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To:

Ms. Ursula von der LEYEN, European Commission President and Spitzenkandidat

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Mr. Nicolas SCHMIT, Commissioner for jobs and social rights and Spitzenkandidat

Ms Elisa FERREIRA, Commissioner for Cohesion and Reforms

Ms Kadri SIMSON, Commissioner for Energy

Mr Virginijus SINKEVICIUS, Commissioner for Environment, Oceans and Fisheries

Mr. Wopke HOEKSTRA, Commissioner for Climate Action

Mr. Thierry BRETON, Commissioner for Internal Market

Ms. Adina VĂLEAN, Commissioner for Transport

Ms. Iliana IVANOVA, Commissioner for Innovation, Research, Culture, Education and Youth

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We, the European networks of local and regional governments, representing cities and regions ranging from the smallest rural towns to the largest metropolitan capitals across all EU Member States, wish to underscore the importance of staying on course to implement the European Green Deal under this and next mandates of the European Commission. European local and regional governments have already embarked on the journey to climate neutrality and started to transform our cities and regions, as well as ways of living, heating and cooling, housing, mobility, producing and consuming for millions of European citizens. We are writing to you to reiterate our networks' support and readiness to implement and scale up the transition to climate neutrality if enabling framework conditions for the local level are guaranteed.

Cities and regions are where at least 70% of the European Green Deal legislation must be implemented. The local level also holds the highest democratic potential, involves people directly in decision-making, and allows people to experience the impacts of political decisions first hand. In this regard, successful implementation of the Green Deal can only be achieved if European cities and regions collaborate, challenge and coordinate with local businesses, communities and civil society



while empowering them to stem today's poly-crisis including climate change, biodiversity loss, societal challenges and ongoing armed conflicts¹.

Today, the EU's subnational governments mobilise around 58% of climate-significant public expenditures, surpassing their central governments² and they also have sole or shared (with national governments) responsibility for 68.3% of all dimensions covered in Member States' National Energy and Climate Plans (NECPs)³. European cities and regions are an integrated part of the EU's governance system and therefore, drawing realistic climate neutral pathways will only be possible with strong mobilisation and involvement of local actors. It is of concern that the EU's 2040 target proposal overlooks the mitigation, adaptation and investment potential of cities and regions. However, we remain ready for a dialogue to address this gap.

We emphasise our appreciation of the fruitful cooperation that has developed between local and regional governments and the European Commission over the years. We especially thank the European Commission Executive Vice President Maroš Šefčovič, the Secretariat General and all Commission services and Director Generals with whom we had a constructive and forward-looking Clean Transition Dialogue with on 15 March 2024 to discuss the implementation of the Green Deal at the local level in collaboration with business and industry.

Nevertheless, given the key role of local and regional governments in planning policies and strategies, and financing the transition, implementation of the European Green Deal will require another level of partnership between all levels of government. Financing the local transition to climate neutrality will require mobilising the EU and national budgets, as well as private finance, with a multilevel governance approach. In order to optimise the social, environmental and economic impact at the local level, the approach must be more responsive to locally developed integrated and holistic actions based on locally available skills, resources and opportunities. These opportunities are the best way to create local investment potential for European industry, and to share the transition benefits for all EU citizens.

We would like to highlight that Europe's pace of success to achieve the Green Deal objectives will depend on creating the following enabling frameworks for cities and regions:

- **More joined up support for investments from the EU, national and regional funds across different funding programmes and actors, which are more responsive to locally developed integrated and holistic action and investment plans. This would also be a prerequisite for creating local jobs and markets for the European green industry.**
- **Cities and regions need adequate in-house skills and a workforce to successfully do their part of the climate neutrality transition and by doing so, to create demand for European businesses and industries.**
- **Establishing structured dialogues with the local and regional level at the EU and national level will be critical to achieving the necessary transformation and societal resilience at scale in Europe.**

¹ <https://cor.europa.eu/en/about/Pages/default.aspx>

² <https://www.oecd.org/regional/subnationalexpendituretracking.htm>

³ https://www.ccre.org/img/uploads/piecesjointe/filename/NECP_Report_CEMR_2023.pdf



While we further develop some concrete suggestions to address European cities' and regions' challenges in the attached list of "Local and regional government networks' proposals for measures to support the implementation of the European Green Deal at the local level", we kindly repeat commitment to work with national governments, the European Council, the Commission and the Parliament to turn the Green Deal into reality for every citizen across Europe. We believe the EU's 2024- 2029 Strategic Agenda could further build on this cooperation by streamlining and creating synergies and feedback loops from the local to the national and EU level to reinforce cities' actions to implement the European Green Deal.

