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CITIES AND REGIONS FOR TRANSPORT INNOVATION

Beyond Declarations: Delivering Urban Mobility Innovation in the Next MFF

Securing the future of urban mobility research, innovation, & deployment in Europe, for cities, regions, and industries in FP10 and the ECF

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ABOUT POLIS AND THIS PAPER

POLIS is the leading network of European cities and regions advancing transport innovation. We are committed, in particular, to innovations that can render urban, suburban, and rural mobility more sustainable, safe, and equitable. POLIS draws its expertise from a valuable network of decision-makers, field practitioners, and researchers working for local and regional governments and transport authorities, public research organisations, and private non-profit organisations.

We build on the results of EU-funded projects and the input of our member-driven thematic Working Groups addressing key transport challenges, to connect urban and regional mobility innovation and public policy guidance to European policy development.

POLIS fosters multi-stakeholder cooperation and public-private partnerships across Europe to make transport research and innovation directly accessible to cities and regions. The network and its Brussels-based secretariat actively support the participation of POLIS members in EU-funded R&I projects in the field of transport. This involvement allows us to create a framework that facilitates dialogue and exchange between local and regional authorities and European transport research and industry stakeholders. As a vice-chair of ERTRAC and co-chair of its Urban Mobility Working Group, POLIS is the best-placed network to discuss urban mobility research and innovation policy.

In view of the current discussions and negotiations regarding the Multiannual Financial Framework (MFF) 2028-2034, the upcoming 10th Framework Programme for Research and Innovation (FP10) and the European Competitiveness Fund (ECF) and building on POLIS' experience with EU research and innovation since FP3, this paper highlights the needs and ambitions as well as the crucial role of cities and regions. It identifies critical points of attention to enhance Europe's competitiveness without compromising its climate, safety and zero-pollution targets.

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Urban Mobility: High Stakes for Europe's Competitiveness

Europe's competitiveness depends on the capacity of its cities and regions to provide efficient, inclusive, and sustainable mobility. Local and regional authorities ensure access to economic activity for people, services, and goods. They initiate and coordinate innovation ecosystems that drive the deployment of new mobility technologies and services. As principal procurers of strategic infrastructure and services, they create markets for innovation, stimulating European industry and SMEs. Finally, they regulate local and regional mobility markets, ensuring fair competition and innovation-friendly environments. Innovators seek stable and coordinated regulatory frameworks that cities and regions are uniquely positioned to offer.

Local and regional authorities are essential partners for the successful implementation of EU transport and mobility policies. Their task load has grown substantially under the previous European Commission's mandate due to legislation such as the Alternative Fuels Infrastructure Regulation (AFIR), the ITS Directive, the TEN-T Regulation, etc. Cities and regions are ready to comply but require continued EU support to ensure coherent and timely delivery. Several of these milestones fall within the next MFF period and can only be achieved efficiently and effectively if cities and regions have access to innovative, market-ready solutions.

Local and regional authorities are at the forefront of innovation in urban mobility, focusing on decarbonisation, digitalisation, modal shift, and space management. Cities and regions serve as testbeds and living labs for R&I, as enablers for upscaling market-ready solutions and initiators of public-private cooperation. These initiatives are key to achieving the EU's climate neutrality, digital transition, economic sovereignty, and industrial resilience goals. Within this context, continued EU action on urban mobility, alongside the allocation of adequate resources through the various EU funding instruments, remains essential. FP10 and the Competitiveness Fund will be of crucial importance for cities and regions, and the current discussions on the MFF will determine the EU's ability to deliver on its strategic objectives of competitiveness, sustainability, and cohesion.

The Competitiveness Fund can act as a catalyst to translate innovative ideas established in the FP10 into scaled investments, supporting the uptake of new technologies, business models, and governance frameworks. It can provide the flexibility needed to pilot, test, and replicate innovations that improve citizens' daily lives, enhance territorial cohesion, and strengthen Europe's global competitiveness. In each of these dimensions, cities and regions play an essential role within the transport innovation ecosystem.

