



**EUCF**  
European City Facility



# **EUROPEAN CITY FACILITY**

## **Guidelines for Applicants**



This project has received funding from the European Union's Horizon 2020 research and innovation programme under Grant Agreement No 864212. The sole responsibility of this publication lies with the author. The European Union or EASME are not responsible for any use that may be made of the information contained therein.

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# 1 About the European City Facility (EUCF)

## 1.1 EUCF at a glance

### 1.1.1 What is the EUCF?

Municipalities and local authorities play a key role in Europe's transition towards sustainable energy. They have tremendous potential to build comprehensive sustainable energy investment programmes (i.e. investments in energy efficiency and renewable energy). Moreover, they can encourage the pooling of smaller projects into larger investment portfolios and mobilise the significant financial resources required for the energy transition.

Although the potential is immense, there are fundamental obstacles. In many cases, there is a lack of credible, robust and sufficiently mature investment concepts. However, such concepts, which should include the identification of potential project pipelines, legal analysis, governance analysis, basic financing strategy, and roadmaps for implementation, are a prerequisite to accessing different sources of funding.

In this context, a new pan-EUCF, set up under the Horizon 2020 Framework Programme for Research and Innovation of the European Union, will provide **tailor-made, rapid and simplified financial support (grants of EUR 60,000) and capacity building services** to municipalities and local authorities in Europe that will enable them to **develop sound investment concepts** (hereafter referred to as IC) and **mobilise finance in the field of sustainable energy**.

The EUCF addresses two fundamental barriers for sustainable energy investments:

- Lack of financial and legal capacity of local authorities to transform their long-term energy and climate strategies (e.g. SEAPs, SECAPs etc.) into appropriate investment concepts.
- Lack of aggregation of fragmented smaller projects (for example in the building sector) and thus lack of attractiveness for the financial sector.

The resulting investment concepts will represent an initial step towards a fully-fledged business and financial plan and in this way facilitate the subsequent mobilisation of (local) investment in energy efficiency and renewable energy. Sources of funding may come from the private sector, but also from other EU-funded instruments such as the European Fund for Strategic Investments (EFSI), the European Structural and Investment Funds (ESIF), various Project Development Assistance (PDA) facilities, such as the ELENA facility of the European Investment Bank, or various national investment platforms.

### 1.1.2 What are the objectives of the EUCF?

The **ultimate objective** of the EUCF is to build a substantial pipeline of sustainable energy investment projects across municipalities in Europe. This will be achieved by providing targeted financial, technical, legal and capacity building support to overcome critical barriers, develop credible investment packages and mobilise finance. Delivering this will require organisational, technical and financial innovation, in particular to bridge the capacity and capability gap for **small and medium-sized municipalities**.

The **specific objectives** of the EUCF are to:

- Provide hands-on locally rooted technical and financial expertise, inspired by ‘best in class’ European practice, to cities to deliver more than 200 credible and scalable investment projects, which should trigger more than EUR 320 million of public and private investment;
- Build the capacity of more than 400 municipal staff to develop substantial project pipelines and provide them with tools, networking and knowledge transfer opportunities, which will facilitate and accelerate the IC implementation, including via innovative financing mechanisms and project aggregation;
- Facilitate access especially for small and medium-sized municipalities to private finance, EU funding streams and similar facilities, such as the European Structural and Investment Funds, the H2020 Project Development Assistance and the European Investment Bank’s (EIB) European Local Energy Assistance) and advisory services such as the EIB Advisory Hub to realise and amplify the expected investments;
- Use the successful IC and the knowledge of EUCF beneficiaries to reach out to more than 10,000 cities and communities, encourage replication and catalyse further action across European cities.

### 1.1.3 What are the guiding principles of the EUCF?

The principles guiding the design and operation of the EUCF can be characterised as follows:

#### 1) **Demand-driven:** designed by cities for cities

Different networks of European cities compose the Consortium responsible for the implementation and management of the EUCF in order to ensure that the EUCF takes into consideration and directly responds to the needs of municipalities and local authorities. Also contributing to this principle, the EUCF Strategic Board is composed by representatives of EU municipalities, and is responsible for the strategic steering of the EUCF, ensuring that the demands of local authorities are appropriately addressed.

#### 2) **Close to the local level:** mobilising a critical mass of cities

To address national specificities and overcome language barriers, which are often a challenge for small and medium-sized municipalities to apply for financing opportunities, the work of the EUCF is supported by experts in each EU-27 Member State and the United Kingdom (UK). Country Experts can provide support in national language to municipalities and local authorities, and have extensive technical and financial expertise in the field of sustainable energy and climate, experience with municipalities and strong connections to national and regional city networks, contributing to position the EUCF very close to the local level and country-specific contexts.

#### 3) **Ambitious:** helping develop strategic and ambitious investment concepts

The EUCF support is targeted towards strategic or transformational projects in the field of sustainable energy identified in the climate and energy plans of the municipalities and local authorities. Besides the financial support, beneficiaries of the EUCF will receive hands-on guidance, as well as have access to a European pool of experts, to ensure the development of ambitious and sound investment concepts in line with the principles of the EUCF.

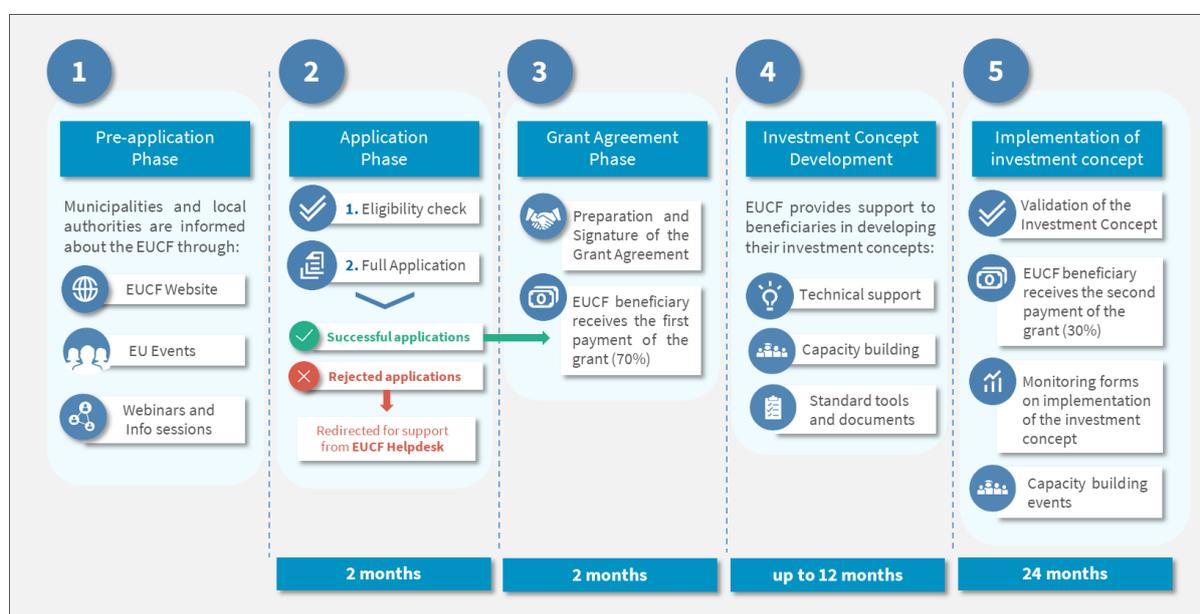
#### 4) **Supporting scaling:** capturing opportunities for standardisation and project aggregation

The EUCF will ensure, where feasible, the integration of measures for scaling-up of investment packages in investment concepts through standardisation and project aggregation. Smaller communities are therefore encouraged to reinforce multi-level governance on their territories and implement projects jointly or under the umbrella of a larger public authority. All developed investment concepts will follow a standard structure and respect minimum quality requirements, which will facilitate matchmaking with future investors and financiers.

