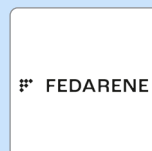
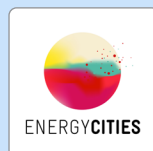




POSITION PAPER OF THE LOCAL ALLIANCE ON THE REVIEW OF THE GOVERNANCE OF THE ENERGY UNION AND CLIMATE ACTION REGULATION:

## From Planning to Delivery: How to Make National Energy and Climate Plans More Implementable and Investable



# EXECUTIVE SUMMARY

The revision of the Governance of the Energy Union and Climate Action Regulation is a key opportunity to make EU climate governance **more implementation-oriented and more investable**. The current framework, while greatly improving the energy transition planning for Member States, does not sufficiently reflect how the energy transition and climate action are delivered in practice through **local and regional action, existing plans, and concrete investment pipelines**.

Today, multiple local and regional plans contain valuable data, projects, and investment needs. Yet, they remain poorly connected to National Energy and Climate Plans (NECPs), creating duplication, fragmentation, and missed investment opportunities. Additionally, only a few Member States have organised meaningful multi-level dialogues (as mandated by Article 11) and developed proper investment strategies. The paper argues that while **preserving the existing framework of the Energy Union** as a stable and coherent foundation, it would be key to **make better use of existing local and regional energy and climate transition planning tools and transform them into delivery tools**. This approach can greatly reduce administrative burden for all levels of government and simplify the implementation of plans, thus helping member states to reach their targets.

To address this, the Local Alliance proposes a **streamlined governance approach built on four connected and mutually reinforcing elements**:

- ✦ **A permanent multi-level dialogue platform in each Member State**, bringing together national, regional, and local authorities (and key stakeholders) to align implementation, identify barriers, aggregate project pipelines, and coordinate investment. Tailored to each Member State's governance structure and needs, this replaces fragmented consultations with a structured process.
- ✦ **A territorial chapter in NECPs**, based on existing local and regional plans, providing a clear picture of where and how implementation will happen and of the support mechanisms.
- ✦ **Sectoral pathways that are also territorially informed**, linking national targets with local realities across key sectors (buildings, transport, energy, etc.), ensuring that targets are grounded in delivery conditions.
- ✦ **An investment strategy taking into account local investment and capacity needs**, and how they can be financed (including connections with the regional and territorial chapters in the NRPPs).
- ✦ **A permanent multi-level dialogue platform in each Member State**, bringing together



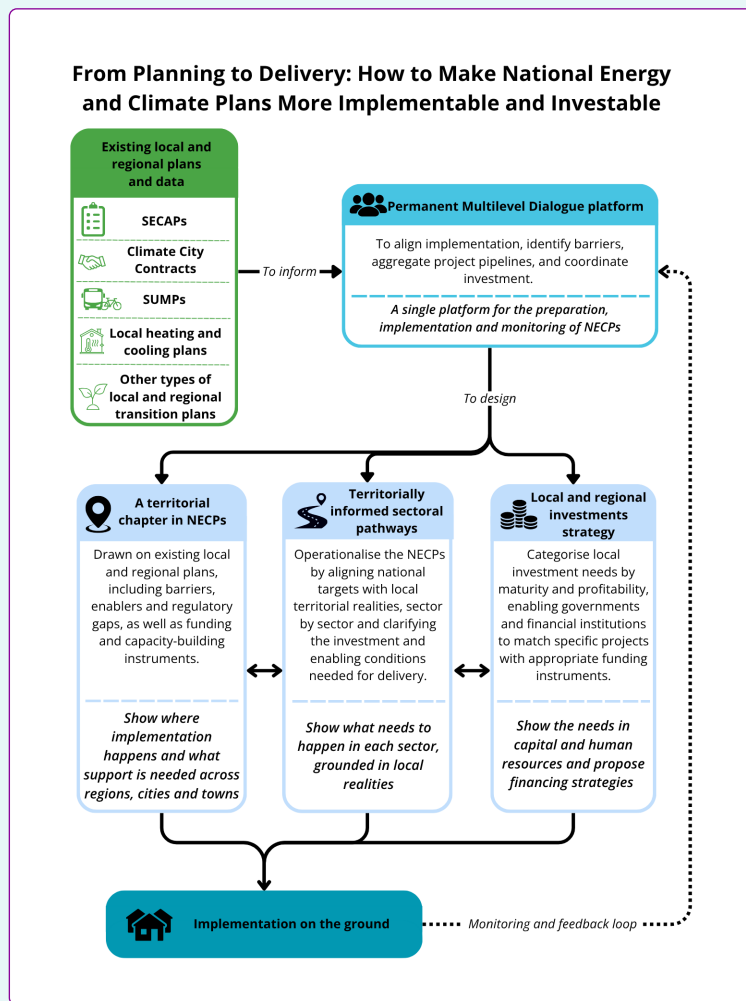
The logo for the Local Alliance features the word "LOCAL" in a bold, black, sans-serif font. The letter "O" is replaced by a colorful, multi-faceted geometric shape composed of various colored triangles. To the right of "LOCAL", the word "ALLIANCE" is written in a similar bold, black, sans-serif font, with a thin black line connecting the "L" of "LOCAL" to the "A" of "ALLIANCE".



