



# EU ENVIRONMENTAL FUNDING: FIVE BUILDING BLOCKS TO TRIGGER A SYSTEMIC SHIFT TO CLIMATE NEUTRALITY

THE LIFE PROGRAMME SHOULD SUPPORT A GENUINE CULTURAL AND SYSTEMIC SHIFT AMONG PUBLIC ADMINISTRATIONS, ECONOMIC OPERATORS AND SOCIETY AS A WHOLE.

LIFE is one of the most iconic and long-standing EU programmes, translating climate policy into concrete action and projects on the ground. Given the very daunting task of transforming the EU into the world's first climate-neutral economy by mid-century, it is reassuring to see that additional funding has been allocated to corresponding

delivery mechanisms. To be successful in contributing to this goal, the LIFE programme will have to support a genuine cultural and systemic shift among public administrations, economic operators and society as a whole. This paper articulates how this can be done through five key recommendations.





# 1 – CLIMATE ACTION THAT GOES BEYOND "CLIMATE TOPICS": DE-CLUSTERING THE LIFE PROGRAMME

The statement that addressing the climate emergency requires breaking up silos within public administrations and between economic actors and sectors is not breaking news. All across Europe, national, regional and local elections are leading to the creation of new political and technical positions that link climate portfolios to a larger set of responsibilities, covering virtually all sectors of the economy. The four categories<sup>1</sup> that make up the new LIFE 2021–2027 programme encompass most of these key sectors. However, their very segmentation risks discouraging the adoption of

a more integrated, cross-sector, systems-based approach within project proposals. For example, projects that focus on institutionalising new skills and capacities to build a climate-resilient economy will typically span all four categories. It is thus important for programme coordinators to find ways to establish strong links – including cross-fund or cross-sector calls – between the four sub-programmes as well as with other EU funding sources.

# 2 – THE RACE TO CLIMATE NEUTRALITY CALLS FOR NEW IN-HOUSE CAPACITY AS WELL AS ADVISORY AND DELIVERY BODIES

If you want to run a marathon, the first thing any seasoned runner will tell you is to get proper training and equipment. The same goes for the race to net zero emissions by 2050. Cities will have to move fast to adapt their social and economic processes, rules and relationships if they are to decarbonise at a pace that is fast enough to address

the climate emergency but also fair and inclusive, so that it is truly sustainable in the long run. The development of the necessary arsenal of new tools and competencies will rely on the work of skilled transition teams, and may also require the creation of new dedicated bodies to:

DESIGN ROBUST INVESTMENT CONCEPTS TO ATTRACT FINANCING FOR PROJECTS

In terms of technical skills, local authorities will have to access and develop the right expertise in order to attract the massive amount of funds needed to make their climate projects bankable.

The current [EU City Facility \(EUCF\)](#) is a case in point, as seen from the tremendous demand and interest it has excited among local authorities. How-

ever, its modest budget of 16 million euros cannot cover many beneficiaries in Europe; indeed, it has been oversubscribed from its inception. To avoid the situation where it is always the same cities – the well-equipped frontrunners – that benefit from large EU projects, the LIFE programme should replicate the success of the EUCF to build cities' in-house capacities to develop investment concepts for all kinds of projects with a clear positive impact on the climate and quality of life, not limited to the field of sustainable energy.



<sup>1</sup> Nature and biodiversity; Circular economy and quality of life; Climate change mitigation and adaptation; and the Clean energy transition.



In this paper, we explain how existing methods currently applied at the EU level could be applied at national and regional levels, primarily by creating adequate governance structures to ensure

MAKE INFORMED PLANNING CHOICES TO OPTIMISE RESOURCE EFFICIENCY AND SUPPLY WHILE PRESERVING SOCIAL AND TERRITORIAL COHESION

Achieving the [new EU Covenant of Mayors climate neutrality goal](#) will require enhancing local energy production and the energy savings potential. But the number of technology options on the table can be daunting for local authorities, who are often not

FIND THE RIGHT METHODOLOGY AND RULES TO CALCULATE CARBON BUDGETS SCIENTIFICALLY AND OPERATIONALLY

Translating the climate neutrality objective into day-to-day operational rules and processes also