## 1.2 EUCF process

### 1.2.1 How does the EUCF journey look like?

The graph below summarises the journey that municipalities and local authorities are able to take within the scope of the EUCF, from the pre-application phase where potential applicants are able to inform themselves about the EUCF through different channels towards the implementation of the investment concept by the beneficiaries of the EUCF. Please note that the application period for the first call for applications has been extended due to Covid-19 and lasts from 25 May 2020 to 2 October 2020.



### 1.2.2 What are the main steps in the EUCF journey?

#### 1) Pre-application phase

At the beginning of the EUCF journey, potential applicants are able to receive information about the scope and the benefits of the EUCF by visiting the [EUCF website](#), attending promotional events at EU and national level and participating in the [EUCF webinars and info sessions](#).

#### 2) Application phase

The EUCF application process comprises of two steps: i) the eligibility check and ii) the full application. The eligibility check is a simple, automated questionnaire, which can be answered by the applicant directly at the EUCF website. To be eligible, applicants must be able to answer **YES** to all five questions. Eligible applicants are able to move forward in the application process and complete the full application form and supporting documents. The applications are submitted via the EUCF website user zone. Once the call for applications is closed, the applications are evaluated by a dedicated team. Successful applications are selected and move to the next phase, while unsuccessful applications are redirected to the [EUCF Helpdesk](#) for support.

### 3) Grant Agreement phase

Successful applicants conclude Grant Agreements to benefit from the EUCF support. 70% of the lump sum will be disbursed at the Grant Agreement signature; 30% of the lump sum after positive validation of the investment concept.

### 4) Development of the investment concept

Beneficiaries shall develop the investments concepts in national language (together with an English Summary) over a period of up to twelve months, during which the EUCF provides support through technical and financial expertise from [Country Experts](#) and the EUCF team, [standard tools and documents](#) and [capacity building events](#) in different geographical regions on the topic.

### 5) Implementation of the investment concept

After finalisation of the investment concepts, they are validated by a dedicated evaluation team. If they meet the quality criteria, beneficiaries receive the remaining 30% of the total grant amount and can proceed with the successful implementation of their investment concepts. The EUCF accompanies the process by organising matchmaking events, Communities of Practice and other capacity building events and monitoring the implementation.

## 1.3 EUCF support

### 1.3.1 Who can apply to receive EUCF support?

Municipalities and local authorities as well as groupings of municipalities/local authorities located in the European Union and the UK are able to apply to receive EUCF support.

### 1.3.2 Which type of financial support is provided?

Successful applicants receive financial support in the form of a **EUR 60,000 grant** for the development of the investment concept.

### 1.3.3 Which activities are funded by the EUCF grant?

The EUR 60,000 grant is provided to EUCF beneficiaries to support activities necessary for the development of investment concepts. The grant amount can be used for in-house staff if internal capacities are sufficient, for external experts/sub-contractors or for other positions that are necessary for the investment concept development. Among the activities that can be funded are feasibility studies, engineering analyses, legal analyses, social studies, market studies, financial analyses, and further supporting tasks.

### 1.3.4 Which types of investment projects does the EUCF support?

The EUCF provides support for investment projects within the field of **sustainable energy**, including all investments on the energy demand side, which contribute to the improvement of energy performance and the achievement of energy savings. Among the investment sectors targeted by the EUCF are public, residential buildings and tertiary (non-municipal) buildings, efficiency improvements in equipment/facilities, development and use of building integrated renewables, district heating modernisation or fuel switch to

renewables, smart grids, sustainable urban mobility (e.g. public transport, charging stations, etc.), and innovative energy infrastructure (e.g. citizen energy communities<sup>1</sup>, innovative approaches to public lighting, wastewater treatment plants, etc.). Nevertheless, it is also possible to implement projects in further sectors, as long as they are in the field of sustainable energy.

### 1.3.5 Which types of investment projects are excluded from the EUCF?

The EUCF is aligned with the European Commission's [European Green Deal, 2030 climate & energy framework, 2050 long-term strategy](#) and the European Investment Bank's [new energy lending policy](#). Thus, the EUCF has a clear position **not to support investments in energy projects reliant on unabated fossil fuels**, such as the production of oil and natural gas, traditional gas infrastructure, power generation technologies resulting in GHG emissions above 250 gCO<sub>2</sub> per kWh of electricity generated, and large-scale heat production infrastructure based on unabated oil, natural gas, coal or peat.

### 1.3.6 Which technical support activities does the EUCF offer?

The EUCF provides municipalities and local authorities with different types of technical support activities along their journey within the EUCF:

- **[Info sessions and capacity building events](#):** Before the opening of each call for applications, the EUCF organises, in cooperation with the national city networks and Country Experts, info sessions in each country to provide interested municipalities and local authorities with more information on the EUCF. Moreover, regional capacity building events, such as peer-to-peer learning opportunities and Communities of Practice, as well as webinars are planned throughout the EUCF journey to support beneficiaries in the development of the investment concept.
- **[Support from Country Experts](#):** Country Experts assist beneficiaries of the EUCF in the application process and with technical and financial expertise in national language during the development process of the investment concept. Country Experts do not develop investment concepts themselves. For each EU-27 Member State and the UK, an expert has been assigned, which can be contacted by the municipalities/local authorities of the respective country directly through the EUCF website user zone or email for questions, clarifications and other requests.
- **[Support from the EUCF Helpdesk](#):** Along the entire EUCF journey, the EUCF Helpdesk plays a fundamental role in providing technical support to potential applicants and interested parties, as well as registered applicants and beneficiaries of the EUCF. The EUCF Helpdesk can be accessed through the EUCF website and EUCF website user zone, and allows users to easily communicate with the EUCF team and obtain support in case of questions, technical issues, etc.
- **[Knowledge products and materials](#):** Various knowledge tools and documents are provided on the EUCF website to facilitate the application and development process of the investment concept, such as [Frequently Asked Questions \(FAQs\)](#), [Glossary](#), [Investment Concept template](#), [Case Studies](#), etc.

