

**Opinion of the European Committee of the Regions — The impact of climate change on regions: an assessment of the European Green Deal**

(2021/C 37/07)

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**POLICY RECOMMENDATIONS**

THE EUROPEAN COMMITTEE OF THE REGIONS

*Designing the implementation of the Green Deal across levels as a key instrument for green recovery towards a climate-neutral Europe*

1. points out how, according to UNDP estimates, more than 70 % of climate change mitigation and up to 90 % of climate change adaptation measures are undertaken by local and regional authorities (LRAs), and how LRAs implement 70 % of all EU legislation, representing one third of public spending and two thirds of public investment. As such, the target of reaching climate neutrality by 2050 and that of boosting territorial resilience, must be pursued in collaboration with, and with the support of, LRAs;
2. underlines how the Green Deal is a key instrument for the EU to achieve the goals of the Paris Agreement, fully implement the UN 2030 Agenda and the Sustainable Development Goals (SDGs), and to make an ambitious EU contribution to the post-2020 Global Biodiversity Framework<sup>(1)</sup>; highlights the importance of adopting renewed 2030 targets to keep the global temperature increase to well below 2 °C above pre-industrial levels and pursue efforts to limit the temperature increase even further to 1,5 degrees Celsius, as stated in the Paris Agreement; stresses that targets to be achieved should take into account each Member State's prerogative to determine its energy mix respecting its specificities and context and in line with the principle of technological neutrality; recalls that climate change affects all European regions and that its wide-ranging consequences on the health, environment as well as economies, which can vary among them, demand urgent action and a transformative effort to turn the challenges posed into opportunities;
3. emphasises that the Green Deal offers unmissable opportunities to foster sustainable, resource-efficient, innovative solutions for local and regional sustainable development. It can help secure a more sustainable, competitive and resilient economy in Europe, and provide an inspiration, leadership and a global model for reaching climate neutrality and green recovery;
4. believes that in order to ensure successful implementation of the Green Deal, efforts must be determined in accordance with a bottom-up approach and be shared fairly across the EU territories in compliance with the principle of subsidiarity and proportionality, while allowing the necessary flexibility to ensure their cost-effectiveness;
5. points out that the COVID-19 crisis has proven the vulnerability of our societies and the need to enhance their resilience against economic, social and environmental shocks; reaffirms the central role of the new EU Recovery Instrument in supporting the EU's recovery while paving the way for a greener and just transition and a more sustainable future;
6. calls for the recognition of multi-level governance to efficiently link the Green Deal objectives with a green recovery for Europe; underlines how the ample spectrum of themes that the Green Deal encompasses provides fertile ground for the integration of new and existing plans across sectors, to design and drive forward measures that can valorise the needs and added value of the local context and complement national efforts, in line with the principle of subsidiarity;

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<sup>(1)</sup> Bio-diverse cities and regions beyond 2020 at the UN CBD COP15 and in the EU Biodiversity Strategy for 2030 (COR-2020-00539) (OJ C 440, 18.12.2020, p. 20).

7. underlines that National Recovery and Resilience Plans represent an unmissable opportunity for leveraging multilevel governance. These actions have to be backed by appropriate regulatory frameworks and resources by fully involving LRAs in the definition and implementation of the plans and granting them direct access to EU funds;

8. recalls the analysis by the European Environment Agency (EEA) showing how sub-optimal implementation of EU environmental legislation is most often the result of ineffective coordination among local, regional and national authorities, exacerbated by lack of administrative capacity and insufficient funding, lack of knowledge and data, insufficient compliance assurance mechanisms and lack of policy integration; therefore calls for a systematic strengthening of vertical integration to address ambition gaps, align timelines for implementation and priorities for investment, limit duplications of measures, contradictory or disconnected processes, as well as to close gaps in existing policy and legislation <sup>(2)</sup>;

