Charter highlights "climate change, loss of biodiversity, resource scarcity, migration movements, demographic change, pandemics, and rapidly changing economies" as the most prescient global challenges impacting cities throughout Europe. To respond to these challenges, the Charter points towards the transformative power of cities through three dimensions: the just city, the green city, and the productive city. The just city sees the opportunities of cities to ensure inclusion, equal opportunities, environmental justice, and equal access to services including social services, health care, culture, housing, energy supply and education. The green city recognises the potential of cities to tackle global warming and provide solutions for air quality, water, soil, and land use. This dimension includes solutions for urban transport and mobility systems. The productive city envisions a diversified economy that provides its population jobs, and provides business a skilled workforce, as well as social, technical and logistical infrastructure. It further sees the city as a venue to manage the risks of increased digitalisation and take advantage of its benefits, ensuring competitiveness of the EU.[77] Looking ahead, the successor to the UIA could stay in line with the New Leipzig Charter and possibly provide for greater predictability for applicant cities by ensuring that future calls are consistent with its thematic pointers and include a focus on the three dimensions of the just city, the green city, and the productive city.

The topics covered by the UIA are, by design, relevant to the topics of the ERDF thematic objectives, although this relevance is not explicitly referred to in the calls. As recalled in Section 2.2, core to the intervention logic of the UIA is its contribution to achieve ERDF objectives, being able for that to support all activities necessary to achieve all ESIF thematic objectives and corresponding ERDF investment priorities.[78] The UIA topics (as described in the terms of reference for each call) have thus been conceived to be relevant to ERDF investment priorities, although those investment priorities are defined in the ERDF Regulation in much broader terms than the UIA topics as described in the calls. Moreover, the link to ERDF thematic objectives was not explicitly referred to in the description of each UIA topic. As shown in the analysis of the relevance of the UIA projects (Section 5.2), the contribution to ERDF thematic objectives, although required to be demonstrated at the application stage, might not have played such an explicit role in the selection procedure. Of all the UIA topics, Urban security features least explicitly in the current ERDF priorities, but is explicitly referred to in the ERDF priorities proposed for 2021-27 under priority objective 5 (Europe closer to citizens).

The UIA topics for the first four calls are clearly relevant to the five objectives of Cohesion Policy for the 2021-27 period.[79] The table presents the Cohesion Policy objectives with the UIA topics (Calls 1 to 4) grouped underneath in order to show their relevance. This is an encouraging indication for the potential of scaling-up and replicability of UIA projects with Cohesion Policy programmes (see Section 3.6), if not materialising in the current programming period, to be still achieved in the next.

[77] The New Leipzig Charter: The transformative power of cities for the common good was adopted by Ministers from the EU27 Member States at the Informal Ministerial Meeting on Urban Matters of 30 November 2020.

[78] See ERDF Regulation 1080/2006, Art. 8(2).

[79] https://ec.europa.eu/regional_policy/en/2021_2027/

Table 30 Relevance of UIA topics to Cohesion Policy objectives 2021-27

Cohesion Policy objectives 2021-27 and UIA topics
1. Smarter Europe, through innovation, digitisation, economic transformation and support to small and medium-sized businesses
• Jobs and skills in the local economy
2. A Greener, carbon free Europe, implementing the Paris Agreement and investing in energy transition, renewables and the fight against climate change
• Adaption to climate change • Air quality • Energy transition • Circular economy • Sustainable use of land, nature based solutions • Housing
3. A more Connected Europe, with strategic transport and digital networks
• Urban mobility • Digital Transition
4. A more Social Europe, delivering on the European Pillar of Social Rights and supporting quality employment, education, skills, social inclusion and equal access to healthcare
• Urban poverty • Integration of migrants & refugees • Housing • Jobs and skills in the local economy
5. A Europe closer to citizens, by supporting locally-led development strategies and sustainable urban development across the EU.
• Urban security

Source: Urban Innovative Actions Knowledge Management Strategy (2020-2023)

The UIA topics remain relevant to strategic priorities of the Commission for 2019-2024, in particular as concern green and digital transitions.[80] With regard to the European Green Deal, the UIA topics of Climate adaptation, Energy transition, Circular economy, Urban mobility, and Air quality contribute to the policies seeking to increase the EU's climate ambition (Section 2.1.1 of the European Green Deal); Supplying clean, affordable and secure energy (2.1.2); Mobilising industry for a clean and circular economy (2.1.3); Accelerating the shift to sustainable and smart mobility (2.1.5); and a zero pollution ambition for a toxic-free environment (2.1.8) respectively. The UIA's emphasis on experimentation is also relevant to the European Green Deal's focus on innovation (2.2.3).[81] The UIA topic Digital transition, as well as some Urban Mobility projects, are particularly relevant when it comes to the key objective "Technology that works for people" within the Commission's digital agenda. Furthermore, the projects proposed within the topics Urban poverty and Jobs and skills in the local economy align with the emphasis on reducing poverty and inequality and the policy area 'Jobs, growth and investment' within

[80] https://ec.europa.eu/info/strategy/priorities-2019-2024_en

[81] Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions: The European Green Deal COM/2019/640 final.

the third of priority of the European Commission. Looking ahead, it would seem logical for future UIA calls to maintain full consistency with the strategic priorities of the Commission. The above is another demonstration of the potential of completed and ongoing UIA projects (see 3.6.2) to provide concrete examples of innovative ways to achieve these EU objectives at local level.

The UIA topics are relevant to the United Nations Sustainable Development Goals (SDGs), to which the EU is committed.[82] The UIA topics of Housing, Urban mobility, Air quality, Circular economy Urban security and other, are directly relevant to SDG 11: Make cities inclusive, safe, resilient and sustainable. They are particularly important when it comes to achieving the targets 11.1 to ensure access to housing, 11.2 to provide access to safe, affordable, accessible and sustainable transport systems for all, and 11.6 to reduce the adverse per capita environmental impact of cities.[83]Looking ahead, the pertinence of topics open for competition under the UIA successor programme with these global objectives would be consistent with EU's international commitments and the role that EU cities intend to play to contribute to achieve them.

5.2 Relevance of UIA projects

Q17. To what extent are the selected projects and their effects relevant to the needs of cities and citizens?

Q18. To what extent are the selected projects and their effects relevant to broader EU policies?

5.2.1 Relevance of UIA projects to cities and citizens

There is some evidence that suggests the projects and their effects are relevant for cities and citizens. Given the diversity of activities and state of implementation, it is not possible to offer a simple conclusion regarding the relevance of the effects these projects will produce for cities and citizens.

Relevance of projects is ensured through the focus on topics. All projects are required to address one of the UIA topics, which as shown above, are relevant to the needs of cities. Assessment of applications by independent experts with in-depth knowledge of the topics ensures that selected projects are relevant to the topics and thus to the needs of cities and citizens.

The selection process has resulted in a good spread of projects across the different topics (as noted in Section 4.2.3 above). This ensures the overall relevance of the cohort of UIA projects to the diversity of challenges facing cities.

Local players have committed their share of co-financing to the UIA projects, which suggests they consider them as relevant to local needs. The total budgeted contribution from local authorities was €31.6m across the four calls. This contribution was to be provided by 103 local authorities, an average of €307k per authority.

Innovative investments in infrastructure foreseen in UIA projects address a proven need of cities. A 2018 report by the European Parliament refers to research by the OECD showing that investments in infrastructure contribute to the growth of cities and is fundamental to the development of economic and regional clusters. The same report also refers to research by the European Investment Bank (EIB) underlining that localised investment in infrastructure generates externalities, whose reach goes beyond the local

[82] https://ec.europa.eu/international-partnerships/sustainable-development-goals_en

[83] United Nations. (2015). Goal 11: Make cities inclusive, safe, resilient and sustainable

economy.[84] In a 2017 EIB survey, one in three municipalities reported that their investment activities in the previous five years had been consistently below actual needs. Of those that reported infrastructure gaps, around 75% indicated that a major obstacle in addressing these were fiscal constraints (budget and/or debt ceilings).[85] In this context, the relevance of the UIA differs greatly from project to project and by topic (as shown in Section 3.1.2): investments in infrastructure and equipment accounts for the second category of spending overall behind staff costs; these are substantial in some areas (e.g. over €3 million in Housing) but very modest in others (e.g. €0.4 million in Digital transition). In total, 16 UIA projects have allocated more than 50% of their budgets to investments in infrastructure and equipment, whilst another 28 have allocated between 25% and 50% and 31 below 25% (see Table 5). Investments in infrastructure and equipment being by nature those with most potential for scale-up of replication with ERDF funding, this wide diversity might be read in conjunction to findings on the ERDF relevance (Section 5.2.2 below).

Cities consider that the innovations and experiences of UIA projects implemented in other cities are relevant and of interest to them. This is demonstrated by the responses of applicant cities responding to the closed survey and other cities responding to the open survey. Regarding cities' perceptions of the relevance of UIA projects to them: only 5% of applicants and 2% of cities responding to the open survey considered that projects from elsewhere would not be relevant. Regarding cities' interest in learning from the experience of UIA projects: 99% of cities responding to the open survey would be interested to learn from UIA projects in their own country and 95% from cities in other countries. Regarding cities' interest in replicating successful projects: 94% of applicant cities and 93% of cities responding to the open survey would be interested to replicate a successful UIA project from elsewhere. This perception could be particularly true for cities implementing SUD Strategies in view of the significant thematic coherence existing between these and UIA projects (see Section 6.2.1).

5.2.2 Relevance of UIA projects to broader EU policies and programmes

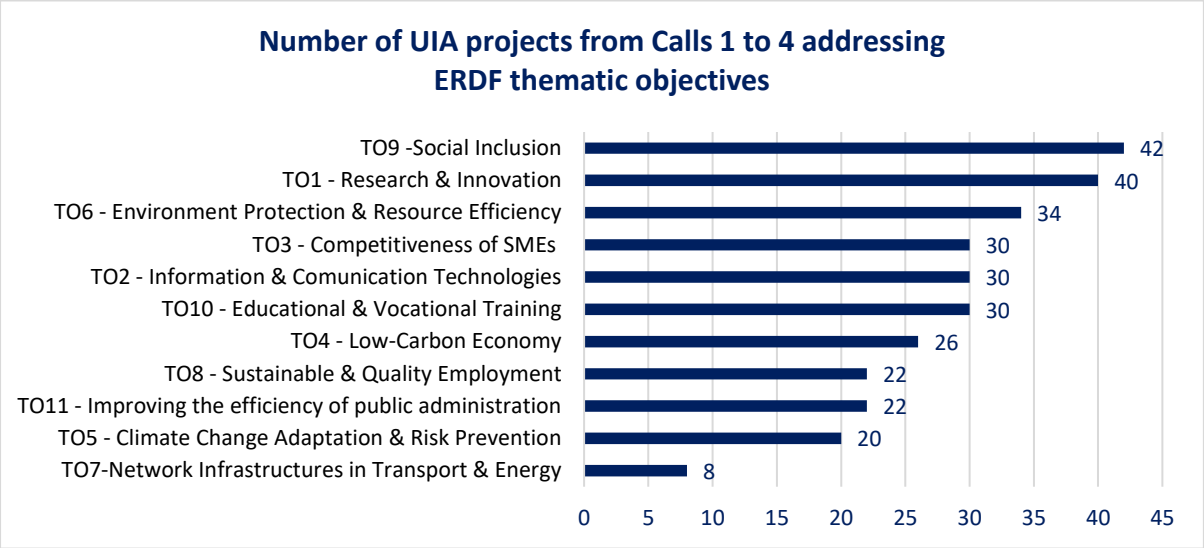
Relevance of projects to ERDF thematic objectives is ensured to some extent through the application process but not explicitly weighted in the selection procedure. The UIA Guidance requires applications to demonstrate their relevance to one or more ERDF thematic objectives and related Investment Priorities as set out in the first paragraph of Article 9 of the Common Provision Regulation[86] and in Article 5 of the ERDF Regulation (1301/2013). Information thus presented in applications has been used to help assessment of the extent of thematic compatibility between UIA projects and ERDF programmes and SUD strategies (see Section 6.2). Applicants were encouraged to present project proposals with strong cross-sectoral integration, which explains that most selected projects referred to more than one thematic objective. As shown in the figure below, Social Inclusion (TO9) was the thematic objective most referenced by successful UIA applications, followed by Research and Innovation (TO1).