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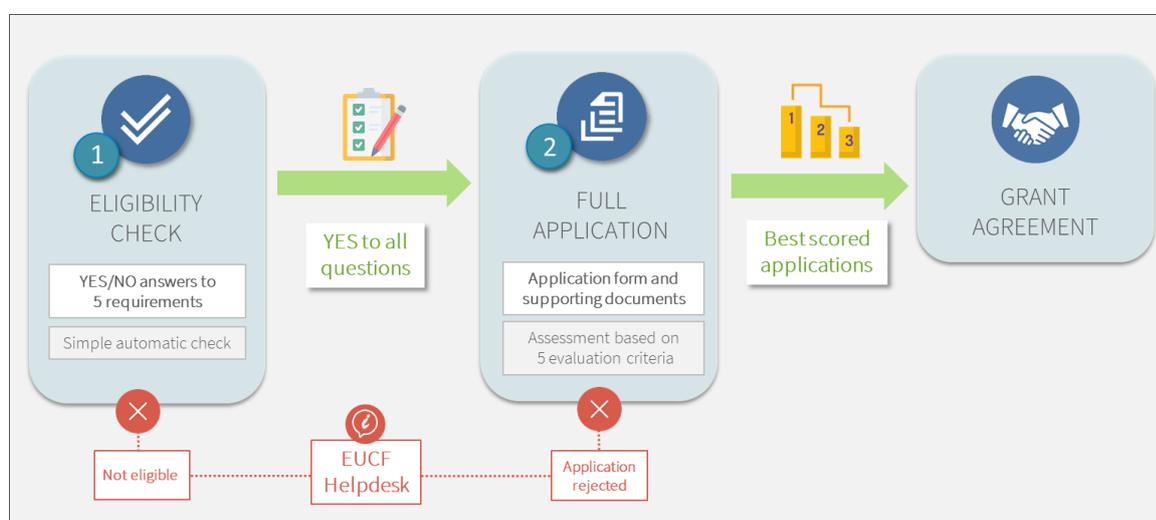
<sup>1</sup> In line with Article 16 of the [Directive \(EU\) 2019/944](#).

## 2 Application

### 2.1 Application process

#### 2.1.1 What is the procedure to receive funding from the EUCF?

The overall application process consists of two main steps: the eligibility check and the full application.



#### 1) Eligibility check

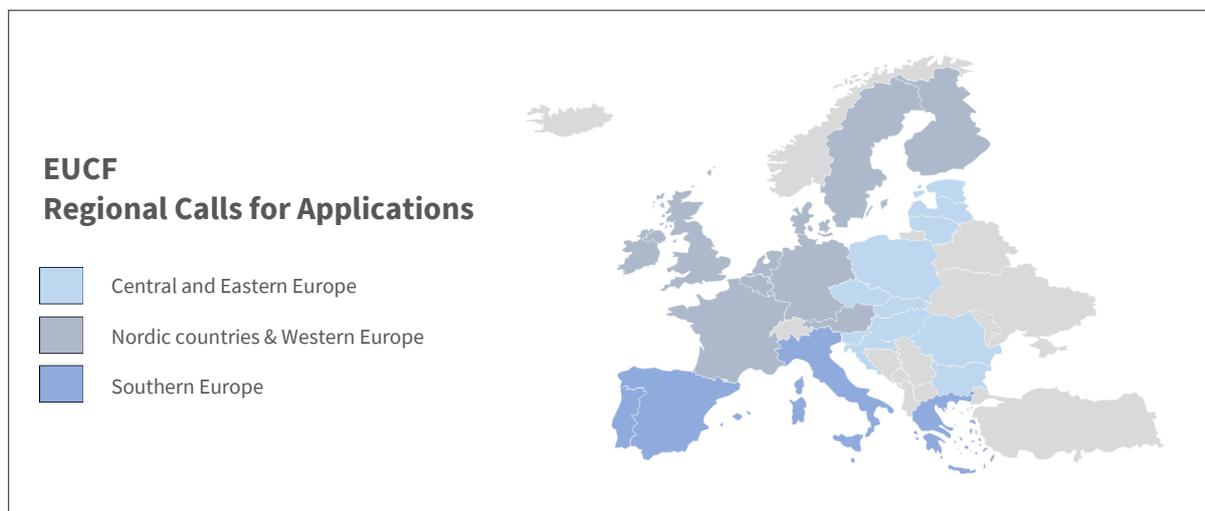
The eligibility check is a simple, automated questionnaire, which can be answered by the applicant directly [online](#). It verifies whether an applicant is eligible to apply for financial support from the EUCF. To be eligible, applicants must be able to answer YES to all five requirements. Applicants receive the result of the eligibility check immediately after answering all questions. At this stage, supporting documents are not required.

#### 2) Full application

After successfully passing the eligibility check, the applicant can complete the full application form, prepare the supporting documents and submit them via the EUCF website user zone. Once the call for proposals is closed, the applications are evaluated by a dedicated team. The best scored applications are selected and will conclude the Grant Agreements to receive EUCF support. Unsuccessful applications can seek support from the EUCF Helpdesk and can participate again in next call for applications.

#### 2.1.2 How are the EUCF calls for applications organised?

Four calls for applications with cut off dates will take place within the scope of the EUCF. Each call is organised in parallel for three geographic regions (incl. UK) of the European Union, as displayed in the map below:



Regional call	Countries
Central and Eastern Europe	Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovenia and Slovakia.
Nordic countries & Western Europe	Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Luxembourg, Netherlands, Sweden, United Kingdom.
Southern Europe	Cyprus, Greece, Italy, Malta, Portugal, Spain.

### 2.1.3 When are the EUCF calls for applications taking place?

Overall, each call for applications will be open for two months, except for the first call where the application period has been extended due to Covid-19. The following tentative timeline applies for the EUCF calls for applications:

Call for Proposals	Application period
1 <sup>st</sup> call	<b>25 May 2020 - 2 October 2020</b>
2 <sup>nd</sup> call	March - April 2021
3 <sup>rd</sup> call	October - November 2021
4 <sup>th</sup> call	May - June 2022

The exact dates of the calls and any alterations regarding the opening and closing of application periods will be published on the EUCF website under the section [Open calls](#).

#### 2.1.4 Can municipalities/local authorities apply several times and/or resubmit a rejected application for the EUCF grant?

A municipality/local authority or grouping of municipalities/local authorities is able to benefit only once from the EUCF support. Thus, successful applicants are not able to participate again in the calls for applications. Unsuccessful applications, in turn, can be revised and re-submitted in the next call for applications.

#### 2.1.5 How to seek support in case of questions during the application process?

Available on the [EUCF website](#), the [FAQs](#) provide a comprehensive overview of questions that arise during the application process and corresponding answers and information. Moreover, a [Glossary](#) of relevant terms is provided to facilitate the applicant's understanding of the EUCF documents. In case of questions that cannot be found in these documents, municipalities and local authorities can seek further support from the [EUCF Helpdesk](#), which provides efficient and timely responses to the queries raised.

