

NET ZERO CITIES



EU MISSION PLATFORM

CLIMATE NEUTRAL AND SMART CITIES



Funded by
the European Union



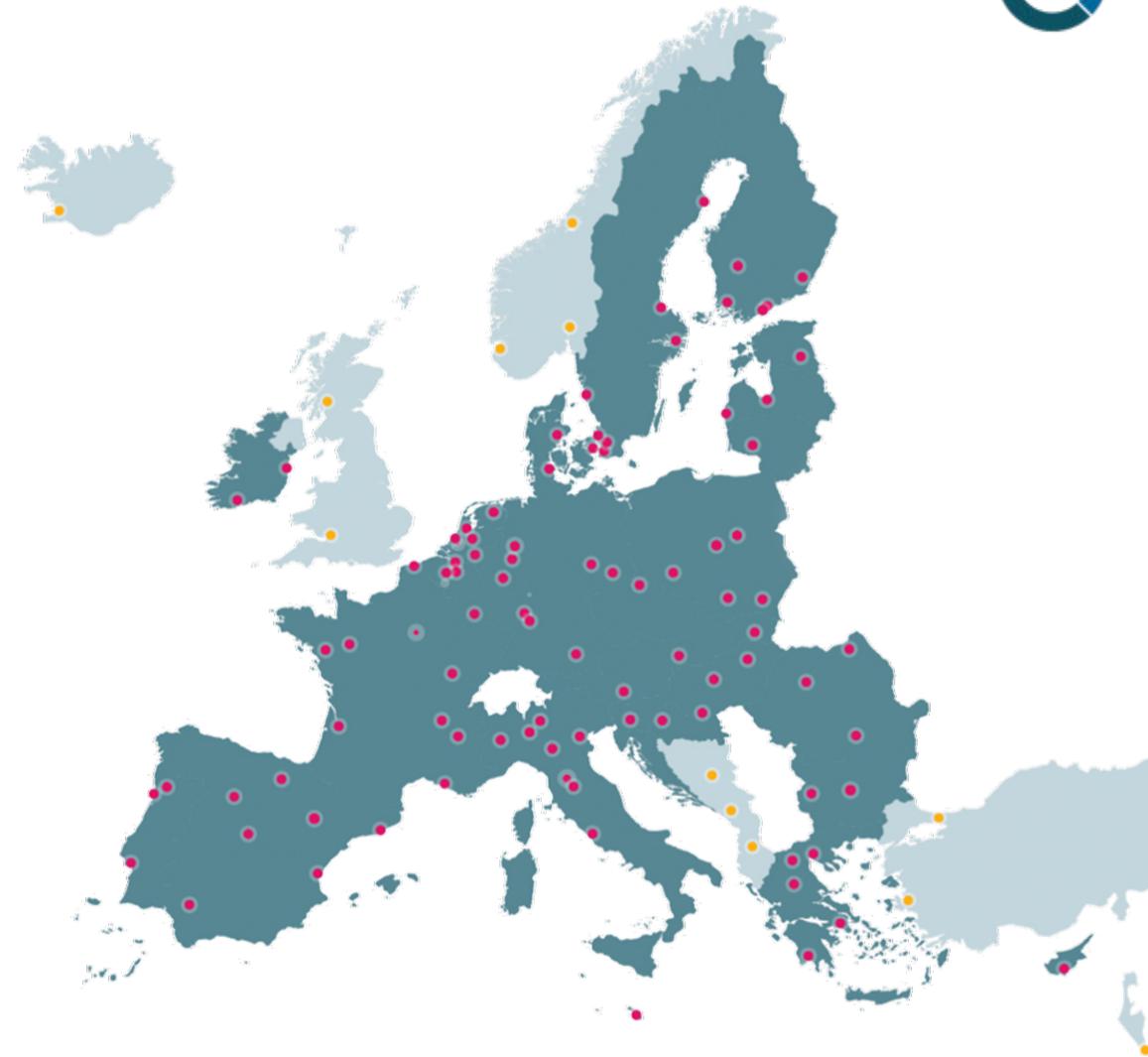
Supporting the EU Mission for “Climate Neutral and Smart Cities by 2030”

The EU has launched a Mission [“100 Climate-Neutral and Smart Cities by 2030”](#).

