

THE EU FUNDING OPPORTUNITIES

FOR CITIES
ENGAGED IN
THE ENERGY
TRANSITION



ENERGCITIES

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Energy Cities created this document to guide cities through the landscape of financial support and opportunities in the EU. Cities are indeed on the front line of the fight against climate change. They are the ones that will implement the systemic changes and measures to combat it. Therefore, the issue of resources is crucial to the success of the different projects.



THE MAIN EU
INITIATIVES
TO SUPPORT
THE ENERGY
TRANSITION
IN CITIES

The EU has many funding sources and initiatives available to cities. They have their own focus, operational guidelines and requirements. This is a brief rundown of each of those programmes to help cities access the help they need in building a decarbonised, decentralised and democratised future.

THE TRADITIONAL RESEARCH PROGRAMMES

- ✓ [Horizon Europe](#) & the mission [the climate-neutral and smart cities](#)
- ✓ [Circular Cities and Regions Initiative](#)
- ✓ [LIFE programme](#)

THE TRADITIONAL REGIONAL COHESION AND DEVELOPMENT PROGRAMMES

- ✓ [Cohesion Policy](#) (REACT-EU Package)
- ✓ [EU Urban initiative](#) (URBACT, JPI Urban Europe, UIA)
- ✓ [INTERREG programme](#)
- ✓ [Just transition mechanism](#)

THE INITIATIVES TO RAISE YOUR PROFILE BUT WITH NO FINANCIAL SUPPORT

- ✓ [Green City Accord](#)

KEEP AN EYE ON THESE NEW INITIATIVES THEY MAY LEAD TO NEW FINANCIAL STREAMS

- ✓ [Affordable Housing Initiative](#)
- ✓ [The EU Bauhaus initiative](#)



THE TRADITIONAL RESEARCH PROGRAMMES

Horizon Europe

Amount €95.5 billion (including €5.4 billion for next generation EU).

Dates runs from 2021-2027, first call mid-April 2021 with a deadline in September or October 2021.

The **Horizon Europe** work programme (WP) including the calls for 2021 and 2022 is expected by April 2021. The programme is organised in 6 thematic clusters. The most relevant calls on cities climate transition are expected under Cluster 5 and 6:

- ✓ **Cluster 5 Climate, Energy and Mobility.** It should cover topics such as Just Transition, Renewables, Built Environment/ regeneration of neighbourhoods with a first focus on the implementation of the new European Bauhaus. The WP update based on the Mission launch is expected to deliver additional calls for cities climate transition under this cluster.
- ✓ **Cluster 6: Food, Bio economy, Natural Resources, Agriculture and Environment.** It should cover topics such as Circular Economy in Cities and Regions including a Project Development Assistance call closely aligned with the European Commission's Circular Cities and Regions Initiative, food systems transitions including dedicated calls focused on cities' food policies. This cluster seems to have a good balance between technology driven calls and calls focused on socio-economic considerations, governance and citizen engagement.

In parallel to the definition of the WP, **the European Commission is working on the Horizon Europe Missions, including the *Mission area: Climate-neutral and smart cities***. 100 European cities will be supported by the Directorate-General for Research and Innovation with a total budget of €2 billion to become climate neutral by 2030. Those pioneers will serve as an example for other cities for the decades to come. They will have to sign an ambitious cross sectorial Climate City Contract with their region, their national government and the European Commission. These contracts will be developed through a multi-level and co-creative process that involves citizens as users, producers, consumers and owners.

The Mission will start later this year and ad-hoc calls linked to the Mission are expected to be integrated in the Horizon Europe WP as an amendment to the version published in April 2021.

Energy Cities is monitoring the programme development and will organising info-sharing sessions for members once the programme is officially published.

Circular Cities and Regions

Amount €3 million per local project.

Dates First call March 2021

The **Circular Cities and Regions Initiative** is a programme funded under Horizon Europe to support circular economy action plans delivering concrete, sustainable and inclusive solutions. This should go beyond the usual waste and water sectors and enable a broad systemic and innovative change at the urban and regional level. There will be a special focus on industries and changes in local governance.

A coordination and support office will select a group of pilot cities and regions in 2021 and financially and technically support it, with more than €3 million per local project.

TIPS BOX

WHAT ABOUT BRITISH CITIES?

Some funds will still be accessible for British cities in the coming years as Horizon Europe. For more details, you can have a look at this [article](#).

LIFE programme

Amount €1 billion

Dates First call expected in 2022 and runs until 2027

The **LIFE programme** aims to increase capacity-building and market-uptake for renewables by working with local, regional and national government while protecting consumers and citizens. The LIFE multiannual work programme (WP) and related calls for proposals are still under discussion. The first calls are expected in early 2022. The new European Climate, Infrastructure and Environment Executive Agency (CINEA) will organise an online info session around May 2021. The new LIFE programme will cover the following areas:

- ✓ Nature and biodiversity
- ✓ Circular economy and quality of life
- ✓ Climate change mitigation and adaptation
- ✓ Clean energy transition: this part takes over the Energy Efficiency calls from Horizon 2020. There are a lot of important details still unconfirmed about this sub-programme especially on administrative burdens and co-funding rate. Energy Cities will stay informed on these topics.



