

# **ERRIN CONTRIBUTION TO THE MISSION SUPPORTING AND PROMOTING: 100 EUROPEAN CITIES IN THEIR SYSTEMIC TRANSFORMATION TOWARDS CLIMATE- NEUTRALITY BY 2030 – BY AND FOR THE CITIZENS**

**Adopted on 10 April 2020**

Established in 2001, ERRIN promotes the regional and local dimension in European research and innovation policies and programmes. The network gathers over 120 members who primarily collaborate through 13 Working Groups, covering both thematic areas and overarching policy issues. ERRIN supports project development and knowledge exchange between members to enhance regional and local research and innovation capacities, with the aim to foster sustainable and inclusive growth in all regions.

This position has been coordinated by the Smart Cities Working Group under the leadership of the respective working group leaders. ERRIN's Low Carbon Cluster - the Smart Cities, Transport, Energy and Climate Change working groups – together with the wide ERRIN membership have contributed to the document.

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## 1. INTRODUCTION

This contribution has been discussed in and agreed by the ERRIN network representing more than 120 cities and regions from across the European Union. It provides clear recommendations in relation to the ambitions, financing, selection process and set up of the Climate Neutral Cities mission and makes practical suggestions on the possible steps to successfully implement such mission.

## 2. DEFINITIONS AND KEY PRINCIPLES

### 2.1 Climate neutrality

In order to determine the ambition and to be able to monitor progress towards this ambition, it is vital to agree on a joint definition of the concept of climate neutrality in the context of the Mission. The Mission Board presented the following definition:

*The mitigation and offsetting of all GHG emissions (in CO<sub>2</sub>-eq) within a city by 2030 and support in the move from production-based (scope 1 and 2) to consumption-based carbon accounting (inclusion of scope 3 emissions in the measurement)*

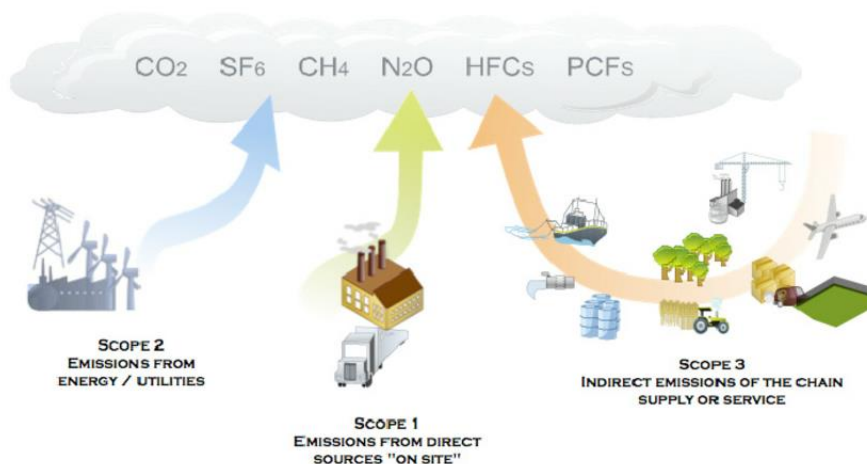
In our understanding, this is partly a definition and partly an ambition.

We understand that the Mission ambition is, therefore:

The cooperating partners in the Mission, local and regional authorities, in cooperation with their national governments and the European Commission, aim to limit the total CO<sub>2</sub> equivalent emissions within a city to a net zero by 2030

In addition, the Mission Board suggests that the Mission will develop a support structure for the front runner consortia allowing for all emission scopes (1-3 see figure) to be accounted for in the ambition of zero emissions by 2030. We believe that it is indeed important to go beyond tackling emissions that are under immediate

control and responsibility of local administrations. Therefore, broad involvement of the local ecosystem and the different actors is necessary. This will allow involving the industry and other big emitters as well as further focus on emissions related to consumption patterns. Nevertheless, the scope 3 type emissions, are complex to calculate and to reduce. Tackling them will require specific action and broad national and international partnerships. Finally, in addition to emission reductions, compensation measures, such as nature-based solutions and urban forestry, should be considered and their impacts and accounted in the ambition.



