EU MISSIONS
CLIMATE-NEUTRAL & SMART CITIES

NET ZERO CITIES
EU MISSION PLATFORM
CLIMATE NEUTRAL AND SMART CITIES

Portfolio co-design

The basics

From development of fragmented projects to co-design of a portfolio with systemic impact

Funded by the European Union

The goal

What do we mean with portfolio co-design?

Why portfolios matter

Accelerating impact

A co-designed strategic portfolio is a cornerstone in the journey towards climate-neutrality, because of its focus in **accelerating impact and change through learning, synergies and multi-actor coordination**. This is why it also is a central piece of the Climate City Contract in the Action Plan.

Dominent climate-neutral system

Beautiful climate-neutral exceptions
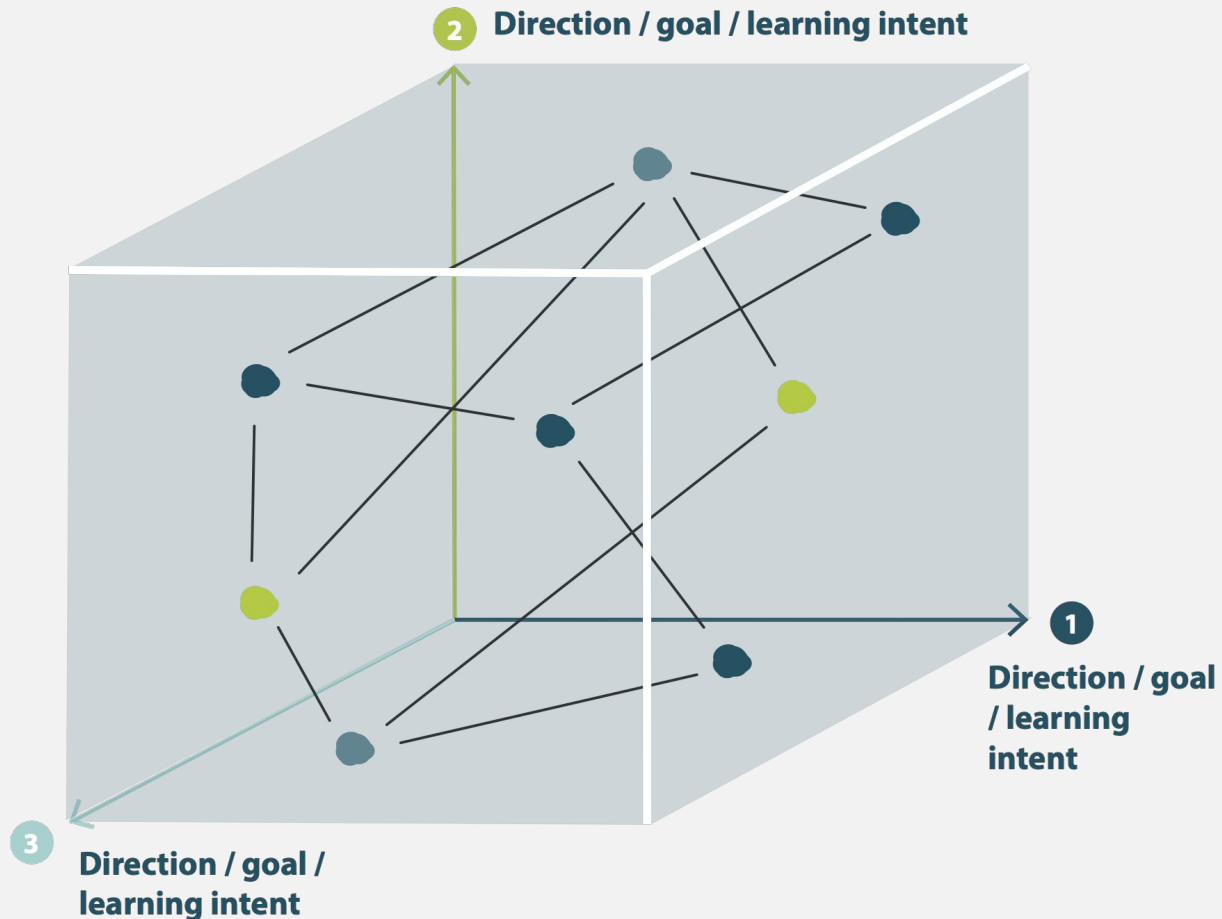
Learning and synergies
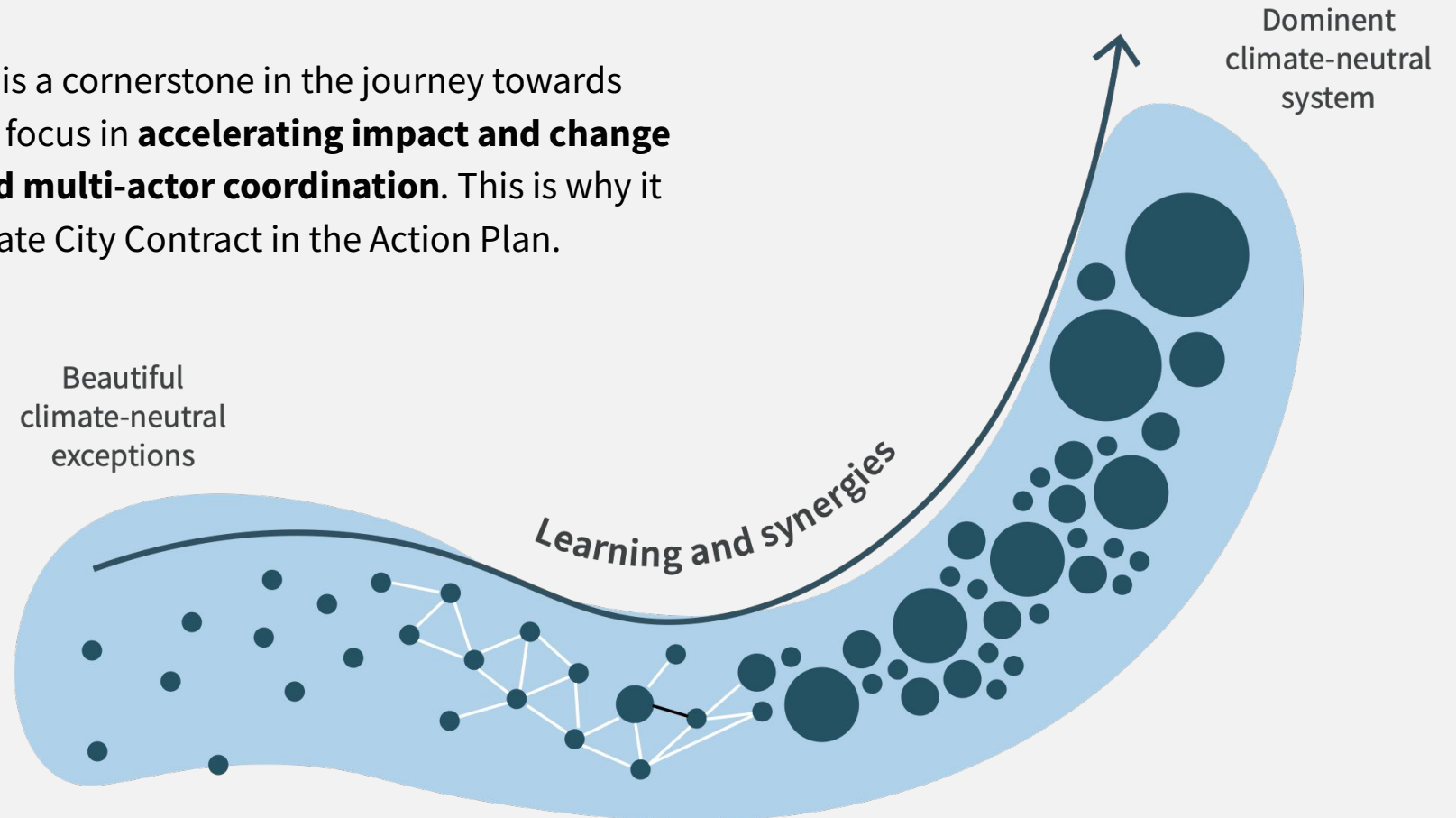
Tackling **complexity** with complexity*

