



How to start Climate Budgeting process: prerequisites and foundation, local context

Kimberly Tatum, HafenCity University Hamburg

Hannes Anagrius, Uppsala University

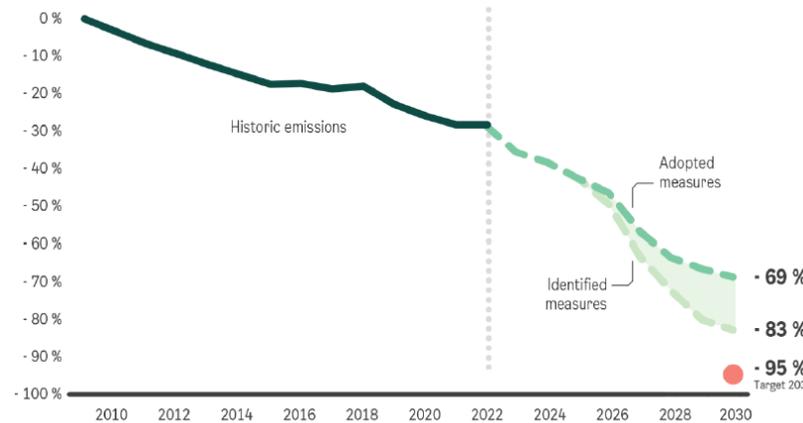
Module 2 of CB Training Course | Online | 29 January 2026



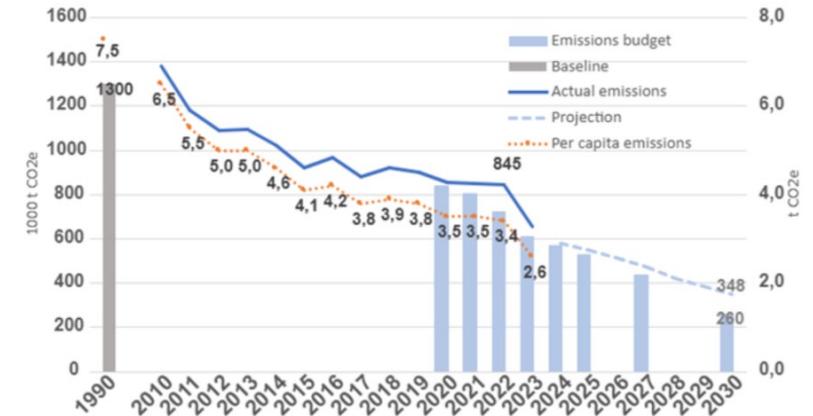
Where to Begin?

What we know:

- ✓ Widely used and well-known examples
- ✓ Promoted broadly by C40 city among its members
- ✓ Proven governance tool



Oslo: Emissions Trend and Reduction Potential to 2030
Source: Oslo's Climate Budget 2025



Tampere: Climate Emissions and Budget (2010 to 2030)
Source: City of Tampere, 2025

What cities still ask?

How to get started with climate budgeting?

Does the city need to adopt a Climate Budget formally?

Do you need a dedicated department, dedicated tools, or dedicated products?

No One-Size-Fits-All Approach

Local context and capacity matters

Convinced and committed?
Varying by department?
Side topic?

Climate
Mitigation
Support

Welcoming?
Overwhelmed?
Closed-off?

Administrative
Readiness

Detailed and up-to-date?
Measures well-defined
and specific?

CAP Maturity

Carbon budget in place?
Annual emissions accounting?
Which scopes are covered?

Emissions
Calculation

Navigating the approach

Many Paths – Same Destination



Mutual agreement

The goal is clear and the mandate is in place



Design the infrastructure

Work together to design the method of action

Building on collaboration and existing routes:
Apply the climate budget instrument for your needs



Pioneering Climbers

Search for the interested and willing partners



Forge a new path

Pioneers demonstrate the climb is possible

Facing the cliff and sceptics:
Climate budgeting as a tool to show others what is possible



Climate Budgeting Approaches

The *logic* of climate budgeting

The logic of climate budgeting connects emissions considerations with financial considerations to support decision-making

→ An informal approach can adopt and follow this logic

The *climate budget instrument*

The climate budget instrument is a formalized instrument to implement this logic within the municipal budgeting process