## 2.2 Eligibility check

### 2.2.1 Who is eligible to receive EUCF support?

Applicants have to meet the following requirements to be eligible for EUCF support:

<b>Characteristics of the applicant</b>	<input checked="" type="checkbox"/>	The applicant must be a <b>municipality/local authority or a grouping of municipalities/local authorities</b> .
<b>Location of the applicant</b>	<input checked="" type="checkbox"/>	The municipality/local authority applying must be <b>located in a EU-27 Member State and the United Kingdom</b> .
<b>Existence of energy and climate plans</b>	<input checked="" type="checkbox"/>	The applicant need to have a politically approved <b>Sustainable Energy Action Plan (SEAP), Sustainable Energy and Climate Action Plan (SECAP) or a plan of similar ambition</b> .
<b>Political commitment</b>	<input checked="" type="checkbox"/>	The applicant has to be able to demonstrate <b>political commitment from the mayor or other relevant political representative</b> to the development of the investment concept.
<b>Commitment to monitoring period</b>	<input checked="" type="checkbox"/>	The applicant must commit to the <b>EUCF monitoring period of two years</b> .

In order to move to the next stage of the application process, applicants must be able to answer YES to all of the above mentioned requirements. The eligibility check can be done directly [online](#). After completing the check, applicants are immediately informed about their results and next steps.

### **2.2.2 Where can the eligibility check be found?**

The eligibility check is available on the [EUCF website](#).

### **2.2.3 What does a plan of similar ambition have to include to be equivalent with a SEAP or SECAP?**

Municipalities/local authorities without a Sustainable Energy Action Plan (SEAP) or Sustainable Energy and Climate Action Plan (SECAP), developed in the Covenant of Mayors framework are able to submit a politically approved energy/climate plan of similar ambition. A plan of similar ambition is considered equivalent to a SEAP/SECAP if it includes energy and climate targets at least for the year 2020.

As part of the full application, SEAPs, SECAPs or plans of similar ambition need to be submitted together with the [template for Annex A](#) – SEAP, SECAP or plan of similar ambition – Summary, to provide an overview of the main energy and climate targets established by the plan.

### **2.2.4 How can an applicant show political commitment?**

In order to demonstrate political commitment to the development of the investment concept, the EUCF applicant must provide a letter of support, signed by the mayor or other relevant political representative. The letter of support needs to be submitted together with the full application. To facilitate the submission of this document, a [template for Annex B](#) is provided on the EUCF website.

### **2.2.5 What does the EUCF monitoring period entail?**

The EUCF monitoring period has a duration of two years, in which the implementation of the investment concept is supervised and documented. During this period, beneficiaries are asked to notify the EUCF on the implementation process by submitting two simple monitoring forms on key figures, which are used to assess the impacts of the EUCF.

### **2.2.6 What are the next steps after the eligibility check?**

After successfully passing the eligibility check, applicants automatically receive login details to access the EUCF website user zone. There, applicants can complete and submit the online application form together with the supporting documents.

## **2.3 Application form**

### **2.3.1 Where can the application form be found?**

The online application form is integrated in the EUCF website user zone and accessible for applicants who have successfully completed the eligibility check. After the eligibility check, eligible applicants receive login details to the EUCF website user zone. Potential applicants can take a look at the questions of the application form in advance, available on the [EUCF website](#).

### 2.3.2 Which information has to be provided in the application form?

The application form consists of a set of questions, grouped into three sections. For each of the sections, the following information has to be provided in English language by the applicant:

#### 1) Identification of the applicant

This section comprises general information about the municipality/local authority or grouping of municipalities/local authorities, such as contact details, contact persons as well as Local administrative units (LAU) and Nomenclature of Territorial Units for Statistics (NUTS) 3 codes of the municipality/local authority. For groupings, the name of the lead applicant as well as the LAU and NUTS 3 codes of each participating municipality/local authority have to be provided.

#### 2) Development of the investment concept

In this section, information has to be provided on how the municipality/local authority plans to develop the investment concept in the scope of the EUCF. This concerns the period for which the municipality/local authority receives the EUCF grant. The required items are presented in more detail in the table below.

Item	Requirement
<b>2.1</b>	<b>Title of the proposed investment concept</b>
<b>2.2</b>	<b>Allocation of grant amount</b> The applicant is asked to indicate how the EUCF grant resources will be allocated for the development of the investment concept, e.g. for in-house staff, external experts/sub-contractors or other positions that are necessary for the investment concept development. More than one answer is possible. The information provided is for monitoring purposes only and not part of the evaluation.
<b>2.3</b>	<b>Activities funded by grant amount</b> The applicant is asked to indicate the missing component(s) for the development of the intended investment concept and explain how the EUCF grant can fill this gap. The activities to be funded by the grant amount should also be described, and can include, for instance, the development of engineering, legal or financial analyses and of social and market studies or further supporting tasks. The information provided is for monitoring purposes only and not part of the evaluation.
<b>2.4</b>	<b>Governance for investment concept development</b> The internal organisation structure in place for the development of the investment concept has to be described, indicating the roles and responsibilities of the people involved and how decisions are taken. The provided information should allow for an overview of the governance structure and the internal capacities of the applicant, indicating also if further support by external experts might be needed and how they could provide a value added. In case of groupings, the description of the governance structure is particularly important to clarify how the grouping is organised internally and how responsibilities are distributed and decisions are made.
<b>2.5</b>	<b>Engagement of stakeholders</b>

In a brief manner, the applicant should describe the most relevant external stakeholders for the planned investment project, indicating their needs and expectations towards it. The provided answer should also include an overview of the activities and communication tools planned to engage the stakeholders in the process of developing the investment concept, with the corresponding timing and objectives of each action.

### 3) Implementation of investment project

Finally, this section presents preliminary information on the **proposed investment project for which an investment concept should be developed** within the EUCF. The requirements for this section are described in more detail in the following table.

Item	Requirement
<b>3.1</b>	<b>Investment sector(s) targeted</b>
	The applicant must select the sector(s) targeted by the proposed investment project from a list of potential sectors in the field of sustainable energy. The applicant can also indicate other sectors than those listed in the form, as long as they concern sustainable energy.
<b>3.2</b>	<b>Intended measures</b>
	The applicant is asked to describe the intended technology measure(s) to be financed. Non-eligible technology measures under the EUCF are aligned with the <a href="#">new European Investment Bank (EIB) energy lending policy</a> , adopted on 14 November 2019.
<b>3.3</b>	<b>Expected size of investment</b>
	The applicant must indicate, in Euro, the approximate size of total investments in sustainable energy expected for the planned investment project. Corresponding supporting documents and/or calculation log have to be attached to the application to allow for an understanding of the provided value and the parameters used for the estimation. A <a href="#">template for Annex E</a> – Estimation of Investment Size is available to facilitate the estimation for the applicants.
<b>3.4</b>	<b>Expected impacts</b>
	The applicant must indicate, in GWh/y, the approximate energy savings expected to be generated by the planned investment project. The corresponding calculation log should be attached to the application, to allow for an understanding of the provided value and the parameters used for the estimation. A <a href="#">template for Annex D</a> – Estimation of Energy Savings is available to facilitate the estimation for the applicants.
	If available at this stage, the applicant can state further impacts expected from the investment project such as avoided CO <sub>2</sub> emissions, renewable energy production, job creation, etc. and attach the corresponding supporting documents and/or calculation log. The template for Annex D can also be used to estimate the CO <sub>2</sub> emission reductions and renewable energy production of the investment project.
<b>3.5</b>	<b>Potential for replication and/or up-scaling</b>
	The applicant should briefly explain how the planned investment project could be potentially replicated in other contexts and/or up-scaled in its region.