The objectives of the Mission are

- to achieve **100 climate-neutral and smart European cities by 2030**.
- to ensure that these cities act as experimentation and innovation hubs to **enable all European cities to follow suit by 2050**.

NetZeroCities, coordinated by **Climate-KIC**, currently manages the Platform to support the Mission. We will help Europe in its ambition to achieve climate neutrality by providing cities with **world-class expertise and services** tailored to their needs.

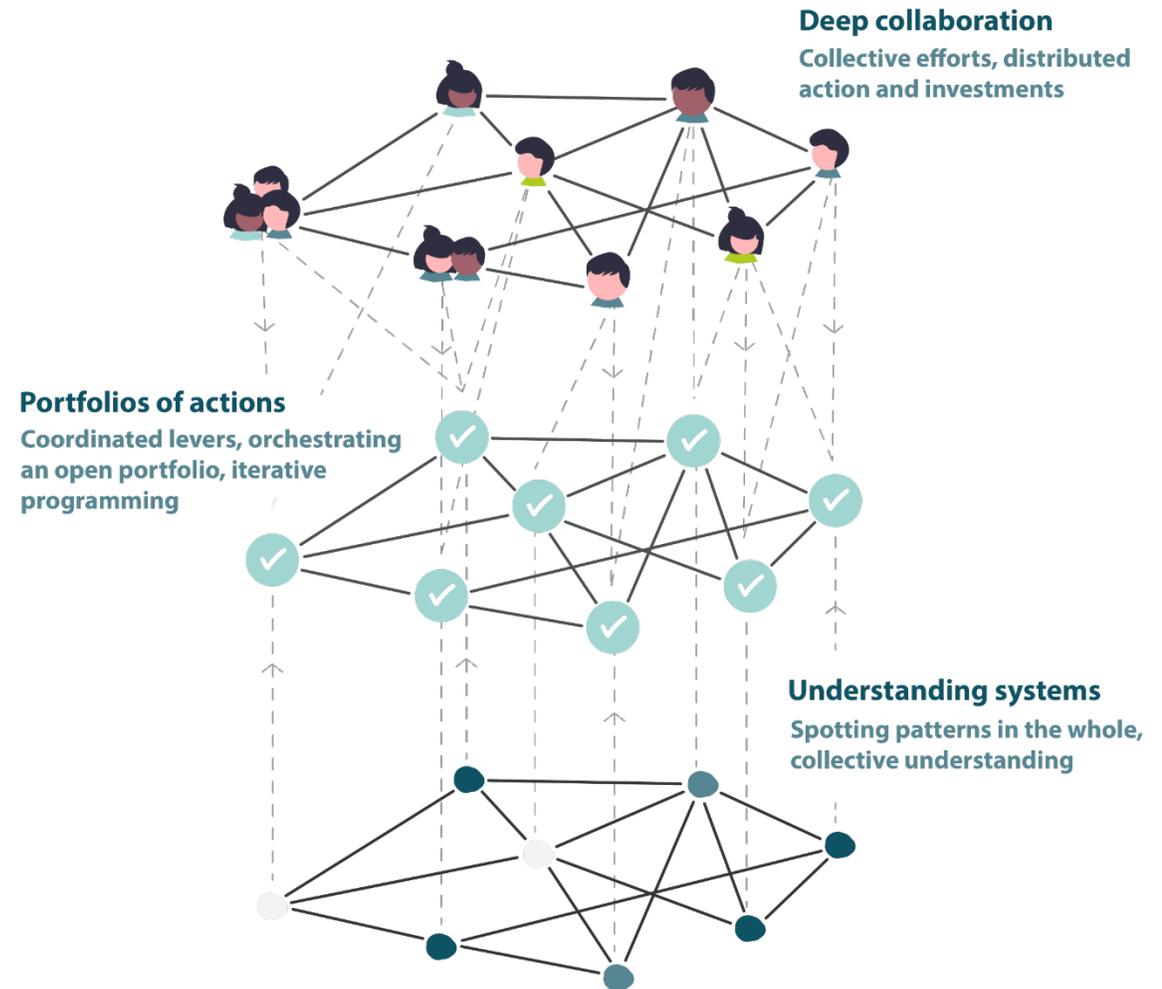
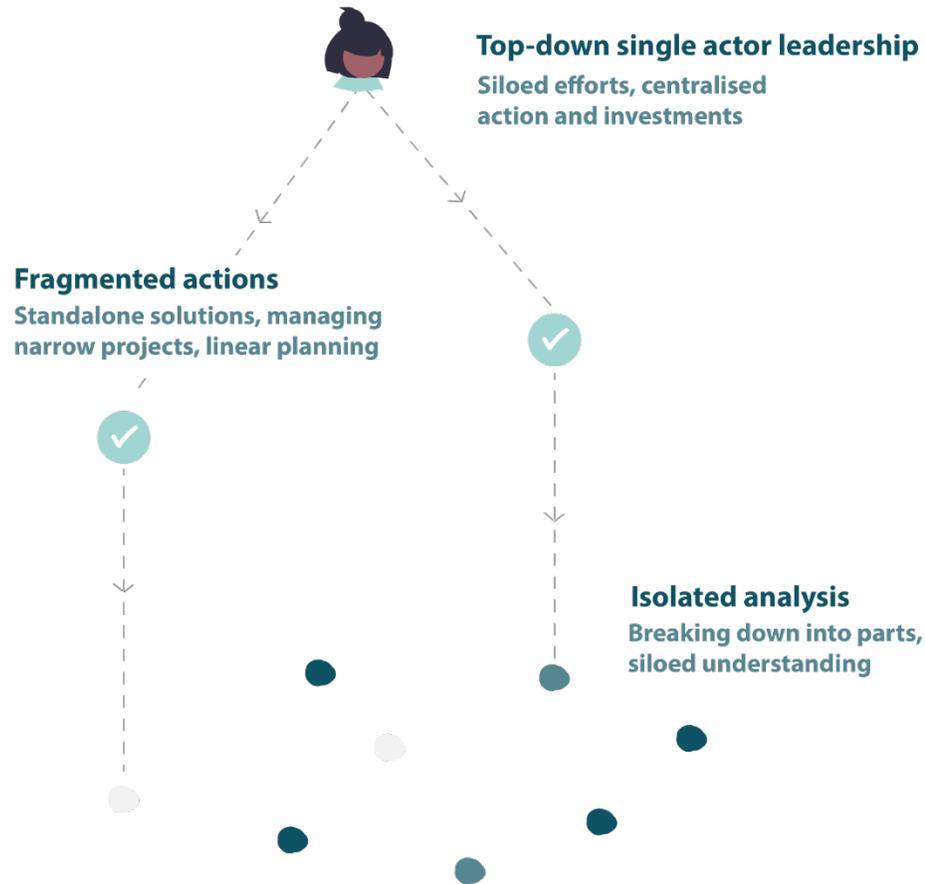


100 EU cities & **12** cities from
Horizon Europe Associated Countries





Systems Approach to Change





Climate City Contract: A Roadmap to Climate Neutrality

A multi-level government collaboration tool to help cities collaboratively address barriers to accelerate transformative action.