Across these elements, the paper highlights key **enablers for implementation and investment**, including improved access to technical assistance, better alignment and aggregation of funding streams, and the removal of systemic barriers.

Finally, it is important to highlight that the proposed elements aim to support the EU simplification

agenda by **connecting existing plans, data, and processes into a coherent system**, reducing administrative burden while improving delivery, investment visibility, and policy coherence. This would make NECPs not just reporting tools, but **operational frameworks for implementation, financing, and coordination**, enabling the EU to meet its 2040 climate objectives.



Infographic: From planning to delivery: How to make national energy climate plans more implementable and insatiabile.  
Source: Authors

# WHAT IS AT STAKE WITH THE GOVERNANCE REGULATION FOR LOCAL AND REGIONAL GOVERNMENTS:

Since 2018, the Governance of the Energy Union and Climate Action Regulation has served as the EU's **overarching legal framework to ensure the delivery of its energy and climate objectives**, including greenhouse gas reductions, renewable energy and energy efficiency targets. Under this Regulation, Member States had to prepare ten-year integrated **National Energy and Climate Plans** (NECPs) for the 2030 horizon, develop longer-term strategies for climate-neutrality, and submit regular monitoring and reporting.

Since the publication of the Governance Regulation in December 2018, the **EU has significantly raised its climate and energy ambition**. Building on the European Green Deal, REPowerEU, and related legislation, the EU is now aiming for at least 55% domestic emissions reductions by 2030, a binding renewable energy target of at least 42.5%, and, for the first time, a binding EU-level energy efficiency target of an 11.7% reduction in final energy consumption by 2030 compared to 2020 levels. The EU has also since proposed a 2040 climate target of 90% net greenhouse gas emissions reductions. At the same time, energy price crises, fossil fuel dependency and geopolitical instability have made the phase-out of fossil fuels, faster decarbonisation, affordability, resilience and decentralisation central to EU energy and climate policy.

**At the subnational level, local governments have taken the roles of planners, investors, project developers and conveners of the clean transition.** EU initiatives such as the [European Covenant of](#)

[Mayors](#), the [Climate-Neutral and Smart Cities Mission](#) and the [Climate Adaptation Mission](#), as well as several national and regional initiatives and networks, have helped accelerate climate action and climate and energy-related investments in cities and regions. At the same time, EU and national legislation have led to the development of an increasing number of local and regional decarbonisation planning instruments, such as Sustainable Energy and Climate Action Plans (SECAPs), Climate City Contracts (CCCs), Sustainable Urban Mobility Plans (SUMP), local heating and cooling plans, building renovation strategies and adaptation plans.

In light of these developments, the framework set out in the Governance Regulation no longer fully reflects the EU's climate and energy ambitions, nor the way implementation is now being planned on the ground. **EU and national planning processes have not yet caught up with the growing number of local and regional decarbonisation and energy transition plans, which contain valuable data, investment pipelines, implementation barriers and capacity needs, yet they are often not systematically connected to NECPs.** This creates duplication and additional work for national ministries, regional authorities and municipalities in terms of alignment of plans and their implementation and financing, while leaving important territorial knowledge outside national decision-making.

It is therefore timely to revise the Governance Regulation so that it is better aligned with the EU's strengthened 2030 and 2040 objectives and can



support decarbonisation, phasing out fossil fuels, as well as implementation and investments in energy and climate transition in a coherent, ambitious and effective way across all levels of governance. The European Commission is therefore preparing a revision and has announced a proposal for the last quarter of 2026.