→ Formalized process and approach

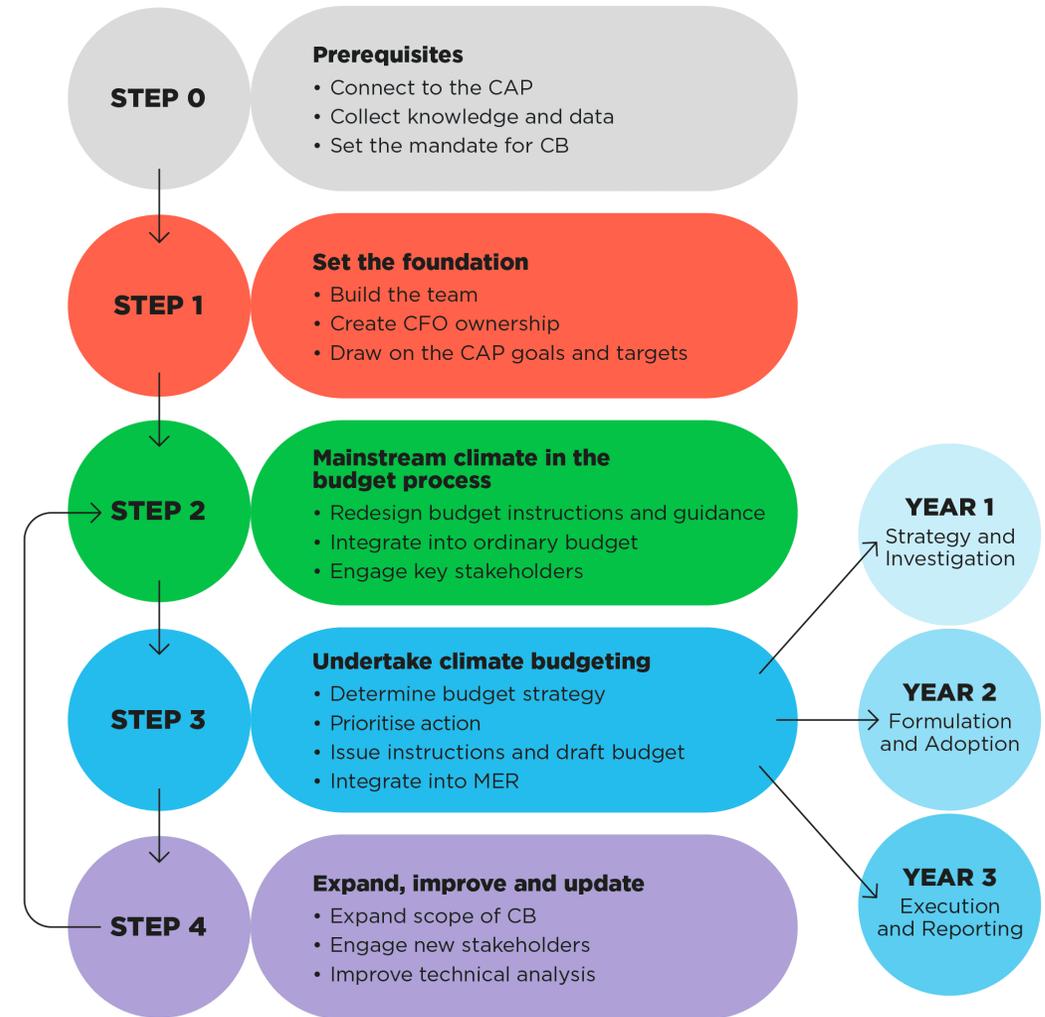
→ see C40 definition and documentation

Climate Budget: Formal approach

C40's documentation provides a good overview

Start with the mandate and go on from there

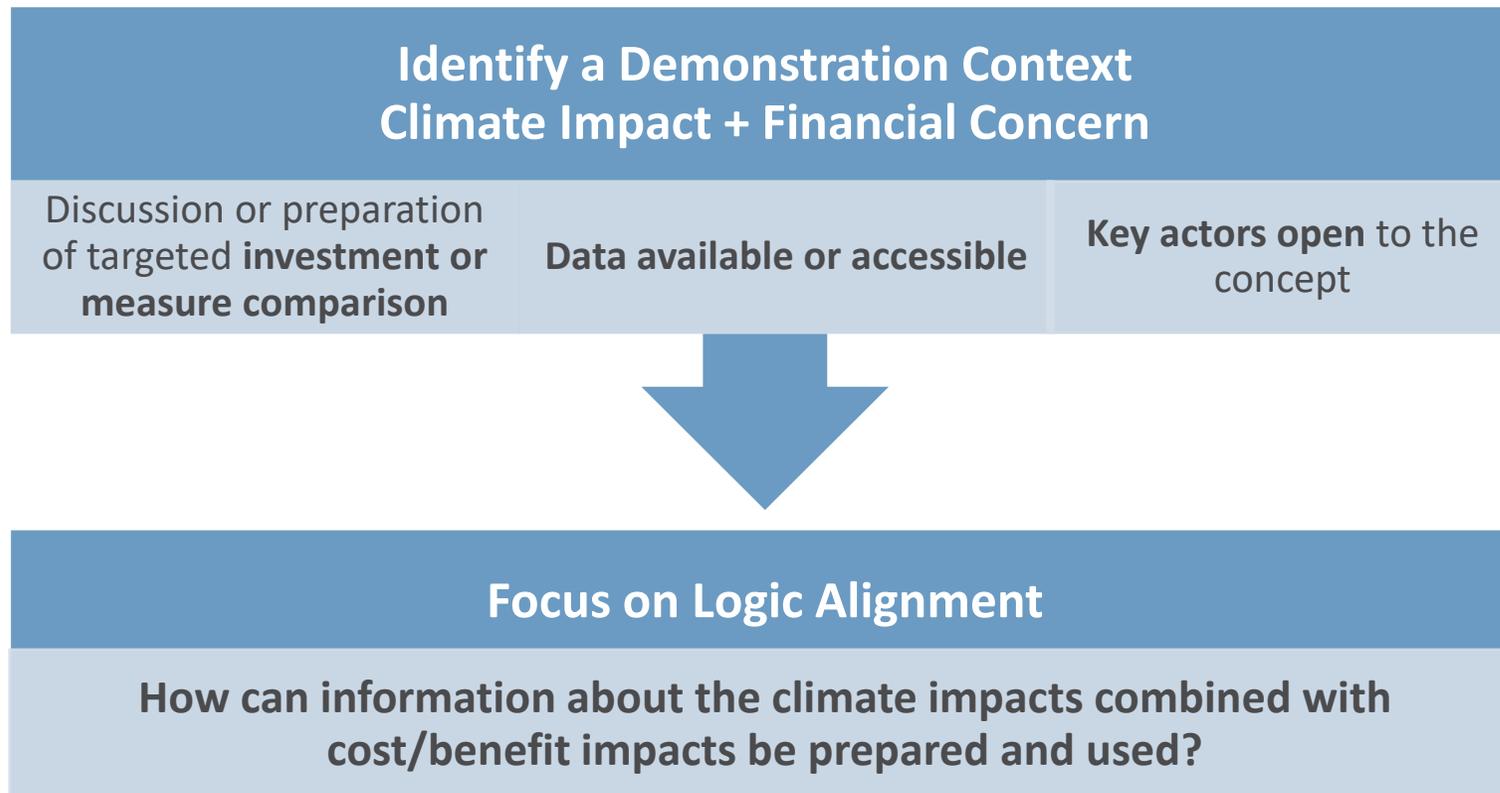
- ✓ Setting goals and framing
- ✓ Structuring the process, methods, monitoring, etc.
- ✓ Implementing and expanding year to year



Step-by-step Guide to Climate Budgeting
 Source: C40 Cities Climate Leadership Group, 2024

Climate Budget: Informal approach

How to proceed when a formal mandate is not (yet) possible?



- Be flexible in the pathway**
- Start at **any suitable step**
 - Follow a **non-linear route** rather than a fixed chronology



Climate Budget approaches

Dimensions of climate budgeting in practice

Source: <https://nomadenstory.de/reiseberichte/oslo-eine-woche-in-norwegens-hauptstadt/>

Summarizing Approaches to Climate Budgeting

Informal

Seeking dialogues and demonstrations of the conceptual value of CB,

Not initially attempting to alter existing budgetary process.

Formal

Setting a mandate within the local governance structure

Determining structured process for implementation

Preparation and application in action, followed by review and improvements

Multiple possible methodologies according to dimensions

Management Conditions

Formal Approach

Management Structure

- New organizational unit, or using an existing structure?

Funding Model

- General budget decisions be informed by the CB, or separate, dedicated funding available for the CB?

Remit of the CB Instrument

- Only dedicated carbon mitigation measures, or considering other types of measures (e.g. investments)?

Management Conditions

Formal Approach

Dimension	Expressions		
CB Management structure	New organizational unit for CB	Hybrid	Maintenance of pre-existing organizational structure
Funding Model	General budget lines	Hybrid: some dedicated funding available	
Remit of the CB instrument	Dedicated carbon mitigation measures only	No limitation of remit	

Preparation and implementation

Formal Approach

Integration with the financial budget process

- Within the preparation of the financial budget (partially /fully)?
- Or separately, as a parallel process?

Measures concretization and definition

- Developed within the process itself?
- Or taken in from external documents, processes, or strategies?