[84] European Parliament (2018), Investment in infrastructure in the EU Gaps: challenges, and opportunities

[85] EIB Group Survey on Investment and Investment Finance 2017

[86] Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006

Figure 18 Relevance of UIA projects to ERDF thematic objectives



Source: UIA applications

Interestingly, ERDF thematic objectives among the most referenced by UIA projects can be seen as a good illustration of what these have been about, i.e. the focus on innovation and ICTs (TO 1-2), green transition (TO 4 and 6), or social inclusion (TO 8-10) that also accounted for a great share of them. This is logical in view of the social focus of certain UIA topics, some repeated in two out of the four calls (Urban poverty and Jobs and skills in the local economy). Still, it gives an indication in terms of the coherence and complementarity of UIA projects with other EU programmes and funds (see Section 6 on Coherence), that could be seen as particularly valid for the ESF for those supporting TOs 8 to 10.

In this specific case, however, a minimum level of ERDF relevance had to be guaranteed. According to the UIA Guidance, "*UIA projects contributing to Thematic Objectives 8-10 (i.e. those that are more socially-oriented)"* were able to be supported provided that "*the knowledge generated is supportive of thematic objectives and investment priorities for ERDF and not overwhelmingly focused on European Social Fund (ESF) type of activity*".[87]

Assessment of applications by independent experts with a good understanding of the urban dimension of EU policies ensured that selected projects fulfil this relevance requirement for TOs 8 to 10, as for all the other ERDF thematic objectives. This was explicitly part of their role as described in the UIA Guidance. It was also foreseen that failure to fulfil this requirement would entitle the Entrusted Entity and Commission not to select a project proposal.[88] This being said, it is more difficult to apprehend the influence that these checks from assessors had on the actual outcome of the selection procedure. Indeed, the link to ERDF thematic objectives was often mentioned as part of experts' strategic assessments of applications under the criterion of 'innovativeness'. It however did not feature as an explicit part of this criterion or any other criteria or sub-criteria. It can thus not be said with full certainty whether it was weighted as such, or in which proportion projects demonstrating the strongest links with the ERDF received higher scores.

This may explain why selected projects thus vary quite significantly the use of their budgets (see Section 3.1.2) and in the extent to which they have designed their innovations to i) link to ERDF objectives; ii) have potential to be scaled up or replicated

[87] UIA Guidance, v5 (September 2019), Section 1.5, p.16.

[88] UIA Guidance, v5, Section 3.2.1 p.35.

through mainstream ERDF programmes. The Commission should therefore consider whether to revise the selection criteria in order to give greater focus on coherence with ERDF thematic objectives of innovative solutions tested or with the aim of increasing their potential to be scaled up or replicated through mainstream ERDF programmes.

The design of the UIA and the selected projects provide "on the ground" operational lessons on how to apply EU principles of good urban governance enshrined in the New Leipzig Charter. As noted in the previous section, UIA topics have been closely aligned with UAEU themes, building confidence that UIA projects completed or ongoing will provide valuable solutions to fulfil long-term sustainable urban development ambitions of the New Leipzig Charter. The Charter's thematic points (green, just productive cities) might serve as drivers to ensure some continuity and predictability of topics open for competition in future UIA calls. It is worth noting here is that the Charter will also proclaim as part of its foundations five key principles of good urban governance that have to do with the types of innovations actually tested by the UIA projects (see the typology in Section 3.1.1): Urban policy for the common good, Integrated approach, Participation and co-creation, Multi-level governance, Place-based approach.

Encouragingly, this relevance to the principles of the Charter is identified in the UIA Knowledge Management Strategy previously mentioned (see Section 3.5), as part of the UIA experience on which knowledge capitalisation and dissemination efforts should continue to concentrate at Initiative level in the future.[89] This strand of capitalisation started with the early identification and subsequent consolidation by the UIA Secretariat of a number of 'operational challenges' on which all UIA projects, i.e. independently from the topic tackled, were possibly needing support and advice, and progressively developing skills, methods and cross-cutting capacities, to succeed when confronting their innovative ideas to the complexity of 'real life', i.e. in an urban environment and/or in interaction with different categories of socio-economic players and populations operating in it. These are part of the innovation capabilities developed under the UIA that could serve other cities across the EU in a way directly relevant to urban principles within the New Leipzig Charter.

In the future, it might therefore be worthwhile to: i) organise some calls by reference to these horizontal urban governance principles in isolation or together with thematic topics; ii) take inspiration from these principles to further define the types of innovations to be targeted within the selection procedure.

To conclude, it is worth highlighting that moving in that direction would reinforce the suggestions made earlier to raise scrutiny on the relevance to Cohesion Policy and more directly to the ERDF of future project proposals. Indeed, the New Leipzig Charter principles are core to methodological requirements for the design and roll-out of sustainable urban developments and the use of ERDF funding earmarked for that purpose over 2021-27, in particular under the policy objective 5 "Europe closer to citizens".

5.3 Relevance of the UIA instrument

Q19. To what extent is the design of the UIA instrument (up to €5m, 3-year implementation, partnerships, etc.) relevant to needs and to objectives?

5.3.1 Is the limit of €5m appropriate?

One dimension of the design of the UIA to consider is the possibility to receive up to €5m of funding from the ERDF. On this point, the data suggests a number of conclusions.

The limit of €5m is relevant to a range of innovations, as expressed by cities' demand for different amounts of ERDF funding. As shown in Figure 19, fewer than half of all selected projects (45%) requested at least 90% of the maximum funding

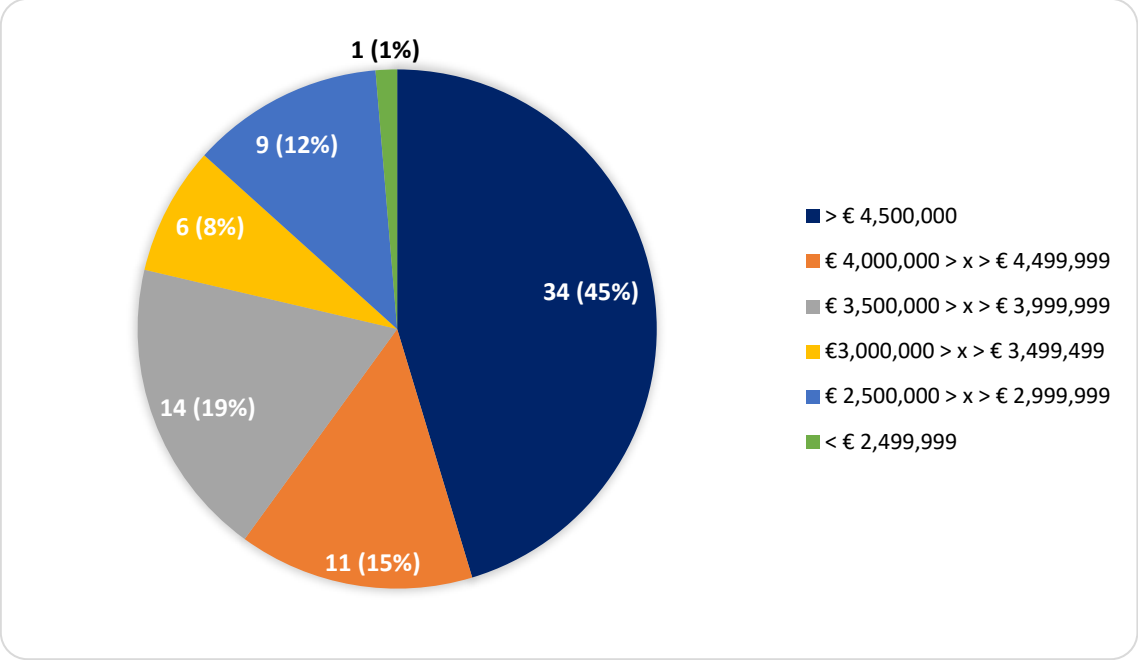
[89] See in particular point 3.5 (operational knowledge) of the Knowledge Management Strategy.

available (i.e. €4.5m). Some 40% requested less than €4m and 13% less than €3m. The lowest amount requested was €2.1m from the CLAIRO project in Ostrava (Czech Republic) within the Air quality topic.

The appropriateness of the €5m limit is reinforced by the survey responses with the vast majority of projects (75%) reporting that the ERDF funding is sufficient to achieve their objectives, with another 10% reporting that it is more than sufficient. Similarly, most applicants (56%) and half of other stakeholders (50%) do not support any revision to the €5m limit. Amongst those favouring a change, there is a divergence of opinion, but more favour a reduction (16% of applicants; 42% of open survey respondents) rather than an increase (11% of applicants; 7% of open survey respondents).

The evidence suggests that a lower level of funding per project might have resulted either in different activities and therefore different effects or in a lower level of effects. It cannot be known with full certainty what the effects of a lower level of funding would have been. A total of 16 projects allocated more than 50% of their budgets to infrastructure and equipment and the average across all projects was 31%. Still, it is possible that some of these investments, such as construction or refurbishment of buildings featured a minimum fixed cost, which was only possible within an overall budget of €4-5m. A lower level of funding might therefore have resulted in a bigger proportion of projects concentrating on soft interventions and less on infrastructure and equipment, thus producing a different set of effects perhaps less relevant from the perspective of their potential for scaling up or replication through mainstream ERDF programmes (as discussed in previous sections).

Figure 19 ERDF allocations to selected projects



Source: UIA programme data

At the same time, **a few cities might be constrained by the maximum ERDF funding limit of €5m per project** (although they are a minority). Out of the 45% of projects flagged in Figure 19 that received ERDF funding above €4.5m, 16 received within 1% of the full allocation of €5m (i.e. at least €4.95m) and another 8 also received above €4.75m, meaning that in total nearly one in three, i.e. 24 selected projects (32%) received more than 95% of the full allocation (€4.75m). Moreover, of the projects responding to the survey, 11% felt that the ERDF funding was slightly insufficient to achieve their objectives.

Similarly, of the applicants responding to the survey, 11% supported the option of financing fewer projects but increasing the maximum funding per project. Given a constant global budget, an increase in the maximum ERDF funding per project would result in fewer projects being selected and risk favouring urban authorities and/or their partners with the greatest financial capacity. When considering ways to optimise the impact of each individual grant in the future, one might also look at the level of co-financing (currently 80%) to be mobilised by applicants also in the light of rates applicable under comparable EU programme (see Section 6.1).

5.3.2 Is the minimum city size appropriate?

On balance, the evidence supports the current minimum city size as a threshold for UIA eligibility.

First, **eligibility requirements have not prevented various sizes of cities including below 50,000 inhabitants to benefit from the UIA.** As noted in Section 4.2.3, 49% of projects take place in cities of fewer than 250,000 inhabitants, three projects are in cities with fewer than 60,000 inhabitants and several projects involve cities of fewer than 50,000 as part of a grouping of local authorities.

The **eligibility rule appears to be well understood and accepted by urban stakeholders.** If data from the selection procedure indicated the existence of a significant rate of ineligible applications in the first call, their number has dropped in the others (see Section 0). In online surveys, applicants confirmed overwhelmingly that the rule was very easy (56%) or fairly easy (31%) to comply with. Moreover, most applicants (72%) and half of other stakeholders (50%) do not support any revision to the minimum size of cities eligible to apply (currently 50,000 inhabitants). Amongst those favouring a change, there is a divergence of opinion: some 12% of applicants and 40% of open survey respondents supported reducing the minimum size, whilst 16% of applicants and 12% of open survey respondents supported an increase.[90]

Keeping the minimum size of cities (or associations or groupings thereof) at 50,000 inhabitants would maintain the focus on urban areas. The threshold of 50,000 is now widely accepted internationally as the minimum size of a city, having been approved by the UN Statistical Commission and being used by the European Commission and the OECD.[91] It would also ensure a certain scale or critical mass in the process of testing of innovations.

