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**NOTE**

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From:	General Secretariat of the Council
To:	Delegations
Subject:	AOB for the meeting of the Council (Environment) on 17 December 2024 Update on Progress of Horizon Europe EU Missions as a tool for local climate action – Information from the Commission

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The recent events in Valencia have demonstrated once more that European **regions and cities** are in the frontline of the climate crisis, which is inflicting harm on communities, from rural to urban, by compromising our health, our jobs and economic security. At the same time, **regions and cities will play a pivotal role in achieving climate neutrality and resilience by 2050**. While many of them have embarked on a solid transition path, implementation remains challenging. Too often regions and cities lack access to resources, face regulatory barriers, have limited capacity for societal preparedness and adaptation or simply need help accessing the right solutions. In some cases, lack of clear mandates and protocols in emergency situations may hinder local action.

The speed of climate change and the size of the impacts demonstrate that there is no other option than increasing efforts in cutting emissions and strengthening our resilience and preparedness. We need to speed up the transformation and better prepare the world.

**EU Missions are part of the Horizon Europe Programme and** are a pioneering tool that places research and innovation at the service of the transformation supporting the green and digital transition, including new forms of governance and collaboration, while at the same time engaging citizens along the way. They pool the necessary resources in terms of policies and regulations, and mobilise public and private actors, including EU Member States, regional and local authorities, research institutes, businesses, entrepreneurs, and investors to create a real and lasting impact. Likewise, EU Missions foster engagement with citizens to boost societal uptake of new solutions and approaches.

Three years after their launch, the Missions have now reached **full maturity**. They are a powerful tool to support regions and cities, particularly those needing help to tackle areas where major emissions cuts are difficult to achieve or facing challenges in systematically redesigning the land use of their territories to increase preparedness to climate change.

The **EU Missions on Climate-neutral and Smart Cities and on Adaptation to Climate Change** address all of the above and can significantly contribute to achieve the emissions reduction and resilience targets of every Member State both directly and indirectly thanks to the dissemination of know-how and systemic innovations from Missions pioneering actors, and other existing networks such as the Covenant of Mayors

In order to succeed in their ambitious objectives, **local actors need effective inter-actions with the EU and national authorities**. To valuably support them, both Missions need an effective involvement of the national level. The Commission therefore **calls on Member States to engage with the Missions** and to support their cities and regions in their pioneering efforts, notably by supporting their efforts with targeted financial and regulatory means, such as orientation in the use of EU unspent funds (such as the RFF, the Cohesion funds or the Just Transition Fund) and the orientation of new programmes in the pipeline (such as the Social Climate Fund).

53 of the 112 cities selected under the **Climate-neutral and Smart Cities Mission** have already completed their Climate City Contracts which are comprehensive blueprints for framing action. 33 further Climate City Contracts are currently under review. Cities have co-created their Climate City Contracts with local stakeholders, including the private sector and citizens.

Following a positive review by the European Commission with the support of experts from the European Investment Bank (EIB) and the Joint Research Centre (JRC), these 53 cities have received an **EU Mission Label**. The Label is a sign of confidence in the cities' plans and is intended to **facilitate access to EU, national, and regional funding and financing sources, in particular private investment**. The EIB has already ringfenced a **lending envelope of EUR billion** to Mission cities that have received the Mission Label.

Climate City Contracts are also ideal tools to support European competitiveness. They help pool demand of cities across the EU, to provide economies of scale for products and services and to create interesting investment opportunities for funders thereby also facilitating the clean industrial transformation.

While many Member States are already supporting the cities participating in the Mission through national Mission platforms and targeted funding, it will be important to follow up also with dedicated support for **the implementation of the Climate City Contracts** – in terms of financial and regulatory help as well as in facilitating the involvement of private actors.

**Over 300 regions and local authorities**, covering approximately 40% of the European population are engaged with the **Adaptation to Climate Change Mission Charter**, thereby committing to **accelerate climate preparedness towards 2030**.

This Mission, a central tool identified in the March 2024 Communication on Managing Climate Risks, contributes to accelerate the transformation towards climate resilience in the local context, providing **local responses to vulnerabilities**. It does so by helping regional and local authorities to better understand climate risks they will be confronted with in the future; to develop their pathways to be better prepared and cope with the changing climate; and to test and deploy on the ground the needed solutions to build resilience.

More than **100 of the 300 committed regions**, cities and local authorities are already receiving **technical support** and are directly engaged in **pilot projects**, demonstrating the power of innovative solutions to build climate resilience in their territories. They constitute a vibrant Community of Practice of pioneers that the Mission stimulates, fostering exchanges of best practices, facilitating peer learning, disseminating approaches and solutions from pilot European demonstration sites and facilitating their replication and scale up across Europe.

Taking a **systemic approach**, the Mission looks at critical infrastructure, land use and food systems, water management, and health and wellbeing, giving priority to working with nature-based solutions, to make cities, regions, coastlines, river basins more resilient. The Mission seeks to promote enabling conditions to improve **climate preparedness**, e.g. promoting multi-level governance, facilitating behavioural change, finding ways to unlock funding from different sources.

There is a serious funding shortfall between the **financing amounts needed for adaptation** and the amounts available and adaptation action has been so far mainly considered **a matter of public goods, requiring public funding**. A full mindset shift is needed to start to secure resilience as investments for the future. Through pilot actions on the ground with the private and the banking sector and testing financing engineering of adaptation projects to integrate in them revenue-generating activities, **the Mission aims at increasing visibility of the adaptation financing opportunities to attract private investors**.

A new **Climate City Capital Hub** has been set up in June 2024 to further support cities participating in both Missions by providing financial advice in cooperation with advisory services of the European Investment Bank, structuring their financial needs and helping introduce projects to a range of capital providers, including lenders and investors from the public and private sectors. It is already supporting 18 projects predominantly through technical assistance and capital facilitation.