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Central and Eastern European Sustainable Energy Union CEESEU

POLICY RECOMMENDATIONS FOR CEE MUNICIPALITIES

CLIMATE ALLIANCE / Frankfurt am Main, GERMANY (author)

UTARTU / Tartu, ESTONIA (editor, project coordinator)

October 2023

CENTRAL EASTERN EUROPEAN SUSTAINABLE ENERGY NETWORK

CEESEU has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 892270

Preamble

This document derives from experiences accrued during the Horizon-funded CEESEU project (2020-2023), delivered in eight Central and Eastern European countries (HR, SI, CZ, PL, HU, RO, LV, EE) and targeting 22 smaller municipalities (including one bundled SECAP and one bundled ECAP) in these countries.

Originally the following three separate deliverables, these are combined into one here.

- **Policy recommendations for enhancing support offered to CEE municipalities**.
  In the first section the focus is on barriers encountered in the SECAPs' initial preparation and implementation phases, focusing on four primary aspects and recommending solutions to contend with these: (i) decision making structures and governance, (ii) human resources and expertise, (iii) budget restrictions, and (iv) stakeholder engagement.
- **Policy recommendations for improving financing mechanisms made available to CEE municipalities**.
  The second part of this document takes on (iii) above, focusing on how to improve financing mechanisms for CEE municipalities. Financing is, of course, the primary constraint for implementation of SECAP actions, whether mitigation or adaptation, and not geographically limited to only the CEE region.
- **The primary challenges for SECAP implementation in the CEE and proposed solutions**.
  In the final section the focus is more at the macro level, bringing to the fore a set of recommendations proposed to both the EU and to the CoM on ways by which these institutions can better support CEE municipalities to meet their emission reduction and climate adaptation goals.

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Background of the CEESEU project

The Central and Eastern European Sustainable Energy Union (CEESEU) aims to build the capacity of public administrators in Central and Eastern Europe (CEE) to develop Sustainable Energy and Climate Action Plans (SECAPs) that promote increased energy efficiency, sustainable energy, reduced carbon emissions and improved climate change adaptability, helping the region to contribute towards meeting the EU's climate goals. In addition, The Central and Eastern Europe Sustainable Energy Network (CEESEN) will be strengthened to support the green transition in Central and Eastern Europe and with the European Union (EU).

CEE municipalities have lagged behind their Western European counterparts in developing SECAPs,[1] for several reasons including a lack of awareness and interest in the planning process, and a lack of expertise, capacity and access to resources , particularly in small municipalities. There is also the need for outreach strategies or procedural changes by EU level actors, such as the Covenant of Mayors (CoM), that can better address the reticence that often underpins climate action in the CEE. In a focus on these concerns, the CEESEU project planned tol:

- Create training materials and train local public administrators in the CEE on developing and implementing SECAPs, taking into account the specific contexts of CEE communities;
- Guide, according to the Grant Agreement 23 CEE municipalities (and subsequently amended to 20 plus 38 micro-municipalities and one county-level Energy and Climate Action Plan/ECAP for 6 municipalities) in engaging with stakeholders and carrying out multi-level governance to develop SECAPs;
- Guide CEE municipalities in financing and implementing SECAP actions;
- Improve engagement between public administrators in the CEE and with the EU;
- Offer guidance to the CoM and other EU actors on how to better reach and serve the needs of CEE municipalities in the development and implementation of SECAPs.

As a result of implementing the CEESEU project, several important longer-term impacts are expect to be achieved:

- 650 GWh of energy savings by the end of the project (October 2023);
- Improved capacity and skills of at least 645 public administrators in CEE municipalities;
- Better alignment of national and regional development plans with SECAPs in the CEESEU countries and improved national and regional sustainable energy and energy efficiency policies;

[1] See e.g, Eastern Europe's energy challenge: meeting its EU climate commitments

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- At least 25 million Euros of sustainable energy and climate change adaptation investments;
- The Central and Eastern Europe Sustainable Energy Network <ceesen.org> will attain at least 2,500 committed members.

Relevance of this Deliverable

This report summarises the experiences and lessons learned from implementing the CEESEU project in order to provide recommendations to EU and CEE policy makers, with the goal to improve SECAP development and implementation across the CEE region. CEESEU operated in eight different CEE Member States – Croatia, Czech Republic, Estonia, Hungary, Latvia, Poland, Romania, and Slovenia - and in 22 participating entities (municipalities, bundled micro-municipalities, and a county - from here on referred to by the generic term "municipalities").

The Deliverable includes information both from the experience and knowledge acquired within the project as well as feedback from project partners on the SECAP process in their CEE regions, where communities often face challenges that result in their situation being different than that of other European regions. This includes having post-Soviet histories with underdeveloped democratic structures, old and dilapidated building stock, lower income levels, brain drains, and fewer resources available.

With a reach well beyond the lifetime of the CEESEU project, this report can be useful to:

- EU/CEE level actors seeking to increase the capacity of cities to deal with climate change (such as the CoM, DG CLIMA, DG ENER, DG REGIO)
- national and regional governments in the CEE that are interested in promoting SECAP development and implementation
- local municipalities seeking to develop and implement their own energy & climate strategies and action plans.

CEESEU partners identified the following five recommendations on how to better support CEE municipalities through their climate and energy journey:

1. **Enhance cooperation and multi-level dialogues**
2. **Improve knowledge transfer and networking**
3. **Improve capacity building**
4. **Provide tailored technical assistance**
5. **Make MyCovenant more flexible**

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Introduction

Municipalities play a crucial role in the transition from a 'conventional' to a low-carbon society. This is not only due to their major contribution to greenhouse gas emissions or their vulnerability to damage caused by extreme weather events, but also to the dominant role of urban political actors and decision-makers in the transition process (Cheung and O'ßenbrügge 2020; Maraquin and Donnerer 2020; Heinelt 2017; Strasser et al. 2018).

In recent years, climate and energy topics have increasingly come into focus in municipal political agendas. In parallel, even countries with a long tradition of centralised decision-making – such as some of the CEE countries - recognised the potential of empowering municipalities to decide by themselves on climate adaptation measures, energy provision, and deployment.

The big drivers of the energy transition are the EU and global climate goals, National Energy and Climate Plans (NECPs) and framework programme and networks such as the Covenant of Mayors (CoM), benefitting from informal exchanges and a common understanding of their overall target as well as from supporting instruments and materials.

Being the level of governance closest to citizens, cities and local authorities can exert influence and take action at several levels. Through local energy and climate plans, they can contribute to the implementation of EU energy and climate policies - for example, they can get involved in renewable energy communities or accelerate permitting procedures for renewable energy installations, they can improve the efficiency of their own buildings and raise citizens' awareness of building energy renovation options, they can promote sustainable mobility options and create more liveable cities. To increase the resilience of their territories, they can implement nature-based solutions in their own buildings and public infrastructure, as well as embed high-performance resiliency standards in city planning and building codes; additionally, they can promote climate awareness and disaster risk preparedness within their employees as well as with citizens and businesses (JRC, 2022).

CEE municipalities have lagged behind their Western European counterparts in joining the CoM framework for a variety of reasons such as political unwillingness to recognize the climate and energy challenge, insufficient awareness or interest in the planning process, inadequate expertise and capacity, and a lack of access to resources.

While there are more than 10.000 local governments registered as CoM EU signatories through MyCovenant, encompassing a total population of 237.00 million inhabitants,

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the number of signatories in CEESEU countries is relatively low, with even poorer numbers for CoM Territorial Coordinators and Supporters (Table 1, Figure 1). Despite this lag, the CoM's interest in CEE countries remains strong, so that the EU's initiative to reach its energy and climate goals is met at the local level, guaranteeing an alignment with national policies and measures. Moreover, most (21/22) of CEESEU's small municipalities acceded to the CoM, suggesting a continuing interest in joining the Covenant despite there being alternative models for energy and climate planning (1/22).