It is also important to ensure that **applicant authorities have the minimum technical, financial and administrative capacity** to go through an innovative process that is particularly demanding and includes a level of complexity that is sometimes challenging even for bigger agglomerations in view of the difficulties faced during implementation (see Section 3.2).

Lowering this threshold would inevitably result in a higher administrative cost for the UIA selection procedure, with a larger number of applications to process and probably a lower success-rate (although the level of competition is already quite high under the UIA – see Section 4.1) with an extra cost for cities applying successfully and for the initiative overall.

[90] See Figures 62 and 63 in Section 6.1.1 of the survey report (Annex 7).

[91] See, for example: OECD/European Commission (2020), Cities in the World: A New Perspective on Urbanisation, OECD Urban Studies, OECD Publishing, Paris.

6. COHERENCE

This section covers the coherence of the UIA with other Cohesion Policy programmes, including URBACT and Interreg, ERDF-funded sustainable urban development (SUD) strategies or the ESF, and other EU programmes with complementary objectives, e.g. Horizon 2020, LIFE+, CIVITAS.

6.1 Coherence of UIA processes with those of other EU programmes

Q20. How coherent are the UIA processes with those of other EU programmes?

EU programmes must all comply with the Financial Regulation[92] and their own legal basis, whilst Cohesion Policy programmes must also comply with the Common Provisions Regulation.[93] Beyond that, there is considerable diversity in the design of their application, selection and implementation processes, in line with programme objectives, target beneficiaries, eligible activities and intended activities. For that reason, the question of the coherence and consistency of the UIA processes is considered in relation to two illustrative examples that are closest to the UIA: LIFE pilot projects; and Smart Cities and Communities projects within Horizon 2020.

The LIFE programme is the EU's funding instrument for the environment and climate action with a budget of €3.4 billion for 2014-20.[94] According to the guidance for applicants, LIFE pilot projects "apply a technique or method that has not been applied or tested before, or elsewhere, that offer potential environmental or climate advantages compared to current best practice and that can subsequently be applied on a larger scale to similar situations".[95]

Within Horizon 2020, Smart Cities and Communities Lighthouse projects implement integrated commercial-scale solutions with a high market potential, in the field of energy, transport and ICT. They address the challenge of fragmented markets, lack of new business models and financing solutions, and the need for knowledge sharing and capacity building. They include a focus on scaling up and replication of smart city plans.[96]

The key features of the implementation processes of these two sub-programmes are presented in Table 31 below with a comparison to those of the UIA. Table 32 then offers an example of a two-stage application process. This complements the example of Horizon 2020 already provided in Table 26.

Table 31 Comparison of UIA proceses with other EU programmes

	UIA	LIFE pilot projects	Smart Cities and Communities lighthouse projects
Support available from national contact point	No	Yes	Yes
Eligibility requirements	Must be led by a local authority	Local authorities are one of many types of eligible applicants	Public bodies
Maximum EU co-financing	80%	55%	70%

[92] Regulation (EU, Euratom) No 966/2012

[93] Regulation (EU) No 1303/2013

[94] https://ec.europa.eu/easme/en/life

[95] Guidelines for applicants 2020: LIFE Environment and Resource Efficiency

[96] https://ec.europa.eu/inea/en/horizon-2020/smart-cities-communities

	UIA	LIFE pilot projects	Smart Cities and Communities lighthouse projects
		(60% or 75% in specific cases)	
Maximum EU funding	€5m	No specified limits. Some project budgets have exceeded €5m.	Not specified but recommended to be €12-18m
Implementation length	3 years (can be extended to 4 years)	Not pre-determined but 3–5 years on average	Usually 5-5.5 years
Transnational co-operation integral	No	Not mandatory but scores additional points	Integral: requires 3 lighthouse cities in different countries + 3 follower cities in 3 other countries (selected projects typically feature many more)
Topics/priority areas	Must choose one main topic	Must choose one main priority area	One main topic: energy, transport and ICT
Limit on infrastructure investments	None (subject to overall budget limit)	€500k for a single item of infrastcuture	Certain investment costs are ineligible (e.g. construction, retrofitting, purchase of electric vehicles)
Duration of call (opening to closing dates)	6 months (Calls 1 to 4)	6 months (1 stage process, e.g. 2020 call for Pilot Projects – Climate Change Adaptation)[97], 9.5 months (2 stage, e.g. 2018 call for Traditional Projects – Environment)[98]	4 months (Calls in 2015 and 2016)
1 or 2 stage process	1	1 (Climate Change Adaptation) or 2 (Environment)	1

[97] See: https://www.euro-access.eu/calls/pilot_projects_-_climate_change_adaptation and: https://ec.europa.eu/easme/en/section/life/2020-life-call-proposals-traditional-projects-climate-action#inline-nav-0

[98] https://ec.europa.eu/environment/archives/life/news/newsarchive2018/february/index.htm#application18

Table 32 Comparator example of a two-stage application process

LIFE pilot projects (Environment sub-programme)
LIFE pilot projects within the Environment sub-programme have featured a two-stage application process. The first stage features the submission of a Concept Note of around 10 pages. Two criterion are applied at this stage: • Overall quality of the proposal (40%): covering the intervention logic, feasibility and value for money; • Overall EU added value (60%): contribution to the LIFE priorities, its expected impact, and the sustainability of the project results. The best-ranked applications are then invited to submit a full proposal. The sum of the EU contributions requested represents 2 to 2.5 times the available budget. The following criterion are assessed at the full proposal stage: • Technical coherence and quality (20%) • Financial coherence and quality, including value for money (20%) • Contribution to the specific objectives of the priority areas of the LIFE sub-programme (20%) • Sustainability: continuation, replication, transfer potential (15%) • Contribution to the project topic (10%) • Synergies (8%) • Green Public Procurement, Ecolabel uptake EU research results (3%) • Transnational (4%) All proposals have to reach a minimum score against the first four criteria individually and collectively. The timescale for the 2018 was as follows: • Mid-April 2018: call publication • Mid-June 2018: deadline for submission of concept notes • October 2018: notification of shortlisted applicants • January 2019: deadline for submission of full proposals • January-June 2019: evaluation and revision of proposals • July 2019: signature of grant agreements.[99]

Source: Guide for the evaluation of Sub-programme Environment LIFE project proposals 2018

Based on the information provided in the tables, some findings can be suggested.

The UIA selection process is consistent with other comparable EU programmes in requiring applications to focus on one main topic. Unlike other EU programmes however, under the UIA, proposals from different topics compete against each other. As in other programmes, applicants are not able to propose a broad set of actions covering multiple issues but must instead focus their efforts on particular themes and issues. However, one key difference is that there are no earmarked allocations of funding by topic within the UIA. Instead all UIA applications are considered on their individual

[99] https://ec.europa.eu/environment/archives/life/news/newsarchive2018/february/index.htm#application18

merits with the highest-scoring applications being selected for funding, regardless of which topic they relate to.

Unlike the other programmes, the UIA processes are very specifically targeted on local authorities addressing challenges in their local context, albeit in partnership with other stakeholders. The other programmes all have a wider cohort of eligible applicants and they either require or reward the integration of transnational co-operation into project activities.

Under Horizon 2020, the Smart Cities and Communities Lighthouse strand foresees an **integrated transnational transfer mechanism**, which, with its clear focus on deployment at large scale of innovative solutions in different local contexts across the EU, could be of inspiration for the future UIA (see also Section 6.3.1).

LIFE pilot projects offers another illustration of EU programmes operated via a two-stage application process. Similarly to Horizon 2020 Widening Actions' Teaming programme (see Table 26), LIFE pilot projects within the Environment sub-programme have featured a two-stage application process. The reason for the introduction of the two-stage process was to simplify administrative steps and save applicants time. Since the two-stage process was only introduced in 2018, evidence on its efficiency and effectiveness was not available in the mid-term evaluation of the LIFE programme.[100] The time and administrative burden for applicants and assessors are uncertain compared to the UIA but potentially lower. The assessment of the 10-page concept note (required at stage 1) will take less time on average than the strategic assessment of a full application. But the total time-scale for the operating the two-stage process takes longer for the rolling out of fully-fledged proposals at stage 2 (9.5 months compared to 6 months for the UIA selection procedure).

6.2 Coherence with other Cohesion Policy programmes

Q21. Are projects coherent and/or complementary with EU-funded sustainable urban development strategies in their locality?

Q22. Is the UIA coherent with other Cohesion Policy programmes relating to urban challenges?

6.2.1 Coherence with EU-funded sustainable urban development strategies

As recalled in Section 2.1, Article 7 of the ERDF requires 5% of ERDF resources allocated at national level to be invested in integrated actions for sustainable urban development. These investments amount to around €17bn (mostly from ERDF but with around €1.5bn provided by ESF and around €1.3bn provided by the Cohesion Fund) managed directly by cities and supporting more than 950 sustainable urban development (SUD) strategies during 2014-20. Crucially, SUD strategies are managed under the direct supervision of cities themselves, thus offering a potential source of funding for the sustaining, scaling up or replication of UIA innovations and activities which is less dependent on external decision-makers. The evidence to date suggests the following findings regarding the UIA's coherence with and complementarity to the SUD strategies.

Overall, there is significant coherence between the ESIF thematic objectives (TOs) addressed by the SUD strategies and UIA projects. According to a 2017 report, the TOs most often targeted by SUD strategies are:

[100] https://ec.europa.eu/environment/archives/life/news/newsarchive2018/february/index.htm#application18

- TO4. Supporting the shift towards a low-carbon economy in all sectors
- TO6. Preserving and protecting the environment and promoting resource efficiency
- TO9. Promoting social inclusion, combating poverty and any discrimination.[101]

These TOs appear among the most often referenced by UIA projects as discussed in Section 5.2 (see Figure 18), starting by TO9 (social inclusion) the most quoted by 42 projects, TO6 (environment protection), third most quoted (by 36 projects), and TO4 (low carbon economy) to a lesser extent, but still targeted by 26 projects (nearly 35% of all UIA projects). This wide thematic compatibility could be seen as quite logical, SUD strategies and UIA projects being both designed and run at the initiative of cities themselves. It confirms the relevance of UIA projects to the needs of cities and citizens when these are expressed through SUD strategies across Europe, and could facilitate UIA projects being a source of inspiration on how to translate these SUD strategies into more innovative forms of projects.

The majority of UIA projects are in cities hosting SUD strategies (supported by ERDF under Article 7 or other Cohesion Policy funding) and there is thematic consistency in half to two-thirds of those cases. Data from the European Commission shows that of the 75 UIA projects, 52 (69%) are in cities that host a SUD strategy.[102] Of these 52 UIA projects, 22 cover topics that are directly linked to the thematic objectives of SUD strategies their cities are running, whilst for another 23, themes are similar or potentially linked. In only 7 cases, the UIA project covers a topic that is not linked to the thematic objectives covered by the local SUD strategies.

This potential for UIA innovations to be scaled up via SUD strategies is confirmed by opinions expressed by most MAs and many cities that see the UIA as coherent with and complementary to SUD strategies. Of the respondents to the closed survey of MAs, sixteen reported that UIA projects were being implemented in the territories covered by their programmes, of which fourteen were aware of the purpose and content of those projects. Of these fourteen MAs, nine (65%) considered that UIA projects complemented interventions supported by ERDF Article 7 to a great or reasonable extent. Of applicants responding to the survey, 25% reported that the UIA demonstrated most specific coherence or complementarity with SUD strategies, whilst for cities responding to the open survey it was 28%. Moreover, 33% of applicants and 39% of cities responding to the survey suggested that they might use SUD strategies to replicate UIA projects. Although these respondents are in the minority, they are significant given that SUD strategies do not feature in every city. Moreover, the same department within the local authority is often responsible for both types of intervention (and other EU projects). For example, the interviews identified this is the case in Birmingham and Milan.

