EN

ANNEX 21

of the Commission Implementing Decision
on the 2018 Partnership Instrument Annual Action Programme

Action Fiche for International Urban Cooperation – IUC (Additional Funding and Extension of the Implementation Period)

1. IDENTIFICATION

<table>
<thead>
<tr>
<th>Title of the action</th>
<th>International Urban Cooperation – IUC (Additional Funding and Extension of the Implementation Period)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country(ies)/Region</td>
<td>Global (Americas, Asia)</td>
</tr>
<tr>
<td>Total cost</td>
<td>Total estimated cost: EUR 10 000 000</td>
</tr>
<tr>
<td></td>
<td>Total amount of the EU budget contribution: EUR 10 000 000</td>
</tr>
<tr>
<td>Total duration¹</td>
<td>50 months (20 months of extension through this Action)</td>
</tr>
<tr>
<td>Method of implementation</td>
<td>Direct management - procurement</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Markers (from CRIS DAC form)</th>
<th>Not targeted</th>
<th>Significant objective</th>
<th>Main objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rio Convention Markers</td>
<td>Biological diversity</td>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td></td>
<td>Combat desertification</td>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td></td>
<td>Climate change mitigation</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td></td>
<td>Climate change adaptation</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>General policy</td>
<td>Aid to environment</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td></td>
<td>Gender equality</td>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td></td>
<td>Trade Development</td>
<td>☑</td>
<td>☐</td>
</tr>
</tbody>
</table>

¹ Maximum duration of the operational implementation period of the contract(s).
2. **Rationale and Context**

2.1 **Summary of the action and its objectives**

The three-year EU’s International Urban Cooperation Programme (IUC) was adopted by the European Commission as part of the Partnership Instrument (PI) Annual Action Programme 2015 with a total budget of €20,200,000.

This Action will complement the International Urban Cooperation Programme – IUC by increasing the actual budget and by allowing the implementation duration to be extended up to the end of 2020. This complementary funding will allow the IUC programme to deliver the expected results by consolidating the methodologies which are being piloted on this first phase of the programme as well as to manage expectations created to beneficiary cities which could not be met otherwise. This extension will facilitate as well a smooth transition towards a second phase of the IUC programme, allowing time for an assessment of the first phase and avoiding implementation gaps.

The IUC programme aims to lead and develop international urban co-operation in key partner countries and regions in Asia and the Americas and contribute to the delivery of international commitments articulated in the 2030 Agenda for Sustainable Development, the New Urban Agenda adopted in Quito in October 2016 and the COP-21 Paris Agreement of 2015.

The programme forms part of a strategy of fostering urban diplomacy as a vehicle of EU’s external relations. Cities have a key role in tackling global challenges, such as climate change, and in promoting sustainable development. The urbanisation process, when efficiently managed, can contribute not only to economic growth but also to environmental sustainability, social inclusion and citizen participation. The programme has proven to play a positive role in policy-making through concrete actions.

This action will strengthen two components of the IUC programme:

- **Component 1:** City-to-city cooperation in the field of sustainable urban development. This cooperation will expand on existing or planned initial cooperation on urbanisation between the EU on one hand and China, India, Japan, North America (Canada and the United States) and Latin American and Caribbean countries on the other; if appropriate, cities from other Asian countries could participate in some activities of this component.

- **Component 2:** City-to-city cooperation in the field of sustainable energy cooperation, building upon the success and prestige of the EU Covenant of Mayors initiative and upon the creation of the Global Covenant of Mayors.

This action will not add resources for component 3:

- **Component 3** of the current IUC programme which supports Region to Region cooperation for implementation of innovation strategies is expected to achieve the results by the end of 2019 and therefore no additional resources from this extension will be allocated to this component.

This action will also add a new component for India:

- **Component 4:** Support the development and operationalisation of the Partnership for Smart and Sustainable Urbanisation for India and the EU.
The most logical way to implement the proposed action is to extend the existing PI project supporting the International Urban Cooperation, albeit with changes in actions and to update the Logical Framework according to the Partnership Instrument monitoring methodology. This will ensure that the good work of the current project is maintained without major gaps and that further action solidifies and builds upon the results achieved in the 2017-2019 period.