ENCOURAGE AND ARTICULATE THE CONTRIBUTIONS OF LOCAL CONSTITUENCIES AND ECONOMIC OPERATORS

Strategic planning for the climate transition also requires the establishment of strong partnerships and engagement processes with local stakeholders, which will sometimes necessitate the creation of

small and medium-sized local authorities are also given the means to develop a coherent pipeline of projects.

properly equipped to objectively compare different sustainable energy solutions and evaluate their territorial and socioeconomic impacts. The LIFE programme should provide a boost to the creation of new coordination bodies tasked with such a mission, if they do not already exist. This would be an opportunity to replicate the success of the SAVE programme, which played an instrumental role in the nineties in developing local capacity for energy management through the funding of local and regional energy agencies.

requires the development of a new skillset to guide local budgetary decisions. [Only a very few cities in Europe have started](#) this complicated but essential exercise. The LIFE programme should support the development of such in-house capacity and promote the exchange of best practices on this emerging topic between European cities.

new advisory and consultation bodies with clear responsibilities. As discussed [in this publication](#), a growing number of cities have launched their own local climate pacts, “local COPs” or “IPPCs”, but more knowledge transfer and capacity building are required on this front to help Covenant of Mayors signatory cities deliver on the new commitment to create local climate pacts with their citizens.





## 3 – RENOVATING MORE THAN BUILDINGS: PUTTING THE NEW EUROPEAN BAUHAUS SPIRIT INTO PRACTICE

In the spirit of the New European Bauhaus, we need to go beyond the renovation of individual buildings and completely reshape the neighbourhoods in which we live. When looking at increasing the penetration of renewable energy in local heating and cooling systems, cities often face structural obstacles due to a lack of synergy with other economic operators, such as entities responsible for land-use planning and zoning. A multidisciplinary approach to renovation at the neighbourhood level is necessary in order to tackle the multifaceted issues linked with revitalising living places, not only in terms of the supply of heating and cooling,

but also land use, food, water, leisure, community-building and empowerment. Many virtuous loops and links can and should be established between all these sectors through the promotion of multidimensional neighbourhood transformation projects under the LIFE programme. This reinforces the recommendation from Point 1 to streamline governance and enable cross-referencing between the four subprogrammes, as well as Recommendation 2, establishing the right governance structures to support these neighbourhood transformation roadmaps.

## 4 – SYSTEMIC CHANGE: PUTTING ENERGY RESTRAINT ON THE EUROPEAN MAP

The new, strengthened LIFE programme opens the opportunity to champion one topic that has so far been conspicuously absent from the EU agenda: the notion of “energy sobriety”, also known as “energy restraint”. According to the French association Negawatt, the move to a decarbonised economy by 2050 must be underpinned by three complementary pillars, the first of which is energy sobriety, or in other words, the prioritisation of essential energy needs. Energy efficiency (reducing the quantity of energy necessary to satisfy such reassessed needs) is relegated to the second pillar, with the third pillar being the promotion of renewable energy.

While opportunities to promote energy efficiency strongly depend on income levels and standards of living, policies targeted at energy restraint or sobriety can make a genuine contribution to the objective of delivering a just transition, whereby consumption levels and habits are more equitably shared between various socio-economic groups, through both individual and collective processes. Far from being a utopic idea, energy sobriety has already permeated a significant number of European cities. But more support needs to be channelled to local authorities in order to effectively mainstream this relatively new concept.