9. underlines how, whilst a continuous dialogue between Member States and LRAs is strongly encouraged in the Governance of the Energy Union regulation, experiences such as the National Energy and Climate Plans (NECPs) have shown that a structured engagement and consultation process across levels of government can be challenging to obtain <sup>(3)</sup>; considers that this Multilevel Energy and Climate dialogue should be further promoted and should be extended to all areas of the Green Deal in order to guarantee the level of coherence necessary to leverage resources, commitments and plans adequately; following the example of the Multilevel Climate and Energy Dialogues, reiterated its readiness to set the set-up of a permanent multilevel platform for a Multilevel Green Deal Dialogue; highlights that a bottom-up approach and the provision of mandatory consultations with LRAs should be guaranteed in the development of the National Recovery and Resilience Plans with a view to ensure the mainstreaming of the Green Deal policies in a coordinated and effective manner <sup>(4)</sup>. Invites the European Commission to build on the implementation experience gathered also through the CoR Network of Regional Hubs;

10. stresses that the strategic input provided by LRAs is instrumental to secure the embedding of the 'do no harm' principle in making the Green Deal a sustainable and fair job-creating engine in line with local and regional needs; welcomes the draft of the New Leipzig Charter, which highlights the transformative power of LRAs urging the uptake of integrated urban planning processes, coordinated through integrated, place-based, multi-level and participatory approaches such as Integrated Territorial Investments; calls on the European Commission to show greater commitment to the Urban Agenda for the EU and to incorporate it into the Green Deal and digital initiatives <sup>(5)</sup>;

11. highlights that LRAs are best placed to engage their communities, attract private investors and implement ambitious and timely action, acting not only as administrators but also as service providers. They can adopt holistic Local Green Deals taking into account different local economic, social, geographic and environmental situations;

12. calls on the European Commission and the Member States to enable LRAs to act as key partners in the EU's path towards climate neutrality, supporting local and regional commitment to develop Local Green Deals such as the ones announced in the Mannheim Message and implementing place-based climate contracts and Climate Pacts <sup>(6)</sup> designed in cooperation with citizens and key stakeholders including business, industry, research and innovation sectors;

13. proposes to work together with the European Commission to launch a European Regional Scoreboard including clear, targeted, user-friendly indicators to measure and monitor the impacts of the Green Deal at the level of regions (NUTS 2) in coordination with the monitoring system envisaged in the eighth Environmental Action Programme. As EU regions have very different starting points and development trajectories, the scoreboard would make it possible to provide evidence of the progress in the implementation of the Green Deal, to identify possible obstacles, and to propose solutions for

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<sup>(2)</sup> Towards an eighth Environment Action Programme (COR 2018-01672) (OJ C 168, 16.5.2019, p. 27).

<sup>(3)</sup> An EU-wide assessment of National Energy and Climate Plans.

<sup>(4)</sup> Implementing the Clean Energy Package: the NECPs as a tool for local and territorial governance approach to climate, active and passive energy (COR-2019-00618) (OJ C 39, 5.2.2020, p. 33).

<sup>(5)</sup> The renewal of the Leipzig Charter on Sustainable European Cities (COR-2019-04829) (OJ C 440, 18.12.2020, p. 119).

<sup>(6)</sup> The European Climate Pact (COR-2020-01360) (OJ C 440, 18.12.2020, p. 99).

territories lagging behind and share best practices from the frontrunners. The Joint Research Centre could provide the European Commission and the European Committee of the Regions with the methodological support to develop such a scoreboard aligning with relevant agencies and institutions such as the European Environment Agency;

14. welcomes the proposal of the Commission to establish the European Climate Pact aimed at engaging citizens and their communities in designing concrete climate and environmental actions on the ground; reiterates that LRAs stand ready to work in partnership with the EU institutions, Member States and all relevant stakeholders under the Climate Pact to jointly pursue the aims of climate neutrality and the implementation of the UN SDGs <sup>(7)</sup>; considers that capacity building activities should be related to funding instruments in order to ensure that the plans and actions designed by cities and regions can be implemented;

*Providing global solutions by implementing the Green Deal locally at local and regional level*