*Complex as in intrinsically difficult to understand due to the number of interdependencies and relationships involved, like DNA

Tackling **emergence** with emergence*

*Emergence as the way in which micro-scale interactions give rise to large scale behaviours – positive or negative, like in a traffic jam

2 Direction / goal / learning intent

1 Direction / goal / learning intent

3 Direction / goal / learning intent

What a portfolio is
Having collective direction

A portfolio is not merely a list of actions connected to each other, it is a collective effort unified by common direction. Portfolio actions are targeted at the same vision, building the pathways towards it by **aligning to defined learning intents or goals**. These goals act as frames to keep generating new actions, supporting the iteration process.
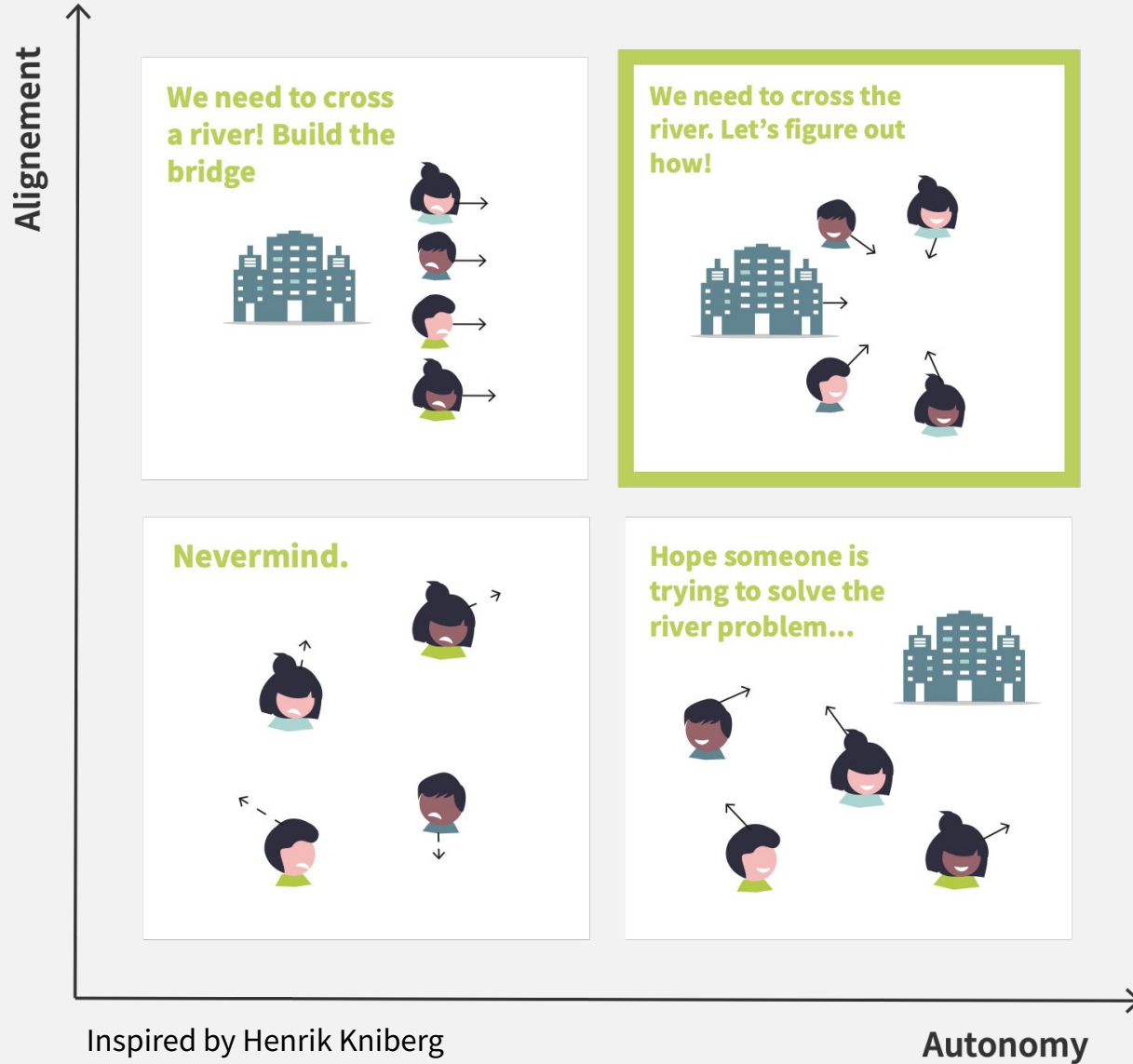
What a portfolio takes

