

Same, Same, but Different:

Clarifying the relationship between Local Green Deals and Climate City Contracts as non-regulatory governance innovations



Some European regions and Member States have been experimenting with promising non-regulatory governance instruments to strengthen partnerships and collectively address accelerated climate action or sustainable development issues in a more integrated way. Recently, two new instruments have been introduced and formalised through established European Commission initiatives: Local Green Deals (100 Intelligent Cities Challenge) and Climate City Contracts (100 Climate Neutral and Smart Cities by 2030 Mission). This briefing paper clarifies our understanding of the distinctions between these two instruments and provides a starting point for further discussion with all types of actors involved in their development to best unlock the potential power of these innovations.

From the European Green Deal to Local Green Deals and Climate City Contracts

The European Green Deal is the European Commission's overarching growth framework that also aims to make Europe the first climate-neutral continent by 2050. It includes economic and environmental policies across [eight thematic areas](#) that support decarbonisation and inclusive growth strategies, and enable the implementation of key international agreements, such as the United Nations' Sustainable Development Goals (SDGs), the Paris Climate Agreement, and the Convention on Biodiversity.

Local governments and their citizens play essential implementation roles to realise the ambitious goals set by European and international policies. ICLEI - Local Governments for Sustainability, along with its

members and partners, have long advocated for the best tools, policies, and support structures to help local communities undertake the transformation necessary to address sustainable development challenges. Now faced with the immediate pressure of the climate crisis and the need to accelerate collective action, we see new and innovative governance instruments as promising tools for this journey, including the [EU Mission: Climate-Neutral and Smart Cities](#) and its associated **Climate City Contract**, as well as the approach of **Local Green Deals**.

The key innovation of a **Local Green Deal** (LGD) is to articulate an explicit mutual agreement between the local government, its stakeholders, and its urban society - specifically local economic actors, such as SMEs, and civil society organisations to implement actions in line with the city's sustainability goals. Without directly engaging and formalising new working relationships with these groups, the city as a whole cannot achieve its sustainable development goals, especially climate neutrality. Local Green Deals are tailored to each context's specificities, build on the commitment of local actors, and are guided by the principles of inclusivity, accountability, transparency and equity.

The aim of each Local Green Deal is to articulate and strengthen commitment to action for agreed-upon societal responsibilities and to clearly define how and in what capacity each stakeholder will contribute to the Deal's sustainable development objectives. Since many local sustainable development issues are influenced by policies, regulations, and decision-making outside of their administrative authority, Local Green Deals should ideally include agreements between local governments and regional, national and EU level institutions and agencies to address these barriers, and unlock multi-level technical, political, and financial support.

As a core feature of the 100 Climate Neutral and Smart Cities Mission, the **Climate City Contract** (CCC) is perhaps the most ambitious and established instrument to date. The CCC embodies many of the same principles of Local Green Deals: systemic / holistic approach, multi-level, accountable, transparent, and inclusive. However, its clear ambition is common to all Climate City Contracts: to make the entire city climate-neutral by 2030. Cities co-create a Climate City Contract (including a 2030 Action Plan and 2030 Investment Plan) with key stakeholders - including citizens - at all governance levels to achieve this ambition. The Cities Mission provides a clear guidance framework and offers tailor-made support for participating Mission Cities, as well as a verification process to receive the "Mission Label", which is foreseen to unlock additional funding and financing opportunities for qualified cities.

ICLEI views Climate City Contracts as a form of Local Green Deals. In this sense, CCCs and LGDs are complementary instruments and hold great potential to catalyse and integrate sustainability actions between actors at all levels (local, regional, national, European). Ultimately, these governance innovations aim to:

1. Reorient and streamline disparate local policies, regulations, initiatives, projects, funding sources, and (public and private) investments towards an agreed-upon common ambition to catalyse and inspire rapid transformation;
2. Identify and engage with key public and private actors (including citizens) to articulate specific goal-related actions in a transparent, accountable and just manner;
3. Harmonise and integrate public policies, regulations, and funding opportunities between local / regional, national, and EU levels to best serve the articulated goal;
4. And ultimately, to bring attention to, strengthen, and accelerate actions for sustainable development and the implementation of existing policies.

In addition, the potential of of LGDs vis-a-vis CCCs is seen in their ability to enable local governments to review their existing policies and strategies *across policy areas - whereas the CCCs have a more specialised focus on climate* - and integrate them into a comprehensive, coherent, and systemic approach to local change. Both instruments being in an early stage, they now have to prove their value in practice. Specifically the link to recognized labels holds the potential for cities to become part of a movement for local sustainability action, either as part of or beyond the currently selected 100+ Mission Cities, and be recognised for national and EU support efforts for the mainstreaming of LGDs in the broad sense.

Piloting LGDs and CCCs in Cities and Regions

In 2020, ICLEI and the City of Mannheim developed the idea of Local Green Deals as the principal Call to Action for the [Mannheim Message](#). During the same period, the European Committee of the Regions initiated its [Green Deal Going Local](#) initiative to engage with cities and regions to "put [them] at the heart of the EU's transition to climate neutrality." ICLEI is currently [piloting Local Green Deals](#) with a leading group of European cities.

To date, the most thorough guidance for developing Local Green Deals can be found in the [Intelligent Cities Challenge's Local Green Deals - A Blueprint for Action](#), which was developed by ICLEI. It relates to and supports other European initiatives such as the aforementioned Committee of the Regions' Green Deal Going Local campaign, the Mannheim Message, and the EU Mission for 100 Climate-Neutral and Smart Cities.

ICLEI is also deeply engaged in the Cities Mission through its leadership of the co-creation process with the European Commission to develop the Climate City Contract conceptual framework and its operationalisation as part of the [NetZeroCities](#) project. NetZeroCities is responsible for implementing the Cities Mission, which - among other activities - includes developing a service platform to support and guide cities with their Climate City Contracting process on their journey to 2030 climate neutrality.



Making it the new normal

Our work with cities and the European Commission on these two fledgling instruments has already underscored the critical need for EU institutions and Member States to align legal and regulatory frameworks, and streamline access to financing and funding sources so that local governments can effectively deliver the promises of the European Green Deal. Particularly when it comes to financing infrastructure and public services development, cities cannot act alone. Both public and private finances should be aligned with the goals of the European Green Deal as a "north star" that is guiding finance to focus on climate change, biodiversity and a just transition towards sustainability,

ruling out subsidies and financing for harmful and counterproductive investments. This would ultimately create the systemic coherence to which actors on all levels are called to adhere. A first small step in this direction could be to expand the Cities Mission's funding streams to include LGD actions in the future.

The next phase of local sustainability and climate action is moving fast, meaning that the value of integrating goals and actions has never been more important, especially when it comes to developing Local Green Deals and Climate City Contracts. ICLEI will continue to advocate at the European level to ensure that the next steps cities take in implementing their commitment to a sustainable future take a whole-systems approach.

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ICLEI Europe

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This paper reflects the position of the ICLEI Europe network of Local and Regional governments as a whole, and may not reflect the position of every Member individually.