Urban Mobility: Smell the Success

Where the impact of European funding becomes tangible

Cities and regions are responsible for the mobility systems that shape citizens' daily lives. Local project pipelines are becoming more strategic through Sustainable Urban Mobility Plans (SUMPs)—often incorporating future-proof and innovative solutions based on principles such as 'digital by default' and 'Best Available Technology'. These SUMPs are now developed for the 'Functional Urban Area' (FUA), bringing projects forward with a TEN-T urban nodal logic. This ensures connectivity between the city and its hinterland, as well as between different transport modes, thereby contributing to digitalisation, decarbonisation, and competitiveness through enhanced access.

Over the past decade, European urban mobility systems have made significant progress, supporting the success of cities as hubs for economic activity, culture, tourism, and education, while accelerating the shift toward more sustainable transport options.

This progress is illustrated by the following tangible examples:

- **Urban space reallocation:** The COVID-19 crisis has underlined the need for more urban space dedicated to walking and cycling. Mobility constitutes an integral part of the respacing and renaturing strategies of cities;

- **Public transport as an innovation driver:** Public transport drives the deployment of digital and zero-emission technologies, providing a stable public procurement environment for OEMs, operators, and service providers. Cities and regions are initiating the only automated public transport services currently operating in real-world conditions. Only the financial, operational, and regulatory support from local authorities enables current Connected, Cooperative and Automated Mobility (CCAM) deployments and creates the conditions for upscaling and viable business models;

- **Mature, shared mobility:** Shared mobility has established itself as a mature sector in its own right, offering multimodal connected mobility solutions that complement mass transit through increasingly successful public-private partnerships. This allows cities and regions to provide citizens with sustainable mobility options, with proven societal added value;

- **Public-sector-driven Mobility-as-a-Service (MaaS):** MaaS is becoming a reality, offering more sustainable and seamless multimodal travel options from origin to destination. Parking management supports this approach, with publicly accessible urban parking facilities transforming into integrated multimodal mobility, logistics, and charging hubs;

- **Housing and mobility integration:** Incorporating mobility solutions into housing projects helps to keep housing developments affordable while optimising energy use and costs, thus contributing to tackling both Europe's massive housing challenge and transport poverty. Housing in reach of sufficient mobility options ensures accessibility to jobs, education, healthcare, and social activities and contributes to competitiveness;

- **TEN-T Urban Nodes infrastructure:** Cities and regions are planning, upgrading, and implementing mobility infrastructures and solutions to ensure long-distance access for passengers, services, and goods. This ambition is recognised in the TEN-T Regulation, which designates 431 Urban Nodes as essential building blocks of the European transport infrastructure strategy;

- **Alignment with EU priorities:** Local and regional investments are increasingly aligned with EU policy priorities and enhance compliance with EU legislation, targeting greener, smarter, and more space-efficient movement of people and goods.

This list is not exhaustive, but it clearly demonstrates how urban mobility Research, Innovation, & Deployment at all governance levels can be tailored to the needs of the different public and private stakeholders concerned, to deliver:

- **Public policy goals:** Economic, environmental, and social targets, in most cases linked to or originating from EU legislation;

- **Opportunities for private initiatives:** Supporting and creating a variety of EU homegrown mobility industries and mutually beneficial public-private partnerships;

- **Citizen engagement:** Building a case for European cooperation, co-creation, and integration while enhancing public acceptance of new developments;

- **Scientific rigour:** Maintaining high levels of scientific scrutiny, thereby countering populism and post-factual decision-making;

- **Structured innovation journeys:** Enabling local and regional innovation ecosystems, in close dialogue with end users, to guide triple-helix stakeholders (the public sector, academia, and industry) from research, over pilots and demonstrations, to large-scale deployment.

Moving Forward: Opportunities and Risks for Urban Mobility Innovation in the Next MFF

POLIS has already been active in making the most of the proposed MFF 2028-2034 architecture for cities and regions, and for urban mobility. Actions have been taken concerning the Connecting Europe Facility (CEF), ensuring access for cities and regions to funding for projects in line with TEN-T requirements for Urban Nodes, as well as toward the National and Regional Partnership Plans, to maintain local and regional transport spending.

Here, we focus specifically on the 10th Framework Programme (FP10) and the European Competitiveness Fund (ECF), where POLIS identifies distinct opportunities and risks.