### 2.2 Context

The premises according to which the IUC programme was conceived remain valid. The urbanisation process constitutes a clear global trend. More than 50% of the global population is urban. The corresponding figure for Europe is about 75%. 60% of the global GDP is generated by 600 urban centres.

The economic growth of China and India is occurring in parallel with rapid urbanisation and there is a large demand for expertise in urban policy and development. India’s urban population is expected to grow to about 600 million for the year 2031, i.e. implying an increase of over 200 million in just 20 years.

Latin America is more urbanised than any other region in the developing world, with 80% of its population living in cities today, a share expected to raise to 85% by 2025 and 90% by 2050 (UN-Habitat estimate). Brazil and Mexico in particular are home to 81 of the region’s large cities.

Canada with an urbanisation rate exceeding 80% has in recent years positioned itself as a champion of urban resilience pursuing a green urban economy. The current US federal administration is not advancing broad climate change actions. There is, however, a broad swathe of US sub-federal governmental and civil society entities committed to a greener agenda. This includes federal states, cities, individual districts and communities, and private companies that pursue their own climate, renewable energy and energy conservation policies.

Japan with an urbanisation rate of 92% has as a wealth of experience with establishing urban structures able to adapt to medium and long-term socio-economic changes such as an ageing and declining population, a key challenge shared with the EU.

South Korea is a growing economy and urban areas have been key drivers of economic growth, with seven metropolitan cities accounting for nearly half of national population.

With regard to sustainable energy globally, cities are responsible for about two third of national energy consumption and have a high carbon footprint. Working with cities to reduce CO2 emissions in the sectors of buildings, mobility, local energy infrastructure, urban planning and governance is a sensible decision which has proved to be successful over recent years in Europe. This is the rationale behind the European Covenant of Mayors (CoM).

EU cities have made great strides in the development of a model where sectoral and transversal challenges (including governance issues) are tackled all together in an integrated manner. The role-model recognition gained by many European cities refers to this integrated approach, and not only to the excellence of the technological/sectoral solutions applied.
The EU is uniquely positioned to support other countries tackling urbanisation challenges, and as a consequence EU companies and service providers can reap significant benefits. Expected investments in urbanisation are close to €8 trillion (€3.6 trillion in China alone). The BRIC countries are expected to offer strong growth opportunities.

**Global Agenda**

During the implementation of the IUC programme the political framework at global level has changed:

1) The New Urban Agenda (NUA) was approved by the Habitat III conference in Quito in October 2016. The European Commission presented three voluntary commitments to the NUA, one of which was to enhance cooperation between cities in the field of sustainable urban development. The IUC is now framed to support this commitment by developing city-to-city cooperation.

2) The Paris Agreement, which for the first time brings all nations together into a common cause to undertake ambitious efforts to combat climate change and adapt to its effects, entered into force on November 2016: cities are crucial actors to implement it.

3) The Covenant of Mayors initiative, which had served as the backbone of the IUC programme component 2, announced a merger with the Compact of Mayors initiative in June 2016 to form the Global Covenant of Mayors for Climate & Energy (GCoM) as of January 2017. GCoM was to be a single global initiative to support cities and local authorities in shifting towards a low-carbon, resource-efficient and resilient economy. The GCoM objectives are to support access to secure sustainable and affordable energy, climate change mitigation and adaptation. By having the aim to create national and regional covenants, the IUC programme component 2 came to be seen as a key piece of the implementation puzzle of GCoM together with other EU funded Covenant initiatives.

As a consequence, the implementation of IUC needs to be better aligned to this new international context.

**Bilateral Dialogue**

In bilateral contexts, cooperation on sustainable urban development and the Covenant of Mayors are also becoming more relevant in the EU strategic partnerships with Asia and the Americas.

The EU is increasing regional and urban policy dialogues as well as climate change dialogues with the countries in both regions and this Action contributes to the definition of concrete actions in the context of those dialogues.

