Turku Climate Budget

UBC Climate Budget Summit
Malmö, 01.10.2025

Anna von Zweygbergk, Project Manager
City of Turku

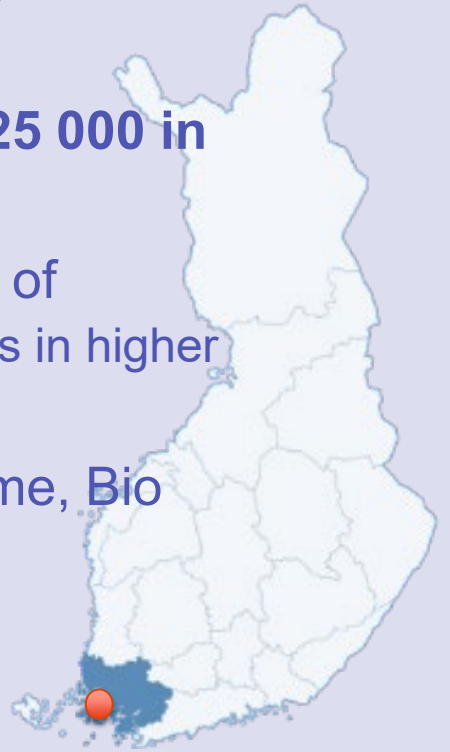
Interreg Baltic Sea Region
Co-funded by the European Union
ENERGY TRANSITION
Climate-4-CAST

CITY OF TURKU IS A WINNER OF THE

Covenant of Mayors for Climate & Energy EUROPE 2020 Awards

This is Turku

- **Former capital and oldest city of Finland (AD 1229)**
- **200.000 residents and over 325 000 in the region**
- 2 universities and 4 universities of applied sciences: 40 000 students in higher education and 11 000 in vocational
- City of Culture, Creative, Maritime, Bio and Diagnostic industries
- Active civic society
- Dense urban structure
- Rich natural environment and **archipelago**



60° 30' 33" N / 22° 12' 45" E

The EU Mission for 100 Climate-Neutral and Smart Cities by 2030 and Climate City Contract

- Applied by City Board decision (Dec 2021), selected in 2022
  - The goal of the Mission is to accelerate carbon neutrality across Europe with 100 pioneer cities
  - The Climate City Contract Includes **commitments, action, and investment plan**

- Turku **exceeded EU mission goals in climate budgeting** and nature strategy

- The Commission recognized strong cooperation with universities, companies, and communities
  - Turku's climate work and green transition are strengthened when local partners, Finnish state, and EU Commission participate in the implementation of the climate city contract

The climate responsibility of a leading city

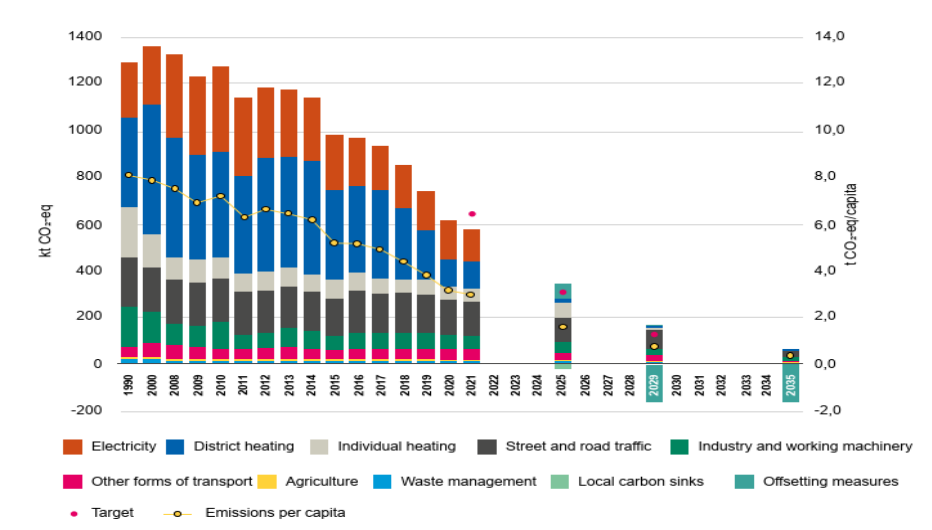
Towards sustainable 1,5 degree life

Greenhouse gas emissions in the Turku region have decreased

-69 %

From year 1990 to year 2024.

