



Climate Budgeting and how it can help achieving ambitious local climate goals

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Agenda

PART I – Why mitigation at the city level matters

PART II – Why cities struggle to achieve the set goals

PART III – How climate budgeting helps

PART IV – Why this matters in the current EU context

CLOSING



Source: <https://i.pinimg.com/originals/c6/4e/01/c64e012624021893fc040ee54a895173.jpg>

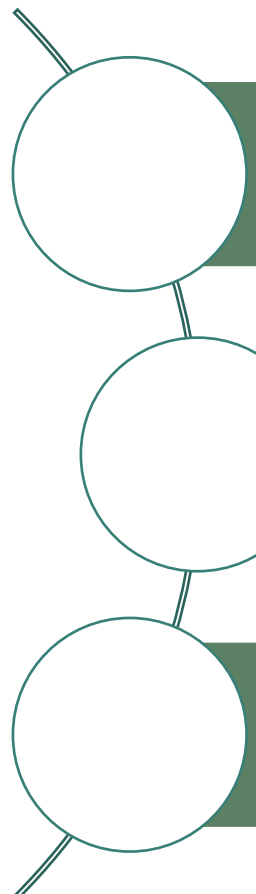


PART I

Why mitigation at the city level matters

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

Cities are essential to climate mitigation actions



67–72% of global greenhouse gas emissions linked to urban areas (IPCC AR6 WGIII)

75% of Europeans live in urban areas (EU Agenda for Cities)

Cities implement a large share of EU legislation on the ground

The ambition is there

Many cities set targets more ambitious than their national governments

One example:

EU Mission of 100 Climate-Neutral and Smart Cities by 2030



EU Mission Cities

Source: European Commission: Directorate-General for Research and Innovation. (2024).



PART II

Why cities struggle to achieve the set goals



Source: <https://www.tampere.fi/en/>

Ambition is not implementation



Why the gap persists?

Climate strategy

- Targets, plans, measures of varying specificity and often lacking detailed cost estimates and emissions impacts data

Finance and sector departments

- Need specific planned actions and costs, deal with budget limits and trade-offs

Decision-makers

- Competing priorities, need easy-to-understand information

Barriers

- Limited finances, weak interdepartmental coordination, little data on the climate effects of actions, limited staff capacity



PART III

How climate budgeting helps



Source: <https://www.meer.com/en/85469-copenhagens-waterfront-a-model-for-urban-renewal>

Climate budgeting: connecting climate goals to financial decision-making

“A governance system that mainstreams climate commitments and considerations into decision-making on policies, actions and budget through integrating climate goals and targets from the Climate Action Plan (CAP) in the financial budget process and assigning responsibility for implementation, monitoring, evaluation and reporting across the government.”

C40 Cities (2025)