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LOCAL AND REGIONAL GOVERNMENT NETWORKS' PROPOSALS FOR MEASURES TO SUPPORT THE IMPLEMENTATION OF THE EUROPEAN GREEN DEAL AT THE LOCAL LEVEL

This document is prepared by the European networks of local and regional governments, representing cities and regions ranging from the smallest rural towns to the largest metropolitan capitals across all EU Member States to make concrete suggestions on how to support the cities and regions in their implementation of the European Green Deal under this and next mandates of the European Commission. It focuses on three key enabling framework conditions for cities and regions in their implementation of the European Green Deal: financing the local transition, capacity building and skills development for the local level and ensuring the multilevel governance in order to provide continuous multilevel political support, feedback loops and shared responsibility.

MULTILEVEL GOVERNANCE:

Establishing structured dialogues with the local and regional levels at the EU and national levels will be critical to achieving the necessary transformation and ensuring resilience at scale in Europe: At COP28, the European Commission supported the principles of the Coalition for High Ambition on Multilevel Partnerships⁴, while 11 EU Member States signed on to its pledge to enhance cooperation with subnational governments in the planning, financing, implementation, and monitoring of their climate strategies. These commitments from EU Member States and the European Commission should further strengthen the multilevel climate and energy dialogues under the Governance Regulation, Article 11⁵. It is time to establish a structured dialogue with cities and regions to both identify implementation bottlenecks and opportunities at the local level, as well as to ensure providing necessary support:

- **At the EU level, we call to appoint an Urban Envoy, centrally placed in the European Commission, with a mandate to oversee and coordinate all EU policies and initiatives for cities and urban areas, ensuring a positive impact and political attention on the potential and needs of cities.** This should go hand in hand with establishing a regular and direct dialogue between the political leadership of the main EU institutions and city leaders, and more transparent governance mechanisms that systematically involve cities in EU policy making.
- At the national level, in order to harness the potential of a real partnership with cities and regions for the development, implementation and management of national plans, **we see a need to establish permanent and structured dialogue platforms.** Such forward-looking interpretation and application of the subsidiarity principle as a keystone of European governance to advance EU goals and policies at the local and regional level would bring several co-benefits: continuous multilevel political support, feedback loops, shared responsibility, and better implementation of the necessary actions. This should also support a joined-up approach to other initiatives, such as the National Recovery Plans or the building renovation strategies, climate adaptation plans and different initiatives happening at the regional and local levels.

⁴ <https://www.cop28.com/en/cop28-uae-coalition-for-high-ambition-multilevel-partnerships-for-climate-action>

⁵ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3A0J.L_.2018.328.01.0001.01.ENG

FINANCING THE TRANSITION AT THE LOCAL LEVEL:

Support for investments from the EU, national and regional funds should become less fragmented across different funding programmes and actors and be more responsive to locally developed holistic action and investment plans:

- **The EU budget should prioritise local-level implementation, reflecting that most European Green Deal policies are implemented at the local level.** This means supporting bottom-up approaches like the Integrated Territorial Investments (ITI) under the European Structural and Investment Funds (ESIF). Furthermore, the future cohesion policy should be built on the Partnership Principle and allow for participatory development of implementation policies in Europe's territories. Cohesion policy, which is increasingly being used for other purposes, must remain a long-term development policy for cities and regions, based on the principles of shared management, partnership and multilevel governance.

Strategic pooling of funds and coordination across government levels would improve access for cities and regions, enhance outcomes, and save costs. Amongst the many challenges of accessing EU funds for local governments, their typically scattered structure and the requirement to prove the innovation of the project can be addressed by a modified design of funding programmes. The overall funding approach towards local governments should move from 'funding by project' or by topical priority to 'funding by programme'. This will foster local implementation capacity to align with their holistic Green Deal goals and promote integrated actions rather than individual, disconnected and time-bound projects. The 'innovation' requirement should include integrated and innovative ways (i.e. instruments, methods, solutions) to effectively and efficiently 'package' individual projects and interventions and drive transformation through inclusiveness and integration. This includes the up- and outscaling of innovative governance instruments, partnerships, transformation plans and programmes, multi-stakeholders contracts such as Climate City Contracts and Local Green Deals in more cities, different settings, for enlarged purposes, which does not otherwise fit in the current 'innovation' definition used to access EU funding.