### **2.3.3 What is the LAU and NUTS code?**

The [Nomenclature of Territorial Units for Statistics \(NUTS\)](#) is a territorial classification that subdivides the territory of the European Union and the UK into three different hierarchical levels (NUTS 1, NUTS 2 and NUTS 3) for statistical and planning purposes. The NUTS 3 classification corresponds to *small regions for specific diagnoses* at regional level.

Concerning the local level, a system of [Local Administrative Units \(LAUs\)](#) is maintained in compatibility with the NUTS system. LAUs are subdivisions of the NUTS 3 regions, covering the entire economic territory of each EU-27 Member State and the UK.

The respective NUTS 3 and LAU codes can be found on a yearly updated list, available on the [Eurostat website](#). In the application form, the NUTS 3 codes can be selected from a drop-down list and the corresponding LAU codes are assigned automatically based on the postal codes provided.

### **2.3.4 Which technology measures are not eligible under the EUCF?**

The EUCF is aligned with the new EIB energy lending policy, adopted in November 2019. Consequently, investments in energy projects reliant on unabated fossil fuels are not supported. See also section 1.3.5 for more information.

### **2.3.5 How is the investment size defined?**

The investment size provided by the applicant in the application form should only cover the investments in sustainable energy of the planned project, not any other potential components of the project not related to sustainable energy. There is no minimum or maximum threshold for investment size to apply to the EUCF. In the evaluation process, the level of ambition of the expected size of investment of the planned investment project is set into relation to the other submitted applications in the regional call as well as to the local context.

### **2.3.6 How should energy savings be calculated?**

To facilitate the calculation of the expected energy savings of an investment project, the EUCF provides a [template for Annex D – Estimation of Energy Savings](#). There is no minimum or maximum threshold for energy savings to apply to the EUCF. In the evaluation process, the level of ambition of the expected energy savings generated by the planned investment project is set into relation to the other submitted applications in the regional call as well as to the local context.

### **2.3.7 What happens if the exact investment size or energy savings amount cannot be determined yet?**

In case specific values for the investment size and energy savings cannot be determined yet, the applicant can use approximate values instead, which still allows the EUCF evaluation team to understand its level of ambition and potential impacts. Any comments on the values and calculations can be added in the comments section in the templates for Annex D (Energy Savings) and Annex E (Investment Size).

## 2.4 Required documents

### 2.4.1 Which documents must be provided for the EUCF application?

#### **Annex A: Sustainable Energy Action Plan (SEAP), Sustainable Energy and Climate Action Plan (SECAP) or plan of similar ambition and corresponding summary of the plan**

A SEAP, SECAP or plan of similar ambition has to be submitted together with the application form to show that the municipality/local authority or grouping of municipalities/local authorities already have an overall climate/energy strategy in place.

The SEAP defines concrete actions, responsibilities and timing to achieve long-term energy consumption and CO<sub>2</sub> emissions reduction targets as well as demonstrates how the 20% CO<sub>2</sub> emissions reduction commitment by 2020 for Covenant of Mayors signatories is reached. The SECAP is the key document that describes how CO<sub>2</sub> emissions can be reduced by at least 40% by 2030. More information on the SEAP and SECAP can be found on the Covenant of Mayors website: <https://www.covenantofmayors.eu/en/>. SEAPs and SECAPs must be approved both by the local council and EU Commission to be eligible to receive EUCF support.

In case municipalities/local authorities do not have a politically approved SEAP or SECAP, a plan of similar ambition can be submitted. A plan of similar ambition is considered equivalent to SEAP/SECAP if it includes energy and climate targets at least for the year 2020, formally approved by the mayor or similar.

Together with the SEAP, SECAP or plan of similar ambition, applicants are required to complete the [template for Annex A](#) – SEAP, SECAP or plan of similar ambition – Summary to provide an overview of the main energy/climate targets established by the respective plan.

#### **Annex B: Letter of support to the project by the mayor or other relevant political representative**

To demonstrate political support to the development of the investment concept, the EUCF applicant has to submit a letter of support, signed by the mayor or other relevant political representative. The applicants are encouraged to use the corresponding [template for Annex B](#), where only general data has to be added and then it is ready to be signed by the political representative.

#### **Annex C: Self-declaration form by a representative of the municipality/local authority or grouping**

In the self-declaration form, the EUCF applicant confirms the authenticity of the general information provided about the municipality/local authority or grouping, such as name, contact person, and NUTS 3 and LAU code. A corresponding [template for Annex C](#), the self-declaration form, is provided by the EUCF to be filled by the applicant.

#### **Annex D: Calculation log – Expected energy savings**

In order to allow for an understanding of the energy savings figure provided and parameters used for the estimation, the EUCF applicants have to submit the corresponding calculation log together with the application. To facilitate the estimation of the energy savings, a [template for Annex D](#) is provided by the EUCF to be filled by the applicant.

If available, the supporting documents and/or calculation logs for any further expected impacts can also be handed in to support the provided figures. The template for Annex D allows also to estimate the renewable energy production and the reduction of CO<sub>2</sub> emissions achieved by the investment project.

### **Annex E: Calculation log – Expected size of investment**

In order to allow for an understanding of the investment size figure provided and parameters used for the estimation, the EUCF applicants have to submit the corresponding supporting documents and/or calculation log together with the application. To facilitate the estimation of the expected size of the investment, a [template for Annex E](#) is provided by the EUCF to be filled by the applicant.

#### **2.4.2 Can the application be submitted with supporting documents missing?**

Annex A (SEAP, SECAP or plan of similar ambition and corresponding summary of the plan), Annex B (Proof of political commitment), Annex C (Self-declaration form), Annex D (Estimation of Energy Savings) and Annex E (Estimation of Investment Size) must be submitted to be considered in the evaluation process. It is not mandatory to submit any supporting documents or calculations logs for additional expected impacts.

#### **2.4.3 Is it possible to submit the documents in national language?**

If possible, the supporting documents to the application should be submitted in English. To facilitate this, the EUCF provides templates for the required documents. However, in case these documents are only available in national language (especially SEAPs, SECAPs or plans of similar ambition), they can be submitted. Nevertheless, the application form must be submitted in English language.

#### **2.4.4 Are there templates available for the required documents?**

Yes, the following templates for the supporting documents can be found on the [EUCF website](#):

- **Annex A:** SEAP, SECAP or plan of similar ambition - Summary
- **Annex B:** Letter of support to the proposed investment concept
- **Annex C:** Self-declaration form by representative of the municipality/local authority or grouping
- **Annex D:** Estimation of Energy Savings
- **Annex E:** Estimation of Investment Size

## **2.5 Application by groupings of municipalities/local authorities**

### **2.5.1 What has to be considered when applying as a grouping?**

Groupings of municipalities/local authorities are highly encouraged to apply for the EUCF. When applying as grouping, the following points have to be considered:

- Both formal (e.g. formalised by an assembly act) and informal groupings are invited to apply.
- One responsible partner, i.e. one lead applicant has to be defined.
- In the application form, the relations and decision-making processes within the grouping for the development of the investment concept have to be outlined.

