

Missions — Advancing Strategic EU Priorities through Multilevel Action

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This working paper forms part of an ongoing effort to capture the unique value that is emerging from the implementation of the EU Mission for Climate-Neutral and Smart Cities 2030 (the Cities Mission). The arguments in this paper build on experience from the implementation of the Cities Mission so far. However, the viewpoints presented are the authors' own and do not form part of the NetZeroCities project.

For any additional information or to continue discussing any of the content of this working paper, we welcome you to contact:

Lina Forsman

Senior Expert, Demos Helsinki

lina.forsman@demoshelsinki.fi

Amelia Kuch

Strategic Learning Programmes Co-Lead, Dark Matter Labs

amelia@darkmatterlabs.org

Juha Leppänen

Chair of the Board, Demos Helsinki

juha.leppanen@demoshelsinki.fi

Joost Beunderman

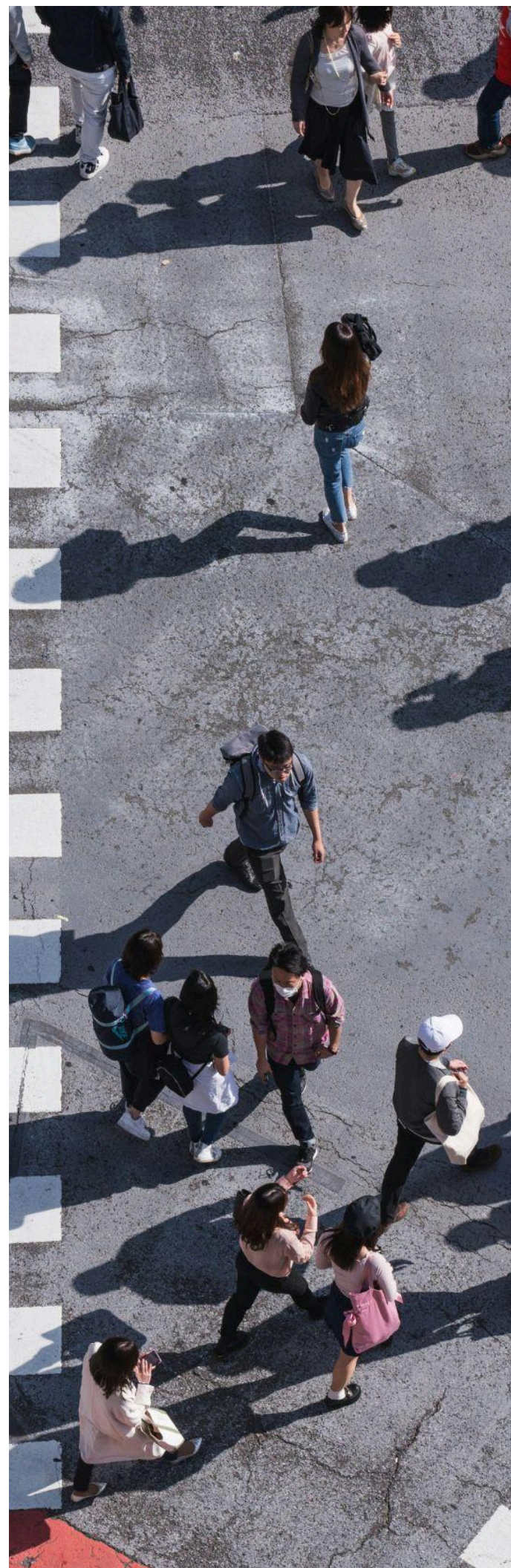
Co-founder and City Transitions Co-lead, Dark Matter Labs

joost@darkmatterlabs.org

Jorn Verbeeck

Member of the EU Cities Mission Board

jorn.verbeeck@gmail.com



Executive Summary

The five EU Missions¹ mark a fundamental shift in EU policymaking, moving from traditional sectoral approaches to integrated, goal-oriented policy coordination that combines R&I, investment and regulation, and mobilises public and private actors towards measurable, time-bound societal transformations. Evidence from the Mission for Climate-Neutral and Smart Cities by 2030 (hereafter, the Cities Mission) demonstrates that mission-based governance has reached *policy readiness level*, meaning its governance mechanisms and instruments have been tested and are now ready for mainstream policy integration and large-scale deployment.

As the European Union, with the Von der Leyen II Commission priorities, has recalibrated its focus on security, resilience, competitiveness and strategic autonomy, the governance innovations emerging from the Cities Mission offer critical insights for strategic policy coordination at scale. These insights are relevant not only for responding to urban challenges, but also for delivering towards a wider set of EU and national policy priorities and sectors where cities act as both testbeds and first responders.