THE TRADITIONAL REGIONAL COHESION AND DEVELOPMENT PROGRAMMES

Cohesion Policy (REACT-EU Package)

Amount €47.5 billion under Next Generation EU

Dates Runs from 2020 to 2027 with extra recovery funds provided in the first three years

The **cohesion policy** will focus on green and digital transition, more connected, inclusive and social Europe, and a Europe that is closer to its citizens. Specific climate targets are established for the ERDF (30%) and the Cohesion Fund (37%), accompanied by a special adjustment mechanism that will help in monitoring and achieving them.

While the allocation per member state is decided by the EU Commission, there is no obligation for countries to allocate the money to priorities (e.g. sustainable urban development or to green transition projects). On the plus side, there is 100% co-financing for the additional recovery package money. The governance mechanism remains the same as in the previous period, which means a monitoring committee, the partnership principle and in some countries the cities/metropolitan areas involved are allowed to manage funds on their own.

EU Urban initiative (URBACT, JPI Urban Europe, UIA)

Amount €500 million

Dates First calls expected in 2021 and runs until 2027

This **EU Urban initiative (EUI)** is a part of the Cohesion Policy explained above to strengthen integrated and participatory approaches to sustainable urban development and provide a stronger link to relevant EU policies. The upcoming EU Urban Initiative largely carries over & clusters together URBACT, JPI Urban EU, Urban Innovative Actions & Urban Development Network. The initiative will provide support for cities of all sizes and for the Urban Agenda for the EU in 3 different ways:

- ✓ support of capacity building (20% of budget)
- ✓ support of innovative actions (60% of budget)
- ✓ support of knowledge, policy development & comms (20% of budget)

INTERREG programme

Amount € 8,5 billion

Dates First calls expected in 2021 and runs until 2027

This **INTERREG** is founded under the ERDF and aims to help regional and local governments across Europe to develop and deliver better policy by ensuring that government investment, innovation and implementation efforts all lead to integrated and sustainable impact for people and place.

The framework of the previous INTERREG programme is largely carried over with a maximum co-financing rate set at 70%. There will be **Interregional Innovative Investments** (known as I3) as a new way to create regional clusters across Europe specialised in a certain area (e.g. circular economy, connected mobility, big data, hydrogen, etc.)

Just transition mechanism

Amount €17,5 billion

Dates Runs from 2021 (for the submission of plans) to 2027

This **mechanism** aims to alleviate the socio-economic impact of the transition in regions dependent on carbon-intensive fuels and industry.

Proposed Territorial Just Transition Plans must be submitted in 2021 and the Mechanism will run until 2027. The Just Transition Fund is under shared management by the EU & Member States and is a dedicated scheme under **InvestEU** (EU investment instrument). There is a public sector loan facility by EIB which combines the grants from EU funding to support the Just Transition in the regions **listed here**. Eligible territories also benefit from a technical assistance facility while the overall governance is similar to the Cohesion Policy. Calls for projects will be launched in each Member State, so be sure to contact the relevant authority in your country to take advantage of the subsidised loans (i.e. concessional loans) provided by the EIB. Projects must contribute to territorial just transition plans, require an EU contribution and preference will be given to projects that also contribute to the climate transition.

TIPS BOX

HOW TO MAKE YOUR EU FUNDING APPLICATIONS MORE SUCCESSFUL?

These EU initiatives and findings are great opportunities for cities to bring forward their green transition, fight climate change, increase the international visibility and exchange with peers. But applying to EU findings is not easy. Monitoring funding opportunities, generating ideas and coordinating a project proposal takes a lot of knowledge, time and resources that are not always available, in particular for smaller organisations. Energy Cities project managers and city members with a very good success rate when it comes to access EU funds provide you some tips (***that you can find in details at this link***)



THE
INITIATIVES
WITH NO
FINANCIAL
SUPPORT

Green City Accord

Dates from 2020.

The **Green City Accord** is an open commitment that all European mayors can sign. By signing the Accord, cities become part of a movement to safeguard the natural environment. Mayors commit to make their city greener, cleaner and healthier and to accelerate the implementation of relevant EU environmental laws. This is especially the case for five areas of environmental management: air, water, nature and biodiversity, circular economy and waste, and noise.

Once the accord signed, a local action plan must be implemented and the results reported to the Commission and a responsible secretariat. The Directorate-General for Environment of the European Commission, which launched the initiative, expects to have 150 signatories by October 2021.