## 2.2. A City

Considering that the overarching concern is the ambition of climate neutrality, it seems that the area should be selected based on a thorough analysis of the chances of successfully achieving this ambition. Discussions with cities and regions offer a mixed picture on the potential to achieve the climate neutrality ambition by 2030. In some cases the ambition may only be feasible for one or several districts while elsewhere the potential of climate neutrality can only be achieved in an area larger than the municipal administrative boundaries (metropolitan area, region) due to, for example, a lack of available renewable energy sources within the municipal boundaries or the competence to tackle transport related emissions.

***The conclusion, in our view, should be that the Mission should have a built-in flexibility in which the local and regional sphere of governance determine the most appropriate area for which it sets the ambition of climate neutrality. In any case the eligibility to participate in the Mission should not be hindered by the size of the town/city/region.***

## 2.3. Contract, Pact or Deal

While ERRIN is a strong supporter of the principle of multi government cooperation as a prerequisite for success of such a complex societal challenge as climate change, we think it is important to get the wording and ambition right.

Achieving the ambitious climate vision cannot be done by local governments alone. ERRIN strongly supports the engagement of all relevant government levels, as well as that of other actors in local society, most notably citizens. All key actors (administrations, private sector, knowledge providers, citizen) must be on board in the efforts towards decarbonisation. Such an ecosystem approach is essential to ensure local ownership and that all actors are working towards the same goal.

ERRIN considers that all governmental and administrative levels have a specific role to play linked to their specific mandates, competencies and capacities. These roles are broader than merely offering financial compensation. In line with already existing public sector cooperation agreements across the European Union we think that: The Mission implementation should be implemented through a **City Climate Deal (CCD)**.

## 2.4. Key elements of the City Climate Deal

The Climate City Deal should include:

- The overarching ambition of the district/city/region represented by a local/regional consortium of public/private/citizen and knowledge partners, which should be in line with the Mission Ambition, but identify the area covered by the CCD
- A clearly outlined **Climate Roadmap**, based upon the principles as developed in the context of the Covenant of Mayors initiative, identifying both the strengths and the challenges of the city/region and the process through which the consortium aims to address these. This Roadmap should be the result of a local/regional process of co-creation engaging all stakeholders. The Roadmap should, furthermore, outline the roles and responsibilities of all contracting parties – local, regional, national and European. It should include both social and technological innovation measures.

- A **well-defined business plan** that supports the implementation and the financing of the necessary investments and actions set out in the Roadmap. Furthermore, the Roadmap should facilitate and support steps on the transition towards innovative economic models supporting climate neutrality.
- A **Governance Roadmap** based on a systemic integration, outlining the structure locally through which the implementation of the Mission will be guaranteed.
- A **clustering of cities/regions on the basis of common challenges**, identified through an in-depth analysis of these challenges, with a view to enlarging the potential impact and potential to scale up solutions.

## 2.5. Clustering for Impact

ERRIN considers clustering and cooperation are an essential element to achieve the necessary impact at EU level. We propose not to use the terms ‘front runner’ and ‘follower’ cities as we consider that no single city as a whole is leading or following on all aspects and areas of climate action at a time. We consider that the roadmap developed in the context of the preparation for the Climate City Contracts will allow a determination of potential to cooperate, learn and scale up between cities across the European Union.

Rather ERRIN suggests that, following the expression of interest and the development of the local/regional roadmaps as described in this contribution, a picture will emerge on the areas that a city/region is doing well and has expertise, while other areas will surface where further learning, investment or research is needed.

Assembling this for 100+ cities, it will be possible to determine clusters – joining ‘mentors’ and ‘pupils’ in groups. Please note that, following this approach any city can be in more than one cluster, leading some and learning in others.

We consider that financial support should go to the cluster and all those within it. In practice, this means that a city may receive funding (as ‘mentor’) to support others in their efforts to implement a solution/a combination of solutions or an adaptation of solutions, while, at the same time receive funding to actively work towards greater impact in policy areas it does not score well yet.