- Either the lead applicant or the grouping need to have a SEAP, SECAP or plan of similar ambition.
- The lead applicant has to provide the proof of political commitment to the development of the investment concept and the self-declaration form.
- As the EUCF aims to support especially small and medium-sized cities and if feasible, encourages them to team up, groupings are appreciated in the evaluation process.
- In case the application is successful, the grant amount of EUR 60,000 is awarded to the grouping as a whole. Thus, the lump sum is awarded per application, not per municipality/local authority.
- The lead applicant is responsible to sign the Grant Agreement and to disburse the amount among the partners.

### **2.5.2 Who qualifies as part of a grouping?**

Formal or informal groupings of municipalities/local authorities are eligible to apply. They have to define one lead applicant.

### **2.5.3 Does each partner have to provide a SEAP, SECAP or plan of similar ambition?**

No, the lead applicant must have a politically approved SEAP, SECAP or plan of similar ambition. Joint action plans prepared collectively by a grouping of municipalities/local authorities are also accepted.

### **2.5.4 Does each partner have to provide a proof of political commitment?**

No, proof of political commitment to the development of the investment concept through a letter of support by the mayor or other relevant political representative must be submitted only by the lead applicant of the grouping.

## 3 Evaluation and selection of beneficiaries

### 3.1 Evaluation process

#### 3.1.1 What is the procedure for evaluating the applications?

The evaluation of the EUCF applications is conducted after the close of each call for applications by a dedicated evaluation team, composed of evaluators from adelphi and Enviros (neither Energy Cities and Climate Alliance nor FEDARENE are involved in the evaluation process). Each application is evaluated individually by at least two different evaluators<sup>2</sup>. The evaluators verify if Annex A (SEAP, SECAP or plan of similar ambition and corresponding summary of the plan), Annex B (Proof of political commitment), Annex C (Self-declaration form), Annex D (Estimation of energy savings) and Annex E (Estimation of investment size) have been submitted and contain the required content. In case of incomplete documents, the application is rejected and the applicant receives an email notification from the EUCF website user zone. Applications are then evaluated based on five evaluation criteria. At the end of the evaluation process, each applicant is informed about the final result with corresponding justification through a feedback report. The best scored applications are selected to receive EUCF support. Unsuccessful applications can seek support from the EUCF Helpdesk and are able to participate again in the next call for applications.

#### 3.1.2 What are the criteria for evaluating the applications?

EUCF applications are evaluated based on the following five evaluation criteria:

Evaluation criteria	Requirement	Weightage
<b>Category A – Weightage 60%</b>		
<b>A1. Investment size</b>	<p><i>The following aspects are taken into account:</i></p> <ul style="list-style-type: none"> <li>• <u>Quantitative assessment:</u> <ul style="list-style-type: none"> <li>○ Level of ambition of the expected size of investment of the planned investment project in relation to the other submitted applications in the regional call;</li> </ul> </li> <li>• <u>Qualitative assessment:</u> <ul style="list-style-type: none"> <li>○ Level of ambition of the expected size of investment of the planned investment project in relation to the local context (e.g. population number of municipality/local authority);</li> <li>○ Appreciation of bundling/pooling of investments;</li> <li>○ Overall coherence and plausibility of the elements.</li> </ul> </li> </ul>	50%
<b>A2. Energy savings</b>	<p><i>The following aspects are taken into account:</i></p> <ul style="list-style-type: none"> <li>• <u>Quantitative assessment:</u> <ul style="list-style-type: none"> <li>○ Level of ambition of the expected energy savings generated</li> </ul> </li> </ul>	50%

<sup>2</sup> In case there is a significant discrepancy between the scores given by the two evaluators, i.e. two points difference, a third evaluator will evaluate the application and median of the scores from the three evaluators will be used to determine the final score.

	<p>by the planned investment project in relation to the other submitted applications in the regional call;</p> <ul style="list-style-type: none"> <li>• <u>Qualitative assessment:</u> <ul style="list-style-type: none"> <li>○ Level of ambition of the expected energy savings generated by the planned investment project in relation to the local context (e.g. baseline, population number of municipality/local authority);</li> <li>○ Overall coherence and plausibility of the elements.</li> </ul> </li> </ul>	
<b>Category B – Weightage 40%</b>		
<b>B1. Governance structure</b>	<p><i>The following aspects are taken into account:</i></p> <ul style="list-style-type: none"> <li>• Appropriate and robust internal organisational structure for the development of the investment concept; including</li> <li>• Clearly defined roles and responsibilities of all actors involved; appointment of person(s) in charge for the investment concept development;</li> <li>• Clearly defined decision-making processes, indicating people with decision-making power and process how decisions are taken;</li> <li>• Good understanding whether internal capacities are sufficient for the successful development of an investment concept or how external experts can be involved in the process to provide a value added/build capacities.</li> <li>• Overall coherence and plausibility of the elements.</li> </ul>	20%
<b>B2. Stakeholder engagement</b>	<p><i>The following aspects are taken into account:</i></p> <ul style="list-style-type: none"> <li>• Clear identification of important stakeholders and good understanding of their needs and expectations towards the planned investment project;</li> <li>• Appropriate strategy to involve identified stakeholders in the investment concept development process; including</li> <li>• Adequate activities of engagement (and their intended timing and objectives);</li> <li>• Adequate instruments for communication to reach the different stakeholders.</li> <li>• Overall coherence and plausibility of the elements.</li> </ul>	40%
<b>B3. Alignment with EUCF objectives</b>	<p><i>The following aspects are taken into account:</i></p> <ul style="list-style-type: none"> <li>• Alignment of the proposal with the ultimate objective of the EUCF, i.e. to build a substantial pipeline of sustainable energy investment projects across cities in Europe by providing targeted financial, technical, legal and capacity building support.</li> <li>• Demonstration of potential to develop a sound (and new) investment concept, considering the information available at this stage, including</li> <li>• (Initial) estimations of additional impacts (e.g. avoided CO<sub>2</sub></li> </ul>	40%

	emissions, renewable energy production) and consideration of the investment project’s potential for replication and/or up-scaling; <ul style="list-style-type: none"> <li>• Overall coherence and plausibility of the elements.</li> </ul>	
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### 3.1.3 How are applications scored?