KEEP AN EYE
ON THESE
NEW
INITIATIVES
THEY MAY
LEAD TO
NEW
FINANCIAL
STREAMS

Affordable Housing Initiative

Amount not proposed yet, under RRF, REACT EU, ERF, ESF, Modernisation Fund and TSI

Dates kick off in 2022

The Affordable Housing Initiative is a lead action of the [European Commission's Renovation Wave Strategy](#) to address energy poverty and access to healthy and affordable housing for all. It will pilot 100 lighthouse renovation districts across Europe in a smart neighbourhood approach, mobilising cross-sectorial project partnerships, including the social economy sector. Those 100 projects should act as a laboratory for improvement, setting liveability and latest innovations at the forefront, and provide blueprints for replication, developing efficient, circular and modular processes and social engagement models empowering residents.

The initiative will guarantee that local social housing projects have access to technical and financial capacity, and tackle the barriers that currently block renovation.

The EU Bauhaus initiative

Dates 2020-2024

The [New European Bauhaus](#) is a creative and interdisciplinary initiative launched by the European Commission, to bring the European Green Deal closer to citizens. By bringing together architects, designers, artists, engineers, scientists and others, the New European Bauhaus should develop and experiment alternatives to combine sustainability and aesthetic and let citizens shape the future of their city. The initiative will support, in a first wave, five projects in five different Member States, each one with a different focus: Natural building materials; Demographics; Energy efficiency; Future-oriented mobility; Resource-efficient digital innovation.

With the help of local universities, projects will be elaborated to tackle ecological, economic, social and democratic issues.

In a second wave, starting in 2023, other Bauhaus projects and creative spaces will be supported in and outside Europe, and a Bauhaus knowledge hub will be set up to spread the Bauhaus spirit and findings.



THE RESILIENCE AND RECOVERY FACILITY (RFF): A GOOD OPPORTUNITY FOR CITIES?

The Recovery and Resilience Facility (the Facility) will make **€672.5 billion in loans and grants** available to support reforms and investments undertaken by Member States with at least 37% of expenditure for climate investments and reforms. The expenses have to be planned before the end of 2023 and to be spent by July 2026. [Here](#) you can find the distribution of grants for each Member State.

The Commission encourages the Member States to put forward investments and reforms in **some flagship** areas including: Power Up (clean technologies and renewables), Renovate (Energy Efficiency in Buildings) and Recharge and refuel (sustainable transport and charging stations).

Member States should submit their Recovery and Resilience Plans (RRP) to the Commission by the 30th of April 2021. Most of the drafts have already been submitted to the European Commission for revision.



WHAT OPPORTUNITY FOR CITIES IN THE NATIONAL RECOVERY AND RESILIENCE PLANS?

Cities are at the forefront of the COVID-19 and climate change response. Stimulus spending will only be successful if the needs of cities are met. **But the level to which cities will be able to benefit from the Facility or be involved in the process is still unclear** as Member States are sometimes underestimating the potential of cities in the green recovery.

Many guidelines of the national RPPs include **measures that are at the core of cities competences** such as municipal buildings renovation or urban mobility. Nevertheless, the cities involvement depends on the willingness of the states and the level of details provided in the plan. For instance, the Italian plan recognises that: “local and regional authorities will be fundamental actors in the definition and implementation of (the green mobility) guideline”. Unlike the Greek plan that presents a local Sustainable Urban Mobility Plan (installation of Electric Vehicle (EV), charging equipment and investments for infrastructure in cities) but does not clearly states how Greek cities will be involved in the implementation process or how and which cities will benefit from it. This top down approach raises a lot of unsolved questions for cities in the national RPPs.

However, **cities should pay attention to coming calls for projects and expressions of interest** on urban mobility; public and housing building energy renovation; digitalisation of public administration and services, as this is likely to be the most common way to channel investments from the RRF to cities. We advise you to prepare comprehensive, specific projects on themes relevant to your city, ideally covering several challenges, for example, both climate and social challenges.

At Energy Cities we are aiming at producing examples of what cities could ask. The Recovery Funds are going hand in hand with budget for expertise and technical assistance. The TSI (Technical Support Instrument) works like a ticket, a common budget to be allocated in grants to Member States for the reform of their administration. In each Member State a coordinator is compiling all demands and doing a selection before to submit it to the European Commission.



MAKE CITIES VOICES HEARD

For for RPPs that do not provide for calls for proposals or contributions, it is still time for cities to try to make their voices heard in the realisation and implementation of the plans. **We encourage cities to talk to the national contact points and come with concrete projects to support their point and the urgency to act.** It may be useful to contact the person in charge of: the RRP at the Ministry of Finance; your specific project area; the cohesion policy funding as the ERDF and the EFS+ have been underspent in many EU countries previously and represent a tremendous opportunity under the new EU budget



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Energy Cities' mission is to empower cities and citizens to shape and transition to futureproof cities. We showcase concrete alternatives deployed by cities, we advocate to change politic and economic governance at all levels and we foster a wide cultural change leading to a futureproofed society. Energy Cities community is composed by local leaders of thousands of cities in 30 European countries.

BESANCON

2 chemin de Palente
25000 Besancon, France

BRUSSELS

Mundo Madou
Avenue des Arts 7-8
1210 Brussels, Belgium