Alignment and autonomy

Developing a portfolio in a complex multi-actor environment requires openness to individual sense making and motivation as well as guardrails and a shared intent and vision for coordination. A compelling, **open and relatable direction helps to align** activities in a complex environment of multi-actor engagement – while allowing for **sufficient autonomy to translate activities to individual expertise & interest**.
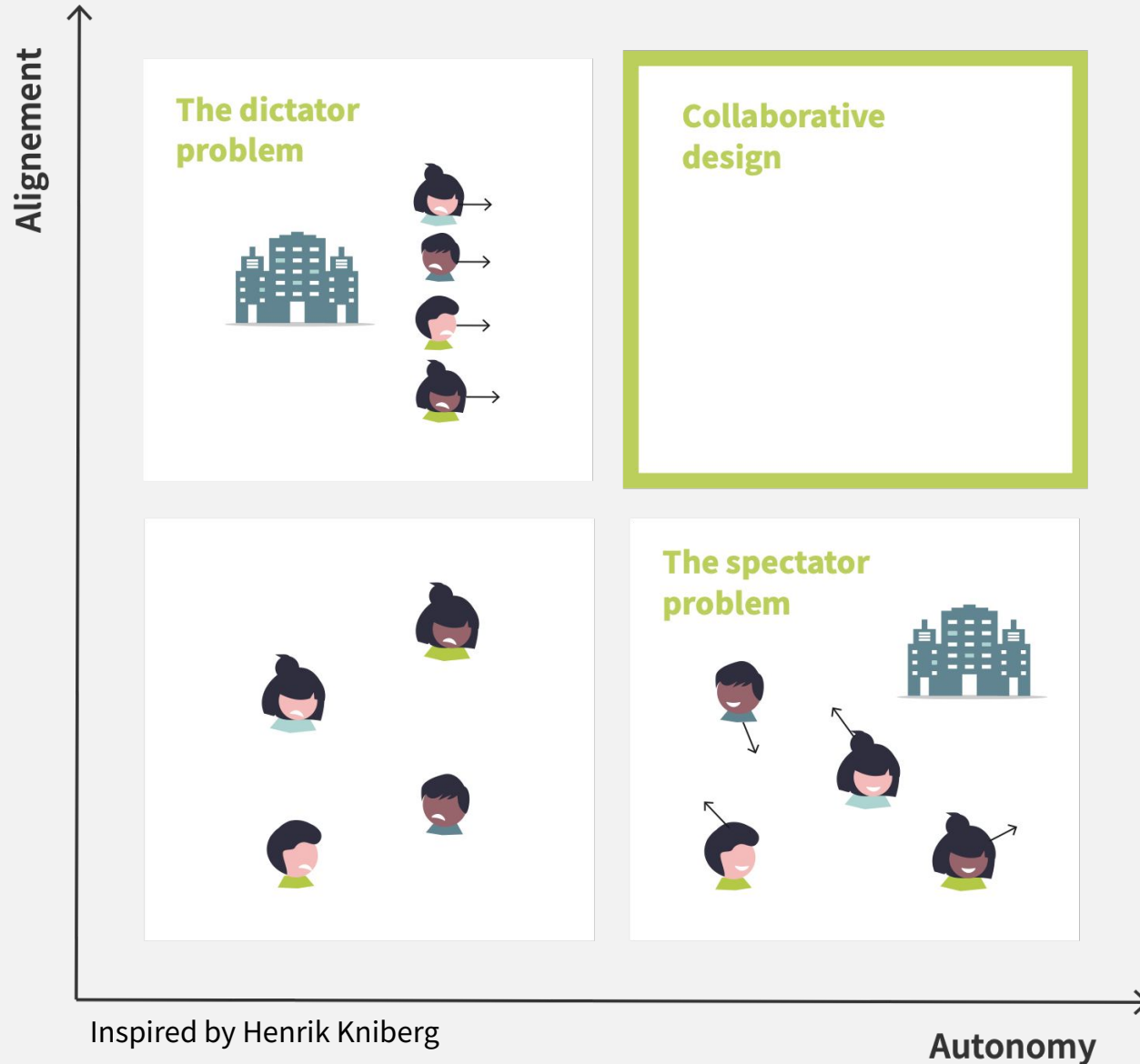
The practice

How to co-design a portfolio?

The portfolio process

Alignment (y-axis)

Autonomy (x-axis)

The dictator problem

Collaborative design

The spectator problem

Inspired by Henrik Kniberg

The portfolio process
Collaborative design

In practice, when attempting to develop a portfolio in a multi-stakeholder ecosystem, at the extremes lie the traps of the **dictator problem** and the **spectator problem.** As an alternative to authoritative control and wishful thinking, collaborative development focuses on creating and iterating a portfolio while **strengthening stakeholders' alignment and autonomy around the portfolio** to ensure viability and feasibility in the long term.