Target

Climate
Action Plan

CLIMATE
BUDGETING

Budget

Implementation

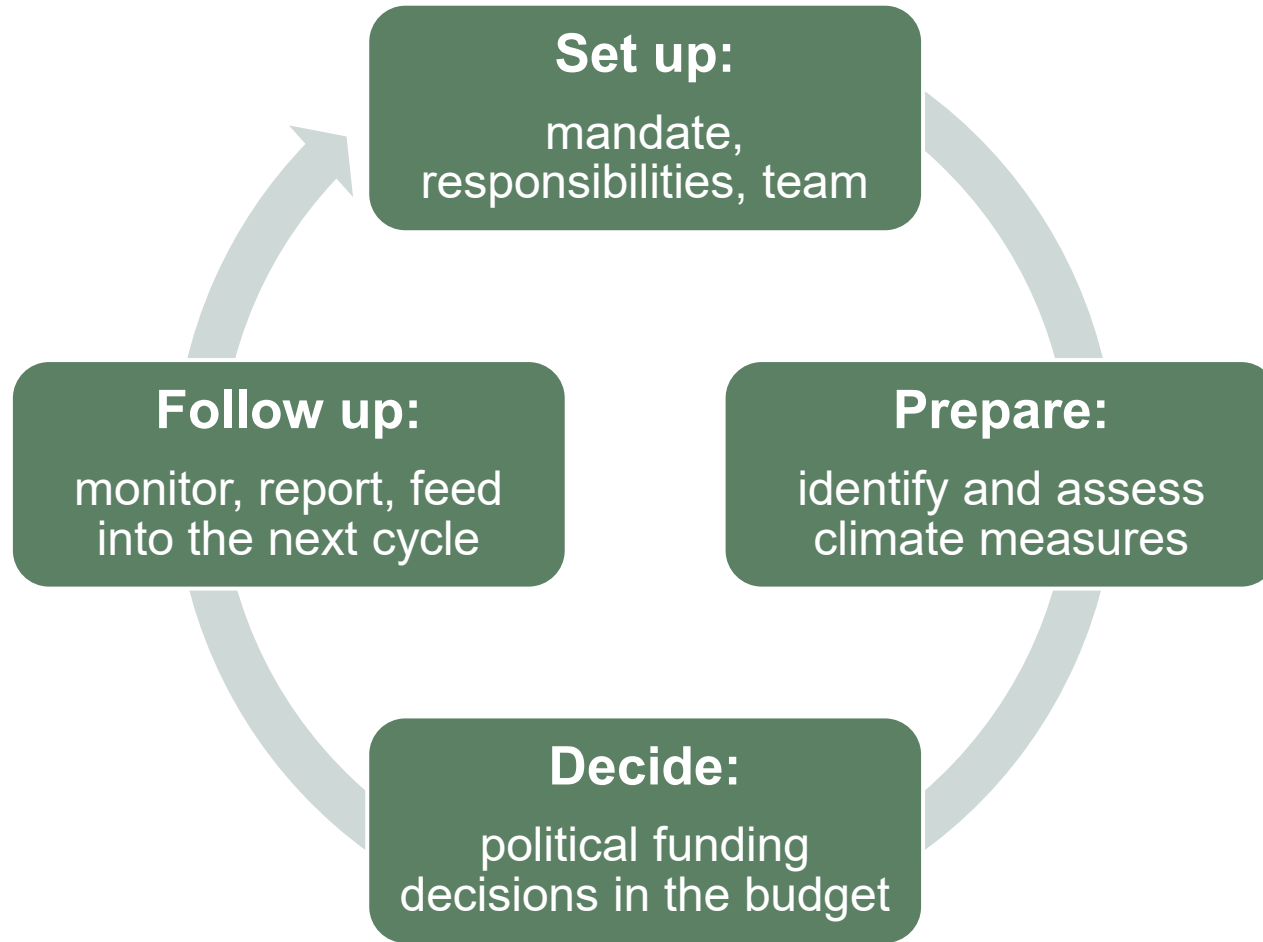
Impact

Pioneered by Oslo in 2016;

now used by cities in Europe and beyond

Tampere, Vienna, New York, Rio de Janeiro, Montréal, etc.

Climate budgeting: in practice



Flexible implementation approaches to climate budgeting

Depending on local governance contexts, cities adapt their approach to climate budgeting to meet their needs

Operationalising

(Bergen, Oslo)

Turning strategic climate policies and goals into concrete measures through detailed planning and negotiation

Facilitating prioritization

(Copenhagen, Helsinki, Stockholm, Tampere, Vienna)

Moving existing, more specific Climate Action Plan measures through the annual budget process

Target and assess

(Montréal, New York City)

Screening investments against climate criteria

How climate budgeting can address governance challenges

Challenge	What climate budgeting can do:
Implementation gap	Operationalise climate action
Budget misalignment	Connect targets with financial planning
Governance silos	Strengthen cross-departmental collaboration
Transparency deficit	Improve monitoring and reporting
Capacity shortfalls	Strengthen expertise, data and decision support

What climate budgeting cannot do on its own

- It does not create ambition
- It makes budget conflicts visible, but does not resolve them
- It needs capacity, data, and a fit with financial processes

An enabling mechanism, not a substitute for political commitment



Source: <https://interreg-baltic.eu/project-posts/climate-4-cast/tampere-integrates-climate-impact-data-into-urban-planning-pilot-activity-update-from-tampere/#pid=3>



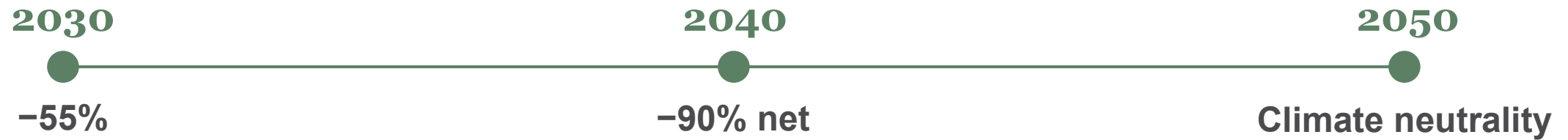
PART IV

Why this matters in the current EU context

Source: <https://travelita-blog.com/hei-hei-stockholm-sights-tips-for-your-city-trip/>

EU Policies moving towards delivery on climate targets

- Climate Law, amended 2026



- Now: post-2030 rules being rebuilt (ETS revision proposed July 2026; national targets to follow)
- From 2028: carbon price for buildings and road transport (ETS2)

The EU budget proposes tracking spending for climate

- Proposed Multiannual Financial Framework 2028–2034: 35% of spending for climate and environment, tracked in one performance framework
- Most cohesion funding to flow through National and Regional Partnership Plans
- The question remains:

How are cities and their climate planning reflected in these plans?

