



Challenge support cycle 2021 – City of Essen, Germany.

Leveraging climate action through cross-sectoral financing

Located in the heart of Germany's Ruhr region, Essen is a city that has been bearing the impacts of its past mining and steel production for many years, but has also been striving to improve the quality of life of its inhabitants by transitioning to a greener and more sustainable future. Recognized Europe's green capital in 2017, Essen is currently tackling the challenge of financing the necessary climate adaptation and mitigation measures. In effect, the impacts of climate change - such as droughts and heavy rains - not only threaten the city's infrastructure and the quality of public spaces but also the interests and operations of different economic actors. The total social costs of air pollution and climate impacts by far outweigh the costs of pre-emptive mitigation and adaptation measures, making it a potential win-win situation for both the public and private sector, whilst exercising the precautionary principle.

In light of this common interest, Essen wants to find synergies among different sectors, such as mobility, health, education, science, infrastructure and real-estate, to effectively unlock financing opportunities both for climate initiatives and sustainable urban development projects.

To leverage climate action with cross-sectoral financing, Essen has identified four focus areas to work. Firstly, increase awareness among the administration's departments and private stakeholders about the cost-effectiveness of mitigation and adaptation measures. Secondly, create a cross-sectoral collaborative framework to jointly achieve common goals. Thirdly, identify suitable financing instruments. And finally, generate a pilot co-financing scheme for sustainable projects.

Urban Transitions Alliance Support

The Urban Transitions Alliance will support the city of Essen in finding the best approach to bring together different sectors around common problems such as the impacts of climate change and financing of climate measures. The exchange of knowledge and experience from other Alliance cities regarding sustainable financing instruments, co-financing mechanisms and public-private partnership schemes will valuably input Essen's cross-sectoral collaborative action strategy.

Cities with an industrial heritage often share similar environmental issues, particularly air, water and soil pollution. Alliance member cities will support Essen in its transition to a green financing strategy, as well as contributing to generate a green financing blueprint that can be used and scaled up in the future.

Key Questions

- What is the best strategy to engage different city departments and external partners on sustainable financing?
- What should be the specific framework for cross-sectoral partnerships to initiate and catalyze co-financing?
- What is the most suitable sustainable financing instrument to channel cross-sectoral resources with a specific outcome?

Expected Outcomes

- Encourage city staff to think long-term and holistically - even with third party stakeholders - about the co-benefits of climate measures when planning a new project or policy.
- A cross-sectoral partnership to lead collaborative climate action.
- A sustainable co-financing scheme that empowers resources from different sectoral sources.