



National commitment to Climate City Contracts for EU Mission on Climate-neutral and Smart Cities

Background for national-level participation in the mission

EU missions are a new collaborative approach developed under Horizon Europe to address some of the greatest challenges of our time. One of the five missions launched by the European Commission in 2021 is to “deliver 100 climate-neutral and smart cities by 2030”, or the Cities Mission (referred to as the Climate Mission below). Based on an open call conducted by the Commission, six Finnish cities were selected to be among the 100 European cities participating: Tampere, Turku, Helsinki, Espoo, Lahti and Lappeenranta.

The six Finnish cities of the Climate Mission are committed to leading the way by being some of the first cities to achieve carbon neutrality by 2030 and by acting as centres for experimentation and innovation. At the same time, the cities are supporting and promoting Finland's achievement of the national goal of climate neutrality by 2035. According to emission calculations by the Finnish Environment Institute, the six cities were able to reduce their per capita CO₂ emissions by an average of 47% between 2007 and 2023.

Cities play a key role in achieving carbon neutrality, as their active climate work contributes directly to emission reductions in various sectors. Cities can actively influence the amount of their own greenhouse gas emissions (carbon footprint) and, in many ways, promote and accelerate emission reductions (carbon handprint) among residents, companies, communities and other stakeholders. Key areas in this include the energy system, transport, city planning, construction, carbon sinks and public procurement. Cities offer great opportunities for pioneering and innovation, as well as networks of operators. The largest cities also have significant in-house development resources, expertise and opportunities to invest in sustainable solutions and infrastructure.

The Finnish cities participating in the Climate Mission have prepared a Climate City Contract (CCC), which will be concluded with the European Commission. It is strongly recommended that Climate City Contracts be built on three levels, including the national level. In several other EU countries, the ministry level has entered or is entering into the Climate City Contract. The primary purpose of the national-level commitment is to better link national and city-level actions in climate policy through close vertical coordination. Thus, the mission provides a strategic alliance of climate work between cities and central government.

In order to stay on the emissions reduction path, we need more and stronger cooperation and partnerships between central government and cities. Traditionally, central government can support cities through legislation, economic steering measures or by sharing information and information steering. These can be strengthened and developed with new measures and tools to support and empower cities' climate action. Through joint and systematic climate work, Finland can create a new competitive advantage and thereby improve the international competitiveness of our country. Environmentally sustainable solutions, the circular economy, energy efficiency, the transition to renewable energy and the related development work all create new innovations, jobs and export opportunities for Finland.

The Government Programme emphasises climate and energy policy and zero-emission solutions as well as co-operation for stopping the biodiversity loss. It places particular emphasis on the carbon handprint and nature handprint, which can be significantly

increased and promoted by concrete measures, as cities are export drivers and testbeds for smart climate solutions.

At the application stage of the Climate Mission, the national level was strongly involved in supporting the Finnish mission cities, and the Ministry of Economic Affairs and Employment drafted support letters for the Finnish cities that expressed interest in the mission. A national Climate Mission network has been established in Finland to bring all relevant actors to the same table for discussions, information sharing and cooperation. The network has also supported the Finnish mission cities in concrete terms by launching a co-creation project to support the cities' work. The aim of the project is to help, in a targeted way, the Finnish mission cities to prepare and carry out effective climate action, as well as to provide support for the joint preparation of the outputs required by the mission.

Commitment of the national authority

With this contract appendix, the national authorities undertake, within the framework of the Climate Mission, to contribute to the transformation of the cities into climate-neutral entities that use smart solutions for climate work by 2030. The national authorities strive to do this through their own national actions, which complement the actions of the cities themselves.

An ambitious climate policy and investments in the green transition will strengthen the Finnish economy both immediately and in the longer term. Green investments will create work in Finland during the construction phase, but they will keep increasing the domestic value added even after their completion. In addition to the emergence of new production, the abandonment of fossil fuels will make the Finnish economy more domestic and also more stable and predictable in relation to the fluctuations of the global market.

According to the Finnish Climate Change Act, the national carbon neutrality target will be achieved in 2035. The climate emission reduction targets are 60% from the 1990 level by 2030, 80% by 2040 and 90–95% by 2050. The Climate Change Act identifies the significant role and obligation of cities and municipalities in achieving these climate targets.

According to the EU's Effort Sharing Regulation, by 2030 Finland should reduce emissions from the effort sharing sector by 50% from the 2005 level. The Medium-term Climate Change Policy Plan (KAISU) will be updated during the term of Petteri Orpo's government in accordance with the Climate Change Act. In connection with the update, the objectives for the different sectors and the necessary new measures will be reviewed.

Measures of the national authority

The participation of national authorities through various measures includes direct and indirect actions in support of the mission cities. Here, support is understood in a broad sense and may take the form of, for example, policy support (parallel objectives and their reinforcement), the identification and compilation of existing initiatives in support of the Climate Mission (indirect funding), or the channelling of cities into possible financial instruments.

Some key measures of the national authority to support the Climate Mission cities in achieving their objectives in the coming years are presented below.