The Local Alliance **welcomes the stronger emphasis on NECP implementation and investment in the discussions around the revision of the Governance**

**Regulation. The future framework should preserve the robustness and stability of the existing Energy Union architecture while making it more implementation-oriented, more investable and more connected to local realities.**

**With this in mind, the Local Alliance shares the following recommendations on the architecture of the revised Governance Regulation and on strengthening the place-based planning and multi-level governance.**

## 1. AN ARCHITECTURE FIT FOR IMPLEMENTATION

The Local Alliance highlights that the review of the Governance Regulation should **preserve the existing framework of the Energy Union** as a stable and coherent foundation, while making the Regulation more implementation-oriented. **Maintaining the renewable and energy efficiency targets is essential** to provide long-term predictability and certainty for Member States, cities, regions, investors and project developers, including those working on renewable energy, energy efficiency, building renovation, heating and cooling, and local infrastructure. This stability is particularly important for local and regional authorities, which have already structured many climate and energy plans, project pipelines and investment strategies around the existing Energy Union framework and EU targets for renewable energy and energy efficiency.

The future energy and climate governance framework should strengthen its connection with the priorities that now shape Europe's climate and energy transition: **phasing out fossil fuels as a central element of Europe's security, accelerating decarbonisation, ensuring energy affordability, while restoring competitiveness and building a more resilient and decentralised energy system.** Energy storage, enhancing flexibility and energy savings, including sufficiency, should also be better integrated as key elements, helping to reduce energy

demand, especially at peak times, lower costs, and rethink current systems.

**Implementation-oriented KPIs should support this approach** by monitoring whether the enabling conditions for delivery are in place, while ensuring that monitoring and reporting do not create an additional administrative burden. To accelerate the implementation on the ground and effective governance at all levels, **the quality of multi-level governance should itself be integrated into the KPI framework**, with Member States reporting on the existence and functioning of permanent multi-level platforms, including participation, frequency of meetings, their role in reviewing local and regional plans, their contribution to NECP preparation and monitoring, and how their outputs are effectively linked to technical assistance and investment programming.

**Beyond a robust legislative architecture built on the existing framework, the revised Governance Regulation should ask Member States to develop sectoral pathways, multi-level governance platforms to coordinate investments and implementation, as well as a territorial chapter, which jointly will make NECPs more operational, investable and implementable.** These proposals from the Local Alliance are detailed below.



## 2. STRENGTHENING PLACE-BASED PLANNING & MULTI-LEVEL GOVERNANCE

**Cities, towns and regions hold essential competencies for climate action:** they act as planning authorities for transport, heating and land use; coordinate local stakeholders in phasing out fossil fuels; facilitate renewable energy deployment; implement efficiency measures; support the electrification and decarbonisation of industries; and decarbonise public buildings. They also possess valuable data, territorial knowledge, and the contextual capacity to drive or organise projects.

While current NECPs list measures involving local governments or mention support tools, they do not provide a comprehensive understanding of the role of local and regional authorities in delivering national climate and energy objectives and rarely use the goldmine of data existing in local energy and climate planning instruments (such as the ones mentioned above). A revised Governance Regulation should therefore enable a more **place-based national planning that reflects the reality of where implementation takes place and helps NECPs move from mere reporting exercises into genuine tools for action.**

Although the Regulation requires Member States to conduct multi-level and multi-stakeholder dialogues (Article 11), these often remain box-ticking exercises rather than spaces for identifying implementation barriers, aligning priorities and improving delivery. This weakens implementation and makes it harder to identify where technical assistance, public funding or private finance are needed.

**The Local Alliance therefore recommends that the revised framework be built around three mutually reinforcing elements: national permanent multi-level dialogue platforms focused on governance and implementation alignment between all levels of governance; territorially informed sectoral pathways; a local informed investment strategy, a consolidated territorial chapter in each NECP developed through multi-level dialogues.**

### 2.1. A permanent multi-level platform to discuss the NECP design and implementation

**Article 11 of the current Governance Regulation requires Member States to conduct multi-level climate and energy dialogues,** but in many cases, these have remained ad hoc, procedural or consultative. [The European Commission Review report](#) recognises that this provision is a step towards more effective multi-level governance of energy and climate policies and acknowledges the lack of quality of such dialogues. The [LIFE NECPlatform](#) project also shows the difficulties in implementing the current provisions, as arrangements are often ad hoc, procedural or consultative, which limits their capacity to support implementation.

