Terms of Reference (ToR) for the Third Call for Proposals

Specifications and Requirements for the Interreg CENTRAL EUROPE Third Call for Proposals

15.10.2024

1. Preamble

This document outlines the terms and conditions that apply specifically to the third call for proposals launched by the Interreg CENTRAL EUROPE (CE) Programme. Further information on rules and requirements to be observed when applying for Interreg CE funding can be found in the programme manual. **The knowledge of both documents is essential for developing and submitting a project proposal**.

This document is part of the **"Application Package for the Third Call for Proposals"**, which is available at this link. The application package consists of:

a. Terms of Reference (ToR) for the call (this document);

b. Offline template of the application form, providing guidance on how to fill-in and submit the application form;

c. Lead Partner and Project Partner declaration templates;

d. Simplified financial statement (applicable only to private lead applicants);

e. Template of pitch deck for hearings.

Further information and guidance on the application process can be found in video tutorials and other support measures developed by the programme with the aim of supporting applicants in designing and submitting their project proposals (see also § 10 in this respect).

2. Objectives and Focus of the Call

After two calls for proposals, through which 100 projects were funded, the third call has a specific territorial and thematic focus and will fund "small-scale projects" (see § 4).

The overall aim of the call is to:

Pioneer solutions for making peripheral and lagging areas more attractive

2.1. Territorial Focus of the Call

Territorial challenges

The central Europe territory is characterised by structural differences and economic disparities between different types of regions, notably more advanced and industrialised areas (e.g. capital regions, metropolitan areas) and deprived areas (e.g. peripheral areas including inner peripheries, rural areas which are lagging behind). The latter are characterised by lower competitiveness and shrinking populations, and they face many different challenges in relation to economic development, connectivity, demographic change and social cohesion. Furthermore, there are significant disparities in the quality of governance and public services. For more information on such challenges please refer to the Interreg Programme (IP) document and the preparatory territorial analysis, available on the programme website (www.interreg-central.eu/documents).

Strategic framework

The need for counteracting inequalities between places and living conditions of people is highlighted in several European policies and initiatives including the Territorial Agenda 2030 (TA 2030) which aims at a sustainable future for all places and people in Europe and calls for cooperation and coordination between territories, different levels of government, policy sectors and societal groups. The TA 2030 includes several pilot actions[1], which serve as test cases for putting its objectives into practice, such as "Small places matter" and "A future for lagging regions", which are of particular relevance for the call. Lessons learned and experiences of the TA 2030 pilot actions may serve as valuable input for projects to be implemented under the third call.

Territories to be addressed

The third call intends to unlock the development potentials of peripheral and lagging areas. In order **to qualify** for the territorial focus of the call, areas to be targeted by projects have to show **one or more** of the following **characteristics**:

- Low economic potential;
- Poor access to services of general interest (SGI)[2], often affected by demographic change;
- Lack of relational proximity, decline in significance, influence or connectivity.

Such characteristics consider both spatial and socio-economic aspects of peripherality as well as functional relationships and links with other areas. In line with the above definition, areas to be addressed by projects of the third call may be identified in rural areas but may include also urban areas which are lagging behind in terms of socio-economic development.

The **scale or size of areas** to be targeted can vary depending on the project goals, for example ranging from local neighbourhoods (e.g. suburbs), city districts, villages and rural communities, small- and medium-sized towns or entire regions which suffer from peripherality or lag behind.

The above characteristics of peripherality and lagging areas are of qualitative nature, therefore the call does not set any restriction on the eligibility of regions to be targeted by projects. Applicants have to demonstrate in the application form that the areas specifically addressed by their projects are relevant for

[1] https://territorialagenda.eu/pilot-actions/

[2] As defined in the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A Quality Framework for Services of General Interest in Europe, COM(2011) 900 final (1_EN_ACT_part1_v7.doc (europa.eu)). The low access to SGIs can cover for example transport, education and training, health and care, social life etc.

the territorial focus of the call, notably that they are clearly matching with one or more of the three characteristics listed above.

The coherence of submitted proposals with the territorial focus of the call will be assessed through a dedicated quality assessment sub-criterion under the “Relevance” criterion (see Table 4 under § 8).