Table 1. CoM's footprint in CEESEU; Number of Signatories, Territorial Coordinators, Supporters, National partners

	Signatories	**Territorial Coordinators**	**Supporters**	**National partners**
Croatia HR	123	0	6	1
Czech Republic CZ	175	1	4	1
Estonia EE	10	0	3	1
Hungary HU	234	1	9	1
Latvia LV	29	1	2	1
Poland PL	89	3	7	1
Romania RO	214	1	11	1
Slovenia SI	66	0	8	1
TOTAL in CEESEU countries	940	7	50	8
Total in CoM EU	*10052*	*203*	*284*	*38*

Source: Covenant of Mayors: 2022 assessment, JRC

	National partners
HR	Green Energy Cooperative ZEZ
CZ	SEMMO - Association of Local Energy Managers
EE	Association of Estonian Cities and Municipalities
HU	Reflex Environmental Association
LV	Latvian Association of Local and Regional Governments
PL	Polish Network Energy-Cités (PNEC)
RO	OER - Energy Cities Romania
SI	Association of Urban Municipalities of Slovenia

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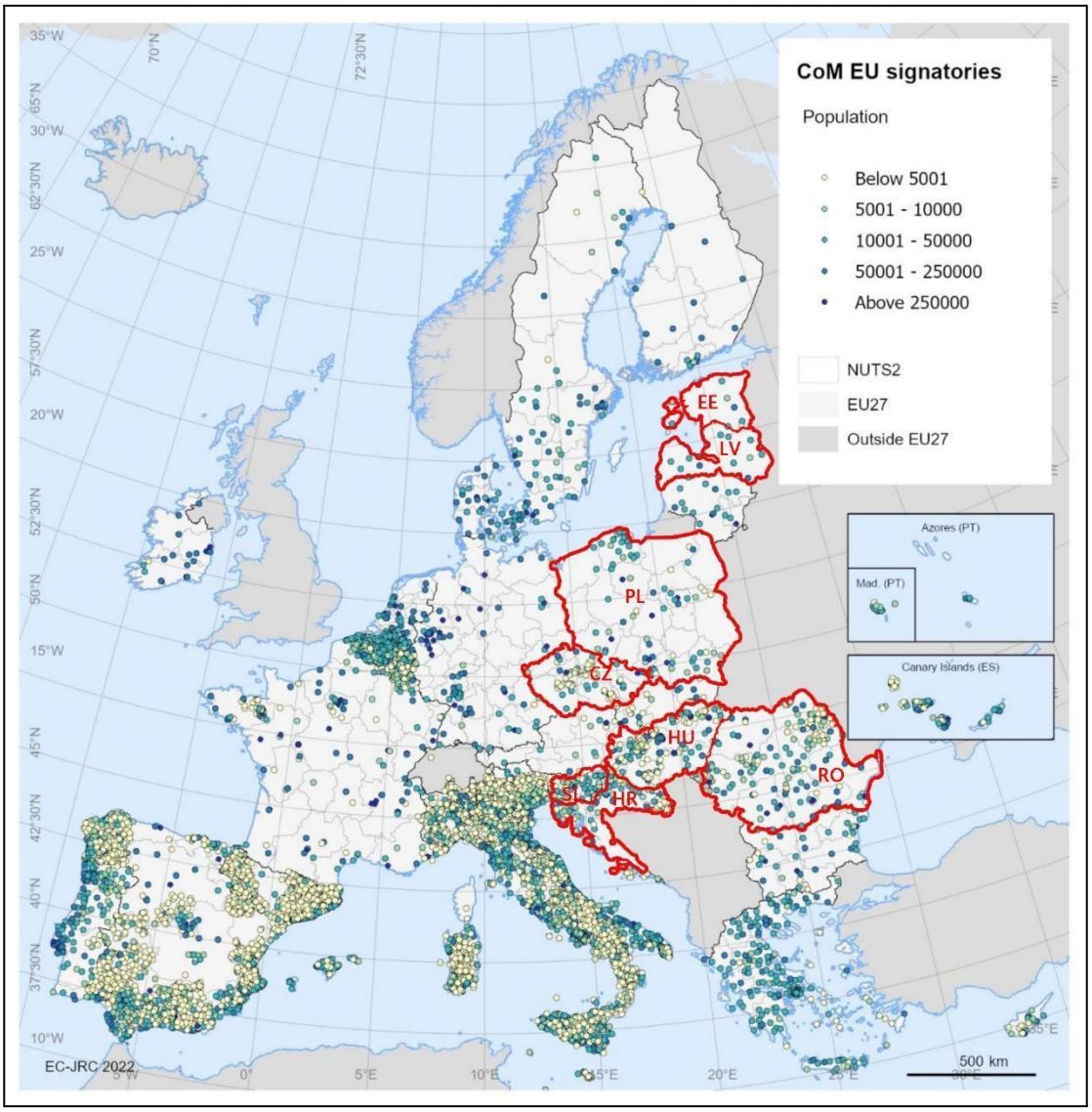

Figure 1. CoM signatories across the EU, CEESEU countries in red. Source: JRC elaboration based on GCoM data (2022).

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Recommendations

Formulated from CEESEU partners' experiences and lessons learned while implementing climate and energy plans at the local level in seven CEE countries, five recommendations emerge. These are pertinent to EU and CEE policy makers as they focus on possible pathways to improving SECAP development and implementation in the CEE region. By incorporating the following recommendations in its political and technical agendas, the EC can provide valuable support to CEE local authorities in their efforts to develop effective and meaningful SECAPs, contributing to the European climate and energy goals while addressing the specific challenges of the CEE region.

1. **Enhance cooperation and multi-level dialogues** – Facilitate establishing institutionalised coordination mechanisms at the national and sub-national level for a comprehensive and effective development and implementation of climate and energy policies and strategies.

2. **Improve knowledge transfer and networking** - Facilitate knowledge sharing, good practice exchanges, and peer-to-peer learning among CEE municipalities and regional authorities to accelerate SECAP development and further implementation. Encourage local and regional authorities and stakeholders to set up regional networks for collaboration.

3. **Improve capacity building** - Develop and provide tailored guidance and capacity-building programs specifically designed for CEE local authorities, taking into account the unique challenges and opportunities in CEE regions.

4. **Provide tailored technical assistance** - Offer technical assistance and support in energy/climate data collection, risk and vulnerability assessments/analyses, and planning, tailored to the specific challenges in CEE regions.

5. **Make MyCovenant more flexible** – Adjust and align CoM to better fit the context of CEE countries at both national and sub-national levels.

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1. Enhance cooperation and multi-level dialogues

Facilitate establishing institutionalised coordination mechanisms at the national and sub-national level for a comprehensive and effective development and implementation of climate and energy policies and strategies.

The need for a new model of multi-level governance (MLG) is increasingly recognised as key to the implementation of climate policies. In most countries, lower levels of government remain legally and financially ill-equipped for assessing and addressing climate change risks and local vulnerabilities. Similar issues are also relevant when addressing climate mitigation, adaptation, and energy poverty policies.

MLG promotes collaborative decision-making, inclusiveness, and the effective use of resources and expertise across different levels and sectors of governments and society. Moreover, Article 11 of the Governance Regulation stipulates that Member States should implement MLG processes when designing, implementing and monitoring national energy and climate policy (i.e., Climate and Energy Dialogues).