The Global Covenant of Mayors aims to be a world reference for cities that voluntarily commit to setting up climate change targets on mitigation, adaptation and access to sustainable energy. There is tremendous potential in broadening the scope of the Covenant with clear benefits for the climate agenda and to be included in the bilateral policy dialogues.
2.3 Lessons learnt

Implementation of the IUC programme commenced in earnest in 2017. In the first year of implementation, the main achievements of the programme have been:

- IUC programme was established and promoted
- Cooperation on local action plans was developed under component 1. Over 50 city-to-city pairings have been approved on joint urban priorities, such as access to water, transport or health, sharing knowledge and best practices to reach their common goals.
- Covenant of Mayors initiatives were developed in all regions of the programme, in setting up regional and national covenants focused on identifying and engaging existing Compact stakeholders and local city actors, networks and supporters into the definition and implementation of a common, local vision of the covenant. Funding was also aimed at setting up local governance structures supported by secretariats with a strong helpdesk function for cities.
- Peer-level information sharing and exchange of best practice was enhanced. The programme support unit organised the first IUC city event for networking in 2017 and put in place the knowledge platform for cities.

As for lessons learnt, it will be vital to strengthen city pairings by supporting local action planning and extending the collaboration timeframe. For the Covenant of Mayors initiatives it will be essential to increase technical capacity building, advisory services and to support a select number of cities for the development of emission inventories, climate risks and vulnerability assessments and Climate and Energy Action Plans. Increased focus will be put on developing the business aspect of the IUC programme with the help of a database of expertise to be established centrally.

The complementary budget and extended duration of the implementation of the IUC programme will be important to fully adapt to the changing global context and to meet critical implementation shortages such as technical support to cities (which was underestimated in the first phase), capacity for city-to-city pairings and policy support activities (particularly in China and India).

The programme will draw on lessons learned through the implementation of the Urban Agenda for the European Union.

2.4 Complementary actions

The IUC programme will complement many other Partnership Instrument funded actions where cities plays a role, inter alia those on EU Public Diplomacy, or supporting low carbon technologies in enterprises, other projects that support sustainable cities actions or the implementation of the Paris Agreement (e.g. FPI Partnership Instrument Action: Cooperation with major economies for the implementation of the Paris Agreement, etc.).

Close coordination with DEVCO will take place to ensure complementarities with their programmes in this same area, as well as to promote the use of blending facilities to finance some of the action plans resulting from IUC. At the same time,
and especially for the implementation of the Covenant of Mayors, close cooperation will continue to be developed with DG DEVCO, RTD and NEAR.

Close coordination will also ensure complementarities with Horizon 2020 projects for sustainable cities and urban development, in particular in partnerships with China, CELAC (including Brazil) and India. The programme will build upon DG RTD experience in developing a strategic innovation and research agenda on cities in Europe and worldwide.

DG REGIO, DG ENER and DG CLIMA will continue ensuring complementarity between the external actions undertaken by their services and the IUC programme.

The European External Action Service will ensure coordination with the urban and climate diplomacy actions in the targeted regions.

2.5 Cross-cutting issues

Climate change, sustainable business promotion and gender balance will continue to be at the heart of the IUC implementation.

3. Detailed Description

3.1 Objectives

The overall objective of the project is to contribute to strengthen EU climate and urban diplomacy and leadership in the context of the implementation of the new Urban Agenda and the Paris Agreement.

The action will aim to achieve two specific objectives for all the regions involved:

1) To contribute to improve the basis for cities to implement sustainable urban development through city-to-city cooperation in all targeted regions.

2) To contribute to increasing and promoting city engagement on climate change mitigation and adaptation and access to sustainable energy through effective implementation of the Global Covenant of Mayors.

In addition, and for India exclusively the action will pursue the following specific objective:

3) To develop and operationalise the Partnership for Smart and Sustainable Urbanisation for India and the EU.

The cooperation will contribute shaping policy-making and increase the reach of EU policies and actions in the relevant areas, as well as multiply the impact of EU urban diplomacy. The programme will support policy development, the EU's political dialogue with partner countries and includes an important element of EU economic growth through promotion of business opportunities.