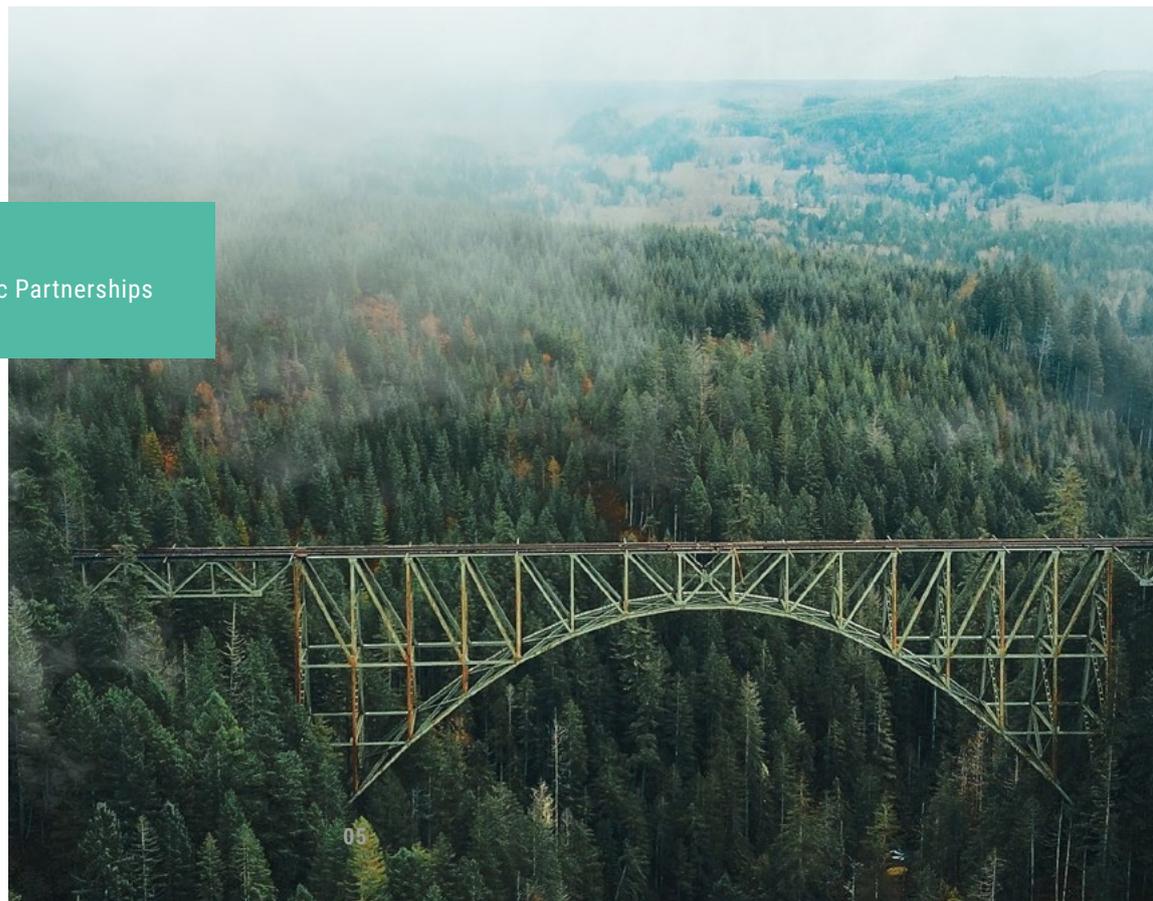
## 5 – A CIRCULAR ECONOMY BEYOND PRODUCTS AND MATERIALS

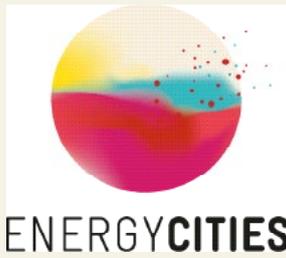
With the adoption of the European Green Deal and its circular economy action plan, European institutions have started to respond to the imperative of adopting a more integrated approach to mainstreaming climate issues within all sectors of the EU economy. But too often, the understanding of a “circular economy” is limited to how we treat material products and resources. To realise the full potential of the circular economy concept, it is important to also promote circular economic processes and loops at a local level, to increase the resilience of territories by reducing their reliance on harmful long-distance supply chains.

When a city like Eeklo in Belgium encourages wind turbine developers to make yearly contributions to a “climate and neighbourhood” fund, it is creating a cyclic loop that benefits local economic development and resilience. The same goes for the growing number of cities that are actively engaging with local energy communities. Such projects should benefit from cross-support from various LIFE sub-programmes, including Circular economy and quality of life, Climate change mitigation and adaptation, and Clean energy transition.

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