Hence, local involvement and public participation are key points for the EU: Member States are required to establish multilevel climate and energy dialogues involving local authorities as well as other stakeholders to engage and discuss the achievement of the EU climate neutrality objective. The importance of transnational networks of cities and local authorities to stimulate the development of renewable energy and energy efficiency is acknowledged at EU level (JRC, 2022). Such networks (e.g. CoM, CEESEN) enable the testing of new governance models that are adapted to today's realities, where the best decisions are taken at the local level in an inclusive and cooperative manner, promoting horizontal collaboration (e.g., national and transnational city networking, learning from others, sharing best practices), while aiming to also achieve a proper vertical alignment within nation-states (i.e., supporting the roles of national governments and national funding schemes).

In this context, **the Commission should augment and support the ongoing efforts to facilitate the establishment of institutionalised coordination mechanisms at the sub-national level to achieve the comprehensive, effective development and implementation of climate and energy policies and strategies.** Crucial players are represented by the CoM Territorial Coordinators (e.g., regional/provincial governments) and Supporters (e.g. Energy Agencies), which can fulfil vital roles as agents of both vertical (between the national and sub-national levels) and horizontal coordination. This would lead to a common approach to SECAPs tailored to local conditions and aligned with the regional/national strategies and goals.

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2. Improve knowledge transfer and networking

Facilitate knowledge sharing, good practice exchanges, and peer-to-peer learning among CEE municipalities and regional authorities to accelerate SECAP development and further implementation. Encourage local and regional authorities and stakeholders to set up regional networks for collaboration.

Knowledge transfer is a key driver to reach EU climate and energy goals. Learning from municipalities in other regions and countries that face similar problems and share similar journeys is useful (e.g., strong dependencies on fossil fuels, sub-par energy infrastructure network, lack of access to funding, absence of dialogue with regional/national levels, etc.). Sharing of success stories from other regions or municipalities that have successfully implemented SECAPs and established collaborative networks can inspire other municipalities and provide practical insights. By improving their technical and administrative capacities, municipalities will accelerate their capacities to reach climate and energy goals while also being better positioned to encourage and negotiate more-inclusive decision making from higher administrative levels of government.

Therefore, **the Commission should improve the knowledge transfer and networking among public authorities in CEE, involving all levels of governments. Specific activities and tools tailored to CEE needs can be developed and further integrated within ongoing EU initiatives (e.g. CoM, EPAH, EUCF, EU Rural Pact, Circular Cities and Regions Initiative, among others.).**

Peer-to-peer learning activities to share and learn from best practices on MLG, tools, technologies, spatial planning, infrastructural solutions, setting up innovative and systemic pilots and ways to replicate and scale them up pilots can also come from supporting local initiatives such as CEESEN. A CEE dedicated Knowledge Sharing Platform could be established where CEE municipalities and regional authorities can share knowledge and experiences related to SECAP or ECAP (Energy and Climate Action Plans, an alternative to SECAPs) development and implementation. This platform can include discussion forums, resource libraries, and interactive tools.

Regional workshops and conferences dedicated to climate and energy action for local authorities and SECAP implementation in EU regions could be regularly organised by the EC, bringing together national and local partners in events with simultaneous translations provided. These events can serve as opportunities for municipalities to meet, exchange best practices, and learn from one another. The EC could take advantage of synergies with existing international networks that have a focus on the CEE regions (e.g., CEESEN).

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3. Improve capacity building

Develop and provide tailored guidance and capacity-building programs specifically designed for CEE local authorities, taking into account the unique challenges and opportunities for CEE regions.

CEE countries often face specific socio-economic, political, and environmental circumstances that require customised strategies and solutions. For instance, many CEE countries heavily rely on coal or other fossil fuels (such as shale oil) for energy production, leading to high carbon emissions and air pollution. Agriculture remains a significant part of the economy in many CEE countries, with associated high emissions of methane and nitrous oxide. Corruption and governance issues can vary in intensity across CEE countries. And cooperation models are still not well-accepted by the majority of the population.

The Commission should implement a dedicated framework for capacity building on climate and energy topics in CEE regions, offering customised learning activities on crucial topics, such as modernization, rural development, sustainable agriculture practices, MLG mechanisms, innovation, social inclusion, public engagement, and accessing funding.

Besides working as a capacity building area, this framework should also encourage local authorities to submit information to a CEE database on climate and energy, where they could also find relevant indicators that would help in their SECAP development. Such a database could be hosted by CEESEN, with the requirement of ensuring the availability of support materials in CEE languages to make them accessible to all participants.

The framework can also be embedded and linked with ongoing EU initiatives (e.g., CoM, EPAH, EUCF, EU Rural Pact, Circular Cities and Regions Initiative, etc.),

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4. Provide tailored technical assistance

Offer technical assistance and support in energy/climate data collection, risk and vulnerability assessments/analyses, and planning, tailored to the specific challenges for CEE regions.

As with capacity building activities, CEE regions need technical assistance and support tailored to their specific challenges and needs. Collecting energy and climate data for SECAPs is difficult for most municipalities, as confirmed by all CEESEU partners. Furthermore, when attempting to implement their ambitious climate and energy action plans, municipalities often face financial constraints, as well as a lack of capacity to access the relevant financing schemes. And in some countries, the absence of necessary energy sector reforms impedes the scaling-up of sustainable energy solutions.

Therefore, **the Commission should develop technical assistance activities tailored to CEE regions, assist them in improving national and sub-national regulatory frameworks, enhance institutional capacities for mobilising investments in sustainable energy and the green transition, and bring together a variety of stakeholders to promote cross-border energy cooperation and strategic partnerships.**

Expert panels or advisory groups composed of experts in climate and energy topics for CEE regions can be established within the EU's relevant initiatives and frameworks, providing guidance and support to municipalities in their development and implementation of energy and climate action plans.

Existing EU technical assistance programmes (e.g., the European City Facility and the Energy Poverty Advisory Hub) can be improved taking into account the needs of CEE municipalities (e.g., establishing premialities for CEE municipalities in the application process, providing dedicated learning and communication areas, etc.).

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5. Make MyCovenant more flexible

Adjust and align the CoM to better fit the context of CEE countries at both national and sub-national levels.

In some countries, active CoM Territorial Coordinators, regional / local thematic agencies and national / regional associations of local authorities have developed SECAPs without strict adherence to the official CoM SECAP template.

For instance, CEESEU's project partner in Romania and a CoM Supporter decided to draft a new SECAP template, one which considered the Romanian regional context of sustainability policies, energy, and environment. All SECAPs of Romanian municipalities supported by the CEESEU project partner in Romania are developed according to this template. CEESEU's partner in Estonia used a national methodology for climate and energy analysis to develop ECAPs since these enable fast and simple access to national funding streams.

Despite the opportunity to officially recognize and validate localised methodologies for SECAP development already being in place (JRC, 2013, Reference Guide on Grouped SECAPs Analysis), **the Commission should improve the interoperability and accessibility of MyCovenant for SECAPs developed following an alternate, but robust and complete, methodology**. Monitoring criteria, RVA and BEI components should be tailored to the national context (e.g., the mandatory key sectors to be included in the BEI could be reduced). The language barrier should also be addressed, since all SECAPs must currently be submitted in the English language, bearing in mind that for others wishing or needing to read such submissions in English, browser translation add-ons nowadays perform credibly.