Whilst the research for this assessment uncovered no concrete instances of UIA innovations being deployed more widely or being prioritised by mainstream programmes (see Section 3.6.1), **it could be in those cities where the UIA and SUD strategies are run by the same urban authority that conditions would be most favourable** to make it happen. Scaling-up within the current programming period may be challenging, as funds from SUD strategies may be largely committed at this stage. However, the potential remains for the support from future and updated SUD strategies in the 2021-27 programming period, facilitated by the relevance of UIA topics and projects to policy objectives for the new period, and especially to PO5 "Europe closer to citizens" (see Sections 5.1 and 5.2).

[101] van der Zwet, A. et al. (2017). Integrated territorial and urban strategies: how are ESIF adding value in 2014-2020? European Commission DG REGIO. EPRC.

[102] https://urban.jrc.ec.europa.eu/strat-board/#/where

6.2.2 Coherence with mainstream and territorial co-operation programmes

The UIA is complementary to other Cohesion Policy programmes by virtue of its design and activities. As noted in Section 2.1, about €115 billion of Cohesion Policy funding from the ERDF and the CF is planned to be invested in urban areas during 2014-2020. Most notably, the UIA offers an opportunity for cities to innovate that complements and was planned to inspire with new solutions this substantial investment by mainstream Cohesion Policy programmes.

As described in Section 5.2.2, it has been an obligation for every UIA project proposal to demonstrate its relevance to one or more ERDF thematic objectives and related Investment Priorities. It results from this obligation that **selected UIA projects show a link to at least one or several ERDF thematic objectives that constitute as many instances where the complementarity with ERDF programmes would be established** (see Figure 18). This analysis has also shown that **complementarity with ESF programmes** could be high in view of the proportion of UIA projects targeting TO 8-10.

In the same vein, **many, but not all, UIA projects have made significant investments in infrastructure and equipment of the type that are "traditionally" supported by ERDF, which offers potential for scaling up or replication by mainstream ERDF programmes.** As shown in Section 3.1.2, the proportion of project budgets committed to such investments ranges widely, i.e. from 0% to 77%. Some 16 projects invested more than 50% of their budgets in infrastructure and equipment, suggesting that they have strong potential to be scaled up or replicated within mainstream ERDF programmes. In contrast, 31 projects invested less than 25% of their budget in this way, which might suggest that their potential for inspiring the use of ERDF programmes could be more limited. Looking ahead, the Commission should therefore consider whether more emphasis should be placed on certain types of investments supported by the UIA (in particular infrastructure and equipment), in order to increase their potential to be scaled up and replicated within mainstream ERDF.

The survey responses confirmed stakeholders' positive perception of the UIA projects complementarity with Cohesion Policy programmes and the potential of these programmes being used as a first EU funding source for wider UIA solutions deployment. Some 39% of UIA applicants (the highest proportion) and 33% of respondents to the open survey reported that in their cities the UIA demonstrated most coherence and complementarity with these programmes (see Figure 21 in Section 3.3.1 of the survey report). When asked to give an open comment to explain this complementarity, respondents highlighted the potential for UIA funding to complement ERDF by investing in innovation, i.e. UIA resources and the required innovation benchmark have triggered investments that would otherwise not be risked, whereas ERDF projects would remain more conservative. The survey evidence also shows that where EU funding is to be used for scaling up, this most often consists of mainstream Cohesion Policy programmes, with 21% of UIA projects offering this response (although for nearly half of projects it was too early to say).

Moreover, a **majority of three-quarter (75%) of MAs consider the UIA topics as very or fairly relevant to the priorities of their programmes**. As noted in Section 3.6.1, they are also optimistic about the transfer potential of UIA innovations and potentially interested in supporting scaling up and replication, although they cannot yet commit to specific proposals and would expect more information about UIA projects actual achievements. Interestingly, when asked about the topics most consistent with their programmes, Urban mobility comes in the first place (70%) followed by Jobs and skills (51%), Energy transition (49%), Air quality (45%) and Digital transition (40%) in the replies from MAs, suggesting some scope for new calls in the areas less represented in terms of number of projects (e.g. energy transition: 3 projects in Call 1; Urban mobility:

5 projects in Call 2). It is also worth noting that these MAs, as representative of ERDF programmes, mostly rate social-oriented topics among the less consistent (e.g. Urban poverty (28%); Integration of migrants and Refugees (7%).[103]

There are instances of UIA projects connecting with and complementing projects within European territorial cooperation ("Interreg") programmes. Respondents to online surveys (when asked to give open comments about complementarity with other EU programmes in general), chose to highlight the coherence and complementarity with Interreg; these highlighted the complementarity offered by the cross-border dimension of Interreg, with UIA having greater scope to test solutions at local level and Interreg offering the potential for knowledge transfer. The box below offers two examples of complementary between UIA projects and Interreg programmes.

Examples of complementarity with Interreg

In recent years, the City of Maribor (SI) has initiated several projects to promote the circular economy at local level, with an intention of creating a coherent cluster of activities that will complement and reinforce each other. This includes the URBAN SOIL 4 FOOD project supported by the UIA. Maribor is also a partner city of the Interreg Alpine Space GREENCYCLE project. While URBAN SOIL 4 FOOD is a circular economy project that aims to transform municipal waste into soil for urban gardening and construction material for urban redevelopment, GREENCYCLE aims to establish transnational low-carbon policy instruments in five participating cities through the introduction of circular economy practices to all aspects of urban management.[104] This also involves the creation of a Knowledge Platform to increase public awareness of the importance of a circular economy, as well as public support for the pilot projects. Furthermore, several cities within this consortium have expressed interest in reviewing the lessons from the UIA project, and possibly replicating its innovations. It is worth highlighting that both projects are also complementary with the CINDERELA project that was supported by Horizon 2020. CINDERELA aimed to address the problem of waste generated by construction and demolition activities. It focussed on developing and demonstrating a new business model (CinderCEBM) to assist companies in setting up successful circular economy businesses based on waste-to-resource opportunities. Companies were supported by a "one-stop-shop" (CinderOSS). The project was implemented by a parntership of 13 organisations from Croatia, Italy, the Netherlands, Poland Slovenia, Serbia and Spain.[105]

Another connection with Interreg is taking place in Brussels: the CALICO housing project is a Community Land Trust (CLT) initiative focused on community care and support for vulnerable communities, meanwhile the Interreg SHICC seeks to support CLTs across northwest Europe. Amsterdam, which is piloting the RESILIO climate change redevelopment project, is also benefiting from the RUMORE Interreg project. RUMORE aims to both improve the relationship between cities and natural land, and assist innovative SMEs working in lowering a city's ecological footprint. While RESILIO works on constructing "blue" and "green" roofs that can help protect homes from heavy rain, improve building insulation, and avoid the urban heat island effect across the city, RUMORE is reusing organic residual flows and developing new vegetable protein sources.

[103] See Figure 51 in Section 5.1.1 of the survey report (Annex 7)

[104] Interreg Alpine Space. (n.d.) Homepage. [online] Available at: https://www.greencycle.si/

[105] https://www.cinderela.eu/

6.2.3 Coherence with URBACT

The UIA has a high degree of coherence and complementarity with URBACT. URBACT was the EU programme most often cited by respondents to the open survey and the third most by applicants as the programme with which the UIA demonstrates most coherence and complementarity. This manifests itself in different ways, including the following.

- Participation in URBACT networks and methods can helps cities them prepare for applying to the UIA. Articles from the URBACT programme website highlight examples of UIA project promoters (Rotterdam, Bologna, Ravenna and Turin) that have benefitted in this way.[106]
- Knowledge transfer and learning from UIA projects can be facilitated through URBACT. Whilst the URBACT transfer networks were only recently launched, this offers potential through promoting networking, mutual learning and the dissemination of good practice between cities in relation to integrated solutions to common urban challenges.[107] This was supported by the comments in response to open questions in the surveys, which tended to highlight the international learning element within URBACT as a means to disseminate best practices and results achieved with projects funded by UIA. For example, staff from the UIA project SPIRE in Baia Mare (Romania) had made use of URBACT events to disseminate knowledge about its project.
- Supporting replication in other cities of UIA innovations: 25% of UIA applicant cities and 34% of cities responding to the open survey suggesting that URBACT might be the proper vehicle for that purpose. Indeed, as noted earlier, the USE-IT! project (Birmingham, UK) reported some success in replication by communicating its successes through the LUMASEC (Land Use Management for Sustainable European Cities) URBACT network, which covers a similar theme to the SPIRE project. In terms of land use, SPIRE's work concentrates on the reuse of heavy metal-contaminated land from its industrial past in two sectors: energy production for public buildings, and carbon-neutral construction and industrial materials. Just as LUMASEC welcomes the involvement of different communities and stakeholders, SPIRE aims to involve young entrepreneurs in the development of its recycled materials and energy.

The UIA Secretariat has also taken steps to support complementarity with URBACT. This has included the launch of a joint UIA-URBACT capitalisation activity on Municipal Housing Schemes at the beginning of 2020. Proposed activities focus on mapping, exchanging and disseminating emerging and existing approaches, strategies, initiatives and practices at municipal level, and considering how these link to policy design at different government levels (local, national and EU). The activity aims to push the agenda of a right to housing on an EU-wide level, and promote the work done by the EU Urban Agenda's Housing Partnership and other programmes.[108] The UIA Knowledge Management Strategy foresees the continuation of such joint capitalisation activities with URBACT as well as the testing of pilot transfer activities involving UIA projects with the support from URBACT.

[106] See: https://urbact.eu/rotterdam-urbact-urban-innovative-actions; https://urbact.eu/bologna-innovates-help-its-most-fragile-communities; https://urbact.eu/turin-european-success-story-urbact-and-urban-innovative-actions; https://urbact.eu/ravenna-redeveloping-docks-urbact-uia

[107] https://urbact.eu/urbact-glance

[108] URBACT, UIA. (2020). *Municipal Housing Schemes: Cities Engaging in the Right to Housing*. Available at: https://urbact.eu/sites/default/files/media/overview_uia_and_urbacts_joint_activity_on_the_right_to_housing.pdf

6.3 Coherence with other EU programmes

Q23. Is the UIA overall coherent with other EU programmes pursuing similar objectives? Where is the UIA positioned in relation to other EU programmes that address innovation and/or urban challenges?

6.3.1 Coherence with Horizon 2020

Horizon 2020 is the EU's Framework Programme for research and innovation for 2014-2020 with a budget of €74.8bn.[109] The programme aims to enhance Europe's global competitiveness and achieve the European Research Area (ERA) as well as the objectives of the Europe 2020 strategy relating to research and innovation. Horizon 2020 comprises three pillars: "Excellent science", "Industrial leadership" and "Societal challenges" and two additional priorities: "Science with and for society" and "Spreading Excellence and Widening Participation". Funds are allocated by a wide range of instruments and actions. Important features of Horizon 2020 include funding "all the way from lab to market", as well as enhanced business and SME involvement. Horizon 2020 thus focuses on the key players in research and innovation, namely academia, research institutions, businesses and, to a lesser extent, cities. Supported activities tend to develop scientific and technological outputs, compared to the UIA where experimentations are varied but tend to concentrate more on societal-types of changes (as shown by the typology of innovations in Section 3.1.1).

Analysis of programme documentation and data from Horizon 2020 suggests some findings regarding the coherence of that programme with the UIA.

The UIA complements Horizon 2020 through its explicit focus on local authorities and on the local territorial dimension. Although several Horizon 2020 actions have a territorial dimension and several have eligibility criteria for applicants that do not exclude local authorities, only some parts of Horizon 2020 explicitly target local authorities and innovations in or by cities as such (e.g. Smart Cities and Communities, Innovating Cities). Local authorities are eligible to participate in Research and Innovation Actions (RIA), Innovation Actions (IA), Coordination and Support Actions (CSA) and the European Capital of Innovation Award (iCapital). However, aside from the latter, these actions mostly do not directly target local authorities.