This working paper presents emerging evidence of what has been achieved through mission-based governance in cities and argues for its strategic relevance to the EU's evolving policy agenda.

Key recommendations:

1. Embed Urban Chapters in National and Regional Partnership Plans (NRPPs)
2. Ensure cities are included in Pillar 2; integrate cities across all four policy windows of the ECF and link funding instruments to the CCCs

¹ [Adaptation to Climate Change](#), [Cancer](#), [Restore our Oceans and Waters](#), [A Soil Deal for Europe](#), and [Climate-Neutral and Smart Cities](#)

Why multilevel governance matters now

“If Europe’s ambitious climate targets are matched by a coherent plan to achieve them, decarbonisation will be an opportunity for Europe. But if we fail to coordinate our policies, there is a risk that decarbonisation could run contrary to competitiveness and growth.” (Draghi, 2024)

This warning remains central to Europe’s policy debate. The proposed Multiannual Financial Framework (MFF) 2028–2034 sets out the architecture for Europe’s transformation; merging programmes, linking reforms with investments, and anchoring priorities such as competitiveness, resilience and security at the core of EU policy. Yet its success will depend less on financial engineering than on *multilevel governance*, that is, how effectively national, regional and local actors align and deliver towards shared policy objectives within and across national borders.

The past eighteen months have sharpened this imperative. The evolving priorities that EU and national governments constantly face have been compounded by a period of profound political turbulence; from geopolitical tensions and fiscal pressures to shifting electoral dynamics across Member States. The result has been, and will continue to be, a significant deficit of sustained attention from senior political leaders at the EU and national levels, as they react to chaotic and fast-moving dynamics. In this context, cities represent a critical source of implementation continuity. Where national agendas shifted or stalled, cities have continued to invest, build coalitions, and deliver against long-term climate, resilience, and competitiveness goals.

The proposed MFF introduces the most significant reform in decades, streamlining the EU budget by consolidating programmes from seven headings into four and reducing the number of programmes from 52 to 16. This redesign aims to simplify management, increase flexibility and strengthen a results-oriented approach. It marks a shift towards a budget architecture centred on a single plan per Member State, linking key reforms with investments aligned to shared EU priorities, including economic, social and territorial cohesion. However, as currently proposed, this model risks re-nationalising EU funding by concentrating decision-making at the national level.

The introduction of National and Regional Partnership Plans (NRPPs), which would replace long-standing frameworks under Cohesion Policy and the Common Agricultural Policy, represents a profound institutional shift. While presented as a tool

to better tailor investments to local needs and enhance policy coherence, the NRPP architecture moves coordination and accountability closer to Member States². In the absence of explicit safeguards, such as mandatory territorial chapters and robust multilevel governance mechanisms, the long-standing Partnership principle risks being weakened. As a result, cities and regions could be relegated from co-creators to mere implementers, undermining local ownership and the capacity to address place-based challenges, from climate transition to social inclusion. This shift increases the need for effective vertical alignment across the EU, national and local levels, as well as horizontal coordination across sectors and societal actors. Without strong multilevel governance arrangements, the ambition to link reforms with investment risks leads to fragmented decision-making and implementation gaps.

The Cities Mission already provides a live testbed for how this horizontal coordination and vertical alignment can work in practice. Lessons from the Mission Cities show how integrated governance, cross-sectoral coordination and local innovation can turn EU priorities into investable, scalable action. It's therefore key to rethink cities in this context not as local policymakers that request access to funding, but as implementation ecosystems offering governance infrastructure. This paper draws on those lessons to outline how the Cities Mission could help operationalise the new MFF – and what institutional and procedural adjustments are needed to make this happen.

Missions are strategic governance assets for the EU

Cities are essential partners in delivering on Europe's ambitions

Cities are the level of government closest to citizens; around 75% of Europeans live in cities today³ with estimations of 78% living in cities by 2050. It is in cities where opportunities and challenges most visibly intersect, revealing the real implications of national and European policies. However, without recognising cities as strategic partners in multilevel governance, EU ambitions risk remaining abstract. EU funding may stall before reaching implementation, and opportunities for impact may be lost.

² European Commission, "Impact Assessment Report: Proposal for a Regulation of the European Parliament and of the Council establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, maritime, prosperity and security for the period 2028-2034," Commission Staff Working Document SWD(2025) 565 final (Brussels, 16 July 2025).