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POLICY RECOMMENDATIONS FOR IMPROVING FINANCING MECHANISMS MADE AVAILABLE TO CEE MUNICIPALITIES

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Background of the CEESEU project

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CEE municipalities have lagged behind their Western European counterparts in developing SECAPs,[2] for several reasons including a lack of awareness and interest in the planning process, and a lack of expertise, capacity and access to resources , particularly in small municipalities. There is also the need for outreach strategies or procedural changes by EU level actors, such as the Covenant of Mayors (CoM), that can better address the reticence that often underpins climate action in the CEE. In a focus on these concerns, the CEESEU project planned tol:

- Create training materials and train local public administrators in the CEE on developing and implementing SECAPs, taking into account the specific contexts of CEE communities;
- Guide, according to the Grant Agreement 23 CEE municipalities (and subsequently amended to 20 plus 38 micro-municipalities and one county-level Energy and Climate Action Plan/ECAP for 6 municipalities) in engaging with stakeholders and carrying out multi-level governance to develop SECAPs;
- Guide CEE municipalities in financing and implementing SECAP actions;
- Improve engagement between public administrators in the CEE and with the EU;
- Offer guidance to the CoM and other EU actors on how to better reach and serve the needs of CEE municipalities in the development and implementation of SECAPs.

As a result of implementing the CEESEU project, several important longer-term impacts are expect to be achieved:

- 650 GWh of energy savings by the end of the project (October 2023);
- Improved capacity and skills of at least 645 public administrators in CEE municipalities;
- Better alignment of national and regional development plans with SECAPs in the CEESEU countries and improved national and regional sustainable energy and energy efficiency policies;

[2] See e.g, Eastern Europe's energy challenge: meeting its EU climate commitments

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- At least 25 million Euros of sustainable energy and climate change adaptation investments;
- The Central and Eastern Europe Sustainable Energy Network <ceesen.org> will attain at least 2,500 committed members.

Relevance of this Deliverable

This report summarises the experiences acquired by the 22 CEESEU participating entities (municipalities, bundled micro-municipalities, and a county - from here on referred to by the generic term "municipalities") in eight different CEE Member States - Croatia, Czech Republic, Estonia, Hungary, Latvia, Poland, Romania, and Slovenia - over the past three years, when seeking to secure financing for SECAP initiatives.

The Deliverable includes information from two primary sources: first, from the experience and knowledge acquired within the project, and second, the feedback from project partners on the SECAP process in their CEE regions, where communities often confront challenges that are often quite different from those faced by municipalities in other European regions. While plans for a just energy transition offer multiple benefits in the CEE region, its post-Soviet countries face several barriers, such as lack of public and political support, insufficient policy guidance, suboptimal use of public funds, under-developed capital markets, and the scarcity of skilled labour.

With a reach well beyond the lifetime of the CEESEU project, this report can be useful to:

- EU/CEE level actors seeking to increase the capacity of the approximately 80.000 municipalities across the EU to finance climate and energy related measures (such as the CoM, DG CLIMA, DG ENER, DG REGIO, EIB)
- national and regional governments in the CEE that are interested in promoting SECAP implementation
- local municipalities seeking to implement their own energy & climate strategies and action plans.

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Introduction

As municipalities begin to implement SECAPs to take action on climate change and carbon neutrality, they face numerous financial challenges. Securing financing for sustainable energy and climate adaptation projects remains a significant challenge for most EU local authorities.

According to experiences encountered and surveys carried out by the Covenant of Mayors EU Office, it has become clear that one of the highest barriers in municipalities is the lack of internal capacities to transform SECAPs into sound investment plans and ensure their successful implementation, especially when contending with already-strained public budgets.

Therefore, establishing tailored financial strategies and access mechanisms for municipalities involved in the green and energy transition is essential for the successful implementation of concrete measures and for the EU to meet its climate neutrality goal.

A green and just energy transition is a key opportunity for CEE countries, which have high potential as fully integrated green economies in the future despite their past and present reliance on high-emission electricity/heat power production and industries. Investing in the green transition is an opportunity to find ways to avoid fossil fuel traps and stranded assets by identifying and committing to marketable green solutions.

While the energy transition offers multiple benefits, CEE countries face multiple barriers. These include: a lack of public and political support, insufficient policy guidance, suboptimal use of public funds, under-developed capital markets, and the scarcity of skilled labour. Moreover, in some countries weak climate leadership at national levels and/or funds distributed by central authorities do not adequately support local development initiatives and can pose difficulties in SECAP implementation.

In the following sections, the CEESEU experience on securing financing for the implementation of climate and energy measures is summarised, and thereafter four recommendations are generated for the attention of the EC on how to improve financing mechanisms in the CEE region.

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CEESEU's experience on securing financing for SECAP implementation

In order to enable municipalities to overcome financial barriers and to help them achieve their sustainability and climate goals, CEESEU partners and municipalities elaborated financial strategies for all the 22 SECAPs / Joint SECAPs developed.

These financial strategies contain the following information:

1. Short description of the action: A concise summary of the proposed measure, outlining its objectives and scope.
2. Expected start and end of the implementation (year): The projected timeline for executing the measure, providing a clear roadmap for completion.
3. Applicant: Identification of the applicant - a municipality, a private entity, or a public-private partnership.
4. Name of the applicant: Specific information about the applying entity, ensuring accountability and transparency.
5. Kind of support: Details on the type of financial assistance required, such as grants, loans, or investments.
6. Total implementation costs (€): An estimation of the overall expenses associated with the measure, allowing for effective budgeting and resource allocation.
7. Source of funding: Identification of the funding source - governmental, private, or a combination.
8. Funding priority: A ranking system to determine the urgency and importance of each measure, guiding allocation decisions.
9. Estimated funding (€): The anticipated amount of financial support to be received, enabling accurate financial planning.
10. Opening-closing dates of the call: Information about the application window for funding opportunities, ensuring timely submissions.
11. Date of application: The specific date on which the application was submitted, allowing for tracking and follow-ups.
12. Energy savings [MWh]: Anticipated energy reductions resulting from the measure, showcasing its impact on sustainability.
13. Renewable energy production [MWh]: Expected contributions to clean energy generation, highlighting the measure's environmental benefits.
14. CO2 emissions saving [t]: Estimated reductions in greenhouse gas emissions, emphasising the measures' role in climate change mitigation.

An excerpted sample financial strategy document (note: energy savings in MWh) is shown below; a similar listing exists for each municipality's mitigation actions.

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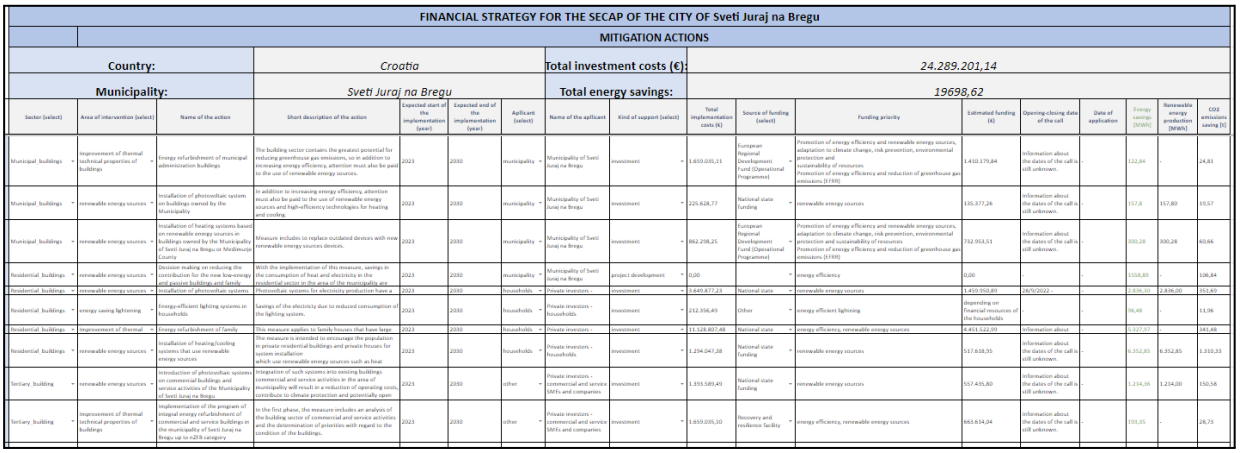