[The European Commission Review report](#) also recognises the importance **of increasing engagement of local and regional authorities** (among other stakeholders) to meet the EU's mid- and long-term energy and climate objectives on a collaborative approach.

Since translating EU climate and energy objectives into real projects depends on continuous coordination across levels of government, and to ensure that NECPs function as delivery and investment frameworks rather than reporting exercises, the Local Alliance calls for the creation or activation of a **mandatory, permanent, well-resourced and transparent multi-level dialogue platform in each Member States for the preparation, implementation and monitoring of NECPs,** taking into account national governance structures and needs.

The added value of these platforms should be defined clearly: they are not an additional consultation exercise, nor a parallel planning process. Their main purpose should be vertical governance and implementation alignment. They should connect national ministries with regional and local authorities,



as well as with other relevant entities, so that national targets can be translated into territorial delivery and investment priorities.

The platforms should be used to answer **practical implementation questions**: Which parts of national targets will be delivered through local and regional competencies? Which local and regional plans already contain relevant measures, data or investment pipelines? Which sectoral pathways require territorial delivery? Where are the capacity gaps preventing implementation? Which projects are investment-ready, which ones require project development assistance, and which ones will need grant-based public support? Which barriers require national reforms or regulatory change?

In this sense, **multi-level platforms should be the place where Member States discuss and design both the territorial chapter and the territorially informed sectoral pathways of the NECP** (see below). They should also provide a structured space to review existing local plans - including Sustainable Energy and Climate Action Plans, Climate City Contracts, Sustainable Urban Mobility Plans, local heating and cooling plans, building renovation plans, adaptation and resilience plans, energy poverty plans and local renewable energy or grid planning instruments and many others to identify how they can feed national objectives and investment programming.

**Thereby, European and national policymakers would avoid that the energy and climate agenda proceeds at two speeds**: placing a big focus and a high level of ambition at the European and national level but ultimately paying too little attention to what happens at local and regional levels where the real implementation takes place. The revised Governance Regulation should require each Member State to establish or designate a permanent platform with the following features:

- ✦ **Participants from all governance levels**: The platform shall bring together the actors responsible for both the design and implementation of the NECP. This should include the relevant ministries, local and regional authorities, and national and local energy and climate agencies. This broad participation (which could also be considered as a partnership) is necessary to ensure that NECP priorities are realistic, that implementation responsibilities are clearly understood, and that investment planning reflects the needs and constraints of the actors expected to deliver the transition on the ground. The dialogue would also benefit from the participants of managing authorities for EU funds, national promotional banks, private banks and investors, grid operators, industry, businesses, civil society and social partners.
- ✦ **Permanence**: The platform should be a standing governance structure, not an ad hoc consultation organised only when a draft NECP is already close to finalisation. It should meet regularly throughout the full NECP cycle: preparation, adoption, implementation, monitoring and revision. This would allow the platform to identify implementation barriers early, track progress, update investment needs and adjust support measures over time. A permanent structure would also help maintain continuity across political and funding cycles and prevent multi-level governance from becoming a one-off procedural requirement.
- ✦ **Well-resourced**: The platform should have dedicated administrative and technical capacity. This means resources for coordination, data collection, preparation of meetings, technical analysis, stakeholder facilitation and follow-up. It should also be linked to technical assistance for participating local and regional authorities, particularly smaller and medium sized municipalities and less-resourced regions, as well as for civil society organisations and social partners. Without such support, participation risks being limited to authorities with the highest administrative capacity, while those facing the greatest implementation challenges may be left out.
- ✦ **Evidence-based and transparent**: The work of the platform should be based on robust evidence, including emissions data, energy demand and supply data, climate risk assessments, investment needs assessments, territorial indicators and



implementation monitoring. These platforms should be guided by independent scientific and technical expertise, data and outputs from the national climate council (if one exists) or the national environment agency. Its processes should also be transparent. Agendas, minutes, input received, and explanations of how this input was considered should be documented and, where appropriate, published. This would improve accountability and help avoid consultation fatigue by showing participants that their contributions are taken seriously.