Medium-term Climate Change Policy Plan

According to the Finnish Climate Change Act, the Government must adopt a Medium-term Climate Change Policy Plan (KAISU) each parliamentary term. The objective of the plan is the carbon neutrality of the whole of Finland by 2035. The preparation of the new Medium-term Climate Change Policy Plan has started with the updating of the baseline projections for different sectors. After updating the baseline projections, evaluations of the necessary

new measures will be made, taking into account the Government Programme. The emission reduction effects and financing needs of the new measures will be assessed at the same time. The planning of new measures will also take into account the situation and needs of cities with ambitious climate policies.

Climate and energy strategy

A climate and energy strategy is being prepared. The strategy will cover all of the sources of greenhouse gas emissions (emissions trading sector, effort sharing sector, land use sector) and sinks (land use sector). The preparation of the climate and energy strategy emphasises emission reduction measures, a well-functioning energy market, clean electricity production and Finland's energy security as part of the sustainability transition. Impacts related to society and competitiveness are also at the heart of the strategy. Finland's goal is to increase its climate handprint and to advance its carbon neutrality through effective and sustainable means. A smooth permit process is a prerequisite for the creation of clean investments.

Municipal Climate Change Solutions Programme

The Municipal Climate Solutions Programme accelerates, promotes and funds local climate work. So far, the programme has funded nearly 150 different climate projects around Finland, and it will continue until the end of 2024. The programme has brought the climate work of municipalities and regions to the centre stage of the preparation and implementation of national climate policy.

Agreements concerning land use, housing and transport

The agreement procedure concerning land use, housing and transport (MAL) with the seven largest city regions will be continued to strengthen the partnership between the government and the city regions in related matters. Agreements concerning land use, housing and transport promote a low-carbon and sustainable urban structure and transport system, the digitalisation of transport and the planning of residential areas and housing production to meet the need. The agreements ensure the prerequisites for the growth and accessibility of city regions through investments in infrastructure and housing production. A denser community structure makes it possible to mitigate climate change, reduce greenhouse gas emissions and the consumption of natural resources, as well as prevent the reduction of carbon sinks. The central government finances the state subsidies of agreements concerning land use, housing and transport.

Ecosystem agreements

The main objective of ecosystem agreements is innovative and pioneering cities that, based on their strengths, take advantage of the opportunities offered by digitalisation, other new technologies and carbon neutrality in order to achieve sustainable growth. Approximately five (5) of the 16 city regions with ecosystem agreements have direct content in their agreement providing for the development of climate change mitigation and smart solutions. This makes ecosystem agreements one of the important government instruments to support the implementation of the Climate Mission, especially from the point of view of the carbon handprint.

Business Finland/Decarbonized Cities Programme

The objective of the Decarbonized Cities Programme is for ten cities worldwide to significantly reduce their carbon emissions thanks to Finnish expertise by 2030. Competence in integrated system solutions is key to achieving this goal, and it will also give a concrete boost to the carbon handprint beyond the borders of Finland.

Circular Economy Programme

The Circular Economy Programme aims at the sustainable use of natural resources. The network of expertise on the circular economy (KiSu) supports municipalities and companies in, for example, finding funding opportunities as well as through education and co-creation projects. Currently, ministries, research institutes, 20 municipalities and a number of regions

and key industries are preparing a proposal for a voluntary commitment to promote the circular economy. In this “green deal” process, they make assessments of future directions and goals and develop together the most effective measures to promote the circular economy. The objective is a circular economy commitment for the whole of Finland.

Energy aid and energy efficiency

The objective of energy aid is to promote the development of new and innovative solutions for achieving a low-carbon energy system in the long term. Energy aid can be granted to companies and communities of all sizes, such as municipalities, parishes and foundations. Energy aid can be granted for investment or research projects that promote energy savings or efficiency in energy production or use. The aid is granted by Business Finland or the Ministry of Economic Affairs and Employment.

Networking to achieve sustainable and climate-neutral development

The government has launched networks to pursue carbon neutrality, which support and provide members of the networks with expert assistance, information and development ideas, as well as implementing the government’s goals for strengthening a climate-neutral society.

Towards Carbon Neutral Municipalities (HINKU) is a network that brings together municipalities with ambitious aims to reduce greenhouse emissions, businesses that offer environmentally friendly products and services, and climate and energy experts. The HINKU network involves nearly 100 municipalities and five regions. The network shares information on best practices in climate change mitigation, supports municipal climate work and creates demand for climate-friendly products and services.

Finnish Sustainable Communities (FiSu) is a network of resource-smart pioneering cities and municipalities striving for zero emissions, zero waste and globally sustainable consumption. The aim of the network is to help develop new low-emission operating methods and solutions that build sustainable wellbeing and growth based on local strengths.

Duration and nature of the commitment

The commitment is a cooperation document through which the government demonstrates its support for the work of the Climate Mission cities and the will to cooperate with the cities that have signed a Climate City Contract. It does not formally bind the parties, for example to funding. The commitment can be updated, if necessary, in addition to the updates of the cities’ Climate Contracts every two years. This document serves as a contract appendix for the cities that have drawn up a Climate City Contract.

Signatures

The Ministry of Economic Affairs and Employment and the Ministry of the Environment make the commitment on behalf of the national authority

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