A clear link should be made between the cluster challenges and existing project experiences. Research should be directed at matching and adapting solutions to specific use cases, hence one enhances the impact of already invested project budgets and thus the impact of research and innovation. Furthermore, the Road mapping activity will allow gaps in knowledge to surface and this should guide future research and innovation efforts. Also, a *systematic policy, research and innovation needs and investment dialogue* between the city/regional clusters, national governments and relevant services of the EU/EIB should be organised.

This clustering approach should be an essential part of the Climate City Deal. The city consortia commit at the start of the deal to cooperate and support each other and will be required to report on the results.

## 3. ACHIEVING THE AMBITION

### 3.1 New governance

The Mission Board final report strongly focuses on the need for novel approaches to governance. There is broad agreement that the implementation of the innovations needed to achieve such ambitious climate vision will require local and regional governments to closely look at their decision making and implementing procedures and processes. In fact, innovation in governance is one of the key issues that the mission should tackle. The climate emergency calls for extensive cooperation between operators, managers, politicians and the scientific world. It demands close collaboration between the people who devise these solutions, those who test them, and those who produce and manage them – i.e. moving towards co-created demand driven innovation.

In order to achieve this, territorial authorities need to develop new skills in order to assume their role as facilitators between different stakeholders. A broad support base within society, citizens, NGO's, the knowledge providers and the private sector must be ensured through continuous engagement. Civil society and citizen organisations are also taking on new roles - and both proposing and implementing new and innovative solutions. Support to community driven innovation requires not only social networks, but also in the longer term, the construction of networked local initiatives to accelerate change.

### 3.2 Management of Climate City Deals

It is generally agreed that the successful development and implementation of the actions necessary to achieve the ambitions of *the Mission requires a systemic integration*. The policy fields, beyond climate policy, potentially impacted by this mission include: *social policy* on issues concerning energy poverty and, more general, the need to ensure that all citizens are on board; *transport and mobility policy*, as our mobility continues to be an important source of CO2 emissions; *economic policy*, as innovative technologies may be the growth sector of tomorrow; *digital policy*, as data and ICT will be important enablers in realising the mission, while at the same time, bringing to the forefront important challenges concerning privacy and data protection that must be addressed; and *research, education and science policy*, as the Mission should drive research and innovation agenda's with a view to achieve the mission goals, but also ensure that a skilled workforce is available to build the climate neutral cities.

Naturally this is the case for the local/regional implementing level, but the systemic integration is important for all levels of government. Therefore, we consider that at national and EU levels more than one Ministry should be engaged in the CCD and coordination must be organised effectively within levels and between levels of government and administration. At *European Commission level the most appropriate place for the management of the CCD would be the Secretary General* as the DG within the European Commission with responsibility to 'steer and coordinate the work across the entire Commission to ensure that all initiatives are aligned with the political priorities of the President and to lead policy development on certain cross-cutting policy files', with a close involvement of the DG Climate under the responsibility of European Commission Vice President Frans Timmermans.

### 3.3 Selection criteria

The selection of the 100+ cities should be based on a balanced mix of different criteria including:

**Excellence:** The response to the call for expressions of interest should be judged serious enough to warrant a joint co-creation engagement to come to a CCD

**Political and societal commitment:** The application should clearly show the long-term political will to achieve the climate ambitions in the set timeframe. In addition, the application should show it has been extensively debated and is co-owned/supported broadly by the local/regional society

**A geographical balance:** it is clear that there should be champions in each European Union Member State. This, not so much because of a political need to spread available funds equally, but rather because existing cultural and other differences across the EU warrant an approach where national champions may support a wider uptake of solutions in a national context and thus contribute to the necessary scale up of solutions.