✦ **With a clear mission:** Well beyond consultation bodies, these platforms should have a central role in the NECPs':

- **Design:** Well before the deadline, the draft of the future NECPs should be discussed in a series of thematic workshops, and the feedback integrated in the final version. The content of the territorial chapter (see below) should be in particular discussed in the sessions.
- **Implementation:** The platform should identify and report on national regulatory gaps and obstacles, develop the programme that best suits the needs, align investment pipelines and coordinate funding streams. In particular, the platform could aggregate local and regional project pipelines and connect investment opportunities with public and private financiers.
- **Monitoring:** The platform should support the monitoring phase of the NECPs by gathering existing data from the different stakeholders. **The Local Alliance notes that aligning national KPIs with those already used in local and regional energy and climate planning would ensure consistency, reduce administrative effort, allow to collect more granular data, and enhance policy coherence across levels of government.**

✦ **Coordination with other structures:** The platforms could be integrated in other existing structures or assigned to an independent body for their coordination (see info box 1 below for the Croatian example where the national energy agency is the coordinating body). They should serve as an operational coordination structure, integrating or aligning with multi-level mechanisms established under the National and Regional Partnership Plans (MFF) to create a consistent framework for coordinating reforms, investments and territorial delivery across climate, energy and broader socio-economic priorities.

✦ **Evaluation:** The quality of multi-level platforms should become a key performance indicator under the Regulation. Member States should report on the functioning, objectives, and modalities of their governance platforms. The European Commission could provide guidance and organise a concerted action to discuss the best practices of the organisation of the multi-level dialogue platform.

Concretely, the **reviewed Governance Regulation should include a provision on a mandatory permanent, well-resourced, and transparent multi-level dialogue platform in each Member States** for the preparation, implementation and monitoring of NECPs, tailored to existing governance structure and needs, detailing its objectives and type of participants. The Local Alliance believes that by highlighting and listing the various tasks essential to the **successful implementation of the NECPs' measures and objectives, and the rollout of investments**, Member States and the various stakeholders will be more inclined to establish permanent structures for dialogue and see their practical added value.

This proposal contributes to the objectives of the **EU simplification agenda** because it rationalises existing fragmented consultation requirements and turns them into a single, permanent implementation interface for NECP delivery.



## INFO BOX 1: EXAMPLE OF THE CROATIAN MULTI-LEVEL PLATFORM

Croatia demonstrates that a permanent, well-resourced multi-level platform is not only operationally achievable but also a game-changer for the operationalisation of NECPs. REGEA, the North-West Croatia Regional Energy and Climate Agency, coordinates a standing multi-level dialogue structure connecting national ministries with local and regional authorities and other stakeholders for the preparation, implementation and monitoring of Croatia's NECP

Croatia's 2021-2030 NECP formally recognises the role of cities in several measures but designates national ministries as the primary bodies for execution, with local authorities cast as implementers rather than co-designers. It also acknowledges that municipalities need additional support in terms of both staff capacity and financing to deliver on energy and climate measures. This structural gap between national planning and local delivery was the starting point for the platform, which originated under the LIFE-funded NECP platform project and has

since become a standing governance structure independent of project funding.

The platform brings together nine national ministries, local and regional authorities, national energy companies and institutes, academia, NGOs and the private sector. A distinctive feature has been its capacity to break institutional silos at national level: by convening nine ministries around shared implementation questions, it has created a cross-governmental space that does not otherwise exist in Croatia's policymaking architecture, and which is actively welcomed by all stakeholder categories. The engagement of the Ministry of Finance has been particularly significant, having agreed through the platform to open its sustainable finance mechanism to municipal representatives and establishing a direct link between NECP governance and local investment planning. REGEA is further working to integrate SECAPs developed under the Covenant of Mayors into national funding conditions and statutory planning instruments, so that local climate and energy plans systematically feed national objectives.

## 2.2. A territorial chapter in each NECP

### Structure and purpose of the territorial chapter

Each National Energy and Climate Plan (NECP) should include a **territorial chapter** fed with exchanges of multi-level dialogue and that shows how national objectives will be implemented across regions, cities and municipalities. It should, at minimum, include:

- ✦ **Contribution of local and regional authorities:** a structured overview of how local authorities contribute to NECP targets and measures. This

enables local authorities to clearly understand their role in implementation and national governments to assess the scale of effort required and align support mechanisms accordingly.