15. stresses that the Green Deal will only succeed in creating a stronger, more sustainable and inclusive Europe if it ensures both horizontal and vertical integration across all levels of government and if citizens takes ownership of the energy transition; calls on the Commission and Member States to recognise the role of LRAs as their closest allies in this process, not only as implementation partners, but through the process of defining our regulatory, fiscal and financial frameworks at all levels, in accordance with a (true) multi-level governance system;

16. highlights that LRAs are in the privileged position of working directly with people and foster citizens' behavioural change towards more sustainable patterns of consumptions, allowing them to come up with viable solutions and function as living labs for new ideas and knowledge <sup>(8)</sup> and to foster the adoption of ambitious, but realistic, targets by embedding them into the measures, services and priorities of the community they represent; underlines LRAs' responsibility in implementing climate action and the need to strengthen communication and education on climate as necessary tools for citizens to become empowered and informed actors in these efforts; stresses how the increase of the 2030 target should not become a deterrent but should rather facilitate and enable impactful climate action;

17. in preparation for COP26, calls on the Commission to stress the explicit role and contribution of Regionally and Locally Determined Contributions within the EU's revised Nationally Determined Contributions (NDCs) under the Paris Agreement; and, more in general, to actively promote the continuous recognition and direct participation of subnational governments in the implementation of the Paris Agreement and into the UNFCCC processes;

18. points out that LRAs are key to improving compliance with the SDGs, in particular Goal 11 and 17; recalls that the 2019 Europe Sustainable Development Report <sup>(9)</sup> has identified climate, biodiversity, circular economy and the convergence in living standards across countries and regions as the greatest challenges for the EU in achieving the SDGs; strongly recommends securing a harmonised framework and calls on the EU to take the necessary steps to show leadership both at European and Global level on the implementation of the SDGs;

19. reiterates the importance of a continuous engagement of LRAs at every step of the recovery and resilience planning process: setting priorities, designing the plans, allocating resources and defining investments; calls on the European institutions to continuously rely on the support and insights of the Committee of the Regions and of the CoR Green Deal Going Local Working Group to foster the implementation of the Green Deal and of an effective recovery;

*Connecting and seeking synergies to speed up implementation through systematic approaches*

20. urges the Commission to pay special attention to the CO<sub>2</sub> pricing system. Climate transformation needs new investment — especially in the private sector — for adaption and mitigation purposes. In order to attract the investment needed, the price of CO<sub>2</sub> should be set at a predictable and appropriate level. Such system should encourage energy and other companies in having a strong role in achieving the climate targets and in creating new carbon neutral solutions; stresses that a more efficient pricing system for CO<sub>2</sub> including carbon border adjustment mechanism is needed to make CO<sub>2</sub>

<sup>(7)</sup> The European Climate Pact (COR-2020-01360) (OJ C 440, 18.12.2020, p. 99).

<sup>(8)</sup> Towards an eighth Environment Action Programme (COR 2018-01672) (OJ C 168, 16.5.2019, p. 27).

<sup>(9)</sup> <https://www.sustainabledevelopment.report/>

a transparent part of the economic system and to foster the transition towards carbon neutrality; such system should be designed to encourage energy and other companies to create new carbon neutral solutions. This would create a new level playing field for sustainable action and is a crucial tool for making CO<sub>2</sub> a transparent part on all levels and sectors; calls on the EU to take a strong lead globally in order to develop the necessary system by 2030 and negotiate similar elements with its global trading partners;

21. supports the EP's call to establish an EU-27 net greenhouse gas budget based on the latest scientific calculations used by the IPCC, representing the Union's fair share of the remaining global emissions in line with the Paris Agreement objectives and guiding the establishment of the Union trajectory towards net-zero greenhouse gas emissions by 2050;

22. considers that LRAs are at the forefront of the green recovery; highlights that LRAs are already integrating the SDGs within their local plans and regional strategies<sup>(10)</sup>, which can serve as an essential starting point for a cost-efficient implementation of Local and Regional Green Deals connecting multiple sectoral plans and strategies and developing adequate indicators for monitoring and evaluation of the impact;