Port

folio

Continuously **aligning stakeholders around priorities** which gives direction to the portfolio
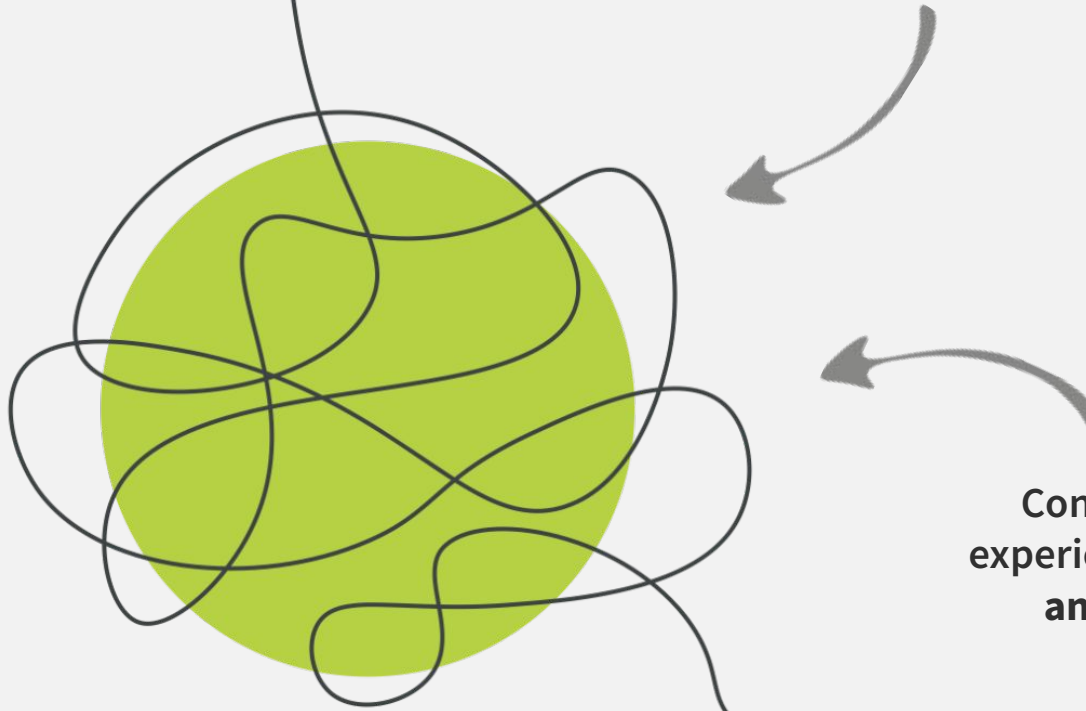
Continuously mobilising stakeholders' experience and expertise to **test, reevaluate and add to the portfolio's potential**
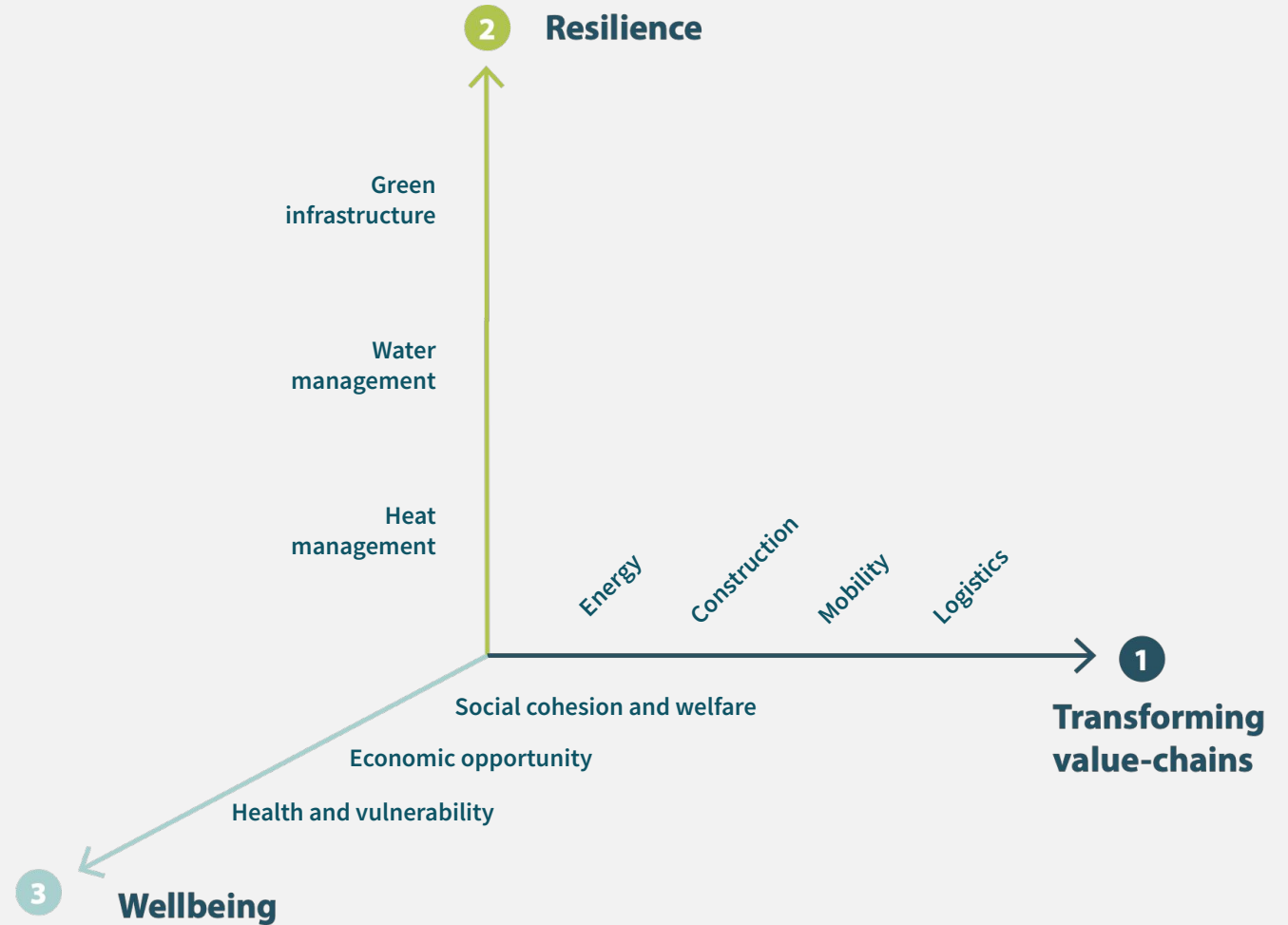
Aligning on priorities

Vision co-creation

The co-design a portfolio is based on the collective definition of priorities for action, tapping into the ecosystem's knowledge and experience. This process is essential for Mission buy-in as it is not only creating the necessary **guardrails / pillars** for the portfolio but it is also reinforcing the ecosystem's **ownership** for autonomous but coherent action.