There are some similarities in objectives and ambitions in terms of deployment of tested innovations with the Smart Cities and Communities actions within Horizon 2020. This action promotes sustainable urban development through supporting new, efficient, and user-friendly technologies and services. Smart Cities and Communities Lighthouse projects implement integrated commercial-scale solutions with a high market potential, in the field of energy, transport and ICT.[110] They address the challenge of fragmented markets, lack of new business models and financing solutions, and the need for knowledge sharing and capacity building. They include a focus on scaling up and replication of smart city plans. Contrary to the UIA, Lighthouse projects concentrate on close-to-market technologies and foresee an integrated mechanism of deployment at larger scale of tested innovations of a transnational dimension: each project is implemented in lighthouse cities that are in different countries and involve at least 3 follower cities from at least 3 different countries.[111] Follower cities are cities that have not yet acquired the full technical competence to become a lighthouse city. This transnational dimension is an integral part of the Lighthouse projects and their corresponding network of cities. This model could serve as an inspiration for the UIA, for example, in any

[109] Regulation (EU) 2015/1017 of The European Parliament and of the Council of 25 June 2015

[110] https://ec.europa.eu/inea/en/horizon-2020/smart-cities-communities

[111] Imposing supported projects to would on technologies "very near-to-market"" (technological readiness levels TRL 7 and more, according to Lighthouse guidance.

consideration of how better or more systematically organise the transfer of innovations tested under the UIA to other cities.

The UIA complements Horizon 2020 through its focus on on-site testing of innovations applied to urban challenges rather than "upstream" investments in research and innovation. Perhaps more crucially than in the majority of Horizon 2020 actions, the UIA involves the testing of innovations "for real" in the local innovation ecosystem, i.e. most often in the public space with all the associated complexity (e.g. buy-in from stakeholders, legal requirements in terms of safety or privacy, etc.) with the aim of having a direct impact on targeted urban areas (e.g. improve air quality, reduce poverty, enhance urban mobility). This could be seen as another dimension of complementarity with Horizon 2020 interventions that more often require further action (e.g. commercial exploitation) before they can generate equivalent impact. Most notably, within the Societal Challenges priority (which features the highest participation of local authorities (NUTS 3) in Horizon 2020), the interim evaluation of Horizon 2020 notes that monitoring indicators relate to the "classical outputs" from research innovation projects, such as publications, patents and prototypes. Whilst such outputs are allowed under the UIA (given the freedom that projects have to determine their own output indicators), in practice more focus has been on other outputs, including investments in infrastructure or equipment that is considered essential to the innovations within UIA projects and are rarely eligible under Horizon 2020.[112]

Several UIA projects have a high degree of coherence and complementarity with Horizon 2020 projects. Horizon 2020 was the second most-cited programme by applicants (36%) and respondents to the open survey (38%) in terms of being the programme which the UIA demonstrates most coherence and complementarity. The comments in response to open questions suggested that Horizon 2020 projects and the UIA projects were coherent as they offered the potential to work on the same issues in the same city but with consortiums of different scales, knowledge and impact. The comments suggested that complementarity arose from their different roles in the innovation process, with many strands of Horizon 2020 focused on the developments of innovation through research, whereas the UIA concentrates on testing at urban scale. The interviews and the desk research also identified instances of UIA projects complementing or connecting with Horizon 2020 projects in the same territory. Two are described in the box below (see also the example of Maribor in Section 6.2.1).

Examples of complementarity with Horizon 2020

The City of Gothenburg (SE) has adoped the ambition of developing the energy solution required to be a fossil-free society and developed an Energy Efficiency Strategy with a focus on steadily reducing the carbon intensity of its electric grids. Gothernburg is one of three lighthouse cities within the IRIS proejct supported by Horizon 2020 from 2017-2022.[113]

In this role, the City has piloted a "Lighthouse District" at Johanneberg, a campus and residential area of 8,000 inhabitants to the south of the city centre. The approach includes the constructon of low-energy housing designed to use renewable energies, as far as possible. Part of the challenge includes developing management and control systems that can deal with the combination of small scale production of renewable energy (photovoltaic, wind, etc.) and large-scale supply such as from the external grid or district heating and cooling.

In parallel to IRIS, the UIA project (FED - Fossil Free Energy Districts) developed a novel district level energy system, integrating electric power, as well as heating and cooling,

[112] SWD(2017) 220, In-Depth Interim Evaluation of Horizon 2020, p.68.

[113] https://www.irissmartcities.eu/

Examples of complementarity with Horizon 2020

and integrating technologies such as photovoltaic panels, heat-pumps and wind into a larger system. There is a direct link to the IRIS project, in part because the Johanneberg Science Park (a public-private company) is one of the partners in the UIA project. With the UIA project now complete, the Horizon 2020 project offers a potential route to transfer knowledge and promote replication, given that both projects focus on energy transition and smart energy solutions in urban areas.

Milan's UIA project, OpenAgri, has connected with the Horizon 2020 REFLOW project, of which the municipality is a partner, as well as the 'Sharing the Cities' project.[114] REFLOW applies circular economy principles to municipal markets by connecting them to the urban agricultural production developed by OpenAgri; Sharing the Cities is more focused on sustainable urban mobility, and has been deployed in the Chiaravalle-Vettabia Park area, where OpenAgri is being implemented.

Overall, these findings suggest that steps should be taken to maintain the coherence and complementarity of the UIA with Horizon 2020 and its successor programme, Horizon Europe. This would include, first, maintaining the current focus of the UIA on cities (with urban authorities as the lead partner), second, further specifying the types of innovations that the UIA should focus on, in order to avoid any potential risk of duplication or overlap with Horizon 2020 and, third, enhancing synergies/interaction between UIA and pertinent Horizon 2020 projects to promote mutual learning.

6.3.2 Coherence with other EU programmes

Another important EU programme that lends itself to comparison with the UIA is the LIFE programme, which is EU's instrument to fund environmental, nature conservation, and climate action projects. One of its aims is to support better environmental and climate governance at all levels, including local actors. Projects of different sizes can be financed, which can make it more attractive to local authorities and other types of organisation. Local authorities are reported to be amongst the main beneficiaries of the LIFE programme, having been attracted by the broad range of thematic priorities, the possibility of cooperating with a large number of stakeholders and the diversity of funding models. Data on the share of funding allocated to local authorities is not available, however, public bodies received 32% in the years 2014-15.[115]

There is a high convergence of objectives and thus complementarity between UIA and LIFE+. As noted in Section 6.1, LIFE similarly to the UIA supports pilot projects that test a new potential best-practice or demonstrate a technique or a method that has not been applied or tested before. When such pilots target green transitions, as it is the case for a number of topics under the UIA (such as adaptation to climate change, air quality, circular economy, energy transition, and sustainable use of land and nature based solutions) the convergence of objectives is very high and could result in a risk of overlap if not properly handled. Characteristics of both programmes suggest that complementary prevails on this risk in view of LIFE+ focus on raising beneficiaries' administrative capacities in the handling of environmental solutions with some incentives to undertake transnational co-operation for that purpose (see Table 31) that could favour creating some bridges between UIA and LIFE+ experiences.

Amongst other things, LIFE supports the Covenant of Mayors for Climate and Energy, which provides capacity-building to local authorities to design and finance integrated strategies to reduce greenhouse gas emissions and adapt to climate risks, for example, a

[114] Reflow. (n.d.). *About REFLOW*. [online] Available at: https://reflowproject.eu/about/

[115] SWD(2017) 355, Commission Staff Working Document: Mid-Term Evaluation Accompanying the document Report on the Mid-term Evaluation of the Programme for Environment and Climate Action (LIFE)

twinning programme enabling the exchange of experience.[116] This explicit focus on capacity-building and transnational co-operation involving local authorities is complementary to the focus of the UIA on the experimentation of innovative solutions.

There are instances of UIA projects connecting with and complementing projects in other EU-funded programmes, e.g. LIFE+, CIVITAS. The evidence suggests that these are fewer in number than for other Cohesion Policy programmes or for Horizon 2020, given the smaller size and narrower focus of these programmes. A significant minority of survey respondents mentioned that the UIA demonstrates most coherence and complementarity with either LIFE+ (20% of applicants, 25% of open survey respondents) or CIVITAS (15% of open survey respondents, although only 3% of applicants).

When asked to offer a comment on their response, survey respondents highlighted the strong link between the UIA topics and those of LIFE+, which allows cities to take a strategic and holistic approach to those topics (where funding is secured from both programmes). In the case of Ghent, the UIA project (TMaas) has not specifically built on the activities of its earlier CIVITAS-funded ELAN project implemented between 2008-12.[117] However, the city reports having made use of the ELAN network to promote the replication of the UIA project by other cities within the network. Moreover, there is some potential for LIFE+ or CIVITAS to be used to replicate UIA projects, with 17% of applicants and 32% of cities responding to the survey suggesting that they might use LIFE+ for that purpose, and 5% of applicants and 14% of cities might use CIVITAS.

The fact that different EU-funded projects operate in the same territory or feature the same partners offers the potential for mutual learning. As shown in the survey report (Annex 7), the cities implementing UIA projects are typically implementing one or more projects supported by other EU programmes. However, even where the theme of projects seemed complementarity, there still might not be a specific connection. This is not necessarily a problem and there is no need to distort project implementation merely to create a connection. However, it does place the onus on project promoters to consider the possibility of promoting knowledge transfer between projects or of joint dissemination of results, where appropriate.

The box below offers one example of a LIFE+ project involving the promoter of a UIA project and city partners focusing on a similar theme and targeted outputs, though with no explicit connection between projects from respective sources of funding.

Examples of complementarity with LIFE+

The LIFE-IP CANEMURE-FINLAND project ("Towards Carbon Neutral Municipalities and Regions") project supports the implementation of Finnish climate change policy over 2018-2023. It involves seven Finnish regions and 39 municipalities, including Lahti, the promoter of the CitiCAP UIA project. One of the project objectives is to create smart low carbon mobility measures and the intended results include changing patterns of behaviour.[118]

Within the Canemure project, another city (Hyvinkää) has tested new approaches to promoting sustainable mobility, including the development of a mobile application (Säästöpäästö), which is designed to encourage cycling.[119] This has clear parallels to the personal carbon trading scheme developed by the CitiCAP UIA project, which is based on a mobile application used by citizens. Whilst there is no direct link between

[116] https://www.covenantofmayors.eu/en/

[117] https://civitas.eu/content/elan

[118] https://hiilineutraalisuomi.fi/en-US/Canemure

[119] https://hiilineutraalisuomi.fi/en-US/Canemure/Subprojects/Hyvinkaa/Lowcarbon_mobility_solutions_and_service(50538)

the implementation of the two applications, the similarity of the innovations suggests some scope for mutual learning and knowledge transfer or joint dissemination of experience, given that the City of Lahti is also a partner in the Canemure project.

7. EU ADDED VALUE

According to the Better Regulation Toolbox, "EU-added value looks for changes which can reasonably be argued due to the EU intervention, rather than any other factors".[120] In the context of the UIA, cities are free to invest their own resources (or those provided by the regional or national level, where available) in developing innovative solutions to local urban challenges. The question thus arises as to what value has been added by EU action in this field. Two issues are considered here: first, whether projects' activities would have taken place without EU funding; second, the additional value compared to what could be expected of equivalent urban policy interventions taking place only at national or regional level. The Better Regulation Toolbox goes on to note that the evaluation of EU added value brings together the findings of the other criteria, presenting the arguments on causality and drawing conclusions.

7.1 Activity taking place in the absence of EU funding from the UIA

Q24. Would project activities have taken place without EU funding?

It cannot be known for certain what would take place in the absence of UIA funding. However, broad indications can be offered in two ways: first, whether successful applicants report that they would have taken forward their projects without UIA funding; second, whether unsuccessful applications have been implemented with other funding.

7.1.1 Would selected projects have been implemented without UIA funding?

The EU added value of the UIA is reflected in the fact that only 3% of projects reported that they would have implemented most activities without UIA funding and none reported that they would have implemented all activities. In practice, the actual number might have been higher, as suggested by the experience of unsuccessful applicants (described in the next sub-section). Nonetheless, to the extent that unsuccessful applicants serve as a "control group", it is safe to assume that only a small minority of selected projects would have been implemented without UIA funding.

7.1.2 Have unsuccessful UIA applications been implemented and, if so, with what funding?

There is the potential for EU added value to arise where the UIA stimulates cities to develop innovative project proposals, which although not successful in the UIA application process (due to high demand for limited funding), can be taken forward with other funding.