Opportunities

- **Balancing competitiveness with the Green Deal:** POLIS welcomes the overarching view for the next MFF that, alongside Green Deal ambitions, Europe's industrial competitiveness should be a principal concern. Cities and regions have been building vibrant economies for millennia. However, within the R&I and financial instruments currently on the table, their essential role in securing Europe's competitiveness must be properly accounted for.

The recognition of the 'innovation journey' is a critical element. Cities and regions have created innovation ecosystems that can survive and sustain that journey, and their essential role should be both acknowledged and rewarded. The eligibility of local and regional authorities in projects throughout this innovation process is therefore essential and must remain non-negotiable. Coordination between FP10 and the ECF is welcome and can help achieve coherence between research, innovation, market-readiness, and deployment.

- **Focus on deployment and scaling:** This shift is highly welcome. Cities and regions are inherently interested in higher-level Technology Readiness Level (TRL) activities and rolling out innovations on city streets to reach policy goals. POLIS members have consistently invested in innovative infrastructure, vehicles, and services. Many solutions in the field of active travel, public transport, parking, access regulations, shared mobility, and urban freight logistics are proven, but require coordinated approaches to scale uptake.
- **Overcoming structural funding challenges:** Urban mobility projects face structural financial hurdles. Transport investments generate long-term public benefits that are difficult to monetise, while high marginal costs and limited revenue sources constrain local budgets. The EU has provided vital support and funding mechanisms to cities and regions that unlock investments and de-risk innovation: technical assistance and advisory services are vital to improve project design, scalability, and bankability. Innovative financing, including the InvestEU and Cohesion Funds, bridges gaps and accelerates market uptake. Future financial instruments under the ECF can expand that capacity to manage complex business models.

- **The Automotive Industrial Partnership:** The creation of the Automotive Industrial Partnership/Joint Undertaking (JU) has the potential to clarify competences, responsibilities, and financial needs regarding specific vehicle-related innovations. If this approach translates into real, scaled, and impactful action, it can lead to more targeted and result-oriented investments, enhancing long-lasting institutional capacity and expertise.

Risks

- **Dilution of dedicated urban mobility initiatives:** The neglect of existing urban mobility R&I initiatives within the ongoing MFF conversations is reaching a critical, existential level. The new features under the current Horizon Europe had already threatened the continuation of focused urban mobility action, as transport—and within that urban mobility—risked becoming diluted by the growing importance of sectoral integration reflected in, for example, the Cities Mission and the clustered work programmes.

  Thankfully, a combination of the sustained support for the CIVITAS initiative, the compact city priority in the Driving Urban Transition (DUT) partnership, the New European Bauhaus, the urban focus of targeted 2ZERO and CCAM projects, and the urban mobility-focused Cities Mission Work Programme, etc., allowed urban mobility to reaffirm itself as a key topic in the twin transition and as a driver for competitiveness. These initiatives – even if not coordinated – have enabled a growing European community of R&I in this field, which opened up to new intersectoral activities. The new MFF approach, however, threatens to undermine these achievements and could dismantle decades of institutional capacity-building and progress made toward an integrated road transport systems approach.

- **Sidelining local public sector involvement:** Local and regional public sector involvement in innovation can be motivated because public funding often focuses on areas where no immediate private business case exists. This is particularly true for solutions carrying high financial risks, such as innovations in CCAM, Intelligent Transport Systems (ITS), and electromobility (EV). Europe's cities and regions act as frontrunners by initiating, deploying, and derisking these solutions across the entire innovation project lifecycle - from planning to operation. Excluding cities and regions from the innovation cycle will result in mismatched, unviable solutions that fail to find a market.

- **Siloing transport in a single window:** Urban mobility serves several purposes and is cross-sectoral and multi-stakeholder by default. The current approach of restricting transport and urban mobility to the 'decarbonisation window' of the ECF is too limiting. They should instead be present across multiple action windows. Our sector thrives on sectoral synergies, and a thematic organisation of the instruments will allow for interdisciplinary projects.
- **Hyperfocus on the automotive industry:** The current hyperfocus on the European automotive industry, through the likely establishment of an Automotive Industrial Partnership/JU, reduces 'road transport' to 'automotive transport'. This ignores the rich landscape of European mobility industries beyond the automotive angle, as well as the multimodal reality that territories are working toward. Other industries and modes deserve equal support to scale. A balanced ecosystem benefits the automotive sector itself, as vehicle innovations depend on overall mobility system performance. Without looking to the entire system, automotive innovations cannot fully be deployed or operate within that system, while the progress cities and regions have made towards more sustainable mobility, desperately needed for Europe to reach its climate, safety, and air quality goals, risks being scaled back.