Measure source

- Climate Action Plan?
- Respective city units?

Preparation and implementation

Formal Approach

Measure intake assessment

- Measure identification through formalized criteria?
- Case-by-case negotiation?

Pre-selection of measures for decision-making

- Pre-selecting based on financial costs
- Pre-selecting based on emission impact

Content of the CB for decision-making

- Qualitative?
- Quantitative?

Preparation and implementation

Formal Approach

Dimension	Expressions		
Integration with financial budget process	Full integration	Partial integration	Fully separate
Measure concretisation and definition	Outside of CB process	Within CB process	
Measure source	CAP document	Hybrid	From city units/ city actors
Measure intake assessment	Structured or formalized intake criteria	Hybrid/combination	Negotiated intake process
Pre-selection of measures for decision-making	Financial pre-selection	Climate pre-selection	
Content of the CB for decision-making	Qualifying	Hybrid	Quantifying

Decision-Making

Formal approach

- Information from CB about climate measures and their impacts is taken into the decision-making process of the municipal budget
- Certain measures are chosen for funding.
- Budget is approved

The CB proposal handed to the decision making

What it is not?

Not prescriptive

Not replacing the conventional budgetary process

What it is?

The result of funding decisions prescribes the actions to be taken

Depending on the funding model and management structure it can have varying levels of informational or advisory strength

Post-decision - Result and Follow-Up

Formal Approach

The Climate Budget Product

- Does this take the form of a status report with emissions forecast?
- Does it also include the list of funded measures and their associated operational directives?

Monitoring and Obligations

- Are the measures implementations themselves tracked and reported through dedicated fiscal and climate impact reporting channels?
- Is the monitoring not linked to specific measures, rather only aggregate emissions or more general indicators?

Post-decision - Result and Follow-Up

Formal Approach

Dimension	Expressions		
The CB product	Status report with emission forecast	Both a status report, emissions forecast, and list of funded measures	
CB monitoring and obligation	Linked to specific measures	Not linked to specific measures	

Types of Formal Climate Budgeting

Operationalizing

- Focuses on specification and detailed elaboration of CAP into budgetary measures
- Negotiation-based and collaborative
- Broad coverage of municipal budget
- Clear and obligatory reporting and monitoring mandates

Facilitating

- More prescriptive CAP feeds into a process focused on measure prioritization
- Enabling role for the CB, moving climate-relevant measures through the budgetary process
- Finance unit and budget process in a steering role, with climate unit providing more analysis and assessment

Target and Assess

- Consideration of measures based on emissions impacts, including various investments, rather than dedicated mitigation measures
- Assessment criteria for the measures are pre-determined by a managing unit but measures themselves are suggested by the various other sectoral departments
- Higher process control and more limited expanse of content

Management Conditions

Informal Approach

- Start involving the willing actors.
- Expand the dialogue to others
or building a demonstrating case of the CB logic
- Starting with one measure /investment
or starting with a general example?

Preparation and implementation

Informal Approach

- How many of the dimensions depends on the type of demonstrating case you're planning?
- Will the demonstration be limited to just a single investment, measure, or, possibly, sector?

Dialogue:

Enable and guide collaborative discussions about the status of local conditions for climate budgeting

Guiding questions:

- ✓ **When** and how are measures considered for funding developed?
- ✓ **Where** in the financial budget process would there be an **opening** for climate information about measures?
- ✓ **How** to determine which kinds of measures should be considered with both financial and climate perspectives?
- ✓ **What** kind of climate information about measures is possible to provide reliably? What is helpful to decision-makers?

Results and Follow-Up

Informal Approach

Even without the production of a formal results document, the follow-up on the informal process is important to evaluate:

- ✓ how the dialogue or demonstration has resonated with the involved stakeholders
- ✓ how further dialogues or demonstrations of the logic can build on this

It's a cycle!