(Turku Climate Report 2024)



The revised emission reduction targets were set 2022 as follows:

- By 2025, emissions will be reduced by at least 75 percent from the 1990 level.
- By 2029, emissions will be reduced by at least 90 percent from the 1990 level.
- The main reason for emission reduction is investments in fossil free energy system and renewable electricity
- Trafic remains as a big challenge (34% of emissions in 2024)
- Carbon sinks pose challenges for meeting the target
- Lowest CO2/capita level in big cities in Finland

Climate budgeting process in Turku

- Turku has implemented climate budgeting as part of implementation of climate goals and as a tool in monitoring these goals
- Climate Budget is implemented as a part of the citys financial and operational planning
- The **EU sustainable finance taxonomy** classification is used as the evaluation framework for the city's climate budget. This opens opportunities for green funding.

  -> All investments above 1 million go through taxonomy eligilibility and alignment

The City of Turku and the European Investment Bank signed a loan package of EUR 150 million "Turku Urban Infrastructure" at Turku City Hall on 28 January 2019. The loan agreement was signed by then Mayor of Turku Minna Arve and EIB Vice-President Alexander Stubb

The European Investment Bank as a partner in climate action

- The City of Turku has a long background in using EIB financing.
- In 2019 the impact of EIB financing was examined from the perspectives of climate, energy and the environment in accordance with the EIB's criteria
  - EUR 150 million loan package targeted a wide range of infrastructure projects of the Group companies (e.g. Turku Energia, Turku Water Supply, Port of Turku) as well as the city's and rental housing company TVT's space/construction projects.

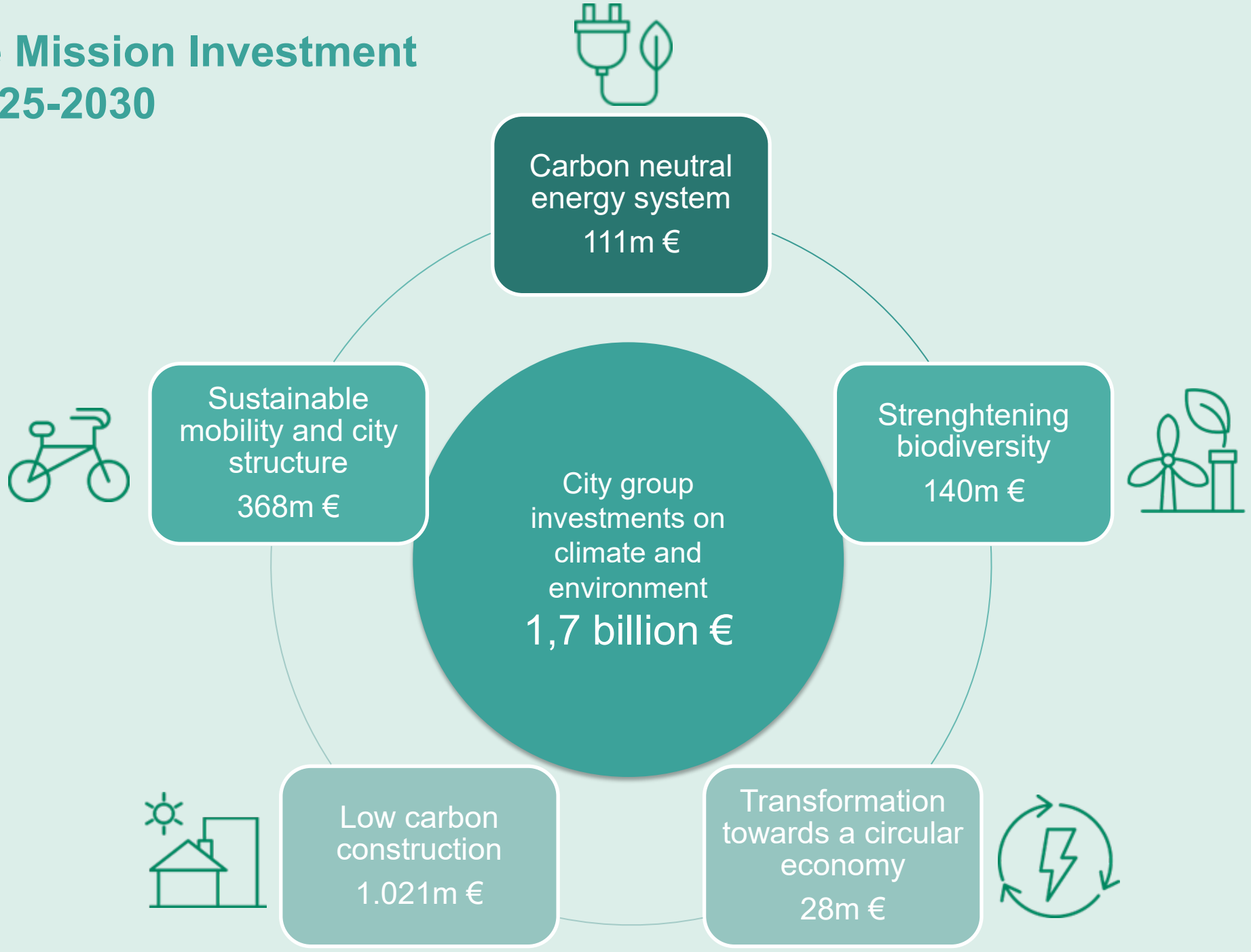
➔ Climate, energy and environmental experts were needed to be involved in the preparation and justification of the financing towards the EIB.