- ✦ **Barriers, enablers and regulatory gaps:** an analysis of specific local and urban barriers and successes, and related regulatory gaps to implement the NECPs and the local energy, climate and urban planning. It is indeed essential to improve the organisation of feedback from the field in order to speed up implementation, permitting and planning.



### ✦ **Funding and capacity-building instruments:**

Based on the investment and capacity needs assessment (see section 2.4), the territorial chapter should include information about available public funding sources and technical assistance tools at the national and EU levels to give an overview to local and regional governments. This could include programmes that aggregate local investment needs (e.g. school renovation, electrification of public transport), enabling economies of scale and supporting smaller municipalities through collective approaches.

**The territorial chapter should be drawn on existing local and regional plans and reflect their contribution to NECP delivery in a proportionate and usable format.** It should not create a new layer of local planning, nor should it reproduce local plans in full.

**In addition, this chapter should help make the local and regional authorities' financial and technical capacity investment needs more visible and structured at the national level,** so that funding and technical assistance can more easily reach the territorial level where implementation takes place. In this sense, **the territorial chapter should strengthen, not replace, direct funding opportunities for local and regional authorities.** It should not be used to centralise or limit cities and regions' access to direct EU or national funding.

### **Making the best use of existing data**

**This approach also responds directly to the simplification agenda.** Instead of asking municipalities and regions to produce additional reporting, **Member States would reuse existing plans and data.** The NECP would become the place where these inputs are consolidated and connected to national policy, finance and technical assistance decisions. Where local and regional plans are missing in parts of a Member State, this should itself be treated as **an implementation signal, revealing where planning capacity, data support or technical assistance is needed.**

Member States should not be required to manually collect all local plans. Relevant information is already available through multiple platforms, including: the Covenant of Mayors, the EU Cities Mission, national planning portals, mobility and energy planning frameworks or cohesion policy systems. The revised Governance framework should therefore encourage Member States to make better use of information that is already available in a great variety of plans<sup>1</sup>. Where such plans are missing, this should be treated as a signal of capacity or investment gaps, highlighting the need for targeted support. **The European Commission should provide guidance** on how this information can be digitally mapped and reused in a proportionate way, for example, through light templates and links with existing platforms.

Finally, the territorial data collected by Member States could feed into two different parts of the NECP. In the territorial chapter, they should be used to show where implementation will happen, which cities and regions have plans or pipelines, where capacity gaps exist, and which projects require technical assistance, grants or financial instruments. In the sectoral pathways (see below), they could be used to aggregate actions and investment needs by sector: buildings (including public buildings) and housing renovation; heating and cooling; local renewable electricity and heat; grids, flexibility and storage; public transport, active mobility and zero-emission fleets; infrastructure, circular economy and waste; adaptation and resilience; and energy poverty

<sup>1</sup> Existing local plans that can feed the territorial chapter include, in particular: Sustainable Energy and Climate Action Plans (SECAPs), which integrate mitigation, adaptation, energy efficiency, renewable energy, energy poverty and resilience; Climate City Contracts and climate-neutrality action and investment plans under the EU Cities Mission; Sustainable Urban Mobility Plans (SUMP) and local mobility work plans; local heating and cooling plans or heat transition plans, including the local heating and cooling plans required for larger municipalities under the revised Energy Efficiency Directive; building renovation, housing and energy poverty plans; adaptation, resilience, green infrastructure plans; circular economy, waste reduction, air quality plans; and local renewable energy, grid, energy community and spatial planning instruments.



## INFO BOX 2: EXISTING LOCAL PLANNINGS - EXAMPLES FROM ITALY & THE NETHERLANDS

In **Italy**, many cities are using EU voluntary instruments such as SUMP and SECAP. Next to it, there are other municipal urban planning instruments that regulate land use, buildings, mobility, and urban regeneration. They increasingly serve as the spatial backbone for infrastructure investment needs, because they identify where transport, public services, green infrastructure, and redevelopment are needed (read more [here](#)). Other common plans in Italian Cities are the 'Piano del Verde', which support planning of green areas and infrastructures; air quality plans that tackle mobility or energy and emission sources, local heating and cooling plans, or plans for renewable energy communities. The metropolitan areas also have specific plans (Metropolitan Area

Strategic Plans) that include climate, energy, and mobility objectives.