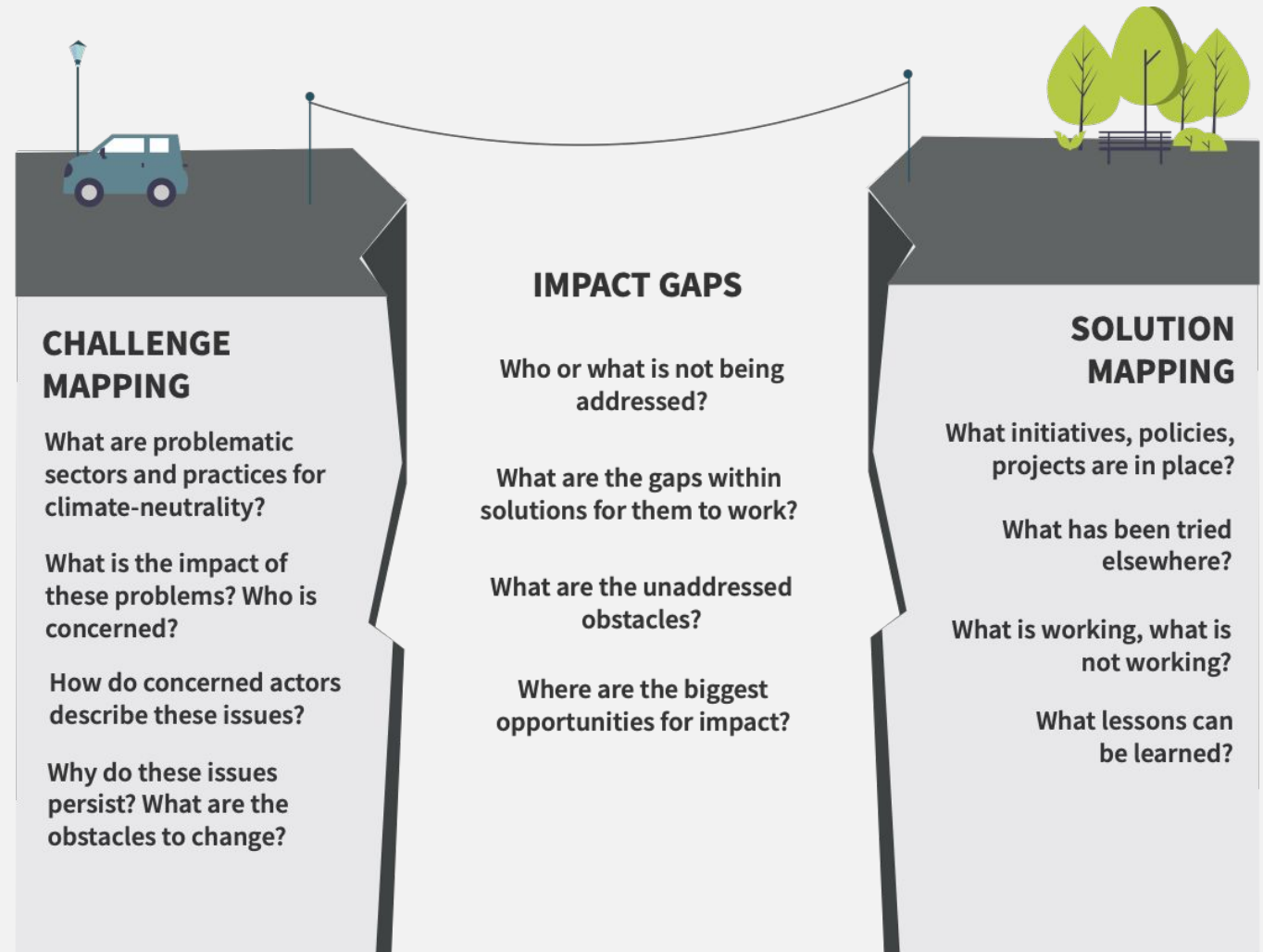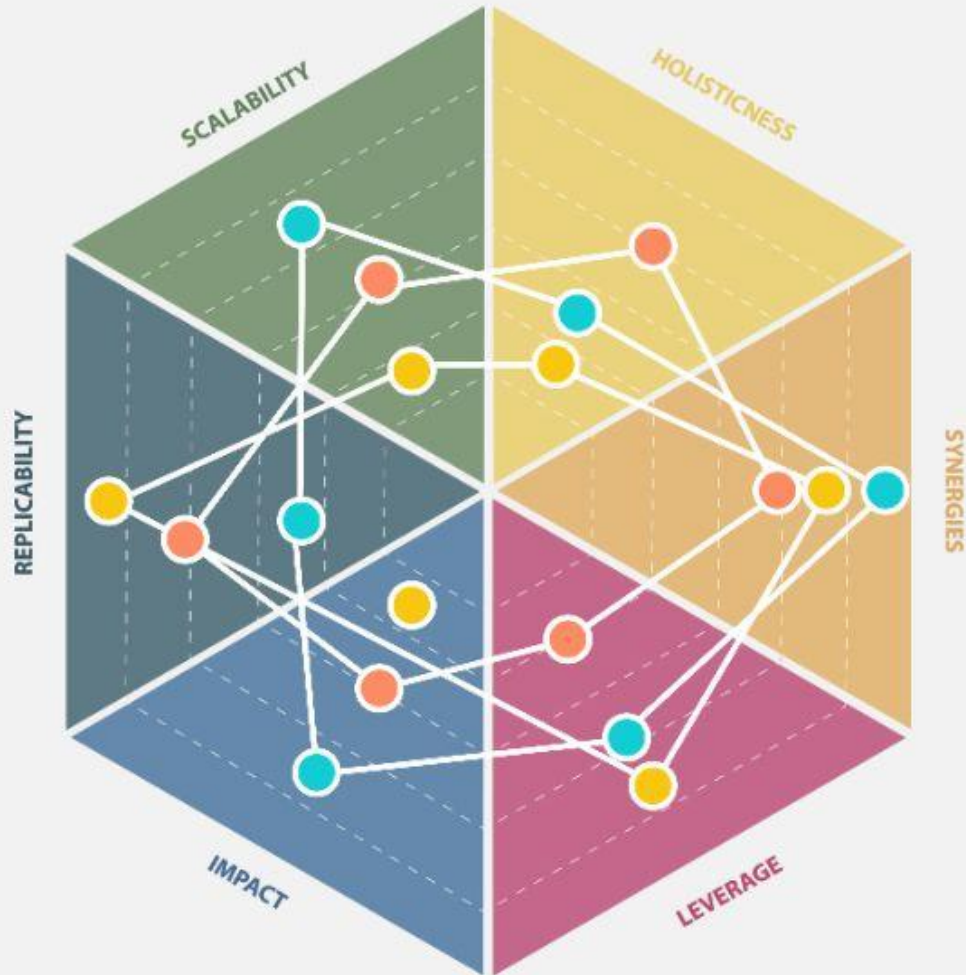**2 Resilience**

