

## **Cities investing in energy efficiency and renewable energy sources are the drivers of economic recovery!**

### **Resolution of the Climate Alliance General Assembly 2010 regarding the allocation of remaining funds in the European Economic Recovery Plan to cities**

In the front line of our commitment to protect the global climate, we see energy efficiency and the use of locally available renewable energy resources as fundamental means to stabilise our local economies, create jobs, reduce energy poverty and decrease dependence from ending fossil fuels. With our sustainable energy policies we contribute both to short-term stimulation and longer-term restructuring of the EU's economy, making it more resilient to future economic crises.

With the commitment of more than 1,500 cities, municipalities and regions of the Climate Alliance to reduce their CO<sub>2</sub> emissions by 10 % every 5 years and the currently 1,400 local authorities that have signed the Covenant of Mayors, more and more local authorities are assuming responsibility to contribute actively to the achievement of the European energy and climate targets.

**With this resolution of our General Assembly 2010 in Perugia, we urge the European Commission to practice what it preaches and to allocate the unspent funds from the European Economic Recovery Plan to actions of cities on energy efficiency and renewable energy sources and stimulation of "new" climate friendly economies.**

Cities in Europe will need much more than the currently available 115 million Euros for investing in sustainable energy infrastructure. However this amount would be an important step forward and could still have a significant impact - particularly if used:

- as a leveraging tool under the administration of financial institutions, as was proposed earlier by the European Parliament. For example by providing smaller sized loans directly to cities or through "global loans" to local banks for municipally linked actions (zero interest loans or "micro credits"),
- to provide a guarantee for the risk of default in efficiency and decentralised renewables,
- to set up dedicated public-private partnerships to provide energy services, and
- to stimulate new CO<sub>2</sub> reducing technologies and green economy companies.

The allocation of the unspent funds from the EERP to cities would be an important signal, that the commitment of the local level is recognised in practice. It would also be a proof that the Covenant of Mayors is a "real deal", and thus motivate signatories, but also encourage others to join this important European initiative.



**Climate Alliance**

**Cities are the drivers  
of Economic Recovery**

Resolution of  
Climate Alliance's  
General Assembly

Perugia, 15 April 2010

## **Background**

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As a reaction to last year's financial crisis, the European Commission proposed to reallocate 5 billion Euros of unspent 2008 EU agricultural funding. Out of this, 3.98 billion Euros were devoted to energy projects (gas, coal, CCS infrastructure and offshore wind farms). The remainder was allocated to the deployment of broadband Internet connections in rural areas.

Although over 40% of energy in the EU is consumed in buildings, and although the original drafts of the Commission proposal allocated 500 million Euros to "Smart Cities", this reference was removed from the final text. Together with Energie-Cités, Eurocities, ICLEI and with the support of EREC, Climate Alliance lobbied for including cities in the catalogue of eligible actors.

Concrete proposals from our side were:

1. Supporting local authorities to create / strengthen Local Incentives, Sustainable Energy and Climate Funds and/or Energy Service Companies.
2. Providing loans directly to cities or through "global loans" to local banks for municipally linked actions.
3. Co-financing the creation / strengthening of 500 Local Energy and Climate Agencies.

Also the European Parliament voted to reinsert the Smart Cities and efficiency projects among the eligible projects. At the end of the negotiations with the Council and the Commission, the Parliament obtained a declaration from the Commission to the effect that any unspent money would be re-directed to finance energy efficiency and renewables:

"Should the Commission, when reporting in 2010 on the implementation of the Regulation under its Article 28, find that it will not be possible to commit by the end of 2010 a part of the funds foreseen for the projects listed in the annex to the Regulation, the Commission will propose, if appropriate and in a geographically balanced way, an amendment to the Regulation allowing for the financing of projects in the area of energy efficiency and renewable energy sources, in addition to the above initiatives, including eligibility criteria similar to those applying to projects listed in the Annex to this Regulation".

(see: Recovery Plan Regulation (No 663/2009) <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:200:0031:0045:EN:PDF>).

Currently, € 115 million under the EU Recovery Plan are unspent and this amount is still expected to grow by the end of this year.

The European Commission is now considering how to spend the outstanding funds, and will deliver a proposal by the end of April. A number of possibilities for using the money are on the table, but there seems to be some resistance to use the money for energy efficiency - which, if successful, would certainly be in violation of the spirit of the agreement on the Recovery Plan that was reached between the institutions, not to mention the Commission's failing to honour own position on the importance of energy efficiency and sustainable energy policies in general.



**Climate Alliance**