The survey responses show that **the vast majority of unsuccessful applications are not fully or mostly implemented without UIA funding**. Only 8% of unsuccessful applicants reported that they had implemented all or most of their activities in the absence of UIA funding, although 55% had implemented some activities.

In the absence of UIA funding, unsuccessful applicants still rely on EU funding to implement their activities. Of those unsuccessful applicants that had implemented at least some of their activities, more than 50% used EU funding, including other Cohesion Policy programmes (18%), Article 7 ERDF (15%), Horizon 2020 (10%) and URBACT (8%). However, it is possible to consider that most activities implemented are less innovation-oriented than they would have been with UIA funding, the other funding programmes used (aside from Horizon 2020) not being specifically focussed on innovation.

[120] European Commission (2015), Better Regulation Toolbox, p.274.

Cohesion Policy programmes remain an option for many unsuccessful UIA applicants, subject to the eligibility requirements and availability of funding. As noted in the previous sub-section, some unsuccessful applicants report accessing other Cohesion Policy funding to implement their activities. Five MAs reported that unsuccessful UIA applicants had sought funding from their programmes. Of these, two MAs reported that unsuccessful UIA applications have been or are planned to be funded by their programme(s). One of these projects was reported by MAs to be implemented by the "House of Skills", a public-private partnership in the Amsterdam Metropolitan Area that is developing tools to better facilitate skills matching in the local labour market.

There may be scope to widen the access of high-scoring but unsuccessful UIA applications to Cohesion Policy programmes or EU-funded SUD strategies as a way to optimise the added value of the UIA. The rationale for this is that high-scoring UIA applications are by definition relevant to Cohesion Policy programmes, given that the UIA is funded by ERDF and addresses the thematic objectives of ERDF. For example, one option would be to offer bonus points for applications carrying a "Seal of Excellence" quality label. This option was supported by 54% of MAs in the online survey with only 22% disagreeing. The Seal of Excellence (SoE) concept has been introduced in Horizon 2020 as a quality label awarded to applications that were judged to deserve funding but did not get it due to budget limits under Horizon 2020 to help these proposals find alternative sources of funding, including from Cohesion Policy programmes.[121] The label thus recognises the high quality of the proposal and helps other funding bodies take advantage of the Horizon 2020 proposal evaluation outcomes. The effectiveness of the concept is not yet proven. The interim evaluation of Horizon 2020 highlighted a lack of comprehensive data on the number of proposals for which the SoE has allowed applicants to secure other sources of funding yet and questions the SoE's ability to effectively influence funding decisions.[122] Still, applying the SoE rationale to the UIA might prove to be less challenging than for Horizon 2020 projects as it would imply financing project proposals tuned to the same EU funding source (the ERDF) and originating from cities that may be at least partly associated to decision-making of corresponding programmes (for ERDF allocated to SUD strategies under the urban earmarking). The European Commission could thus consider promoting such a 'UIA Seal of Excellence quality label' to the Managing Authorities as an additional guarantee for them that corresponding proposals meet quality standards authorising these to being financed under their programmes.

7.2 Added value compared to interventions initiated at national or regional level

Q25. What is the added value resulting from the EU intervention, compared to what could reasonably have been expected from Member States acting at national and/or regional levels?

Q26. What would be the most likely consequences of stopping or withdrawing the existing EU intervention?

As required by the Commission's Better Regulation Guidelines, this sub-section focuses on the value resulting from EU intervention that is additional to the value that would have resulted from interventions initiated by Member States at national or regional levels. Again, in line with the Better Regulation Guidelines, this part of the analysis brings together some of the findings from the other evaluation criteria in order to draw qualitative conclusions on the performance of the EU intervention.

The UIA has given greater impetus to the implementation of the Urban Agenda for the European Union (UAEU) and increased the focus given to its priority

[121] https://ec.europa.eu/info/research-and-innovation/funding/funding-opportunities/seal-excellence_en

[122] SWD(2017) 220 final, Commission Staff Working Document, In-Depth Interim Evaluation of Horizon 2020.

themes as areas within which to stimulate innovative thinking. As stated in the text of the UAEU, the implementation of the UAEU is to take place via an informal multilevel co-operation between Member States, regions, urban authorities, the European Commission, other EU institutions and other relevant actors. One feature of the UAEU is that it does not offer additional EU funding but instead "draws on lessons learned in order to make it easier for city governments to apply for funding from all EU programmes" and also aims to "help build up an urban-policy knowledge base and promote the exchange of good practices".[123] By directly aligning the UIA topics with the UAEU themes, the European Commission has confirmed the importance of steering cities' innovation efforts toward these specific urban challenges and collectively achieving associated EU policy objectives and targets. These triggered nearly 950 project proposals that could not all receive funding from the UIA but may have been the starting point of fruitful local partnerships constituted for sake of preparing an application, and ultimately, for the few that could identify alternative funding sources, in concrete activities. These calls have also nurtured reflections and possibly actions from other cities that considered but did not apply (see Section 4.1). Moreover, the UIA has added value by providing valuable "inputs" in terms of on the ground experimentations that can provide the "lessons learned" on which the UAEU is intended to draw and support cities in its three dimensions of better regulation, funding and knowledge.

The UIA has demonstrated the value of the New Leipzig Charter principles through real-life experimentations across the EU. As noted earlier, the focus of the UIA instrument on participative approaches to sustainable urban development is consistent with the New Leipzig Charter principles of good urban governance: urban policy for the common good, integrated approach, participation and co-creation, multi-level governance. The UIA is generating some operational knowledge (see Section 5.2.2) that could contribute to codify skills, methods and innovative capabilities that cities should develop to set these principles in motion. In the absence of the UIA, Member States would still be free to support such approaches on a voluntary basis. However, the UIA adds value by further documenting how concretely these principles can be applied all across EU, i.e. in very different local, regional or national contexts.

The UIA has tested innovations that could lend themselves to wider deployment through mainstream Cohesion Policy programmes. As noted in Section 3.6.1, although unrealised at this mid-term stage of the UIA's implementation, there is potential for UIA innovations to be deployed more widely within mainstream Cohesion Policy programmes. This potential arises in large part through the fact that UIA projects are required to relate to ERDF thematic objectives (as noted in Section 5.2.2) and thus even if more emphasis should be given to such an obligation in any UIA successor programme to prioritise projects with highest potential to be scaled up and transferred with programmes supported by the ERDF, as the funding source of the UIA. Whilst Member States could choose to test such innovations through programmes they are in charge of at national or regional level, the UIA has added value by providing funding for the testing phase, bearing the cost for an inherent risk that traditional programmes would be less willing to assume. It makes available proof-tested solutions implemented in fourteen different policy areas and in 18 Member States, which can benefit Managing Authorities or cities implementing ERDF Article 7 SUD strategies in two ways: by providing examples of solutions that might merit in scaling-up or replication in other territories; or simply by providing inspiration for the design and implementation of programmes.

The UIA has offered the potential for transnational knowledge transfer and replication. This potential arises in part by design, i.e. through the selection of innovations with potential for transnational transfer, although it is recognised that such a strategic objective could have been better weighted in the selection procedure

[123] https://ec.europa.eu/info/eu-regional-and-urban-development/topics/cities-and-urban-development/urban-agenda-eu_en

(representing only 10% of the strategic assessment rating so far) and receive more substantial funding for that purpose during implementation (i.e. €20,000 of which €15,000 from ERDF in the current set up). To compensate for this weakness, the Entrusted Entity and European Commission have focused part of UIA's Knowledge Management Strategy adopted in 2020 on the design and testing of knowledge transfer mechanisms to be made available to UIA cities, including with the support from partner programmes (i.e. URBACT), that could be systematised in the future. In the absence of the UIA, cities would be free to test and adopt innovations from elsewhere if they wish so. However, the UIA has added value by focusing on experimentations not only valid within their local context but having the potential to be transferred to other urban localities across Europe. This added value could be maximised by making the transfer step a more integral part of projects in the future (taking inspiration from other EU programmes, such as smart cities and communities Lighthouse projects financed under Horizon 2020).

The UIA has enabled cities to experiment on an equal footing regardless of the strength of their national innovation contexts. There is wide recognition of the disparities in innovation performance and in the level of research and development investments between EU Member States. For example, a European Commission report highlights that public investments in research and development (as a percentage of GDP) are high in countries such as Denmark, Sweden, Germany, the Netherlands, Austria and France, whilst they are low in countries such as Romania Bulgaria, Hungary and Croatia.[124] In this context, cities in countries with low levels of public investments in research and development might struggle to access the funds to innovate. However, the UIA has added value by providing funding on an equal basis for cities regardless of the strength of their national innovation context. As shown in Section 4.1.4, the UIA is supporting cities in all types of innovation contexts, i.e. countries categorised as "innovation leaders", "strong innovators", "moderate innovators" and "modest innovators" according to the European Innovation Scoreboard.[125] In the absence of the UIA, the risk would be that innovations would take place mostly in cities in countries categorised as innovation leaders or strong innovators.

The UIA has given an opportunity for urban authorities to lead local innovation processes irrespective of the role that they would otherwise play in their endogenous innovation ecosystems. Making them the sole eligible applicants for funding, the UIA has given to cities an opportunity to take a leading role in the design and implementation of innovative processes that they may not naturally have in their respective national environments. As noted in Section 3.6.2, this opportunity might not have been seized by all cities implementing UIA projects if judged from the funding ratio these were responsible for. Still, for all of them, implementing UIA projects meant being part of local innovation alliances encompassing a wide diversity of public and private actors as well as the civil society that could turn to be the most sustainable component of the UIA experiences, beyond the lifetime of the projects themselves (see Section 3.4.2) and could thus raise their innovation profiles in the long run. The added value of the UIA has been to offer cities across Europe the chance to innovate, including in places where their role might not be seen yet as that crucial and research and innovation a reserved sphere of other institutional stakeholders (research institutes, academia, business associations, agencies, etc.) or the private sector. This form of added value at European level could be maximised in the future through greater emphasis being made in the selection procedure and in knowledge capitalisation activities on cities' innovation capabilities that are targeted by and enabled by the UIA. It would allow to further structure the EU policy response around enhancing these urban innovation capabilities in other cities across Europe,

[124] European Commission (2020), Spreading Excellence & Widening Participation in Horizon 2020 - Analysis of FP participation patterns and research and innovation performance of eligible countries

[125] https://ec.europa.eu/growth/industry/policy/innovation/scoreboards_en

ultimately improving their ability to programme and use Cohesion Policy funds, and beyond, to offer required services to their population in an optimal way.

In the absence of the UIA, the development and testing of innovations to tackle urban challenges would continue to take place, including possibly with the involvement of urban authorities, but with reduced focus on common EU policy priorities and lower potential for transfer and knowledge dissemination within and across different Member States, in particular under Cohesion Policy. With its budget of €372 million of ERDF over the period 2014-20, the UIA represents a very small share of public and/or private resources dedicated all over Europe to research and innovation focusing on urban challenges. It will be called to realise its full impact precisely if these public and private investors at local, national or EU levels take over financial support for the wider deployment of the solutions tested and proved successful. For the end of the UIA's delivery cycle, it will be one of the objectives of the Knowledge Management Strategy endorsed by the Commission and the Entrusted Entity to support project promoters in this sense, with Cohesion Policy programmes as the first target to realise this multiplier effect.

In the absence of the UIA, other EU programmes offering support for innovation as their first goal and in much bigger financial volumes would remain accessible by local authorities, notably certain parts of Horizon 2020 (most notably within the Societal Challenges priority and the Smart Cities and Communities action). This funding is significant, for example, with local authorities potentially accessing more than €550m from Horizon 2020 during 2014-2020. But access to such funding is dependent on cities competing with other and more direct players in research and innovation, contrary to the UIA that was guaranteeing them having a role to play within wider local partnerships for innovation. Programmes of such nature might exist at national or regional level in some countries although the feedback received from urban practitioners in the frame of the present assessment tend to present the UIA as relatively unique in this form and more facilitative of innovation by cities than many other funding streams (see Section 3.6.2). Part of its EU value added in the future could be maximised by more systematically focusing on cities innovation function while other EU funding sources (including Cohesion Policy) would continue to prevail for wider investments needs of Europe's research and innovation ecosystem. In its renewed format, as part of the European Urban Initiative 2021-27, resources dedicated to urban innovative actions will remain modest in comparison to these other funding streams. It will thus be crucial to further define its special focus on certain types of innovations and capabilities in an increased synergy with other EU programmes, including Cohesion Policy, focusing on similar and/or complementary objectives in other to maximise its added value and impacts.