Green infrastructure

Water management

Heat management

Energy   Construction   Mobility   Logistics

1 Transforming value-chains

Social cohesion and welfare

Economic opportunity

Health and vulnerability

3 Wellbeing

Collective stocktaking

Vision co-creation

Priorities themselves are the result of leveraging stakeholders' insights about what the city's **challenge landscape** and **solution landscape** look like to understand what are strategic gaps for impact. Putting in common current actions, knowledge, data and more crucially learnings from past projects clarifies priorities, thus bringing a **compass** to the ecosystem.

CHALLENGE MAPPING

What are problematic sectors and practices for climate-neutrality?

What is the impact of these problems? Who is concerned?

How do concerned actors describe these issues?

Why do these issues persist? What are the obstacles to change?

IMPACT GAPS

Who or what is not being addressed?

What are the gaps within solutions for them to work?

What are the unaddressed obstacles?

Where are the biggest opportunities for impact?

SOLUTION MAPPING

What initiatives, policies, projects are in place?

What has been tried elsewhere?

What is working, what is not working?

What lessons can be learned?

Collective iteration

Sense-making together

Co-designing a portfolio also involves making sense collectively of a portfolio's **strengths and weaknesses,** assessing how its potential could be developed together to keep building pathways to climate-neutrality. This collective assessment of a portfolio's potential can focus on **6 characteristics**, which guide the collective in prioritising new actions and making new steps forwards.

Holisticness

A holistic portfolio **plays with multiple layers of the challenges** the city is facing to reach climate-neutrality. Is the portfolio targeting multiple emission sectors and using a **breadth of levers**? Or is it only narrowly addressing existing challenges, ignoring the need for actions enabling the necessary new business models, new forms of financing, new skills, new rules, new collaborations, new innovations…?

Levers

- Capacity and capabilities
- Democracy, social innovation and social change
- Governance, policy and regulation
- Finance and business models
- Technology

Sectors

- Buildings
- Transport
- Energy
- Waste and land use
- Industry

Synergies

A synergistic portfolio enables synergies between the different actions it includes. Is the portfolio creating dynamics of **pooling between actors** in such ways that might create **economies of scale** or **increase implementation feasibility?** Or is it made of actions which remain disconnected?

Financial synergies

Improvement in the financial activities or conditions that comes as a result of an action involving multiple actors

Capacity synergies

Improvement in human resources and capacity that comes as a result of an action involving multiple actors

Sites / assets synergies

Improvement in infrastructure condition or use that comes as a result of an action involving multiple actors

Intellectual synergies

Improvement in knowledge or competencies that comes as a result of an action involving multiple actors