2.2. Thematic Focus of the Call

Within the third call for proposals, project applications can be submitted **exclusively** under the following four programme Specific Objectives (SOs):

- SO 1.2 Strengthening skills for smart specialisation, industrial transition and entrepreneurship
- SO 2.5 Greening urban mobility
- SO 3.1 Improving transport connections of rural and peripheral regions
- SO 4.1 Strengthening governance for integrated territorial development

The description of programme priorities and objectives, together with exemplary actions, is provided for in chapter 2 of the IP document, available on the programme website (www.interreg-central.eu/documents).

3. Budget of the Call

The indicative allocation of budget from the European Regional Development Fund (ERDF) to the third call for proposals amounts to **14 million EUR**, with an indicative ERDF budget allocation to the four programme priorities as presented in Table 1. When selecting projects to be funded, such allocation may be adapted by the monitoring committee (MC) according to programme needs.

Table 1: Indicative ERDF allocation per priority

Programme priority	Indicative ERDF allocation (m EUR)
1. Cooperating for a smarter central Europe	5,6
2. Cooperating for a greener central Europe	2,1
3. Cooperating for a better-connected central Europe	2,1
4. Improving governance for cooperation in central Europe	4,2
Total	**14**

The ERDF co-financing rate is 80%. Beneficiaries shall ensure the necessary contribution to finance their activities.

The ERDF co-financing budget may be reduced in case of State aid relevance of project activities, in compliance with relevant rules on the matter (see also chapter I.4.4.3 of the programme manual).Moreover, in the specific case of ERDF budget granted to partners as State aid under the General Block Exemption Regulation, and where Value-Added Tax (VAT) is recoverable under national VAT legislation, eligible costs incurred on a real-cost basis will be reimbursed net of VAT.

4. Project Features – Small-Scale Projects

The third call for proposals aims at funding **"small-scale projects"**. Such projects should be shorter and have a lower budget compared to classic projects funded within the previous calls. They shall focus on local and/or regional actions with a strong stakeholder engagement to promote good governance through inclusive and participatory processes, on supporting socio-economic transformation by developing human capital and improving connectivity and governance in the concerned territories.

The characteristics of small-scale projects are outlined in the following table.

Table 2: Characteristics of small-scale projects

Project intervention logic	Differently from specifications on project features as outlined in chapters I.3 and II.2 of the programme manual), the following specifications apply to small-scale projects in this call: ▪ Project work plan: limited to **maximum 2 work packages**. ▪ Project objectives: ○ Must be clearly aligned with the specific thematic and territorial focus of the call (i.e. address the thematic scope of the targeted SO and put **particular emphasis** on territorial challenges of peripheral and lagging areas). ○ Must be focused, with **maximum 2 project specific objectives** (one per work package) ▪ Pilot actions: ○ The implementation of **at least one pilot action** (and related solution) at the local or regional level is compulsory. ○ Pilot actions **cannot include any investment** with a value above EUR 25.000.[3] ○ Pilot actions should preferably involve local and/or regional stakeholders and engage with communities through bottom-up and participatory approaches. ▪ Project results: ○ Should be tangible, place-based, with a good upscaling potential into local or regional policies. Results should be also transferable to other peripheral and lagging areas. ○ Should have a local dimension, with clear benefits for local communities and target groups, possibly including citizens, in order to strengthen the territorial impact. ○ Should increase the capacities of the local and regional target groups to deal with the identified territorial challenges during and after the end of the project implementation.
Project duration	The project duration should be **between 12 and 24 months**. Longer durations might be accepted only in exceptional and duly justified cases. The project duration should consider the limited project budget size, while ensuring sufficient time for the implementation of activities (e.g. pilot actions).
Project budget	The project total budget is limited to **EUR 800.000**, corresponding to a maximum of **EUR 640.000 ERDF budget**. Project proposals with higher budgets are not eligible for funding. Furthermore, the following specifications apply to small-scale projects: ▪ The partner budget can be organised only according to either **"Option 2"** or **"Option 3"** of the combinations of Simplified Cost Options (SCOs) specified in chapter I.4.2.6 of the programme manual. ▪ Cost category 6 "Infrastructure and works" is **not eligible**.