Sources: European Commission (2025c; 2026c); European Parliament (2026).



Source: <https://adventuresweden.com/wp-content/uploads/2023/10/FogMoon-Foto-Goran-Strand.jpeg-scaled-e1697644905616-1024x682.webp>



CLOSING

Source: <https://worldcitiescultureforum.com/city/helsinki/infrastructure/>

Climate budgeting: a flexible instrument for cities

The basic logic of climate budgeting: **annual funding choices shape a city's emissions pathway**

Guiding Questions

- Where is our spending working towards or against our climate goals?
- Where can our budget choices lead to emissions reductions and co-benefits, such as air quality improvements?
- Where can emissions reductions lead to cost savings and better fiscal performance?



Source: https://interreg-baltic.eu/wp-content/uploads/2025/09/061_2012-2-scaled.jpg

New sports hall in Norderstedt's Friedrichsgabe district, rebuilt according to Passive House standards

Through these discussions, climate concerns become part of governance, not a competing priority, and the needs become visible:

- Better estimates of emissions impacts
- Better cost-benefit analysis
- Deeper collaboration between departments

Where should these lessons be anchored?

Climate budgeting helps cities organise the decisions, resources and accountability needed to act on the climate mitigation ambitions they already have.

Main Question

Where can learning on climate budgeting be anchored in EU policy instruments to truly support local mitigation action by cities?

Possible Opportunities

Cities Mission follow-up support

National and Regional Partnership Plans

EU Agenda for Cities dialogues



Source: Image by Janusz Walczak from Pixabay



Source: <https://www.acv.at/cdn-cgi/image/format=avif,quality=80,width=1920,onerror=redirect,slow-connection-quality=50/https://prd-api.acv.at/wp-content/uploads/2026/07/Design-ohne-Titel-47.png>



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Thank you for your attention!

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Annex A - EU policy context background

2040 climate target. The amended European Climate Law sets a binding target of a 90% net reduction in greenhouse gas emissions by 2040 compared with 1990. The Council adopted it on 5 March 2026 and it entered into force in April 2026. From 2036, high-quality international credits may count for up to 5% of 1990 net emissions. Some observers criticise this flexibility as weakening domestic ambition. (Council of the EU, 2026)

Post-2030 framework. National targets under the Effort Sharing and LULUCF Regulations expire in 2030. The Commission proposed a revision of the EU ETS on 17 July 2026; proposals on the effort-sharing framework (which covers buildings, road transport, waste and agriculture) are expected later in 2026. (European Commission, 2026a)

ETS2 and the Social Climate Fund. ETS2, a carbon price on fuels for buildings and road transport, was postponed by one year and becomes fully operational in 2028. Part of the revenue goes to the Social Climate Fund, which supports vulnerable households and micro-enterprises; Member States must consult local and regional authorities when preparing their Social Climate Plans. (European Commission, 2026b)

MFF 2028–2034. The Commission's July 2025 proposal channels most cohesion and agricultural funding through 27 National and Regional Partnership Plans. City networks (Eurocities, CEMR, Energy Cities and others in the "Local Alliance") have raised concerns about centralisation and call for mandatory urban/territorial chapters. The European Parliament's interim report (April 2026) echoes concerns about recentralisation. The proposal also sets a 35% climate and environment spending target, tracked under a new Performance Regulation. (European Commission, 2025c; 2026c; European Parliament, 2026)

EU Cities Mission. 112 cities (100 in the EU, 12 in associated countries) aim for climate neutrality by 2030. Climate City Contracts include commitments, an action plan and an investment plan. Labelled cities gain access to the Climate City Capital Hub, EIB advisory services and a dedicated EIB lending envelope. (European Commission, 2025b)

EU Agenda for Cities. Commission communication of 3 December 2025; Council conclusions approved 26 February 2026. It commits the Commission to regular political dialogues with city leaders from 2026, a Cities Helpdesk and a State of European Cities report in 2026, and an EU Cities Platform from 2028. (European Commission, 2025a)