Data synergies

Improvement in data collection or data quality that comes as a result of an action involving multiple actors
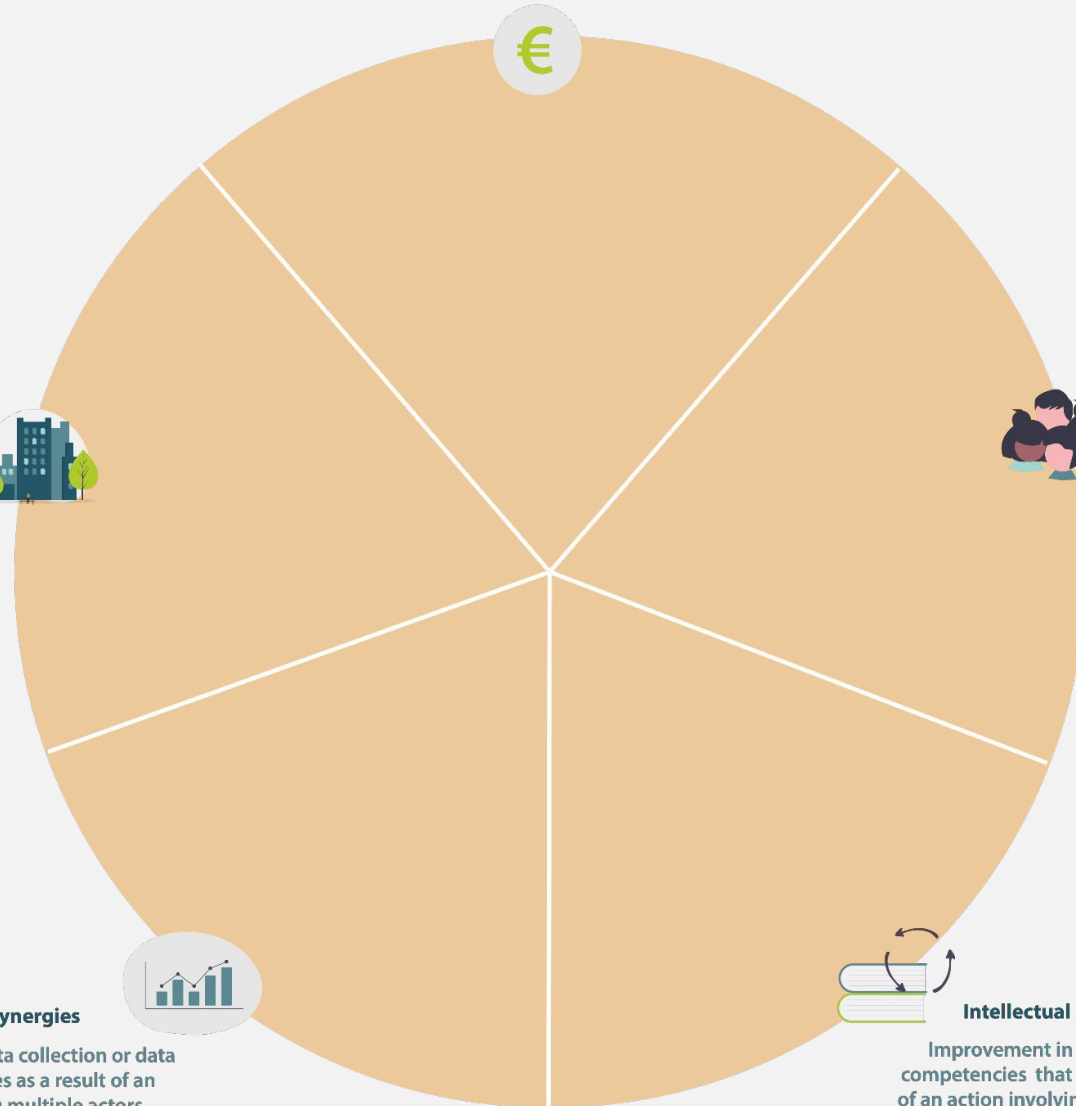
Events

Actions targeting the visible problematic outcomes

Patterns

Actions targeting the persistent behaviours (practices, habits...) behind the problematic outcomes
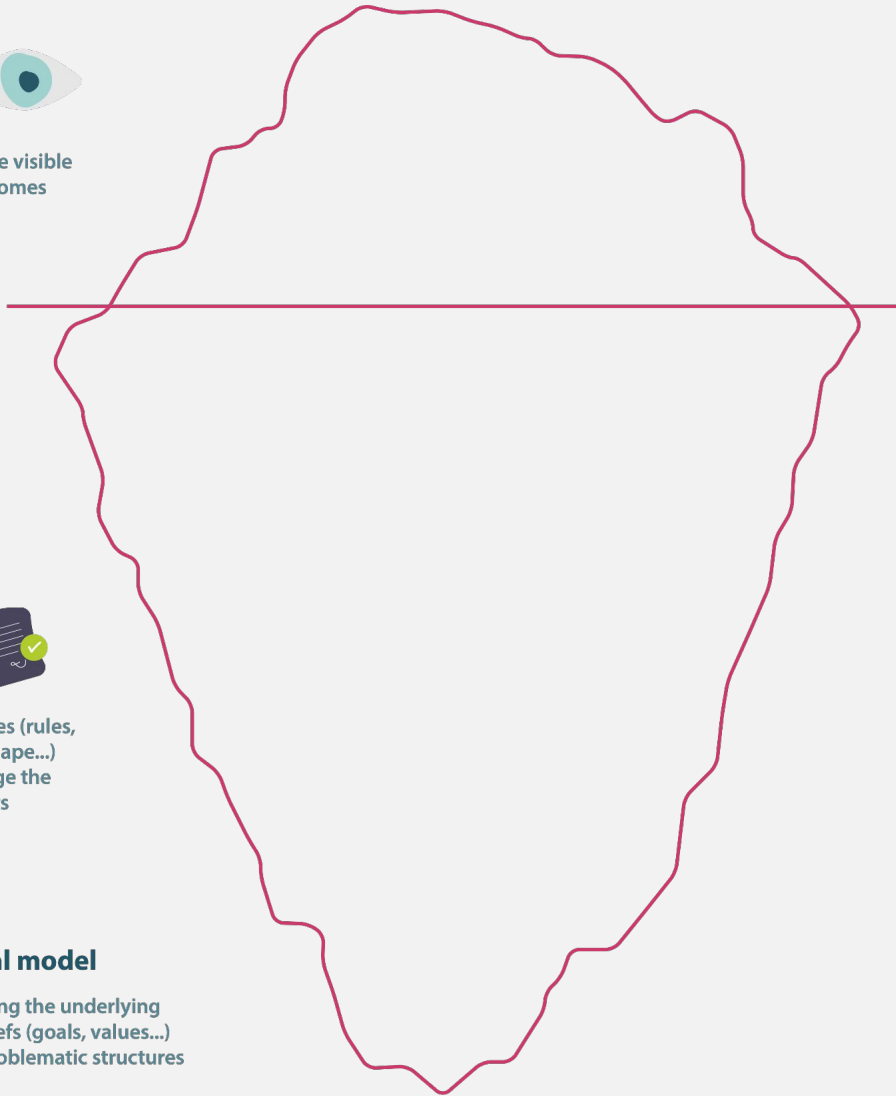
Structures

Actions targeting the structures (rules, processes, organisational shape...) which reinforce or encourage the problematic behaviours

Mental model

Actions targeting the underlying culture and beliefs (goals, values...) that justify the problematic structures

Leverage

Leverage

A portfolio with leverage has the ability to trigger cascades of changes through interventions **targeting the most structural causes of challenges**. Is the portfolio targeting deep forms of change targeting mental models and structures? Or is it producing superficial, short-lived or conditional change in awareness of problematic events?