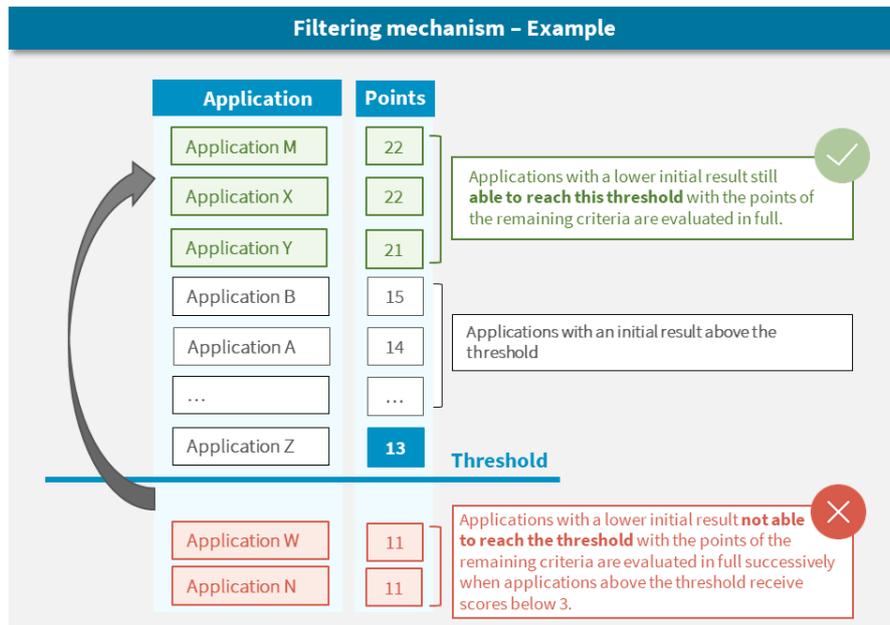
For each of the five evaluation criteria, a score ranging from 0 (application fails to address the criterion) to 5 (application addresses the criterion in an outstanding manner) is awarded (half points may be given). The quality threshold for each criterion is 3 out of 5, i.e. applicants have to reach a minimum score of 3 per criterion to be able to be successful. To generate the final score per criterion, the median of the scores given by the evaluators is used.

Overall, the scoring follows the following logic:

Points	Overall scoring logic
5	<b>Excellent</b> – The application addresses all relevant aspects of the criterion in an <b>outstanding</b> manner; any shortcomings are minor.
4	<b>Very good</b> – The application addresses the criterion <b>very well</b> , but with a small number of shortcomings.
3	<b>Good</b> – The application addresses the criterion in a <b>satisfactory</b> manner, but with a number of shortcomings.
2	<b>Fair</b> – The application <b>broadly</b> addresses the criterion, but with significant weaknesses.
1	<b>Poor</b> – The application addresses the criterion in an <b>inadequate</b> manner with serious inherent weaknesses.
0	The application <b>fails</b> to address the criterion or cannot be assessed due to missing information.

For the evaluation criteria A1. + A2., initial automatic scores are awarded by setting all applications of a regional call into relation with each other in order to encourage comparability. The evaluators receive the applications with the initial scores for the two criteria and evaluate them qualitatively (i.e. in relation to the local context) together with the other evaluation criteria. Evaluators are able to raise or lower the initial scores.

In case of a number of submitted applications higher than 70 per call per region, a filtering mechanism will apply to ensure the maintenance of a timely and high quality evaluation process. The submitted applications will be listed according to the total score of the evaluation criteria A1. + A2., i.e. investment size and energy savings, setting a threshold at the last application that fits into the available budget + 20% buffer. All applicants above the threshold as well as all applicants with a lower initial result still able to reach this threshold with the points of the remaining criteria are evaluated in full. The following illustration gives an example of the filtering mechanism in case of a high number of applications:



In this example, after the listing of all applications according to the total score of the evaluation criteria A1. + A2., the threshold is set at the last application that fits into the available budget + 20% buffer (i.e. Application Z). All applicants with an initial result above the threshold (i.e. Application B, A, Z) and all applicants with a lower initial result still able to reach this threshold with the points of the remaining criteria (i.e. Application M, X, Y) are evaluated in full. Those applications with a lower initial result not able to reach the threshold with the points of the remaining criteria (i.e. Application W, N) are evaluated successively when applications above the threshold receive scores below 3.

If an evaluator identifies unrealistic or incomprehensible values or information in the course of the assessment and awards a score below 3, this applicant does not meet the quality threshold and the successive applicant of the list is evaluated.

### 3.1.4 How is the final score derived?

Based on the median of the scores given per criterion, the final score is derived by applying the weightages set for the categories and criteria (as depicted in section 3.1.2). The following formula applies to derive the final score:

$$60\% \times \left( 50\% \times A1 \times 5 + 50\% \times A2 \times 5 \right) + 40\% \times \left( 20\% \times B1 \times 5 + 40\% \times B2 \times 5 + 40\% \times B3 \times 5 \right)$$

## **3.2 Selection of beneficiaries**

### **3.2.1 How long does it take to receive the final result?**

The evaluation process takes two months from the close of the respective call. After this period, applicants will be informed about the final result.

### **3.2.2 How are applicants informed about the final results?**

After the evaluation process is concluded, applicants are informed about the final results with corresponding justification through a feedback report in the EUCF website user zone.

### **3.2.3 What are the next steps in case the application is selected?**

As a next step, successful applicants conclude a Grant Agreement to receive EUCF support. The time period foreseen for the preparation and signature of the Grant Agreement is two months.

### **3.2.4 What happens in case the application is unsuccessful?**

Unsuccessful applications can seek support from the EUCF Helpdesk on how the application could be improved. The support provided to unsuccessful applicants includes also a webinar organised by the EUCF to discuss and share the challenges met in the application process. Municipalities and local authorities that are not selected in one call for applications are able to participate again in the next calls.

## **3.3 Grant Agreement**

### **3.3.1 Which information is provided in the Grant Agreement?**

The Grant Agreement sets out the terms of the relation between the beneficiary and Energy Cities, the coordinator of the EUCF, defining roles and responsibilities, milestones, and the timeline for the development of the investment concept. Moreover, the Grant Agreement determines the disbursement of the EUCF grant and requires the beneficiary to commit to the EUCF monitoring period in the implementation phase of the investment concept. A template of the Grant Agreement will be provided on the EUCF website.

### **3.3.2 What is the timeline for the signature of the EUCF Grant Agreement?**

The timeline for the preparation and signature of the EUCF Grant Agreement is two months. It starts at the end of the evaluation process, when successful applicants are informed about their selection for the EUCF support, and ends with the pre-financing transfer to the beneficiary (i.e. 70% of the total grant amount).

### **3.3.3 How is the EUCF grant paid?**

The grant amount will be disbursed as follows:

- Pre-financing of 70% of the total amount at the Grant Agreement signature;
- Final payment of 30% of the total amount after positive validation of the investment concept.

## 4 Investment concept

### 4.1 Development of the investment concept

#### 4.1.1 What is an investment concept?

An investment concept is a document which **translates an investment project idea into financial language** in order to mobilise financing for its realisation. It aims to bridge the process path between the project idea and the business/financing plan.

The purpose of an investment concept is to provide investors and financial institutions with the preliminary information necessary to **assess an investment project in a simple and fast manner**. It converts climate and energy plans or part of its measures into sound investment packages and thus, facilitates the access to funding for municipalities/local authorities.

So far, many municipalities/local authorities have developed ambitious climate and energy action plans but had difficulties to access appropriate funding. In turn, financial institutions are more and more interested in financing sustainable energy projects but have problems in finding investment projects that fulfil their requirements in terms of maturity. This document shall help in bridging this gap.