In **the Netherlands**, cities are mandated to develop a heat transition vision and a heat transition plan for each neighbourhood. Other than plans developed through EU initiatives (SUMPs, SECAPs, CCCs), they also often have energy transition plans (at city and regional level), sustainable mobility plans, circular economy plans, green space/infrastructure plans, air quality plans. Some cities also develop detailed sub-sectoral plans on biowaste, raw materials, cycling, speed management, and climate adaptation plans. A particularity is plans that are district/neighbourhood specific for heat, renewables, and circularity.

and affordability. Through this dual approach, they can, on one hand, help Member States see where implementation is happening on the ground and how the national level can support local implementation through financing, capacities and enabling conditions, and on the other hand, help investors and markets to see their territorial contribution to sectoral transitions.

### 2.3. Territorially informed sectoral pathways to avoid new silos

The Local Alliance **supports the development of sectoral pathways within NECPs** for key areas such as buildings, transport, heating and cooling, renewable energy, grids, flexibility and storage, industry, land use, and circular economy. These pathways are essential to make NECPs

more operational and comparable, and to clarify the investment and enabling conditions needed for delivery.

Sectoral pathways should be informed by territorial realities and by the local and regional plans that already exist. If designed only from a national or top-down perspective, they risk overlooking the spatial, administrative and investment conditions that determine whether sectoral targets can be delivered on the ground.

**The revised Governance Regulation should therefore require Member States to mainstream territorial information into sectoral pathways, while also consolidating the cross-cutting territorial picture in a dedicated territorial chapter.** This dual approach would avoid silos:



the sectoral pathways would show what needs to happen by sector, while the territorial chapter would show where implementation will happen, who is involved, and what support is needed.

For example:

- ✦ The building pathway should draw on local renovation, housing, public building and energy poverty plans, and identify where municipalities need technical assistance, strategic procurement support or grant funding.
- ✦ The heating and cooling pathway should use local heating and cooling plans and heat transition plans to identify district heating opportunities, waste heat, electrification needs, grid implications and fossil fuel boiler phase-out measures.
- ✦ The transport pathway should connect national decarbonisation objectives with Sustainable Urban Mobility Plans, local public transport investment needs, active mobility plans and zero-emission fleet strategies.
- ✦ The grids, flexibility and storage pathway should include local renewable energy planning, energy communities, distribution network planning and cooperation agreements between local authorities and network operators.

## 2.4. Local and regional investment needs and strategies in the NECPs

NECPs should accurately assess local and regional investment needs in terms of both capital and human resources, proposing financing strategies using public, private and blended finance; and identify and address the barriers hindering local investment. Depending on the chosen structure of the future NECPs, this investment section could be part of the sectoral pathways, territorial chapter or stand-alone investment strategy.

**Regarding the territorial investment and human resources needs:** this analysis should be based on the input of existing local investment plans<sup>2</sup> and workshops of the permanent multi-level platforms. Once territorial investment needs are assessed, all levels of governance, from the EU to **Member States**

**and to regional and local governments, could work together to identify how to close the local capacity and funding gap** through the National and Regional Partnership Plans/Cohesion policy, the European Competitiveness Fund, Horizon Europe, Social Climate Plans, the European Investment Bank (in particular via InvestEU), national budgets and their climate-earmarked ETS revenues.

To make this operational, NECPs **should distinguish between different types of local and regional investment needs, either in the territorial chapters or in the investment chapters of NECPs.**

Some projects will already be profitable and ready for private finance, blended finance or EIB-type instruments. Others will be strategically important but not yet mature enough to attract investors, and will therefore need project development assistance, feasibility studies, data support, procurement preparation or aggregation with similar projects. National or strengthened European programmes such as the [European City Facility](#) can help this second category of projects. A third category will include socially necessary but non-profitable measures, such as energy poverty measures, adaptation and resilience investments, public service decarbonisation or support for vulnerable households, which will require grant-based public funding.

This classification would help Member States **target the right support to the right type of territorial need.** It would also make the link between NECPs and future EU and national funding instruments more concrete: National and Regional Partnership Plans/Cohesion policy, the Competitiveness Fund, ETS revenues, Social Climate Plans, national renovation programmes and EIB/ELENA-type instruments could be used in a more coordinated way to support the project pipelines identified through existing local and regional plans.