[3] Pilot actions might still include small investments below EUR 25.000, with items belonging to the cost category 5 "Equipment".

5. Eligible Applicants

Eligible applicants for the third call for proposals are:

- National, regional and local public bodies[4];
- Private institutions, including private companies, having legal personality;
- International organisations acting under the national law of an EU Member State;
- International organisations acting under international law, with restrictions.

Any of the eligible applicants, with the exception of international organisations acting under international law, can take the lead partner role as long as it is located in the programme area or it qualifies as "assimilated partner" (for the definition of assimilated partner, please refer to chapter I.3.1.1 of the programme manual).

Private lead applicants must hold **minimum financial capacity requirements** in order to be eligible as lead partners. Project proposals submitted by private lead applicants that do not meet the necessary financial capacity criteria will be rejected.

6. Partnership Features

Transnationality

As a minimum requirement, the partnership must involve:

- At least three financing partners;
- From at least three countries; and
- At least two of the partners located in Interreg CE regions.

A European Group of Territorial Cooperation (EGTC)[5] is eligible as sole beneficiary provided that the above-mentioned minimum requirements are complied with. For an EGTC to be eligible as sole beneficiary, it must be established in one of the Interreg CE Member States.

Applicants located outside the programme area but within the EU can also apply for funding as project partners, however such partners shall bring a clear benefit to the programme area. Their involvement is considered as exceptional and must be duly justified.

Applicants can also be located outside the EU, but they will not receive ERDF funding from the Interreg CE Programme.

Partnership composition

In line with the overall aim and territorial focus of the call, the project partnership **should preferably involve** local and regional authorities (or related institutions), associations, civil society, NGOs, etc.

The involvement of research organisations in the partnership **should be limited**. Such organisations should act mainly as knowledge providers or support local and regional actors.

[4] Including "Public equivalent bodies", i.e. bodies governed by public law as defined in Article 2(4) of Directive 2014/24/EU on public procurement fall under this category, as well as including EGTCs established in accordance with Regulation (EC) No 1082/2006 as amended.

[5] Established in accordance with Regulation (EC) No 1082/2006 as amended.

7. Compulsory individual Consultations

The programme offers a wide range of support measures and tools to help applicants in submitting quality proposals, as described in chapter II.3 of the programme manual.[6] These include "individual consultations" with the joint secretariat, which serve to advise lead applicants on technical questions related to contents, communications and finances of their project ideas.

Differently from previous calls and from provisions included in the above-mentioned chapter of the programme manual, an **individual consultation for each proposal is compulsory** in this third call.

Individual consultations can exclusively be requested for project ideas submitted by registered users on the Interreg CE applicant community. It is recommended that the consultation is requested at an early stage of project development, since it will only be based on the project idea form which has to be submitted before the consultation.

Consultations can be requested in the period **between 17 October and 3 December 2024**. After the consultation, the JS will send a confirmation of the consultation to the consulted applicant, including reference to the consulted project idea. The reference number provided in the JS confirmation is to be included in the lead partner declaration which forms part of the application package referred to in chapter 1 of this ToR.

Project proposals submitted without participation in a compulsory individual consultation will be ineligible and not be further processed.

8. Selection of Proposals

8.1. Formal and administrative compliance check

In order to be eligible for funding, project proposals have to meet the formal and administrative requirements outlined in this ToR and in chapter II.4.1 of the programme manual.

In case lead partner or partner declarations are submitted on the wrong programme templates, the lead applicant will be asked by the MA/JS to provide the amended document(s) - via email - not later than **5 working days** after the date of the written request from the MA/JS.

Proposals that fail to meet any of the formal and administrative requirements, or did not participate in a compulsory individual consultation, or did not submit correct(ed) declaration(s) within the given timeframe, will be regarded as ineligible and not be further processed.

8.2. Selection process

Project proposals will be selected for funding after the quality assessment of the received applications, based on a standardised procedure that safeguards the principles of transparency and equal treatment.

Project proposals which successfully pass an initial formal and administrative compliance check enter the quality assessment. These checks will also include a financial capacity check of private lead applicants (see chapters II.4.1 and II.4.2 of the programme manual).

[6] For regular updates concerning support measures, please visit the "Apply" section of the programme website.