3.2 Expected results and main activities

Result 1: Wider impact of EU urban and climate diplomacy adapted to country specificities through strengthened coherence of the programme with its different components and regions.
**Result 2:** Enhanced Peer-level information and knowledge generation and sharing and greater exchange of best practice on sustainable urban development, through capacity building actions and through the support to the design of Action Plans in the framework of the three components of this Action.

**Result 3:** Implementation of pilot joint innovative actions in the field of sustainable urban development.

**Result 4:** Increased private sector participation in the programme.

**Result 5:** Increased visibility and greater awareness.

**Indicative Activities:**

**Component 1: City to City Cooperation**
- Activities leading to an increase in the number and/or duration of pairings in the different countries.
- Activities to develop and implement Local Action Plans
- Activities leading to increase the support to city pairings in the development and implementation of the action plans, including through the implementation of joint innovative pilot activities in the field of sustainable urban development.
- Supporting joint policy studies to strengthen the EU-China Urbanisation Partnership

Some activities of Component 1 may be extended to other Asian countries not previously targeted within IUC.

**Component 2: Global Covenant of Mayors (GCoM)**
- To shape the Regional Covenant of Mayors structures and competences as framed by the EU-Global Covenant of Mayors and taking into consideration the Paris Agreement and the EU Climate Diplomacy strategy.
- To enhance promotion, coordination, technical support (help desks) and training activities for signatory cities of the GCoM at national and regional level in coherence with the EU’s bilateral climate and energy dialogues.
- To develop regional capacities for scientific validation of inventories and Sustainable Energy and Climate Action Plans (SECAPS).
- Support for the inclusion of SECAPS into Nationally Determined Contributions (NDCs) strategies and their implementation plans.

If the budget allows for it, some activities of Component 2 may be extended to other Asian countries to align the geographical scope of IUC with the one of the GCoM's.

**Component 3: Region to Region cooperation**

Not covered under the proposed action
Component 4: Support the development and operationalisation of the Partnership for Smart and Sustainable Urbanisation for India and the EU

- Management of the Partnership on Smart and Sustainable Urbanisation and coordination with the other components of IUC in order to avoid overlaps and maximise complementarities.
- Regular update and definition of a 3-year rolling work programme for the Partnership
- Support to the EU-India high level dialogue that will monitor the implementation of the Partnership
- Exchange of experiences, views and positions between EU and Indian government stakeholders in the areas of smart and sustainable urbanisation
- Develop, organise and support high level visibility events on urbanisation in India
- Ensure representation of EU and EU Member States in Indian national and local events
- Coordination with other EU and EU MS initiative in India to feed into the high level urbanisation dialogue and other EU-India dialogues, namely in the field of water, air quality, resource efficiency and circular economy, clean energy, energy efficiency, greening urban transport, ICT solutions and climate change mitigation and adaptation in cities.
- Support policy development and implementation and capacity building of Indian stakeholders through studies, training, speakers events, webinars, workshops and study tours presenting EU best practices in smart and sustainable urbanisation

Horizontal activities:

- To organise a Global Cities event in 2019 and 2020.
- To organise regional and national events for implementation (exchanges, raising awareness) of the IUC programme.
- To support visibility and communication activities and training (including IT knowledge platforms).

The programme will continue to seek to promote business opportunities, including innovative solutions and technologies and facilitate access for EU companies in the growing market and investment fields of sustainable urbanisation and innovation. The programme will also allow EU cities to access best practices on urbanisation from relevant partner cities in third countries. The win-win nature of this initiative as well as its high visibility will strengthen the position of the EU as an international actor on key global challenges.