- **Taxation and fiscal rules must enable cities to invest in the local transition:** Cities and regions have sole or shared (with national governments) responsibility for 68.3% of all dimensions covered in Member States' NECPs⁶. And subnational governments mobilise around 58% of climate-significant public expenditures, surpassing central governments⁷. To fully leverage both the spending and implementation potential, European fiscal rules should allow Member States discretion over internal spending and debt-raising capacities. Public procurement should allow the prioritisation of the local economy (e.g. requiring local food consumption in school canteens). Public finance should recognise the different challenges and capacities of different government levels, and improve the public finance position of small and medium-sized cities. . Additionally, there is a need to change debt rules to enable cities to invest in operations to increase local capacities (immaterial investment) and to enable an EU-wide legal mandate to raise new local taxes to finance the energy and climate transition.

⁶ https://www.ccre.org/img/uploads/piecesjointe/filename/NECP_Report_CEMR_2023.pdf

⁷ <https://www.oecd.org/regional/subnationalexpendituretracking.htm>

- **EU and national funds should be scaled up through mobilising private finance and easier loan schemes from EIB:** In terms of using the European Investment Bank's potential, the European Local Energy Assistance (ELENA)⁸, Joint Assistance to Support Projects in European Regions (JASPERS)⁹ and the Circular City Center by the EIB are good examples for support schemes that cities and regions can use to accelerate climate action in the areas of sustainable energy, raw material, renovations and transport. For a bigger inclusiveness for local and regional governments of all sizes, we call for a lower minimum investment threshold and simpler application modalities to localise the program further.

EU and national funds would need to go hand in hand with scaled up private finance coming from institutional investors and the private sector to transform cities. However, from high transactional costs to the lack of staff with private finance experience at the local level, a number of obstacles remain for the mobilisation of private finance. In this regard, a model of a local or regional finance facility (e.g a public-private special purpose vehicle) serving as a programme focused investment entity could be one way of overcoming some of the obstacles and should be considered at the European level to help mobilise funds for cities and regions. On this note, the European Commission's Guidance to Member States on unlocking private investments in energy efficiency should require the involvement of local and regional governments and their energy agencies in the design of "financing facilities and project development facilities" as required by the Energy Efficiency Directive.

CAPACITY BUILDING AND SKILLS AT THE LOCAL LEVEL:

Cities and regions need adequate in-house skills and workforce to successfully do their part of the climate neutrality transition and by doing so create demand for European businesses and industries.

Therefore, there is a need for programmes of skilling, reskilling and upskilling and increasing the local workforce to implement the Green Deal. We welcome the European Commission's efforts in this direction, in particular with the ComPAct communication¹⁰, but call on it to go further by:

- **Setting-up national programmes and an EU level coordination mechanism to develop training offers for local and regional civil servants**, developed under, for example, the Technical Support Instrument (TSI).
- **Through delegated acts, ensuring that Member States have a regular evaluation of the human resources needs of public authorities (in particular local ones) to implement climate and energy policies.** Inspirations can be taken from the approach of the recent "Municipal Competence Centre for Heat Planning" organised by the German Energy Agency¹¹.

⁸ <https://www.eib.org/en/products/advisory-services/elena/index.htm>

⁹ <https://jaspers.eib.org/>

¹⁰ Enhancing the European Administration Space (ComPAct), Communication from the European Commission, October 2023. https://reform-support.ec.europa.eu/public-administration-and-governance-coordination/enhancing-european-administrative-space-compact_en

¹¹ Kompetenzzentrum Kommunale Wärmewende (KWW). "The Competence Centre for the Municipal Heat Transition (KWW) offers expertise, advice and support for stakeholders in the municipal heat transition in Germany. Expertise and capacities have been continuously built up for this purpose since 2022. From mid-2024, up to 30 employees at KWW will be supporting local governments, authorities and stakeholders involved



- Local/regional energy agencies as independent permanent structures with public mandates have long played the role of accelerators for cities, rural communities, regions, businesses and citizens across Europe. **Supporting the creation of a local or regional climate and energy agency, as well as strengthening staff and skills in existing agencies and/or increasing cities and regions' in-house technical capacity would enable local skilled employees to be key supporters of local and regional governments to implement the green transition.** ¹²
- **Launching an EU wide campaign to boost the attractiveness of the public sector by communicating better the value of working for the public sector for the green transition.** Besides, the European Commission should support Member States to counter recruitment difficulties in the public sector, by reforming the civil service in order to improve both working conditions and better communicate the employer brand.

in municipal heating planning with suitable services" <https://www.dena.de/themen-projekte/projekte/energiesysteme/kompetenzzentrum-kommunale-waermewende/>

¹² Why Regions? Why Energy Agencies? - Fedarene