FINANCIAL STRATEGY FOR THE SECAP OF THE CITY OF Sveti Juraj na Bregu

MITIGATION ACTIONS

Country:	Croatia	Total investment costs (€):	24.289.201,14
Municipality:	Sveti Juraj na Bregu	Total energy savings:	19698,62

Sector (select)	Area of intervention (select)	Name of the action	Short description of the action	Expected start of the implementation (year)	Expected end of the implementation (year)	Applicant (select)	Name of the applicant	Kind of support (select)	Total implementation costs (€)	Source of funding (select)	Funding priority	Estimated funding (€)	Opening-closing date of the call	Date of application	Energy savings (MWh)	Renewable energy production (MWh)	CO2 emission saving (t)
Municipal_buildings	Improvement of thermal technical properties of buildings	Energy refurbishment of municipal administration buildings	The building sector contains the greatest potential for reducing greenhouse gas emissions, so in addition to increasing energy efficiency, attention must also be paid to the use of renewable energy sources.	2023	2030	municipality	Municipality of Sveti Juraj na Bregu	investment	1.659.035,31	European Regional Development Fund (Operational Programme)	Promotion of energy efficiency and renewable energy sources, adaptation to climate change, risk prevention, environmental protection and sustainability of resources Promotion of energy efficiency and reduction of greenhouse gas emissions (ERRF)	1.410.179,84	Information about the dates of the call is still unknown.		122,64	-	24,81
Municipal_buildings	renewable energy sources	Installation of photovoltaic system on buildings owned by the Municipality	In addition to increasing energy efficiency, attention must also be paid to the use of renewable energy sources and high-efficiency technologies for heating and cooling.	2023	2030	municipality	Municipality of Sveti Juraj na Bregu	investment	225.628,77	National state funding	renewable energy sources	135.377,26	Information about the dates of the call is still unknown.		157,8	157,80	39,57
Municipal_buildings	renewable energy sources	Installation of heating systems based on renewable energy sources in buildings owned by the Municipality of Sveti Juraj na Bregu or Međimurje County	Measure includes to replace outdated devices with new renewable energy sources devices.	2023	2030	municipality	Municipality of Sveti Juraj na Bregu	investment	862.298,25	European Regional Development Fund (Operational Programme)	Promotion of energy efficiency and renewable energy sources, adaptation to climate change, risk prevention, environmental protection and sustainability of resources Promotion of energy efficiency and reduction of greenhouse gas emissions (ERRF)	732.953,51	Information about the dates of the call is still unknown.		800,28	800,28	80,66
Residential_buildings	renewable energy sources	Decision making on reducing the contribution for the new low-energy and passive buildings and family	With the implementation of this measure, savings in the consumption of heat and electricity in the residential sector in the area of the municipality are	2023	2030	municipality	Municipality of Sveti Juraj na Bregu	project development	0,00	-	energy efficiency	0,00	-	-	1558,89	-	158,84
Residential_buildings	renewable energy sources	Installation of photovoltaic systems	Photovoltaic systems for electricity production have a	2023	2030	households	Private investors - households	investment	3.649.877,23	National state funding	renewable energy sources	1.450.350,89	28/9/2022 -		2.836,20	2.836,00	651,89
Residential_buildings	energy saving lightening	Energy-efficient lighting systems in households	Savings of the electricity due to reduced consumption of the lighting system.	2023	2030	households	Private investors - households	investment	212.356,49	Other	energy efficient lightening	depending on financial resources of the households			96,48	-	13,06
Residential_buildings	Improvement of thermal	Energy refurbishment of family	This measure applies to family houses that have large	2023	2030	households	Private investors -	investment	11.128.807,48	National state	energy efficiency, renewable energy sources	4.451.522,99	Information about		3.327,57	-	343,48
Residential_buildings	renewable energy sources	Installation of heating/cooling systems that use renewable energy sources	The measure is intended to encourage the population in private residential buildings and private houses for system installation which use renewable energy sources such as heat	2023	2030	households	Private investors - households	investment	1.254.047,38	National state funding	renewable energy sources	517.618,95	Information about the dates of the call is still unknown.		6.352,85	6.352,85	1.330,33
Tertiary_building	renewable energy sources	Introduction of photovoltaic systems on commercial buildings and service activities of the Municipality of Sveti Juraj na Bregu	Integration of such systems into existing buildings commercial and service activities in the area of municipality will result in a reduction of operating costs, contribute to climate protection and potentially open	2023	2030	other	Private investors - commercial and service SMEs and companies	investment	1.355.589,49	National state funding	renewable energy sources	557.435,80	Information about the dates of the call is still unknown.		1.214,36	1.214,00	150,58
Tertiary_building	Improvement of thermal technical properties of buildings	Implementation of the program of integral energy refurbishment of commercial and service buildings in the municipality of Sveti Juraj na Bregu up to nZE-category	In the first phase, the measure includes an analysis of the building sector of commercial and service activities and the determination of priorities with regard to the condition of the buildings.	2023	2030	other	Private investors - commercial and service SMEs and companies	investment	1.659.035,10	Recovery and resilience facility	energy efficiency, renewable energy sources	663.614,04	Information about the dates of the call is still unknown.		153,35	-	28,73

Overall, in all the project's countries, **most of the mitigation and adaptation measures are supported by state aid involving European or national funds promoting renewable energy and/or energy efficiency investments. The most common European funds are associated with the European Regional Development Fund (ERDF) and with the Cohesion Fund/recovery and resilience facility.**

In Poland, part of the identified measures involving businesses can be supported by the European Bank for Reconstruction and Development and its programmes focused on access to finance. It focuses on replacement of heating devices in industry. Only one country, Hungary, is seeking the involvement of private funding through EPC projects.

A tally of the funding opportunities by CEESEU countries is shown below. Note that "national" also encompasses funding originating from EU sources, while "regional" aligns with sub-national rather than supra-national entities (e.g., a Voivodeship in Poland).

	National	Regional	Local
Croatia	17		2
Czech Republic	29	2	
Estonia	2		
Hungary	12	1	
Latvia	11		
Poland	13	14	1
Romania	9	2	
Slovenia	5		
Total:	98	19	3

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Recommendations

Four recommendations to EU and CEE policy makers on ways to improve financing mechanisms to implement energy & climate strategies and action plans in CEE municipalities have emerged. By incorporating these recommendations in its political and technical agendas, the EC can provide valuable support to CEE local authorities in their efforts to implement climate mitigation and adaptation measures, contributing to the European climate and energy goals while addressing the specific challenges of the CEE region.

1. **Improve capacity building** - Develop and provide capacity-building programs specifically designed for CEE local authorities on EU funding opportunities, taking into account the unique challenges and opportunities in CEE regions.

2. **Simplify the overall application process for EU funding programmes** - Develop a simplification agenda to lower entry barriers to programmes and to reduce the administrative and technical burden both in the application and the reporting stages.

3. **Improve synergies across EU funding programmes** - Improve both vertical alignment between European, national and regional programmes, and horizontal alignment among EU funding schemes, reducing the administrative burden and increasing the efficiency and impact of EU funds.

4. **Facilitate the use of innovative financing mechanisms** - Facilitate the knowledge and accessibility to existing innovative approaches to attract investments, explore public-private partnerships, and seek alternative funding streams.

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1. Improve capacity building

Develop and provide capacity-building programs specifically designed for CEE local authorities on EU funding opportunities, taking into account the unique challenges and opportunities in CEE regions.