8. CONCLUSIONS AND RECOMMENDATIONS

8.1 Conclusions

As required by the Terms of Reference, the main conclusions of the assessment are presented according to the assessment criteria and in the form of answers to the main assessment questions. As explained in the methodology (see Section 1.3), these findings, to the extent possible at this mid-term stage of the UIA, are based on factual evidence gathered from programme and projects' data and completed by stakeholders opinions collected from online surveys, case studies and interviews, especially when it comes to analysing a potential that is due to materialise in the future.

8.1.1 Effectiveness

To what extent is the UIA achieving its objectives and known as an opportunity to innovate? What approaches are (in)effective? What are the key success factors and lessons learned?

The UIA has supported a considerable diversity of experimentations and there is evidence of solid achievements in the case of projects in Calls 1 and 2, although effects cannot be assessed in full at this mid-term stage of UIA's delivery cycle. The UIA projects feature many different types of innovations involving the development and testing of new products, processes or services, new ways to engage target groups, new ways to mobilise citizens or stakeholders and/or new forms of delivery. Projects have mobilised, through the partnership working principle, local alliances that could last and bring extra benefits on the long run on the innovation ecosystem dynamics. Across Calls 1 and 2, most of the projects that were the subject of an expert assessment within this assignment (81%) look likely to complete most or all of their intended activities, and to achieve most but not all of their results and outputs. Call 3 and 4 projects are at an earlier stage of implementation but most project co-ordinators (84%) report that their projects are being implemented fully or mostly according to plans. Survey results show that the UIA Initiative is visible and known and well understood by cities as an opportunity for them to innovate in line with its intervention logic.

The effects of the UIA cannot be assessed against pre-defined categories of urban innovation or standardised performance indicators. The instrument was not prescriptive in terms of the intended types of innovations, intended outputs or key performance indicators. This adds to the inherent challenge in measuring public sector innovativeness, especially in the urban development context, as acknowledged by the wider literature. However, the experience of the current UIA projects is showing the potential to develop a more explicit typology of urban innovations, which could orientate the design of future calls or guide the articulation of key performance indicators and thus reinforce coherence and complementarity with other EU programmes targeting innovation (see coherence below). Moreover, most projects are not focused on a single innovation but instead acknowledge that each aspect of urban life is inter-connected. In this way, experimentations under UIA demonstrate new forms to apply the EU principles of good urban governance enshrined in the New Leipzig Charter (policy for the common good, integrated approaches, multi-level governance, place-based approaches, participation and co-creation).[126]

Projects featuring a high allocation of their budget for investments in infrastructure and equipment are those presenting most natural interest from ERDF perspective but tend to feature higher risks to delivery and to their timescales. Of the 75 projects, such expenditure accounted for more than 50% of

[126] The New Leipzig Charter: The transformative power of cities for the common good was adopted by Ministers from the EU27 Member States at the Informal Ministerial Meeting on Urban Matters of 30 November 2020.

budgets in 16 projects, 25-50% in another 28 projects and less than 25% in the other 31 projects. There is a clear correlation between expenditure on infrastructure and equipment and risks in implementation, such as delays in public procurement procedures, in recruiting staff, obtaining construction permits and/or in construction works. Some challenges faced are inherent to such investments, suggesting a certain predictability that could thus have been better anticipated, which may suggest a need for a revision of the operational assessment of project proposals and more robust preparation at the outset. These risks are all the more significant when envisaging the longer term effects of the UIA, given that ERDF has a strong (albeit not exclusive) focus on infrastructure and equipment, meaning that such risks may hinder the potential for scaling up and replication of UIA innovations, if not adequately addressed.

The UIA offers the potential for wider, long-term impact on sustainable urban development and Cohesion Policy and beyond through a multiplier effect brought about through sustainability, scaling up, knowledge transfer and replication of innovations, but this potential remains unrealised at this mid-term stage of the Initiative. This potential arises first from the complementarity between the UIA and current sustainable urban development (SUD) strategies and programmes supported by the ERDF, as well as from the consistency of UIA topics with Cohesion Policy objectives for 2021-2027 (see "Relevance" and "Coherence" below). It also manifests itself in the stated interest in scaling-up and replication expressed by cities and MAs. Many of the activities and core innovations within Calls 1 and 2 have potential to be sustained, but this very much depends on their nature and predictability of prospects to continue with these activities, making crucial the early identification and securing of dedicated funding. This aspect should be systematically addressed in project design and assessment. There is indeed noticeable uncertainty surrounding the sustainability and scaling up of projects: of the projects in Calls 1 and 2 that were the subject of an expert assessment within this assignment, fewer than half were likely to fully (18%) or mostly (23%) sustain or scale up their activities. This proportion is consistent with projects' prospects across the four calls: fewer than half of projects (46%) responding to the online survey were certain that their experiences will be scaled up. Nonetheless, there are examples of innovations having been or likely to be scaled up and/or replicated, thus demonstrating the potential multiplier effect of the UIA. The main obstacles to replication relate to the practicalities (e.g. funding, transfer mechanisms) or the broader context rather than to the inherent value in or potential for replication. Indeed, whilst the current UIA design provides some support and funding for knowledge transfer, this is relatively limited and the initiative as a whole lacks a structured approach to supporting transfer and replication.

8.1.2 Efficiency

Has the UIA Initiative been implemented efficiently? Are the benefits achieved at a reasonable cost? What are the key success factors and lessons learned?

The application and selection processes are mostly operating successfully in terms of attracting a high number and diversity of applications meeting UIA quality standards and in terms of the satisfaction of applicants. The four calls have attracted a high volume, quality and diversity of applications from cities of varying sizes across the EU, albeit with some imbalance as concerns the geographical origin of proposals, suggesting a need to encourage more cities to apply in some Member States. The calls have also resulted in a diverse selection of projects rated with a high innovativeness and good coverage of all UIA topics. The level of competition relative to funds available has been higher than for other EU programmes focussed on innovation (reflected in a success rate for eligible applications of 9% compared to 12% in Horizon 2020). There is a high level of satisfaction amongst applicants with most elements of the application and selection process (most notably the description of topics and the rules relating to eligibility of authorities) and with support and feedback provided, although there are some challenges around the time taken to complete the selection process, which

has tended to take longer than comparable programmes. For example, the average time-to-grant (i.e. elapsed time between the call closing date and the official project start date) was 255 days within the first four UIA calls[127] compared to 192 days across the whole of Horizon 2020.[128]

There is a possible need to revise the selection procedure and criteria in the view of a stronger articulation of the intervention logic of the UIA and to reduce overlap between the strategic assessment (SA) and the operational assessment (OA) of proposals. The criterion of innovativeness could be strengthened by giving consideration to the types of innovations that should be prioritised, the role to be played by local authorities and the types of projects that more obviously lend themselves to scaling up and replication by mainstream ERDF programmes. The merits of proposals relative to their geographical context might also deserve specific consideration. Nonetheless, there is a need to introduce the sustainability of innovations into the selection criteria and to separate transferability and scaling up as two distinct concepts.

There is a possible need to revise the selection criteria and the weighting given to them in order to strengthen projects' readiness and their potential for long-term impact. Analysis undertaken for this assessment has not established any significant correlation between OA scores received by proposals during the selection procedure and smoothness in delivery. Moreover, lengthy initiation phases and delays in implementation for some projects, as well as uncertainty as to whether these will achieve all their intended outputs as planned and on time have been observed. This might suggest the need to better consider operational readiness when selecting projects and to strengthen it during the initiation phase. Overall, there is a need to strengthen the operational assessment of proposals or for some applicants to have more time to develop their workplans. This might be best addressed by revising the operational assessment criteria, by separating more clearly the strategic assessment from the operational assessment or by exploring the merits and feasibility of evolving toward a "two-stage" application procedure taking inspiration from other EU programmes.

8.1.3 Relevance

To what extent is the UIA initiative relevant to urban challenges?

The UIA topics are demonstrably relevant to the challenges facing cities and citizens, as evidenced by the literature and overwhelmingly by stakeholders' responses to the surveys. The vast majority of UIA applicants (97%) and other stakeholders (88%) believe that the UIA topics are relevant to cities. The relevance of topics is also an important motivation for applicants to apply. Overall, the survey responses provide a solid ground for continuing with the well-accepted concept of calls defined at the EU level in the light of emerging priorities and trends (e.g. thematic pointers of urban policies for the common good; green and digital transitions, resilience and recovery from COVID-19 crisis, etc.).

The UIA topics are relevant to broader EU policy objectives. The topics covered by the UIA are, by definition, relevant to the Urban Agenda for the European Union (UAEU) having been defined by the European Commission precisely in this way. The UIAs topics remain relevant to the objectives of the New Leipzig Charter in its three dimensions of the just city, the green city, the productive city and underlying urban governance principles (place-based, integrated, participatory approaches). By design, the UIA topics are relevant to the ERDF thematic objectives, although this relevance is not explicitly referred to in the calls nor seem to have played a significant role in the selection of projects. Last, the UIA topics for the first four calls are clearly relevant to the objectives of Cohesion Policy for

[127] The actual signature of the UIA grant agreement takes place at the end of the initiation phase, which can be up to six months after the official project start date. See Section 0.

[128] SWD(2017) 220 final, Commission Staff Working Document, In-Depth Interim Evaluation of Horizon 2020.

the 2021-2027 period, to the strategic priorities of the European Commission for 2019-2024 and to the United Nations Sustainable Development Goals (SDGs), to which the EU is committed, confirming the potential of the UIA to continue to feed EU policy response in the years to come.

Selected projects are relevant to urban challenges and broader EU policy objectives although their value added for Cohesion Policy could be better weighted in the selection procedure. Relevance of projects has been ensured through the focus on topics that are consistent with the priority themes of the UAEU. The selection process has resulted in a good spread of projects across the different topics. Innovative investments in infrastructure in particular address a proven need of cities and are naturally the most relevant, for scaling-up or replication, with ERDF funding, although these have not been always prioritised by UIA projects as previously stated. Relevance of projects to ERDF thematic objectives is an UIA requirement documented in the application process that gives useful indications on where complementarity with ERDF programmes could be highest (see "Coherence" below). How this requirement is valued in the selection procedure is less evident, since it was not explicitly weighted by reference to a specific criterion or sub-criterion. This suggests a need to recalibrate its function in the assessment of project proposals in the future.

The design of the UIA instrument is relevant to and valued by cities. The opportunity to test ideas and innovate is a particularly relevant feature of the UIA for applicant cities, whilst key parameters such as the limit of €5 million EU funding and the minimum population size of cities or associations/groupings thereof (at least 50,000 inhabitants) are seen as appropriate. The online surveys show that most respondents, applicants but also other local authorities and stakeholders, would support keeping these key parameters unchanged, and the analysis highlights the advantages in doing so, i.e. maintaining a focus on urban areas with projects of a sufficient critical mass and beneficiaries financially and technically equipped to administer them. Cities greatly appreciate the design of the UIA rules, as they are seen as more facilitative of innovation during implementation (advance payment of ERDF, budget flexibility, simplified cost options and possibility to make project changes, etc.) than many other funding streams. In this way, the design of the instrument appears to allow the possibility to innovate in a way which is less administratively burdensome in comparison to some other funding sources.

8.1.4 Coherence

Are there any issues of coherence between the UIA and other measures with similar objectives?