➔ This resulted in deepening cooperation between the financial management and the citys climate, energy and environmental experts.

“Turku must promote the green transition through its own investments by utilising climate budgeting and by increasing its level of ambition. “

Mayor’s Programme 2025-2029

Climate Mission Investment Plan 2025-2030



Turku Climate Budget

- An activity is considered taxonomy aligned if it meets the criteria of **making a substantial contribution to at least one of the six environmental objectives** and **doing no significant harm** to the other five objectives
- The climate budget takes a closer look at climate change mitigation, adaptation, biological diversity and circular economy sections, as they have been found to have a particularly strong connection to the climate goals of facility and infrastructure projects.
- **In citys budget proposal 2025 68% of office investments and 37% of infrastructure investments were considered taxonomy eligible**
- **The assessment follows a trafic light model**
- Additional indicators, such as carbon footprint, ecological connections, biodiversity impact and shadow carbon price

EU taxonomy environmental objectives

Climate change mitigation

Climate change adaptation

Transition to circular economy

Protection and restoration of biodiversity and ecosystems

Sustainable use and protection of water and marine resources

Pollution prevention and control

+ DNSH, do no significant harm –principle

Fuuga Music Hall

The investment makes substantial contribution to climate change mitigation

The investment does no significant harm for climate change adaptation

The investment does no significant harm for transition to circular economy

The investment does no significant harm for protection and restoration of biodiversity and ecosystems

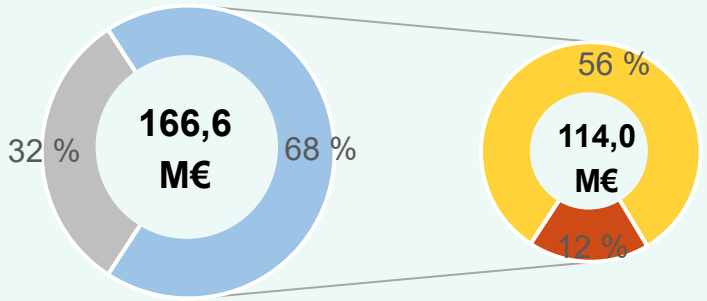
The investment does no significant harm for sustainable use and protection of water and marine resources