Despite there being a wide variety of EU financing options for climate and energy actions at the local level, local authorities often lack awareness or knowledge about all the options available, making it difficult for them to identify and choose the best financing instruments for supporting their planned climate/energy investments.

Furthermore, local authorities rely primarily on public funds and might be unaware or not knowledgeable about equity and debt instruments for climate investments at the local level (e.g., blended financing, revolving funds, green bonds).

Identifying the most suitable instruments can be particularly difficult for investments in climate adaptation measures, as few financing options dedicated solely to adaptation measures exist. While some EU funds, such as LIFE or EU Mission on Adaptation, have clearly allocated resources for adaptation, there are only a few private-sector options available for financing adaptation measures.

Therefore, **the Commission should increase and improve capacity building activities for policy makers, technical officers and relevant stakeholders of the CEE region on EU and other funding opportunities for the implementation of climate and energy measures.**

The capacity building activities should be tailored according to the specificities of the CEE region (i.e., cultural barriers, lack of cooperation between city departments, lack of cooperation with other levels of government, difficulties to engage local communities, difficulties to involve the private sector, etc.), and offered in national languages, breaking cultural barriers and allowing wider participation.

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2. Simplify the overall application process for EU funding programmes

Develop a simplification agenda to lower entry barriers to programmes and to reduce the administrative and technical burden both in the application and the reporting stage.

A frequent criticism of EU funding is the complexity around the process, which often leads to excessive administrative burden and discourages potential beneficiaries, in particular those with a limited administrative capacity such as small municipalities. An additional issue for local authorities is the lack of familiarity with and expertise in EU funding mechanisms and instruments, in the CEE region particularly. **Simplification of the EU funding programmes is therefore a crucial and urgent necessity to overcome, by the establishment of a constructive dialogue between the EC and all relevant stakeholders.**

Some practical measures to address this simplification are:

- **Reduce the co-finance rate** expected in some funds (e.g. LIFE, Interreg), allowing the participation of local authorities with low capital availability for investment (for instance, many municipalities plan their budgets some years/months in advance, making the last-minute inclusion of new expenses difficult).
- **Reduce the administrative burden in the reporting stage** so as to change the current situation where there are too many internal checks, too much paperwork. Simplify reporting templates, especially the repetitive nature of some required responses. Introduce simplified funding methodologies such as lump sum payments in additional funding programmes.
- **Lower entry barriers to programmes**, accepting nationally-recognised accounting practices.
- **Promote standardised application forms and templates across different EU funding programmes** whenever possible, reducing the burden on applicants who may apply for multiple programs.
- **Establish a unique online platform where applicants can access information about all available EU funding programmes for the CEE region.**
- **Promote the cooperation and improvement of national contact points for EU funding in CEE countries**, crucial for applicants seeking technical assistance in preparing and submitting their applications.

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3. Improve synergies across EU funding programmes

Improve both vertical alignment between European, national and regional programmes, and horizontal alignment among EU funding schemes, reducing the administrative burden and increasing the efficiency and impact of EU funds.

Building synergies among education, research and innovation across disciplines and EU funding programmes is crucial for tackling the major energy and climate challenges local authorities face. Alignment of rules, both between the current and next generation of programmes, as well as throughout the broader funding programme portfolio, can guarantee more continuity for participating institutions.

To achieve substantial progress with the implementation of synergies among different funding sources requires coordinated efforts at all levels (regional/national/European), dialogues as well as interactions between European Partnerships and the different players involved. Furthermore, while increasing awareness on the potential and benefits of synergies is important, so too is the shattering of policy silos both at the EC as well as at national and sub-national levels.

The EC should enhance synergies and complementarities among the main EU frameworks and funding programmes (e.g., Horizon Europe, LIFE, EU Mission, Covenant of Mayors, Erasmus+, European Structural and Investment Funds, European Regional Development Funds, Common Agricultural Policy, Circular Bioeconomy Thematic Investment Platform, Smart City Marketplace, the new Social Climate Fund, EUCF, EPAH, ELENA, etc.) and other funding programmes at national and more-local levels (Green municipal bonds, energy performance contracts, etc).

One possible solution can be represented by a dedicated "scout funding" EU portal for CEE municipalities, to which local authorities could identify their planned adaptation, mitigation and energy poverty measures, and receive advisories and recommendations about specific funding schemes and programmes that are pertinent. Given the advances in AI that might make this a more tangible and useful portal, it represents an opportunity for the EC to support such an initiative that would be extremely useful continent-wide.

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4. Facilitate the use of innovative financing mechanisms

Facilitate the knowledge and accessibility to existing innovative approaches to attract investments, explore public-private partnerships, and seek alternative funding streams.

Exploring innovative approaches and public-private partnerships to attract investments for climate and energy projects is crucial to achieve the EU goal.

Capital markets in the CEE region are relatively underdeveloped and lack the scale often desired by large institutional investors. That said, new sustainability-linked financial instruments are on the rise, as is sustainable investing.

For instance, in the last few years, green bond issuance has grown significantly. Green bonds – fixed-income securities designed specifically to support climate, environmental and energy projects – are one instrument regulators and markets are considering for greening the economy and the financial sector, and will be useful for both governments and companies. However, while the green bond market is growing rapidly, it is still immature and quite small compared to the overall bond market.

The EC should therefore enable the conditions for CEE countries to easily access and take advantage of innovative funding sources already available but not yet fully exploited. For instance, establishing an official CEE standard for green bonds aligned with the EU taxonomy for sustainable activities would help to make this tool more attractive both for governments and companies.

Furthermore, **additional emphasis should be placed on creating more widely accessible and versatile technical assistance arrangements** to help smaller investors such as municipalities, small municipal utilities and local action groups, take advantage of these innovative financing mechanisms.

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Central and Eastern European Sustainable Energy Union CEESEU

THE PRIMARY CHALLENGES FOR SECAP IMPLEMENTATION IN THE CEE AND PROPOSED SOLUTIONS

CLIMATE ALLIANCE / Frankfurt am Main, GERMANY (author)

UTARTU / Tartu, ESTONIA (editor, project coordinator)

October 2023

CENTRAL EASTERN EUROPEAN SUSTAINABLE ENERGY NETWORK

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Contents

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Background of the CEESEU project

The Central and Eastern European Sustainable Energy Union (CEESEU) aims to build the capacity of public administrators in Central and Eastern Europe (CEE) to develop SECAPs (Sustainable Energy and Climate Action Plans) that promote increased energy efficiency, sustainable energy, reduced carbon emissions and improved climate change adaptability, helping the region to contribute towards meeting the EU's climate goals. In addition, The Central and Eastern Europe Sustainable Energy Network CEESEN will be strengthened to support green transition in the Central and Eastern Europe (CEE) and with the European Union (EU).

CEE municipalities have lagged behind their Western European counterparts in developing SECAPs.[3] This has been due to a number of reasons such as a lack of awareness and interest in the planning process, lack of expertise, capacity and access to resources - particularly in small municipalities - as well as the need for outreach strategies or procedural changes by EU level actors, such as the Covenant of Mayors (CoM), that will better address the reticence that often underpins climate action in the CEE. In a focus on these concerns, the CEESEU project:

- Created training materials and train local public administrators in the CEE on developing and implementing SECAPs, taking into account the specific contexts of CEE communities;
- Intended to guide, according to the Grant Agreement 23 CEE municipalities (and subsequently amended to 20 plus 38 micro-municipalities and one county-level Energy and Climate Action Plan/ECAP for 6 municipalities) in engaging with stakeholders and carrying out multi-level governance to develop SECAPs;
- Guided CEE municipalities in financing and implementing SECAP actions;
- Improve engagement between public administrators in the CEE and with the EU;
- Offered guidance to the CoM and other EU actors on how to better reach and serve the needs of CEE municipalities in the development and implementation of SECAPs.