In parallel to the quality assessment, a State aid assessment of proposals likely to be funded is conducted in order to identify any potential State aid relevance of project proposals and of the related partners.

Project proposals will be selected by the programme MC **at the level of each priority axis**, on the basis of the results of the quality assessment.

For further information on the assessment process, please refer to chapter II.4 of the programme manual.

8.3. Quality assessment

The quality assessment of proposals that successfully passed the formal and administrative compliance checks is organised in two phases: a desk assessment of all eligible applications, followed by hearings of proposals shortlisted according to quality.

Proposals not showing a sufficient quality following the desk assessment, will not be invited to a hearing and finally rejected by the programme MC.

Desk assessment

The desk assessment of project proposals is performed against the selection criteria and guiding questions outlined in Table 4 using the scoring scale as in Table 3.

Table 3: Scoring scale used for the desk assessment of proposals

Appraisal of desk assessment	Explanation
5 "excellent"	The proposal successfully addresses all relevant aspects of the criterion. The provided information is clear and coherent. Any shortcomings are minor.
4 "good"	The proposal addresses the criterion well, but a small number of shortcomings is present.
3 "adequate"	The proposal addresses the criterion to a sufficient level, but some aspects have not been met fully or are not explained in full clarity or detail.
2 "insufficient"	The proposal broadly addresses the criterion, but there are serious shortcomings and/or the provided information is of low quality.
1 "poor"	The criterion is inadequately addressed by the proposal, or the required information is missing.

Selection criteria are grouped in two categories: Strategic ("Relevance" and "Partnership") and Operational ("Implementation"). More information can be found in chapter II.4.5 of the programme manual and in Table 4 below.

Table 4: Selection criteria and guiding questions for desk assessment

Criteria		Guiding questions
STRATEGIC	Relevance	Relevance for the targeted SO and transnationality ▪ How relevant is the project proposal in relation to the achievement of the targeted programme specific objective and the expected result? ▪ Is the importance and added value of transnational cooperation for the topic addressed clearly demonstrated? Intervention logic ▪ Is the project intervention logic (i.e. project specific objectives, outputs and expected results) clearly defined and consistent? Policy relevance including horizontal principles ▪ How clearly does the project proposal contribute to the relevant policy framework (in particular the TA 2030 aims) at different levels? ▪ How well does the proposal contribute to horizontal principles and integrate them in the project design? Innovativeness and synergies ▪ Is the innovativeness of the project proposal clearly demonstrated? How far does it go beyond existing practices in the sector and/or participating territories? How well does the project proposal build on available knowledge and make use of synergies with other projects or initiatives?
		Territorial relevance ▪ How well is the project proposal aligned with the territorial focus of the call, notably is it clearly addressing peripheral or lagging areas? Are qualitative characteristics and challenges of the targeted areas well explained? ▪ Does the proposal put emphasis on the local or regional dimension of expected results with a clear benefit for the targeted communities?
	Partner-ship	Partnership composition and competences ▪ Is the partnership composition relevant and coherent with the territorial and thematic scope of the project? ▪ Does the partnership demonstrate sufficient competences and capacities to implement the planned activities in the targeted areas and achieve the expected results at the local and/or regional level? ▪ Does the lead applicant have sufficient experience and capacity to manage a transnational cooperation project or is there a clear plan to acquire missing competences through, e.g., additional staff or sub-contracting? Do partners have clearly assigned roles and matching competences to fulfil their tasks? In case of partners outside the programme area, is the added value of their participation duly justified? Transnational cooperation approach ▪ How well does the partnership reflect the transnational cooperation dimension and is it geographically balanced? Are partners actively involved in the joint implementation of activities?
OPERATIONAL	Implemen-tation	Methodology and work plan ▪ Is the methodology suitable to obtain the planned outputs and results? Are the work plan and timing of activities, deliverables and outputs - realistic, consistent and transparent, considering also the limited project duration? ▪ Are communication activities planned in the work plan and are they relevant for achieving communication objectives? How well are local or regional target groups (and other stakeholders (including associated partners) actively involved in project activities? How well does the project engage with communities through bottom-up and participatory approaches? ▪ How well does the project proposal conceptualise the ownership/durability of outputs and do they have a good potential for upscaling? Are project outputs and results leading to an increased capacity of target groups and could they be transferred to other peripheral or lagging areas? ▪ Does the management approach show good potential to secure a sound project management, coordination and risk mitigation?
		Budget ▪ Does the total budget demonstrate value for money? Is there coherence between project design and budget? Are the financial contributions of the partners balanced and do they reflect partner responsibilities?