The investment does no significant harm for pollution prevention and control

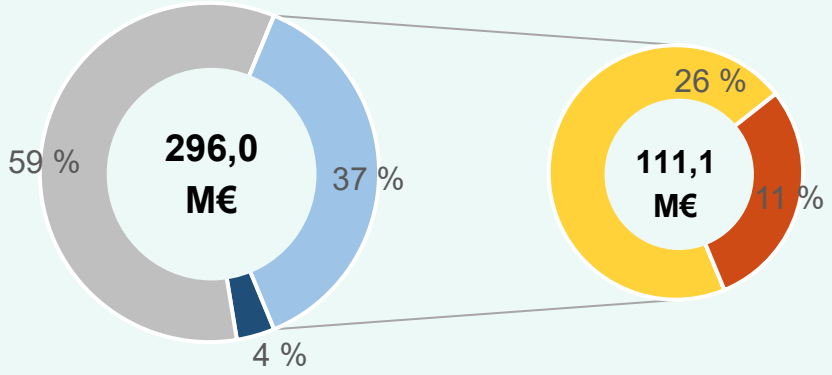
Picture: PES-arkkitehdit

Taxonomy alignment in city group projects

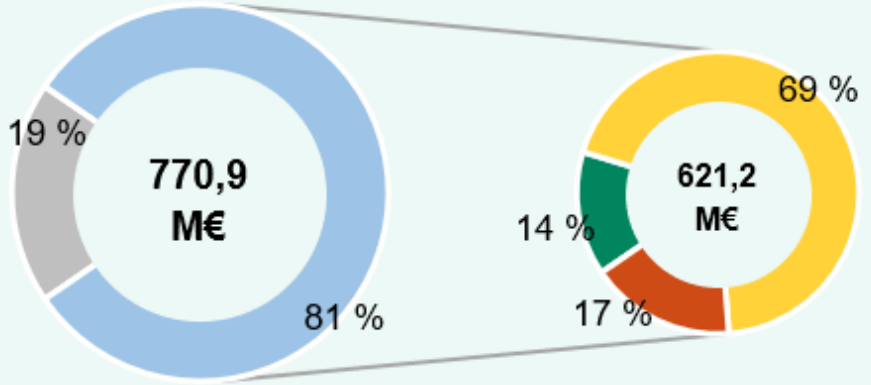
Taxonomy eligibility and alignment in office building projects

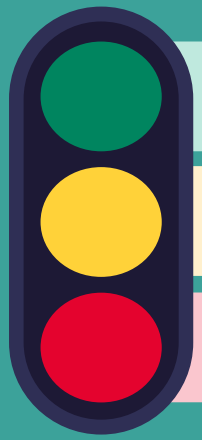


Taxonomy eligibility and alignment in infrastructure projects



Taxonomy eligibility and alignment in city groups projects





The project meets the taxonomy criteria

Taxonomy criteria can be met in the project.

The taxonomy criteria can not be met in the project

Why a taxonomy-based model for climate budgeting?

- Based on requests to provide credible information about environmental and climate activities and targets for loan and financing negotiations
- Aiming for up-front and proactive take: the use of taxonomy framework is increasing in financing
  - Collaboration with EIB
- Provides an established and widely recognized framework to lean on
  - Taxonomy is recognized as a framework in investment and construction world: Fuuga as an example
- Compatible with EU Climate Mission Investment Plan

Benefits and challenges in the chosen method

Benefits:

- Financing collaboration and possibilities for green financing
- Targeting investments: mobilizing large financial share and aiming for large impact
- Done for all investments above 1m; sets pressure for investments to fulfill the criteria; many possibilities to recognize places, where to implement more sustainable solutions and guide the entire project towards sustainability
- The six objectives of the taxonomy match with the citys sustainability work and targets

Challenges:

- A complex criteria, not well known in the different levels of city organisation – implementation takes resources and time
- Taxonomy criteria not ideally suited for direct implementation in city planning and infrastructure projects, that consist of several smaller investments

The Boldest city in Finland.