23. points out the need to streamline and connect the many existing EU-funded initiatives dedicated to the local level and contributing to the implementation of the SDGs and the Paris Agreement by focusing on one or more sectors (such as the Covenant of Mayors, the Green City Accord, the European Green Capital Network, the European Innovation Partnership on Smart Cities, 100 Climate Neutral cities and the Intelligent Cities Challenge as well as other initiatives not directly funded by the EU such as the Under2 Coalition); calls on the European Commission to help providing a clear overview of the scopes and characteristics of existing EU-funded initiatives connected to the Green Deal and dedicated to LRAs, in order to be better guide their engagement;

24. considers that the implementation of the Green Deal will require flexible and innovative solutions and new business models to transform local and regional infrastructure and ecosystems services for a post-carbon society, including smart digital technology and green and blue infrastructure, to improve the quality of our public spaces, support adaptation to climate change, enhance biodiversity and support public health and quality of life; welcomes the priorities identified, but underlines the need to reinforce the interconnections between them, to strengthen the diversification of production, cost-efficiency and prioritise those with higher job creation potential in order for the Green Deal to drive recovery, including:

- a renovation wave for buildings, private and public, as well as the decarbonisation of heating and cooling,
- clean mobility and transport,
- circular economy and sustainable agri-food systems,
- biodiversity and ecosystem management,
- nature-based solutions and urban greening,
- EU zero-pollution ambition,
- Digitalisation,
- health and environmental policies,
- resilience policy integrating cohesion, rural development, health and environmental policies,
- encouraging prompt and coherent transpositions of the Clean Energy Package and a swift adoption of the European Climate Law to adapt EU climate and energy legislation to the increased 2030 target as a stepping stone to climate neutrality by 2050,

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<sup>(10)</sup> Examples of strategies include: Malmö, Mannheim, Wallonia region.

- transition to a sustainable blue economy,
- a sustainable and fair energy transition fostering citizens' direct ownership and access to safe and affordable energy for all.

25. highlights that the Green Deal provides an opportunity for a more systematic approach to accelerating energy system integration and sector coupling and implementation of smart sectoral integration and specialisation while strengthening energy security, protecting health and the environment and promoting growth, innovation and global industrial leadership; in this sense it stresses that the energy transition will have to be implemented with a comprehensive approach, tackling the energy-related aspects together with the social, industrial, territorial, environmental and cultural ones and taking into account the specificity of each regions and, in particular the most vulnerable ones such as coal and carbon intensive regions, islands and outermost regions;

26. notes that particular attention should be paid to regions with isolated energy systems, with considerable potential for renewable resources and for which innovative technological solutions allowing interconnection are not yet available;

27. reiterates that, whilst innovation has a key role to play in the development of a more sustainable and resilient EU, a wide range of technical solutions for a cost-effective, climate-neutral Europe are already available on the market and should be utilised — for example, studies show that with the current technologies, up to 86 % of CO<sub>2</sub> emissions <sup>(11)</sup> can be reduced in an interconnected energy system, and calls for further research and development efforts in this area; highlights that the solutions and best practices should be made easily accessible for LRAs through the Climate Pact, in order to foster peer-to-peer learning and EU-wide cooperation;

28. underlines that LRAs face several barriers related to the lack of financial and human resources, as well as to existing policies, regulations and organisational structures. Coherent, stable and predictable regulatory frameworks, simplification of the mechanisms related to the preparation of projects, capacity building and tailor-made technical assistance would help LRAs secure investment for ambitious projects and develop bankable projects;

*Speeding up Europe's green recovery by providing appropriate mandates and funding to implement the Green Deal on the ground*