#### 4.1.2 What is the structure of an investment concept?

In order to facilitate the development of the investment concept for the EUCF beneficiaries, an [investment concept template](#) has been developed in close consultation with EUCF key stakeholders, i.e. financial institutions, municipalities and local authorities as well as climate and energy experts. The investment concept template follows the following structure:

- A one-page summary (“teaser”/“elevator pitch”) with key information on the investment project (such as estimated costs and revenues, financial indicators and expected impacts). This summary shall be developed in English and potentially be made public in the EUCF communication channels.
- The main body consists of five sections: i) Description of planned investment project, ii) Promoter(s) and (local) stakeholders, iii) Legal analysis, iv) Economic and financial analysis and v) Investment Roadmap. The main body can be developed in national language or in English, according to the preference of the beneficiary.
- Supporting documents can be attached as Annexes to complement and provide details on the main part.

#### 4.1.3 Which information has to be provided in an investment concept?

A [template](#) for the development of the investment concept is available on the EUCF website. The main part of the investment concept template is based on a 5-point structure:

##### 1) A detailed description of the planned investment project

In this section, the beneficiary presents an overview of the proposed investment, including the objectives of the investment project, the general framework conditions and relevant policy framework in which the project is going to be developed, the technical measures planned, barriers and obstacles identified for the

project and ways how to bridge these gaps, expected impacts, such as energy savings, renewable energy production, avoided CO<sub>2</sub> emissions as well as social and climate impacts, the project's potential for up-scaling and/or replication and a summary of the investment components.

## **2) Project promoter(s) and (local) stakeholders**

This section is concerned with the project promoter(s), i.e. the organisation leading the investment project and further organisations associated to it, describing their level of commitment to the project and experience with other investment programmes, ownership structure over the concerned assets and risk profile. Moreover, the outcomes of the performed stakeholder analysis should be presented, including the needs and expectations from the project of relevant stakeholders.

## **3) Legal analysis**

The legal feasibility of the planned investment should be highlighted, which concerns the legal requirements applicable to the investment project as well as potential legal and/or regulatory incentives and obstacles to its realisation.

## **4) Economic and financial analysis**

This section focuses on the economic and financial aspects of the planned investment project, where the beneficiary should indicate the estimated costs, cost savings and other revenues, financial indicators on economic viability, such as simple payback period, net present value and internal rate of return, critical risks that can affect the project implementation and potential mitigation measures as well as the envisaged financing approach with potential funding sources (such as grants, soft loans, guarantees etc.) for the investment project.

## **5) Investment roadmap**

This last section provides an outlook on the realisation of the investment project, where the beneficiary has the possibility to state if any additional types of technical support or capacity building activities are required in the preparation and/or implementation of the investment project. Moreover, a work plan should be prepared to present next steps in the process to launch the planned investments.

### **4.1.4 Who can develop an investment concept?**

The investment concepts are developed by the beneficiary municipalities/local authorities or groupings of municipalities/local authorities, either completely in-house if enough internal capacities are available or they can engage external experts for support. Country Experts assist beneficiaries in their respective countries in this process, but cannot be sub-contracted to develop investment concepts.

### **4.1.5 What is the timetable for the development of the investment concept?**

EUCF beneficiaries shall develop the investment concept within twelve months from Grant Agreement signature.

### **4.1.6 How is the investment concept validated?**

After finalisation of the investment concepts, they are validated by a dedicated evaluation team based on an English Summary drafted by the beneficiaries. An [English Summary](#) is used for the validation as the investment concept is developed in national language. The English Summary of the investment concept is

kept concise, comprising of key figures that allow for a good overview and understanding of the proposed investment.

The English Summary is validated with the help of quality criteria that have to be met in order to receive the second payment of the EUCF grant, corresponding to 30% of the total value and to successfully proceed with the investment concept implementation. In case inconsistent information, missing data or calculation mistakes are identified in the English Summary, the beneficiary is notified via the EUCF website user zone and can improve and re-submit the document.

#### **4.1.7 Who validates the investment concept?**

The validation of the final investment concept is conducted by a dedicated EUCF evaluation team, composed of evaluators from adelphi and Enviros.

#### **4.1.8 What happens if the investment concept cannot be completed in the foreseen time period?**

In case the beneficiary is not able to complete the investment concept in the foreseen time period of up to twelve months, she/he will have to submit a “non-implementation” report, describing the challenges that occurred and learnings from the process. The final payment, i.e. 30% of the total grant amount will not be disbursed.

Overall, the EUCF team and the respective Country Experts assist municipalities/local authorities throughout the development process of investment concepts and strive to minimise such situations through the technical support provided. Nevertheless, if they occur, it is the objective to jointly learn from the experiences.

#### **4.1.9 Do beneficiaries of the EUCF have to implement the investment concept?**

EUCF beneficiaries are highly encouraged to seek funding from investors and financial institutions and implement their investment concepts. Nevertheless, in case beneficiaries are not able to implement the investment concept, there are no consequences. Beneficiaries are able to share their experiences and hurdles by participating in matchmaking events, Communities of practice, and other capacity building events that are organised by the EUCF, and can benefit from the EUCF Helpdesk to address the EUCF team in case of questions regarding the implementation of the investment concept, the procedures for monitoring and reporting and the potential aggregation/joint procurement of projects

#### **4.1.10 What are the monitoring procedures?**

EUCF Beneficiaries must commit to a monitoring period of two years, in which the implementation of the investment concept is supervised and documented. During this period, beneficiaries are required to notify the EUCF on the implementation process by submitting two simple monitoring forms on key figures, which will be used to assess the impacts of the EUCF.

## 4.2 EUCF support for beneficiaries

### 4.2.1 What support does the EUCF provide for the development of the investment concept?

The EUCF provides different means of support for beneficiaries both throughout the development of the investment concept and after they have been developed and validated. Support to beneficiaries for the development of the investment concept include:

- **Financial support** is provided in the form of a EUR 60,000 grant for activities necessary for the development of the investment concept, such as feasibility studies, engineering analyses, legal analyses, social studies, market studies, financial analyses, etc.
- **Technical support** is provided by the EUCF team, which can be contacted for any sort of queries regarding the investment concept through the [EUCF Helpdesk](#). Moreover, the respective [Country Experts](#), which are assigned for each EU-27 Member State and the UK, provide beneficiaries with locally-rooted technical and financial expertise.
- **Capacity building** opportunities are provided through [regional events](#) organised by the EUCF on the topic.
- **Standard tools and documents**, such as the [knowledge hub](#) on the EUCF website and [investment concept template](#), are provided to facilitate the development of the investment concept.

### 4.2.2 How to seek support in case of questions during the investment concept development?

During the development of the investment concept, municipalities/local authorities can seek support through their respective [Country Expert](#), as well as from the EUCF team, which can be contacted for questions through the [EUCF Helpdesk](#).

### 4.2.3 How can a beneficiary receive support after the validation of the Investment Concept?

Following the support activities during the development of the investment concept, the second set of support accompanies the implementation of the investment concepts and aims at bringing in touch EUCF beneficiaries with the investor community. The EUCF accompanies the implementation process by organising matchmaking events, Communities of Practice and other capacity building events where EUCF beneficiaries are highly encouraged to participate. Moreover, the [EUCF Helpdesk](#) is available for beneficiaries to address the EUCF team in case of questions regarding the implementation of the investment concept, the procedures for monitoring and reporting and the potential aggregation/joint procurement of projects.