- **Mismatched industry alignment:** Within automotive research, POLIS and its members currently note a lack of substantial action on vehicle systems with urban relevance, alongside a lack of alignment of the industry with the policy-driven use cases that cities and regions want to prioritise, e.g. Light Electric Vehicles (LEVs), electric buses/coaches, and automated public transport shuttles. The industry is missing out on major opportunities here. Public procurement is happening now, and more public investment is projected in the next few years. As procurers, infrastructure managers, and mobility service providers, cities and regions are major clients to the industry and therefore key to its competitiveness. They should be recognised as such. POLIS members prefer to buy European, but solutions must be available at a reasonable cost, of high quality and delivered within reasonable timelines—three criteria where well-targeted European R&I can directly assist.

Recommendations for Future R&I Governance and Instruments

1. Cities and regions as vital R&I partners

For the first time since FP4, POLIS observes a **decreasing understanding and recognition of the role of local authorities in transport R&I**. The fact that cities and regions are eligible for Horizon Europe funding was surprisingly unknown to several European institutional representatives, and on a daily basis, POLIS has to defend the essential partnership role of cities and regions in R&I projects.

The ECF and FP10 should explicitly reconfirm the eligibility of local and regional authorities, and their subsidiaries, for funding across all instruments. Regarding financial conditions, the **100% funding rate for public**

authorities and non-profit entities must be maintained. This mechanism has successfully secured deep local public-sector dedication to R&I across consecutive FPs, a legacy that must live on for the next decade.

2. A guaranteed seat at the table

Our concerns when it comes to the recognition of cities and regions in FP10 and the ECF extend directly to **programme governance**. For urban mobility, a highly professional, multimodal, and multidisciplinary community of industry leaders, researchers, and national and local governments has been established and structured over time to advise the European Commission's DG MOVE, CONNECT, and RTD about research and innovation needs and priorities.

It remains unclear how interests across different actors and mobility industries will be prioritised moving forward, and how private and public interests will be balanced. **Cities and regions must be heard when defining priorities for research, innovation, and deployment.** To this end, they must be formally represented in the governance structures of both the ECF and FP10.

This concern also applies to the **Automotive Partnership/JU**. It is currently unclear how its governance will relate to cities and regions—principal clients and enablers of the partnership solutions—or if its projects will welcome cities and regions as eligible partners. Note that cities and regions cannot act as primary financial contributors to an institutionalised industry partnership.

3. Building on a proven legacy

POLIS calls for an explicit **continuation of the CIVITAS initiative** under FP10 and, by extension, within the ECF. This programme has successfully positioned cities as living labs for innovation, united the urban mobility research community, created momentum for change, developed long-lasting sustainable urban mobility solutions in cities, and built the local capacity and skills needed to upscale policy-responsive sustainable mobility innovations.

Coordination and Support Actions (CSAs) or similar instruments aimed at **mutual learning and capacity-building** for cities and regions, and their ecosystem stakeholders must be maintained and expanded. This is the most cost-efficient pathway to ensure the uptake, upscaling, transferability, and replication of pilot results, guaranteeing that EU-funded innovations yield a lasting legacy toward further roll-out, deployment, and exploitation on a larger scale.

4. Delivering value beyond EU funding

EU funding delivers clear added value beyond the financial dimension: the EU's technical and financial support reinforces **quality, transparency, and innovation capacity across all stages of urban mobility projects**. It ensures objectivity in evaluation, robust quality control, and timely delivery, while strengthening local and regional governance and public accountability and transparency. Furthermore, EU involvement in projects promotes cross-border coherence and fosters a pan-European 'community of practice' where expertise is shared and openly accessible.

The Competitiveness Fund and FP10 have the potential to significantly enhance this non-monetary **EU added value**—enabling cities and regions to deliver innovative, high-quality, and future-proof mobility systems. Without this structured support, Europe risks fragmented implementation, lower standards, and reduced innovation capacity.

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