29. considers the post-COVID-19 recovery a challenge that must be met with a systematic strategy to invest, support and promote a more sustainable pathway for Europe, and in particular LRAs' bold action to mitigate the negative socioeconomic effects of the crisis; is convinced that the Next Generation EU recovery instrument <sup>(12)</sup>, and in particular the earmarking of 37 % of its EUR 750 billion budget to meet the Green Deal objectives, and the higher MFF target for climate related action will put the EU on the right track to meet its climate targets;

30. welcomes the possibility for the Just Transition Fund to support re-skilling of workers by increasing the offer of education and on Vocational Education and Training (VET), helping to create new economic opportunities, while fostering social fairness and resilience, particularly in vulnerable regions including those with an insufficiently diversified production structure; stresses the importance of promoting labour skills relevant to the Green Deal as part of the European Skills Agenda for sustainable competitiveness, social fairness and resilience, using the EU Pact for Skills and the European Skills Partnerships and strengthening public education and awareness-raising to foster behavioural change towards more sustainable habits that lessen environmental impacts;

31. calls for the funding to be interlocked with the 2021-2027 cohesion policy to strengthen the Operational Programmes and greening these economies; highlights the importance of the ERDF and the new Recovery instrument to promote the implementation of the Green Deal;

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<sup>(11)</sup> HRE 2050 scenario compared to 1990, Quantifying the Impact of Low-Carbon Heating and Cooling Roadmaps (EN).

<sup>(12)</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_940](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_940)

32. calls upon the EU institutions to apply the principles of partnership and multilevel governance, a strong local and regional dimension and the provision of mandatory participation of LRAs in the development of the recovery and resilience plans <sup>(13)</sup>, at the same time as promoting an inclusive, accessible and transparent process at all levels;

33. calls on the institutions and the Member States to establish better fiscal frameworks and to gradually end subsidies to fossil fuels urgently in order to create a level playing field for renewable energies, encourage behavioural change and generate the resources to support a just transition; stresses the importance of guaranteeing a sustainable transition, able to foster social and economic cohesion;

34. considers that while LRAs have limited capacity to generate income for their budget through local taxes and fees, they are responsible for 65 % of climate and environment-related public investment, at the same time they will continue to suffer the impacts of the COVID-19 crisis on their finances and operation in the coming years. Therefore, calls for direct access to funding from the European level, and for coordinated programmes across all levels of governance and, in particular, of the investment plans in support of the Green Deal and of the Resilience and Recovery Plans;

35. reiterates its call to reduce red tape and simplify the mechanisms related to the preparation of projects and to the participation in capacity building initiatives in LRAs and welcomes the Commission's commitment to improve regulation guidelines to address sustainability and innovation issues;

36. recognises the use of green budgeting <sup>(14)</sup> as an effective tool of budgetary policy-making to help assess and drive improvements in the alignment of national and subnational <sup>(15)</sup> expenditure, revenue processes and resource allocation with environmental and sustainable development objectives;

37. highlights the importance of engaging LRAs in the definition of the EU taxonomy to better identify climate and sustainability-proof investments; criteria and management of this taxonomy should improve the sustainability of the investments without increasing administrative burden and discouraging investments. LRAs still face substantial barriers in acquiring the necessary expertise for the development of bankable projects and accessing medium-to-large scale investment <sup>(16)</sup>;

38. welcomes the gradual increase in financing dedicated to climate action and environmental sustainability by the European Investment Bank (EIB) as the EU's climate bank; reiterates its call for the further implementation of tailor-made technical assistance to help LRAs; calls on the EIB and the European Commission to strengthen LRAs' access to programmes and the support for the development of bankable projects — including smaller-scale projects, aggregating small-scale projects with a view to creating the needed economies of scale;

39. underlines the need to enhance the capacity of LRAs to attract and mobilise private financing through instruments such as green bonds, equity funds and mechanisms to pool financing to boost the green recovery; welcomes the EU City Facility's mission to build a substantial pipeline of sustainable energy investment projects and build the capacity of LRAs to access facilities such as European Structural and Investment Funds, and the H2020 Project Development Assistance; encourages the scale-up and replication of 'one-stop shop' initiatives that can provide technical assessments, support with tendering procedures and information about financing options for LRAs; encourages public private partnerships and further blending between ESI funds and other programmes such as Horizon Europe;

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<sup>(13)</sup> Recovery plan for Europe in response to the COVID-19 pandemic: Recovery and Resilience Facility and Technical Support Instrument (COR-2020-03381) (OJ C 440, 18.12.2020, p. 160).