As a result of implementing the CEESEU project, several important longer-term impacts were expect to be achieved:

- 650 GWh of energy savings by the end of the project;
- Improved capacity and skills of at least 645 public administrators in CEE municipalities;
- Better alignment of national and regional development plans with SECAPs in the CEESEU countries and improved national and regional sustainable energy and energy efficiency policies;

[3] See e.g, Eastern Europe's energy challenge: meeting its EU climate commitments

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- At least 25 million Euros of sustainable energy and climate change adaptation investments;
- The Central and Eastern Europe Sustainable Energy Network <ceesen.org> will attain at least 2,500 committed members.

Relevance of this Deliverable

Building on the experience acquired by the 22 CEESEU participating entities (municipalities, bundled micro-municipalities, and a county - from here on referred to by the generic term "municipalities") in eight different CEE Member States (Croatia, Czech Republic, Estonia, Hungary, Latvia, Poland, Romania, and Slovenia) over the past three years, this report highlights key challenges common to the CEE region that may hinder the implementation of SECAP measures, and suggests potential paths to overcoming those barriers.

The analysis of hampering factors or drivers for the implementation of SECAP measures is not an easy task to undertake due to its complexity. CEESEU partners **identified four stages of preconditions** where barriers are often occurring, together with intervention possibilities to move forward with the implementation. For every stage described this means: I) vertical and horizontal integration of energy and climate topics in municipal decision making structures; II) a sufficient number of motivated, skilled and networked staff; III) dedicated and sufficient municipal budget, funds and investors; IV) engagement and commitment of the local community and relevant stakeholders.

With a reach well beyond the lifetime of the CEESEU project, this report will be useful to:

- national and regional governments in the CEE that are interested in promoting SECAP development and implementation
- CEE local municipalities seeking to develop and implement their SECAPs
- EU policy makers and the EC

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Introduction

Financing of SECAPs' implementation is unquestionably the biggest challenge in reaching the Covenant of Mayors' (CoM) targets for cities and municipalities across Europe. Other barriers can prevent or slow down the implementation of climate action measures in municipalities. For instance, SECAPs require specialised technical expertise not only in their development but also in designing high quality bankable projects, whether for individual actions or the bundling of small-scale projects into larger investment packages that are more attractive for financing institutions or commercial banks.

In many municipalities, local administrations lack the necessary competencies and knowledge in the field of sustainable energy and climate action, which can lead to problems in planning and implementing the measures outlined in their SECAP.

Other challenges and factors crucial for SECAP implementation include the often high financial costs required for implementing measures and the limited influence of local governments on energy consumption within their jurisdiction. While there are multiple funding sources available to support local governments' initiatives including EU grants and subsidies, accessing these funds can be dissuasively complex for some governments. Smaller municipalities, in particular, face challenges due to cumbersome application procedures, strict eligibility criteria, and intense competition for grants.

Although in most European countries governments are increasingly encouraging the development and implementation of SECAPs, many smaller municipalities invariably lack internal capacities and encounter scant support from national governments or other funders to develop innovative financing schemes, involve private investors, or determine routes to catalyse private investments by stakeholders on their territories.

Within the CEESEU project, partners identified and analysed their experiences and together with feedback from their municipalities, have arrived at the understanding that to successfully implement a SECAP, four critical elements must be resolved:

I. Decision making structures and governance
II. Human resources and expertise
III. Budget restrictions
IV. Stakeholder engagement.

These elements are elaborated upon below.

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Stage I - Decision making structures and governance

Pitfalls for SECAP implementation

A vital factor in the implementation of SECAP measures is to have vertical and horizontal integration of climate issues into the municipal structure. In most CEE municipalities, climate and energy actions are integrated vertically in the municipal administrative structure. i.e., a department dedicated to energy and environmental topics that is connected directly, and only to. the mayor, having a dedicated office/team working on these issues.

Such an administrative structure can lead to unsuccessful impact because climate and energy is not a single issue, but as a cross-cutting topic instead requires interdepartmental consideration (e.g., the extension of district heating is necessarily linked to infrastructure and urban planning). SECAPs require robust inter-departmental collaboration, while the reality is that communication among municipal departments is often subdued, with departments working in their own silos. This then requires responsible parties to get in contact with other municipal colleagues to start any action, requiring all sides to be cognisant of the interrelationships that exist.

This is easier said than done. People working across departments may have differing and sometimes contradictory interests in policy programmes and investments, while those at different hierarchical levels may perceive the issues raised from opposing points of view. Political disagreements, legalistic interpretations, or contradictory interests among staff and, for example, the municipal Council or financial institutions will slow down or even block the process of SECAP approval, let alone the subsequent implementation of cross-departmental measures.

For a successful SECAP, the administrative structure should foster the implementation, monitoring, and updating of the SECAP by providing either adequate allocation of staff capacity and strong internal coordination or if this is impossible, procurement of external services.

Moreover, the EC understands that climate change has to and can be mitigated at different levels of governance: national, regional and local.[4] The CEESEU project shows that small local authorities can actively participate in climate and energy initiatives or schemes if they are supported by other administrative units - regions, provinces, or energy agencies acting as Covenant Territorial Coordinators (CTCs) or supporters. The role of intermediate levels of government i.e., regions or provinces, is essential in

[4] "Since climate change impacts require a more systemic and urgent response, adaptation strategies and plans that do not integrate all policy domains and are not embedded into decision-making **at all levels** are no longer sufficient means to do this."

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spreading the culture of sustainable energy planning and for designing tailor-made solutions for small local authorities.

Strategies for ensuring progress

(Refer also to CEESEU Deliverable 2.5 - Companion Guide to SECAP Development in the CEE Region, available on the CoM website.)

- **Create an effective SECAP team/office**. Include all key municipal staff (both decision makers and officers) across multiple departments concerning energy, climate, environmental, economic, and social issues (horizontal integration).
- **Participate actively in the development of the SECAP**. Guide your external consultant. External consultants may have no in-depth knowledge about the municipality and might not be available once the SECAP has been developed.
- **Organise regular meetings with all departments** to preempt and preclude the siloisation problem.
- **Involve neighbouring municipalities** when rational, such as in mobility solutions that cross administrative boundaries - or simply to coordinate action.
- **Tap into technical assistance**. The SECAP team/office can be capacitated both by online means and by in-person visits of the regional energy agency, and may also need to seek support related to basic administrative tasks and technical issues.
- **Ensure that the SECAP is strongly anchored with the municipal vision and programme**. The SECAP must become part of the municiüality's agenda setting and considered in everyday routines (horizontal implementation).
- **Prioritise key initiatives**. Focus on a few high-impact projects that align with the community's most pressing needs and sustainability goals. By concentrating efforts, you can maximise the impact of limited staff resources.
- **Leverage volunteerism**. Engage community volunteers who are passionate about sustainability and climate action. They can provide valuable support for tasks such as organising events, conducting outreach, and data collection.
- **Seek external partnerships**. Collaborate with other communities, regional organisations, and nonprofits that specialise in sustainability. These partnerships can provide access to additional expertise and resources.
- **Bundle small communities into one Joint SECAP**. Collaborating on a regional SECAP can be a highly effective approach, particularly when individual communities have limited resources or capacity to develop and implement their own plans.