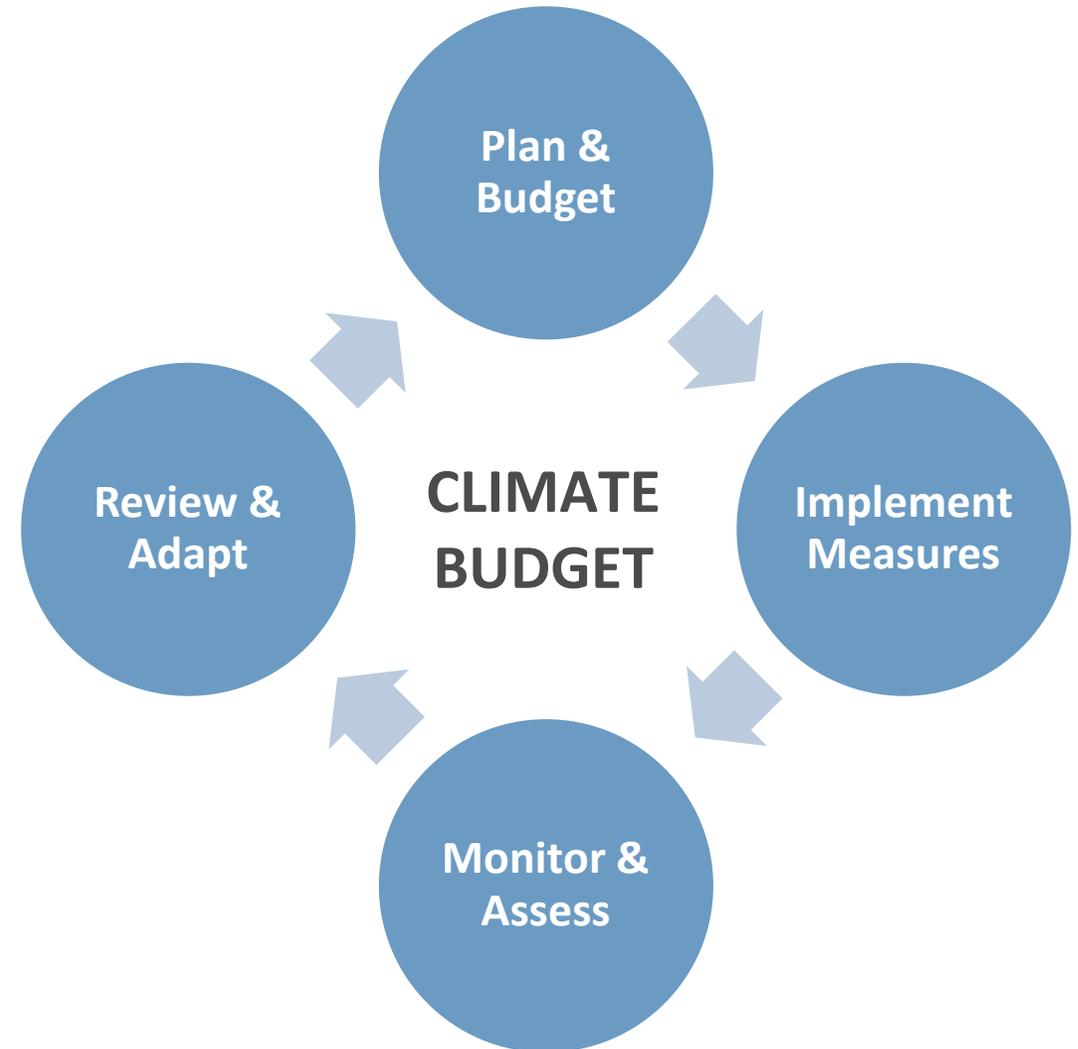
Climate Budgeting: Continuous Improvement

Climate budgeting:

- Iterative
- always working to improve
- Inclusion of progress review, assessment of results, and discussions about political or other local condition changes included in an associated planning for the next steps

No one-size-fits-all solution

- Common methodologies can still be found



Interreg
Baltic Sea Region



Co-funded by
the European Union



ENERGY TRANSITION

Climate-4-CAST

Thank you for your attention!

Kimberly Tatum

kimberly.tatum@hcu-hamburg.de

Hannes Anagrius

hannes.anagrius@geo.uu.se

Climate-4-CAST is a co-funded project by the Interreg Baltic Sea Region Programme 2021-2027



Resources

Achieving climate neutrality is within reach: Tampere targets 64% emissions reduction by 2026 [City of Tampere]. (2025, November 28). Tampere.fi. <https://www.tampere.fi/en/current/2025/11/28/achieving-climate-neutrality-within-reach-tampere-targets-64-emissions>

C40 Knowledge Community. (2024). C40knowledgehub.org. https://www.c40knowledgehub.org/s/article/Climate-budgeting-A-step-by-step-guide-for-cities?language=en_US

Maximilian. (2025, August 15). Oslo: Eine Woche in Norwegens Hauptstadt. Weltreise & Digital Nomaden Blog 2026; Weltreise & Digital Nomaden Blog 2025. <https://nomadenstory.de/reiseberichte/oslo-eine-woche-in-norwegens-hauptstadt/>

Oslo's Climate Budget 2025. (2025). Klimaetaten. <https://www.klimaoslo.no/rapport/climate-budget-2025/>