## 4. FINANCING CLIMATE NEUTRALITY

### 4.1 Ensuring the necessary level of investments

How to finance the transition towards climate neutrality is a recurring and complicated question. From whatever perspective one looks at this ambition, one thing is certain: it will require significant investments across Europe. Investments that go far beyond the potential of European subsidies. Hence the Mission should:

- Include a serious effort to move beyond the research and innovation budgets of Horizon Europe. Not because these are not relevant, but because they are too small and can only cover a limited part of the investment needed.
- Include a serious effort to match and coordinate funding coming from, amongst others different EU level programmes, with local, regional and national subsidies.
- Ensure the availability of capital investment. Investing in Climate solutions must start making sense for the big investors. This means that work needs to be done on the return of investment, the risk and the payback time of such investments. This, in turn, means that *investors need to be actively engaged in the co-creation processes of the CCD's from the start.*

### 4.2 Mobilising funding beyond research and innovation

The Mission, thus far, has a strong research focus, not least as the process is driven by the European Commission's DG Research and Innovation. While research certainly continues to be necessary, *achieving the ambition with the set timeframe will, most of all, require significant investment in infrastructure and (existing) innovative solutions.* The key issue at hand is the scale up of solutions that work.

ERRIN considers, therefore, that a core pillar of the work should be hands on activities that aim to match challenges identified (in the context of the roadmap development) with already existing solutions. Only if such solutions do not exist, new research agendas should be developed, and new research and demonstration projects implemented.

The key challenges are:

- Realising a broad and accessible overview of solutions. This means not only solutions that have been developed under the auspices of the different European Commission framework programmes, but also under other EU and national programmes.
- We acknowledge that cities/metropolitan areas/regions are different and unique, and that (research and analysis) work will be needed to make selected solutions ‘fit’. We suggest that the Mission organises the necessary capacity (possibly via the European Partnership?) to do so.

ERRIN highlights the importance of available funding for cities to make this ambitious commitment. In our view, no city/region will make the ambitious commitment to climate neutrality without a clear picture about the available financial and investment support to make this happen. This does not mean the EU should fully fund the transition to climate neutrality, but it must make good financial sense to engage in such ambitious commitment. ERRIN considers also that a close alignment between this Mission and core elements of the European Green Deal, such as the Sustainable Investment Fund, the Climate law and the Climate Pact are essential

A few key elements concerning funding:

Generic European calls of the type such as Horizon, will not make sense for these highly complex and very individual trajectories. ERRIN suggests, therefore, to take a three-step approach starting with:

**Phase 1.** Starts with the development and *publication of an open call for expression of interest* which will include a series of key elements such as political commitment; capacity; developed local consortium including citizens engagement, followed by a selection of between 100-120 cities and a period of co-creation of 6-8 months.

**Phase 2.** Following the successful completion of the co-creation process engaging the different local, regional, national and EU actors, the second phase culminates in the *signing of the partnership agreement (CCD) between European Commission, Member State and local/regional consortium*. The CCD is based on the clearly outlined roadmap (based/building on EU SECAP/SUMP), addressing the key challenges and enablers for the local consortium and including an action plan comprising of both an investment agenda and a research agenda. Furthermore, we suggest the organisation into cooperation clusters. These clusters will be based on key characteristics / challenges experienced that determine/impact upon the ability to achieve the Climate Neutral ambition

**Phase 3** will then be the actual implementation of the agendas. This phase would, in principle be a period of 9-10 years, but with regular cut off dates at which certain progress must be achieved.

### 4.3 Role of Horizon Europe

ERRIN considers that there are several key activities that should be funded from the Horizon Europe Programme:

- The Internal management and the governance of the CCD – notably the need to continuously engage all stakeholders including citizens at the local-regional level, but also the continuous dialogue among the different CCD partners.
- Support to refine and update the long term financial/business plan, including planning and business development necessary for scale up of solutions.

- Road mapping and continuous update of annual action planning – definition of gaps and actions needed.
- Monitoring (such as indicator development), climate budgeting and communication
- ERRIN suggests that clusters of cities are formed using as a starting point local Roadmaps and the challenges defined therein. The ensuing networking and joint activities within such clusters should be supported through the Horizon Europe budget (CSA type of action).

ERRIN considers that, once the selection has taken place and the co-created CCD has been concluded, the above listed actions and connected funding should be granted and not be subject to further individual calls. Having said this, ERRIN considers that the CCD partners / clusters may wish to publish calls of their own to obtain specific knowledge, innovations that they are missing.

Furthermore, the CCD should also be able to apply for regular European and national funding lines, following the standard rules of the programme in question. Naturally, in the case of any EU funding programme, the European Commission cannot be partner in such projects as it cannot offer itself funding from its own programme.