The UIA selection process is consistent with other comparable EU programmes (e.g. Smart Cities and Communities lighthouse projects within Horizon 2020, LIFE pilot projects) in requiring applications to focus on one main topic but differ in their focus on urban authorities. Unlike the other programmes, the UIA processes are very specifically targeted on urban authorities working to address challenges in their local context, albeit in partnership with other stakeholders. The other programmes all have a wider cohort of eligible applicants and they either require or reward the integration of transnational co-operation into project activities.

The UIA is generally coherent with and complementarity to other EU programmes within EU Cohesion Policy and other EU programmes that promote innovation. The UIA demonstrates coherence in terms of objectives and complementarity by virtue of its design, activities and ERDF thematic objectives addressed with Cohesion Policy programmes (including Interreg programmes, Sustainable Urban Development strategies supported under Article 7 of the ERDF Regulation). In contrast to other EU programmes (outside Cohesion Policy) focusing on innovation, the UIA is very specifically targeted on

local authorities working in partnership with other stakeholders to test innovations "for real" in one single local innovation ecosystem, i.e. onsite and/or at urban scale with associated complexity (buy-in from residents and stakeholders, legal requirements in terms of standardisation, safety, data protection, etc.). There may be scope to increase the complementarity with these EU programmes focusing on innovation by better defining the types of innovations intended to be supported specifically by the UIA. At local level, there are numerous instances of UIA projects being complementarity to projects funded by other EU programmes but the mere fact of different EU-funded projects operating in the same territory as UIA projects does not necessarily lead to the exploitation of potential complementarities.

The UIA has supported innovations with the potential to be scaled up or replicated by mainstream ERDF programmes, although the extent of that potential varies from project to project and is largely unrealised at this mid-term stage. This mostly unrealised potential so far (see "Effectiveness" above) is evidenced by a high degree of thematic compatibility between UIA topics/projects and the priorities of SUD strategies financed by the ERDF in the current period as well as with Cohesion Policy objectives 2021-2027. Notably, 69% of UIA projects take place in cities that implement SUD Strategies that are often thematically compatible and thus might offer potential to support the scaling up of their own UIA projects. Some UIA investments in infrastructure or equipment might be particularly suitable for mainstreaming, where they are exemplary of the types of investments supported by ERDF, for example, the 21% of UIA projects (16 out of 25) that have committed more than 50% of their budgets to investments in infrastructure and equipment. Encouragingly, MAs from ERDF programmes supporting sustainable urban development show some openness to supporting the scaling-up (56% of MA responding to the online survey would consider it) and replication (40% of MAs responding would consider it and another 3% were planning it) of UIA innovations, although for some it is too early to consider concrete support and they would need more knowledge about UIA projects and their achievements. To increase MAs' knowledge of UIA innovations and help them prepare for the next period, there may be some merit in organising EU-level knowledge transfer activities specifically targeted at MAs and Cohesion Policy stakeholders, as part of a more structured approach to knowledge transfer and replication at programme level. There is scope for increasing the potential for scaling-up or replication of investments in Cohesion Policy programmes 2021-2027 (see "Recommendations" below).

8.1.5 EU added value

What is the EU added value of the UIA?

The UIA has strengthened the overall EU policy response to the challenges facing urban areas. Evidence to date shows that the UIA has offered a unique opportunity for cities to innovate and is thus meeting a demand that is not fully addressed by other programmes. The UIA has increased the focus given to the priority themes of the Urban Agenda for the European Union (UAEU) as areas within which to stimulate innovative thinking and has helped to steer cities' innovation efforts toward these specific urban challenges. The UIA has also has demonstrated the value of the New Leipzig Charter principles through real-life experimentations across the EU.

The UIA has tested innovations that could lend themselves to wider deployment through mainstream Cohesion Policy programmes, offering the potential for transnational knowledge transfer and replication that should be systematised in the future through dedicated transfer mechanisms and appropriate funding. As stated above (see "Efficiency"), cities from countries that did not succeed to be represented in the UIA to date should be encouraged to apply to further improve in the future the geographical coverage of urban diversities accross the EU. Still, the UIA has already enabled cities to experiment on an equal footing regardless of the strength of their varied national

innovation contexts in not less than 18 Member States, a representativeness that has been increasing call after call. It has also provided an opportunity for cities, as the sole eligible applicants, to lead local innovation processes irrespective of the role that they would otherwise play in their endogenous innovation ecoystems. In the absence of the UIA, the testing of innovative solutions to tackle urban challenges might have still taken place, but with lesser focus on common EU policy priorities and lower potential for transfer and knowledge dissemination within and across different Member States.

At project level, the most important form of EU added value is the opportunity for urban authorities to test new ideas and to lead local innovation processes in collaboration with other actors. This is evidenced by the programme being almost unique amongst EU programmes in targeting cities in this way, giving them the opportunity to lead local innovation processes. Although this opportunity to be in the lead may not always have been fully seized by all cities (see Section 3.6.2), the UIA has enabled the setting-up of local innovation alliances involving them and that could last over time. In the long-term, this might also allow urban authorities to be a key player in local innovation ecosystems, if appropriate innovation capabilities identified in the assessment are further built upon at EU level in the future. Such an added value is also evidenced by the fact that the vast majority of unsuccessful applications have not been implemented without UIA funding and none of the selected projects reported that they would have implemented all their activities without EU funding.

8.2 Recommendations

1. The successor programme - European Urban Initiative 2021-2027 - should retain the fundamental elements of the UIA instrument.[129]

It is recommended to ensure a certain stability of rules and procedures which are well accepted and understood by applicants and beneficiaries (e.g. the processing of calls on urban challenges of relevance at EU level based on predefined selection criteria, eligibility standards for urban authorities, the limit of €5 million per project), or seen by them as creating the favourable conditions to successfully implement innovative projects (for example, advance payment of ERDF, budget flexibility, simplified cost options and/or simplified rules on state aids).

2. Enhance the UIA intervention logic by better defining targeted impacts and the types of innovations and/or urban innovation capabilities pursued, possibly taking inspiration from the guiding urban principles endorsed in the New Leipzig Charter.

The current assessment has suggested a more explicit typology of urban innovations, which could guide the design and implementation of any successor programme. Such innovations could be thematic, as in the current UIA, or more cross-cutting in line with the principles of the New Leipzig Charter (policy for the common good, integrated approaches, multi-level governance, place-based approaches). They could also relate to ways to further empower cities and citizens. Definition of outputs and key performance indictors in the calls could also help both to aggregate results from projects focusing on a given area and to enable building scenarios on potential impacts from successful experimentations rolled out at a larger scale. However, outputs and indicators should not be so narrowly-defined that they stifle the innovativeness of proposals. There is also a need to increase the focus on urban authorities (for example, through the selection criteria) given that they have not always played the central role in the innovation process, despite being the only eligible applicants. The above-mentioned orientations would not aim only at enhancing innovative

[129] In the next programming period 2021-2027, the UIA will become an integral part of a novel instrument under Cohesion Policy, the European Urban Initiative (EUI). The initiative will aim to offer more coherent support to cities to overcome the current landscape of manifold initiatives, programmes and instruments in support of cities under Cohesion Policy (see Section 2.1).

actions per se, but also at increasing their complementarity with other EU programmes targeting other actors and/or stages of the innovation process, and more fundamentally their added value for sustainable urban development under Cohesion Policy (and the ERDF in particular).

3. The successor programme - European Urban Initiative 2021-2027 - should have a strengthened focus on and support for sustainability, scaling-up and transfer of successful innovations developed by funded projects.

Greater focus could be provided in the selection process by introducing the sustainability of innovations into the selection criteria and by separating transferability and scaling up as two distinct concepts. It might also be necessary to give greater priority to applications in which the proposed innovative ideas would naturally lend themselves to scaling up and replication through mainstream ERDF programmes, such as those that feature significant investments in sustainable infrastructure and/or equipment. There may also be a need to introduce new mechanisms to support transfer and replication. This could include more structured support for knowledge transfer once innovations have been tested, for example, along the lines of the URBACT model. It might also include a more structured approach to supporting replication, which is embedded in the future UIA delivery cycle, e.g. taking inspiration from the Widening Actions' Teaming or Smart Cities and Communities Lighthouse models within Horizon 2020. This could include funding to address the needs of potential replicator cities for mentoring, guidance, and technical assistance and to meet any costs of the UIA partners that exceed the existing budget for knowledge transfer activities. Replicator cities would acquire the competences necessary to raise their innovation profile and replicate the solutions tested in lead cities. A modest amount of funding might bring them to the point at which they could make a credible proposal but part of their duty in return for participation would be to identify the funding necessary for the actual replication (e.g. from Cohesion Policy programmes). From making more systematic and concrete the efforts for transfer, such an option would increase the chances to create the desired multiplier effect and spread tested innovations more widely across Europe.

4. It is recommended to revise the UIA selection and implementation process with a view to improving the operational readiness of projects.

It is recommended to revise the operational assessment and perhaps the selection process more generally. As a minimum, overlaps between the operational assessment (OA) criteria and strategic assessment (SA) criteria should be addressed. Different options could then be explored, such as: a minimum threshold for OA scores (below which no project would be selected), a revision of the relative weighting of the SA and the OA (so that projects with operational weaknesses cannot be selected solely on the basis of a strong SA score), or "elimination criteria" (so that any application failing to meet them would be rejected regardless of their other merits).

It might also be worth exploring whether a "two-stage" application process following the example of other programmes, such as the Widening Actions' Teaming under Horizon 2020 or LIFE+, would improve the operational readiness of projects and ultimately, their impact. A first stage would involve the selection of the most promising ideas on a given topic based on a short proposal assessed against strategic assessment criteria. The promoters of those projects would receive funding to further develop their innovation concepts and bring them to the required level of maturity within a short period of time (e.g. 6-12 months). The second stage would involve an operational assessment of these more developed innovation concepts and their detailed workplans ending with the shortlisting of the strongest applicants from the first stage for the full roll-out of demonstration projects, mature for experimentation at real scale and possibly with the greatest scaling-up and transfer potential. These workplans would also contain draft investment plans for scaling up and replication, including the intended funding sources, whether from mainstream Cohesion Policy programmes or other sources. The aim would be to reserve most funding for

proposals that require less preparation at the initiation phase, are less likely to face undue delay or require major changes during implementation, and have greater potential for impact. This option could also have the merit of allowing the identification of the most promising ideas based on a simpler procedure for applicants. These would not be penalised for maturity reasons at the start but receive seed funding to develop their concept, with the view to get funding for more substantial investments (including possibly into transfer partnerships, see previous recommendation) if credible for a stage 2, or to be discontinued if the concept is inconclusive and not ready to be implemented in a timeframe compatible with requirements from the programme. The merits of such reengineering of the selection procedure would nevertheless have to be further assessed against possible pitfalls, including the potential repercussions on management and control proceedings and associated risks, or extra-administrative costs and/or delays generated.

5. Steps should be taken to optimise the UIA's added value for Cohesion Policy.

The potential for scaling up and replication through Cohesion Policy programmes could be increased by organising UIA calls for proposals by Cohesion Policy objectives 2021-2027 and by adapting UIA selection criteria so that they favour applications with potential to be scaled up and/or replicated under Cohesion Policy programmes and in particular ERDF mainstream and Interreg programmes. Awareness-raising on UIA calls could also be reinforced by making a better use of Cohesion Policy programmes' communication channels, possibly increasing participation in some Member States and attracting proposals that better reflect the geographical diversity of urban innovation contexts across the EU. It may also be possible for the European Commission to take a pro-active role in engaging with Managing Authorities (MAs) during negotiations to accommodate the text of future mainstream and Interreg programmes and/or to organise their internal procedures to enable support for scaling up or replicating UIA innovations. MAs might indeed be called to offer incentives (e.g. bonus points) in their programmes' selection criteria and procedures for UIA projects seeking funding for scaling-up and replication or even for unsuccessful but high quality UIA applications (that could not be funded due to budget limitations of UIA), by ways such as a "Seal of Excellence" possibly attributed in the future for that purpose by the Commission or the UIA/EUI Entrusted Entity. Knowledge transfer from UIA projects should also be organised more systematically and lead to the development of an offer on capacity building activities for urban authorities and other entities benefiting from Cohesion Policy programmes as part of the global support function from the EUI 2021-2027.

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