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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Horizon Europe EU Missions as a tool for local climate action – Information from the Commission

Delegations will find in the Annex an information note from the Commission on the above subject, to be dealt with under ‘Any other business’ at the Council (Environment) meeting on 18 December 2023.

Horizon Europe EU Missions as a tool for local climate action

- Information from the Commission -

European **regions and cities** are on 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 play a pivotal role in achieving climate neutrality by 2050, the goal of the European Green Deal. Regions and cities may lack access to resources to invest in areas where major emissions cuts need to happen, they may face regulatory barriers, have limited capacity for societal preparedness and adaptation or simply need help accessing the right solutions.

Continuing with incremental work on cutting emissions and counting on rebuilding and recovery after a flood or a heatwave is no longer an option in a world of competing crises. We have to act now and get ahead of the impacts: the **EU Missions** put research and innovation at the service of the transformation, combined with new forms of governance and collaboration, as well as by engaging citizens. Through coordinated efforts, they pool the necessary resources in terms of policies and regulations, they mobilise and activate public and private actors, such as EU Member States, regional and local authorities, research institutes, entrepreneurs, and investors to create real and lasting impact. The Missions engage with citizens to boost societal uptake of new solutions and approaches and empowering local actors.

Less than two years from the launch of the EU Missions, they have already proven their potential, **promoting links across policy domains and across organisations**. This said the recent assessment of progress made (as presented in Communication COM(2023) 457 final) also showed that a strengthened and better coordinated governance is necessary for improving the efficiency of the Missions. Moreover, the assessment identified strengthened political leadership as a necessary signal to facilitate better access to resources (including funding). To this end the Commission announced in the Communication that it will initiate a debate on the implementation of the EU Missions in the thematic Council formations and European Parliament committees relevant for each EU Mission.

The **EU Mission on Climate-neutral and Smart Cities** supports, in their ambitious action to become climate neutral by 2030, 100 EU cities and 12 additional cities from countries associated to Horizon Europe, spread across all Member States and representing in total 12% of the EU population. As test cases for far-reaching measures, **these cities are pioneers** and can show the way to help all cities become climate neutral by 2050 at the latest.

The Cities Mission supports participating cities in developing “**Climate City Contracts**”, which outline the cities' overall vision for climate neutrality, and contain an action plan as well as an investment strategy. Cities co-create their Climate City Contracts with local stakeholders, including the private sector and citizens.

A first group of cities presented their Climate City Contracts in April 2023. Following a positive review by the European Commission with the support of experts, including from the European Investment Bank (EIB) and the Joint Research Centre (JRC), the first 10 cities received an **EU Mission Label** in October 2023. This is intended to **facilitate access to EU, national, and regional funding and financing sources, in particular private investment**.

The Mission Label is an opportunity for Member States to support these highly visible activities on climate neutrality. 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.

The **EU Mission on Adaptation to Climate Change**, as a very central implementing action of the EU's 2021 Adaptation Strategy, contributes to the acceleration of transformation towards climate resilience in the local context, providing local responses to the local vulnerabilities. It does so by helping regional and local authorities (i) to better understand the climate risks they that are facing today – and will be confronted with in the future; (ii) to develop their pathways to be better prepared and cope with the changing climate; (ii) to test and deploy on the ground the needed solutions to build resilience.

By pursuing 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. Its transformational method includes creating enabling conditions **for delivering radical change and building better climate preparedness**, e.g. promoting multi-level governance, facilitating behavioural change, finding ways to unlock funding from different sources.

Over 300 regions and local authorities, covering approximately 40% of the European population are now engaging to the Mission Charter, declaring political will to **accelerate climate preparedness towards 2030**. They constitute a vibrant Community of Practitioners consisting of early climate adapters that the Mission animates, fostering exchanges of best practices, facilitating peer learning, supporting developing innovative solutions and deploying them on the ground on pilot European demonstration sites, for later scale up across Europe.

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 rather than costs incurred today. 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** and generate opportunities capable to leverage private funding and mobilise private stakeholders.

In order to succeed in their ambitious objectives, both Missions need an effective involvement of the national level. The Commission therefore **calls on Member States at different levels of their administration to engage with the Missions** and to support their cities and regions in their pioneering efforts, notably by sustaining their efforts with targeted financial and regulatory support, including through relevant EU funding instruments programmed at national level.