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- **Leverage collective expertise**. Each community may bring unique strengths and expertise to the table. Collaborating allows communities to tap into a broader pool of knowledge, fostering innovation and sharing of best practices.
- **Enhance funding opportunities**. Regional or joint SECAPs may be more attractive to funders and grant programs, as they often demonstrate a more significant and coordinated effort. This can increase the likelihood of securing financial support.
- **Plan comprehensively**. Regional SECAPs can lead to more comprehensive and integrated planning. This can result in more effective solutions that address shared challenges, such as transportation infrastructure, renewable energy generation, or waste management.
- **Engage in regional networks**: Join regional or state-level sustainability networks and associations - one example for the CEE is **CEESEN**. These organisations often offer resources, best practices, and peer support to help smaller communities. **CoM Territorial Coordinators (CTCs)** or **regional energy agencies** can provide assistance to local authorities with skills insufficient to draft or implement their own SECAP. They can provide strategic guidance, financial, and technical support. Another form of support can be subcontracting some specific tasks, e.g., compilation of a BEI or a RVA, or tasking these to interns.

Stage II - Human resources and expertise

Pitfalls for SECAP implementation

As demonstrated by the past 15 years of the CoM, skilled, motivated, and networked local staff are needed for the successful implementation of planned SECAP measures. They might be the Mayor, members of the city council, leading officers, or even actors from external institutions, and they can operate as coordinators, facilitators and enablers of energy and climate measures. Their interest in climate and local issues is usually linked with the in-depth understanding of related topics that are necessary to propel action. Furthermore, motivated people often benefit from their membership in a strong informal network that they can use for knowledge exchange, institutional or financial support, or other collaborative advantages.

Unfortunately, this is rarely the case for most local governments, especially those of small municipalities. Political transitions and staff turnover represent a challenge for continuous engagement, affecting the planning of municipalities' actions, impeding the allocation of sufficient time for municipal staff to dedicate to SECAP processes. Staff may already feel overwhelmed by daily activities requirements, yet find it difficult

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to hire experts with energy, environmental and climate skills because the budget for this is unavailable.

Strategies for ensuring progress

- **Clear roles and relevant people.** Assign technical and administrative staff to concrete tasks for SECAP implementation. Seek the active and continuous involvement of relevant representatives of the municipality, especially the Mayor, members of the municipal Council, and leading officers.
- **Involve energy managers and environmental experts**. They may play a crucial role even as policy advisors for the mid- and long-term strategy of the SECAP.
- **Acquire technical expertise**. Develop a strategy for building the capacity of municipal staff and community organisations to effectively support, plan, implement, and manage SECAP projects.
- **Appoint a SECAP officer** to be in charge of overall SECAP coordination and be the contact person between departments and stakeholders.
- **Establish a central data management with simple tools to support the SECAP process**. This will offer the SECAP team a dedicated and common space to collect documents, exchange information, etc.
- **Engage in the continuous training of local technical staff and administrators**. Invest in training and capacity-building activities to develop in-house expertise or partner with external organisations (e.g., regional energy agencies) to access technical knowledge essential for SECAP success. Some training opportunities generated by CEESEU are available free of charge on CEESEN, and can be integrated into a continuing education/training concept.
- **Arrange regular meetings among experts with different backgrounds**, for example, municipal staff with climate and energy experts from energy agencies, universities, or government Ministries, complementing the local knowledge of municipal stakeholders with external expertise.

Stage III – Budget restrictions

Pitfalls for SECAP implementation

The financing of SECAP measures is regularly a vital issue for most municipalities. Municipal budgets across the CEE region are often low and since the implementation of defined SECAP measures often requires substantial investments, you are likely to need to search for additional funding possibilities, perhaps especially EU grants and subsidies. If your current knowledge concerning available financial sources is low, it will be necessary for you to invest more time and effort to find proper funding

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opportunities - or to link with regional energy agencies or specific NGOs, which may be keeping current in ascertaining which funding sources are suitable. Keep in mind that the process of applying to different funding sources for SECAP actions is always challenging, especially for small municipalities due to complex application procedures, strict eligibility criteria, and intense competition. Don't pin your hopes on a single source, instead distribute your applications across as many as you can - but make sure that your needs and applications completely match and are relevant to the funds' criteria; don't waste your time or that of your applications' reviewers.

In some countries, weak climate leadership at national levels and/or funds distributed by central authorities do not adequately support local development planning and can pose difficulties in SECAP development. You may also encounter the hindrance of a democratic deficit, where citizen involvement in local decision making remains low, and civil society is weak. You will have to reach out to people who know how to engage different stakeholders so that you can maximise your opportunities to develop a fundable SECAP. Regional energy agencies or specific NGOs might be able to offer assistance and direction.

Strategies for ensuring progress

- **Secure, allocate, and use funding strategically**. Seek and use funding wisely, explore grants, innovative financing schemes (e.g. crowdfunding, cooperative schemes, energy performance contracting), partnerships, and budget reallocations to support SECAP development and implementation. Balance competing priorities by carefully allocating resources while considering long-term benefits and synergies with other community needs.
- **Build internal capacities**. To design high quality bankable projects and bundle small-scale projects in larger investment packages that are more attractive for financing institutions, donors and commercial banks.
- **Establish continuous multi-level dialogues with the supra-municipal level**. More concrete opportunities for financing sustainable energy actions can come from the ERDF when regions at NUTS 2 level coordinate municipalities in their territories. For instance, advocate with the regional government for introducing dedicated budget lines in the ERDF to implement SECAP measures.

Stage IV – Stakeholder engagement

Pitfalls for SECAP implementation

A crucial component in driving the overall SECAP implementation process is stakeholder participation, which is also key to accelerating climate action and

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ensuring the transfer of knowledge and new technologies. Adaptation, mitigation, and energy poverty topics also represent cross-cutting and cross-sectoral issues of great relevance and interest for a wide range of stakeholder groups.

Stakeholders are represented not only by end-users (private households, local companies, etc.), but also by intermediaries such as banks, energy, or technology providers. They can be involved in setting up the entire SECAP or for planning and implementing a specific measure. Their active involvement can foster a sense of ownership and long-term commitment for achieving climate and energy goals at the local level. Without their engagement, SECAP plans might be undercut by naysayers and people engaged in resistance to, e.g., wind generators or solar parks because they perceive these as a blight on the landscape.

Stakeholder involvement is seldom an easy process, faced as it is by the challenges of contradicting interests and beliefs. Unfortunately, stakeholder participation is sometimes perceived as an impeding factor by local authorities, and thereby dismissed during SECAP development and implementation processes. This is a false dichotomy. Bringing the community together is necessary to ensure SECAP progress.

Strategies for ensuring progress

- **Develop and institutionalise multi-stakeholder working groups** to advise and work closely with the municipality in the development, implementation, and monitoring of the SECAP.

- **Identify stakeholders carefully**. Besides the most relevant stakeholders affected by and interested in a specific measure, identify in advance stakeholders who could take the responsibility for follow-up actions and processes and can help to increase their commitment to, and their ownership of, the process.

- **Organise communication and awareness campaigns**. Acceptance of new projects and measures is supported if the community and all stakeholders can be engaged in the process. Outreach must be easily accessible, easy-to-read, comprehensive and constantly updated.

- **Keep the main stakeholders motivated and linked**. Local and regional working groups on climate and energy are vitally important to initiate successful and durable processes. Motivation can become an intrinsic commitment for stakeholders, helping to optimise conditions to implement specific measures.

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- **Use multiple channels and tools to reach different sectors of the stakeholders' community**. Effective stakeholder engagement requires a suite of engagement options that include both offline and on-line channels. Social media feedback should be regularly monitored, and schedules of public consultations should be announced as widely and as frequently as possible.

- **All opinions count**, no matter the different degrees or quality of participation among stakeholders. Feedback and insights from stakeholders should be taken into account when evaluating current policies, suggesting improvements to policies and when mobilising resources across segments of the population, especially the private sector. Listening to people will provide you with a sense of direction for developing and implementing measures that respond best to the people's needs and priorities.

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