<sup>(14)</sup> <http://www.oecd.org/environment/green-budgeting/OECD-Green-Budgeting-Framework-Highlights.pdf>

<sup>(15)</sup> EcoBudget.

<sup>(16)</sup> Implementing the Paris Agreement through innovative and sustainable energy transition at regional and local level (COR-2019-00617) (OJ C 39, 5.2.2020, p. 72).



40. highlights the need to direct financial support towards research and innovation responding to identified local needs and welcomes the recent Green Deal call under Horizon 2020 targeting support to cities and regions; underlines the need for innovation and technology that provides necessary and relevant information for better planning, decision-making, and management; highlights the importance of green public procurement practices in mainstreaming sustainable innovation, technologies and services;

*Assessing impact and monitoring results to strengthen future action across levels*

41. highlights the need to establish a set of indicators to assess and monitor the progress of the Green Deal in terms of legislation, policies and financing at regional, metropolitan and local level; proposes to develop a European Regional Scoreboard including clear, targeted, user-friendly indicators to measure and monitor the impacts of the Green Deal as an instrument for recovery and resilience, clearly define socioeconomic and environmental indicators to measure impacts of the many emerging Local Green Deals, provide an overview of complementary policies and measures, track access to funding streams and financial flows at regional and subnational level, and to help reassess, making informed decisions, and evaluating the impacts of the measures undertaken to deliver on the objectives of green recovery, climate neutrality and socioeconomic development;

42. underlines how efficient and meaningful monitoring of progress through a European Regional Scoreboard is contingent on appropriate mandates and continuous and coherent contribution by LRAs to developing, rolling out and implementing these plans, enabling a truly cost-efficient approach of complementary actions across levels; points out that LRAs still face substantial challenges regarding data collection, including inconsistent regulatory frameworks, lack of mandates, capacity and resources, and therefore considers it essential to align, connect, and streamline the monitoring frameworks and indicators of existing relevant initiatives to avoid doubling efforts, and to benefit from existing methodologies and approaches;

43. calls for a consistent baseline for the monitoring of impacts of actions and measures, based on reliable scientific data, and geared towards tracking progress on the implementation of the SDGs and the Paris Agreement; highlights how International Standards such as TC 268 in Sustainable Cities and Communities, and data gathered through Space Technologies can help monitor performance and inspire such regional scoreboard;

44. points out that the European Regional Scoreboard will serve as a knowledge tool and help represent the diversity of needs and context for LRAs across Europe, supporting the identification and replication of best practices according to common, transparent criteria, including finance-ready pilot actions at the local and subnational level;

45. stresses that the European Regional Scoreboard should also support the monitoring of the recovery plans in vulnerable areas such as mountain, island and outermost regions and in regions that are less developed or that have less diversified production; reiterates the call to establish a European Climate Neutrality observatory to contribute to the fulfilment of national reporting obligations under the Energy Union governance and to assist in mapping and monitoring such vulnerabilities, together with a renewed EU skills audit under the EU Skills Panorama. The aim is to align the roll-out of sustainable policies with skills growth for future-proof good quality jobs in the most vulnerable and regions that are less developed or that have less diversified production and to facilitate effective exchange of best practices, also building on the existing composite indicators and on any others that may be identified <sup>(17)</sup>.

Brussels, 10 December 2020.

*The President  
of the European Committee of the Regions*  
Apostolos TZITZIKOSTAS

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<sup>(17)</sup> A Clean Planet for all — A European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy (COR-2018-05736) (OJ C 404, 29.11.2019, p. 58).