The Climate City Contract (CCC) has three interlinked components:

- **Commitments**
- **Action Plan**
- **Investment Plan**



Cities Mission Climate City Contract





Climate budgeting: maximizing achievability of climate plans with the help of climate budgeting

Anna Huttunen, City Advisor
NetZeroCities





C40 definition of a Climate Budget

Climate budgeting is a governance system for delivering climate targets

- A climate budget is a governance system that mainstreams climate commitments and considerations into decision-making through policies, actions and budget.
- This is done by integrating climate targets from the city's [Climate Action Plan](#) into the annual financial budgeting process and assigning responsibility for implementation, monitoring, evaluation and reporting across the city government.
- Climate budget shows which measures will be implemented and what emission reductions they are expected to produce
- It creates transparency and accountability, and highlights deviations from targets.





CCC is a good base for climate budgeting!

Climate budgeting is emerging as a powerful governance tool that aligns closely with the goals of Climate City Contracts (CCCs) under the EU Mission for Climate-Neutral and Smart Cities.





Climate City Contracts (CCCs) aim to:

- Accelerate cities' transition with **long-term action and investment plans** to climate neutrality by 2030
- **Foster systemic change** through integrated, long-term planning, portfolio development, multi-level stakeholder engagement, and investment strategies
- Ensure transparency, accountability, and measurable progress...





Climate budgeting supports CCCs' goals in:

Adding visibility and Mainstreaming climate targets into financial governance: It integrates climate goals from the city's Climate Action Plan (CAP) into annual budget planning, making climate action part of everyday decision-making.

Driving short-term action and continuous implementation.

Enhancing transparency and accountability: Climate budgets are published alongside financial budgets, enabling public tracking of progress toward climate neutrality.

Engaging stakeholders: Climate budgeting involves all city departments and external actors (e.g. businesses, investors, national governments), reinforcing the collaborative nature of CCCs.





Mission Cities' Journeys on Climate Budgeting



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City of Warsaw

Warsaw is developing climate budgeting by 2030 / C40.

2 main strategic documents outlining climate action:

- Green Vision of Warsaw, GCAP with GHG reduction aim of ~40% for the city
- Climate City Contract for 2 districts, a laboratory of speeding up the progress – with GHG reduction aim of 80%

In the process of creating the Investment Plan for the CCC, the City had to estimate current and planned budget for climate action (currently no system in place).

Main challenges in developing their climate budget model:

- Classification of the actions depending on the climate impact (Methodologies for impact assessments)
- Governance of the decision-making process
- Technical solutions for highlighting the climate impact in the budget (software)
 - > Standardisation/ automation of the process is key!
- The process of embedding a green budget in the municipal structure, especially with regards to the milestones of the city's fiscal year and the existing budget governance structures.





Warsaw process, status and challenges they are facing

Examples of actions:

- P2P connections with other Mission Cities on climate budgets
- workshop session with a crossdepartmental team on defining “climate investment”





City of Milan

Milan's path towards a climate budget:

- Participation in the **C40 Climate Budget Programme** (September 2021-March 2024) and development of the document “Towards a Climate Budget”, version zero of the Milan Climate Budget (Dec. 2023), not receiving full internal approval
- Development of the **Investment Plan of Milan's Climate City Contract** (May 2024)
- Identification of **synergies** between the C40 Climate Budget and the CCC Investment Plan and development of a **new joint climate budgeting proposal** based on:
 - possible alignment between different strategic planning documents, possibly identifying a correspondence between the strategic and the operational levels;
 - an operational tool to assess the CO2 impact and co-benefits of public works planned for the following year.

Challenges:

- **Governance:** a) identify the department coordinating the climate budgeting process b) define a process/responsibilities to guide the selection of funding priorities based on a set of indicators that integrate climate and environmental issues c) engage all relevant internal departments proactively and regularly
- **Operational:** a) develop a shared climate impact quantification methodology for all departments b) identify an effective methodology to assess the impact/s of projects for which CO2 reduction is not relevant





Resources and follow up

- C40 guidance and programmes and Climate 4-Cast project materials
- Joint webinar with NetZeroCities, Climate 4-Cast and C40
- Developing a list of Mission cities and their varying approaches to Climate budgeting
- Peer-2-peer matching and support



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