In order to help applicants develop their project proposals, a complimentary self-assessment tool, which reflects the above assessment criteria and guiding questions, is available at this link.

Online hearings

A novel element in the third call quality assessment are online hearings for proposals that, following the desk assessment, are shortlisted according to their quality. Hearings offer applicants the opportunity to further explain their proposals as well as to answer questions resulting from the desk assessment.

Applicants of shortlisted proposals will be invited to their hearing by the MA/JS at least **10 working days** before the hearing date. At least **2 working days** before the hearing, invited lead applicants will have to send to the MA/JS a "pitch deck" that has to be prepared on the basis of the PowerPoint template included in the application package.

The presenter at the hearing has to be **formally appointed by the lead applicant organisation**. The lead applicant may also appoint a second person to support the main presenter. The formal appointment of the presenter(s), in the form of an official letter, should also be provided to the MA/JS at least **2 working days** before the hearing.

The hearing is expected to last around 20 minutes, and will follow a standard structure:

- Short presentation of key features of the project proposal, supported by the pitch deck (up to 10 minutes);
- Q/A focussing on unclarities or shortcomings as identified in the desk assessment as well as on the applicant's overall understanding of the proposal (up to 10 minutes).

The hearing is held in English and documented through an audio recording.

Hearings are appraised using the scoring scale as in table 5, against the guiding questions outlined in Table 6.

Table 5: Scoring scale used for the hearings

Appraisal of hearing	Explanation
5 "excellent"	Excellent and convincing project presentation and understanding of project features. All questions could be fully clarified.
4 "good"	Good project presentation and understanding of project features. Most questions could be well clarified, though with some slight unclarities which are remaining.
3 "adequate"	Adequate project presentation and understanding of project features, but some aspects are not fully clear. Not all questions could be entirely resolved in a satisfactory way.
2 "insufficient"	Insufficient project presentation and understanding of project features. Most questions were not sufficiently answered.
1 "poor"	Poor project presentation and understanding of project features. Questions were only weakly addressed.

Table 6: Guiding questions applicable to the assessment of hearings

Elements	Guiding questions
Pitch	▪ Did the applicant show a clear understanding of project features, including how to implement the project and bring a benefit to the targeted peripheral and lagging areas?
Clarification	▪ Were all unclear points from the desk assessment duly clarified by the applicant?

9. Contracting of Approved Projects

After the funding decision by the programme MC and, if applicable, after having successfully fulfilled the conditions for approval set forth by the MC, a subsidy contract will be concluded between the MA and the lead partners of the selected proposals.

This subsidy contract will then constitute the legal framework for the implementation of the project. It will confirm the final ERDF budget commitment to the project, set out the conditions for support and outline implementing arrangements. The most recent version of the approved application form will form an integral part of the subsidy contract. A model of the subsidy contract is available at www.interreg-central.eu/documents.

The LP will have to establish legal arrangements for relations with all project partners in a partnership agreement. The partnership agreement will have to include provisions that, inter alia, guarantee the sound financial management of the funds allocated to the project, including arrangements for a recovery of amounts unduly paid. A model of the partnership agreement is also available at www.interreg-central.eu/documents.

10. Submission of Proposals and Deadline

The third call for proposals is organised in a “one-step” procedure.

Project proposals must be submitted in English language, only through the web-based joint electronic monitoring system (Jems) of the Interreg CENTRAL EUROPE Programme, which is available at https://jems.interreg-central.eu.

Project proposals must be submitted by lead applicants at the latest by:

Tuesday 10 December 2024 at 16:00 CET

The application package contains also an offline template of the application form (for information purposes only). This template includes additional guidance for filling out the various sections.

The expected timeline for the MC decision on funding will be published on the programme website www.interreg-central.eu after the submission deadline.