3.3 Risks and assumptions

<table>
<thead>
<tr>
<th>Risk</th>
<th>Risk level (H/M/L)</th>
<th>Mitigating measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of support by central governments</td>
<td>M/L</td>
<td>EU Delegations will continue promoting IUC in the different countries/regions and adapting it</td>
</tr>
<tr>
<td>Issue</td>
<td>M/L</td>
<td>Recommendation</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>-----------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Changes with the selected local governments or within the national government partners in terms of personnel or political priorities</td>
<td>M/L</td>
<td>Flexibility in reaction and finding appropriate and individual solutions. Try to engage technical staff in the activities to ensure continuity beyond changes at political level</td>
</tr>
<tr>
<td>Unwillingness or poor collaboration of regional and local stakeholders</td>
<td>M/L</td>
<td>Appropriate selection process and intensification of efforts to support the regions and cities during implementation</td>
</tr>
<tr>
<td>Cities loose interest if no funding is available for design of action plans, nor for the investments needed for their implementation.</td>
<td>L</td>
<td>The close co-operation of cities with financial institutions should be facilitated. This is a risk but also an opportunity for the sustainability of the action</td>
</tr>
<tr>
<td>Low EU visibility, especially for Component 2.</td>
<td>M/L</td>
<td>Ensuring EU’s visibility in all actions, e.g. by signing contracts including visibility conditions with the contractor, logo and visual identity for the action (while respecting communication and visual identity rules for EU external actions) to be used at all occasions. Close coordination with the Secretariat of the Global Covenant of Mayors</td>
</tr>
<tr>
<td>Unclear position of the EU as regards its role within the EU Global Covenant of Mayors which may create lack of coordination between the Global Secretariat and the IUC supported regional covenants entailing some reputational risks.</td>
<td>H</td>
<td>The EU is due to take a decision on its involvement on the Global Covenant of Mayors at the latest in September.</td>
</tr>
</tbody>
</table>

### 3.4 Stakeholders

Main beneficiaries are cities and the private sector from across the EU and third countries in Asia and the Americas with an interest in developing international partnerships and being exposed to best practices in urban planning for the development of local policies that contribute to the sustainability of cities and improving the quality of life of citizens. Other stakeholders include regions, city networks, national authorities, international financial institutions and UN agencies.
4. **IMPLEMENTATION ISSUES**

4.1 **Method of implementation**

4.1.1 *Procurement (direct management)*

(a) The programme will be implemented by means of service contract(s). Indicatively five ongoing service contracts will be extended in terms of time and budget (two in the Americas and three in Asia) and a new service contract is to be concluded for the implementation of Component 4 of the programme.

(b) Indicative timing: extension of existing contracts at the end of 2018; call for tender to be launched by the EU Delegation to India at the end of 2018.

(c) DG ENER is the contracting authority for contract with the secretariat of the IUC programme, which ensures coherence and visibility for the whole programme. FPI will transfer an indicative amount of EUR 700,000 to DG ENER to extend this contract.

4.2 **Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

4.3 **Indicative budget**

<table>
<thead>
<tr>
<th>Method of Implementation</th>
<th>Amount in EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1.1. – Procurement (direct management)</td>
<td>10</td>
</tr>
<tr>
<td>4.1.2 - Grant- Direct award (direct management)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>10</strong></td>
</tr>
</tbody>
</table>

4.4 **Organisational set-up and responsibilities**

The relevant services of the European Commission responsible for urban, climate change and energy policies will exercise the overall coordination of the IUC project. The European External Action Service will ensure the coherence of the programme within the External Action of the European Union specifically on Urban and Climate Diplomacy.
4.6 Performance monitoring

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing entity’s responsibilities. To this end, the implementing entity shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports.

Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results. The progress and final reports shall provide quantified and qualitative data in relation to the logical framework indicators which will include relevant indicators from the list of common Partnership Instrument indicators.

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

4.7 Evaluation and audit

For this project, the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

An assessment of the IUC programme carried out by external consultants is taking place in 2018. This assessment will serve to inform the implementation of the current Action and to establish lessons learned to be used in the design of the second phase of the IUC programme, foreseen for the second phase of the AAP 2019.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the “N+1” rule applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.5 above, will be funded from sources other than those allocated to this specific action.
4.7 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on the specific Communication and Visibility Plan of the Action, which is ensured by the IUC secretariat.

Appropriate contractual obligations shall be included in, respectively, the procurement and grant contracts, and delegation agreements.

This action must comply with the updated 'Communication and Visibility Requirements for EU External Actions' for implementing partners that came into force on 1st January 2018, and apply to all contracts signed from that date.  

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