<sup>2</sup> Some local authorities are already calculating their investment needs to achieve the climate neutrality target. The first 103 City Climate Contracts under the Climate-Neutral and Smart Cities Mission amount to around EUR 307 billion of investment required by 2030. I4CE has estimated that French local authorities need to invest around EUR 19 billion per year to reach energy, building and transport decarbonisation objectives.



Member States could also adopt a **project aggregation approach**, grouping similar projects to achieve economies of scale and engineering efficiencies. For example, this could involve a programme to renovate schools or the joint procurement of electric buses by participating local authorities.

Finally, **Member States and the EU can also support more local authorities to develop a climate action investment strategy** (based on the model of the mission cities or the methodology developed by the think tank [I4CE](#)) to have a more precise assessment of the investment needs at the mid-term review of the NECPs.

Gathering these local investment needs and connecting them with EU and national funding resources and technical assistance tools under the next EU budget will give the funding predictability and visibility.

**Regarding the barriers hindering local investment**, local authorities have demonstrated their ability to attract private investment for the energy transition and climate action. The 330 municipalities supported by a 60K€ grant from the European City Facility (European-funded project) to develop investment concepts have already secured €1,2 billion and are planning for €31 billion in sustainable energy investments. But they nevertheless face barriers in scaling up the mobilisation of diverse sources of financing, including private. The investment plan should particularly list and, when possible, address the barriers concerning:

- ✦ The **lack of capacity at the local level**, i.e. the shortage of staff capable of designing, implementing and securing funding for projects that form part of their climate and energy plans. Many cities lack access to technical assistance, trusted advisory services, practical guidance and

peer-learning opportunities needed to identify suitable financing solutions, combine different funding sources, and engage effectively with financial institutions and private investors.

- ✦ The **fragmentation of financial instruments**, which are ill-suited to the needs of local authorities, creates difficulties in combining and being subject to widely differing rules and conditions;

- ✦ **Strengthening these support ecosystems**, including local energy and climate agencies, one-stop shops and other intermediary organisations, should be recognised as a critical enabler of investment alongside financial and regulatory reforms.

- ✦ **Fiscal and debt rules** (designed for stability rather than large-scale transformation). In practice, they treat climate-aligned capital investments like routine spending, limiting cities' ability to borrow, co-invest, or lead projects, even when these are viable, revenue-generating, or cost-saving. The issue is not ambition or project quality but systemic constraints that prevent capital mobilisation, despite such investments reducing future public costs and risks. This discourages long-term investment and deters private capital that relies on predictable public participation.

These needs for improvements could easily be considered as reforms to be financed under the next EU budget 2028- 2034 and as part of the European Semester. Member States could therefore be encouraged to **implement reforms and measures that enable investment at the scale required to achieve the climate and energy targets set**. The investment plans in the NECPs should therefore be aligned with the National and Regional Partnership Plans and take into account relevant country-specific recommendations of the European Semester.



# CONCLUSION: A REVISION SUPPORTING THE EU SIMPLIFICATION AGENDA

The proposals above are designed to make the Governance Regulation **more effective and simpler** at the same time. The aim is not to add new documents, new reporting channels or new administrative obligations. The aim is to connect what already exists and to make it usable for national delivery, investment planning and EU monitoring.

**A territorial chapter based on existing local and regional plans can reduce duplication by applying a once-only planning and reporting principle.** Permanent multi-level platforms can reduce consultation fatigue by turning fragmented exchanges into one structured implementation

process and to improve implementation. Commission guidance and a light mapping template would reduce uncertainty for Member States by clarifying how local plans can feed NECPs and NRPPs. Territorially informed sectoral pathways can **reduce the gap between national targets and delivery** by showing where and how implementation will occur.

In this way, **simplification becomes a delivery tool.** It makes the system easier to use for national administrations, more meaningful for local and regional authorities, clearer for investors, and more credible for the European Commission when assessing progress toward 2030 and 2040 objectives.



# LOCAL ALLIANCE

## WHO ARE WE ?

The Local Alliance — a coalition of local and regional governments made of **ACR+**, **CEMR**, **Climate Alliance**, **Energy Cities**, **Eurocities**, **FEDARENE**, **ICLEI Europe** and **POLIS**, — is an informal coalition aiming at ensuring that our constituencies have the competencies and resources to implement the European Green Deal and reinforce Europe's resiliency.

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