Impact

An impactful portfolio generates multiple forms of direct and indirect positive effects (co-benefits) and ensures they can be measured. Is the portfolio providing a **variety of benefits** (emission reductions, health and wellbeing, jobs, cost savings, business opportunities…) **to a variety of actors** to motivate such actors to be engaged in the portfolio? Or is it solely producing quantitative change in small number of variables for few beneficiaries?

Beneficiaries

Residents

Property owners

Private businesses

Healthcare providers

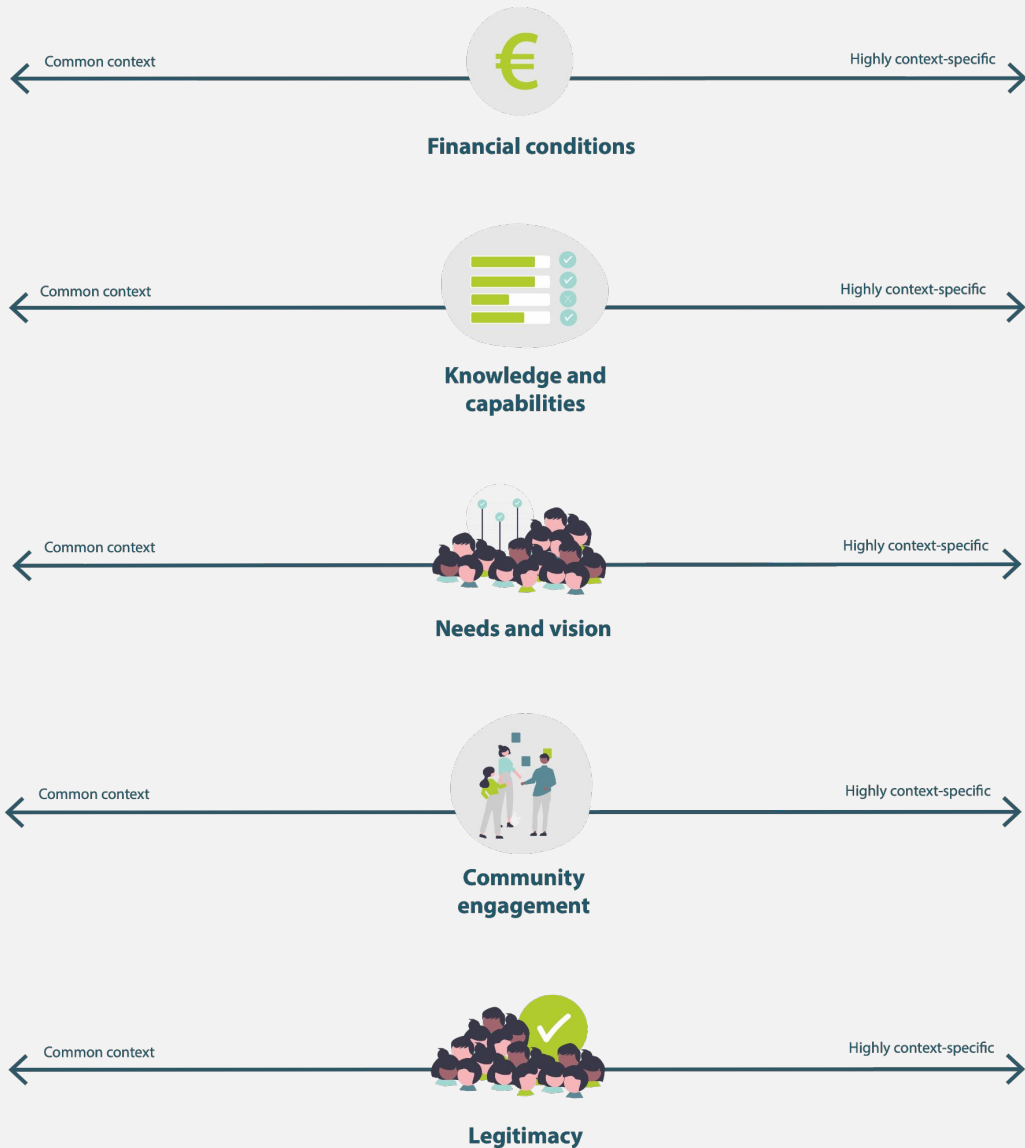Network providers

City

Economic   Social   Technological   Ecological

Benefits

Common context — Highly context-specific

Financial conditions

Common context — Highly context-specific

Knowledge and capabilities

Common context — Highly context-specific

Needs and vision

Common context — Highly context-specific

Community engagement

Common context — Highly context-specific

Legitimacy

Replicability

A replicable portfolio is relevant in other different contexts and its impact can be replicated in other contexts. Are the **necessary conditions for the portfolio to create impact present elsewhere** (other places if place-based, other sector if sector-based…)? Or are necessary conditions for impact too context-specific?

Scalability

Growing how

Scaling up
Through laws, policies and codification, bringing practice-based evidence to shape policy-making

Scaling out
Through dissemination to a larger community, expanding not only products and services but also opportunities to do things differently

Scaling deep
Through cultural norms, beliefs and values, shaping narratives which feed different behaviours

A scalable portfolio has the potential to bring its impact to a larger scale in the future. Is the portfolio including practices which can be **scaled-up through policy and laws**, can the capacity or ecosystems developed be scaled **out to a greater number of users** or skills and capabilities scaled **deep in values and cultures**?

Capabilities, knowledge and skills

Capacity and workforce

Practices and processes

Ecosystem(s) and relationships

Initial conditions
(acces to capital, data, talent...)

Growing what

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