³ European Commission. (n.d.). Energy and smart cities. Retrieved October 22, 2025, from https://energy.ec.europa.eu/topics/clean-energy-transition/energy-and-smart-cities_en

Across Europe, cities have moved ahead of national and EU timelines, setting more ambitious targets, mobilising local coalitions, and deploying solutions at pace. This leadership is not incidental. Cities are the most accountable level of government: they are closest to citizens, most exposed to the consequences of inaction, and most directly answerable for the quality of everyday life.

This accountability provides a logic-based case for greater delegation of authority to act. Rather than relying on senior levels of government to police local delivery, multilevel governance should be redesigned around enabling frameworks and transparency mechanisms that allow citizens themselves to hold their cities to account. The role of national and EU institutions, in this model, shifts from oversight to creating the conditions (through open data, shared standards, and accessible reporting) under which democratic accountability can function at the level where it is most immediate and most consequential.

To achieve its political priorities, from competitiveness to social cohesion, the EU must strengthen mechanisms to listen to, integrate, and act on input from all levels of governance to enable coordination and joint delivery across governance levels. National and EU institutions hold essential policy levers, but success ultimately depends on how effectively they work with cities to translate shared goals into real investments and visible results.

Traditional Sectoral Approaches are no longer sufficient

Retrofitting without adequate finance fails. Mobility investments without digital integration create stranded assets. Nature-based solutions without supporting infrastructure under-deliver. Each of these examples shows how fragmented action leads to higher costs, slower delivery and lost opportunities. When policies and funding streams do not connect, the result is a “cost of non-action” that rapidly outgrows the original investment gap, and the time to prepare and implement to avoid large-scale recovery costs might simply run out.

Evidence emerging from Cities Mission demonstrates that when projects are organised as cross-sector portfolios, linking energy, mobility, digital and nature investments under a common plan, they move faster, cost less, and deliver lasting economic value. For example, integrating building renovation with district heating and renewable energy, or connecting urban mobility with digital infrastructure, can be more effective than isolated initiatives. Coordinated programmes that align finance,

technology and planning are also more attractive to investors and avoid costly “lock-ins” that limit future options.

Traditional sectoral approaches are increasingly inadequate because today’s public challenges are deeply interconnected and cannot be solved within isolated policy silos⁴. Complex issues such as climate change or affordable quality housing span multiple domains, so single-sector interventions only address part of the problem. Even well-intentioned but siloed strategies risk producing unintended consequences elsewhere in the system – from carbon-intensive climate adaptation projects to fragmented energy systems or environmentally damaging supply chains.

By failing to recognise these interdependencies, sector-based approaches often shift problems rather than solve them, amplifying pressures across the wider system. In contrast, integrated, system-wide approaches provide the coordination and flexibility needed to align investment across sectors, reduce duplication, avoid path dependencies, and respond effectively to evolving challenges.

Finally, traditional sectoral approaches cannot deliver the rapid industrial transformation Europe needs for competitiveness, the cross-border cooperation needed for security or the mobilisation of local actors needed for resilience. These limitations become even more consequential as Europe faces accelerating climate impacts, growing geopolitical tensions and rising infrastructure needs. As the EU prepares to design the next MFF, these lessons are critical. The way funds are programmed and managed, and whether investments are connected across sectors and governance levels, will determine whether Europe achieves transformation at scale or simply finances more of the same.

Mission governance is a tested alternative

Mission governance operates as a portfolio of actions, combining research, policy, legislation, and investment around shared goals. This approach provides a tested alternative to traditional, sector-based programme management and delivers the cross-sector integration called for in the European Parliament’s budget priorities⁵ and the proposed MFF (2028–2034). By connecting public, private, and civic actors,

⁴ OECD. (2017). *Systems approaches to public sector challenges: Working with change*. OECD Publishing. <https://doi.org/10.1787/9789264279865-en>

⁵ European Parliament. (2025, October 16). *2026 EU budget: focus on competitiveness, preparedness and defence*. Retrieved from <https://www.europarl.europa.eu/news/de/press-room/20251016IPR30950/2026-eu-budget-focus-on-competitiveness-preparedness-and-defence>

mission governance enables the EU to manage complex transformations, break sectoral silos, mobilise private investment, and achieve visible, measurable results.

Experience from the Cities Mission demonstrates how this type of *place-based experimentation* strengthens Europe's capacity to transform and ensures that solutions are resilient, scalable and adaptable to other emerging challenges. At the same time, the experience shows that Europe already has practical, real-world examples of how to manage complex transformations in a coordinated way. In many cities, the Cities Mission has helped bring together local authorities, businesses, financial institutions, researchers and citizens around shared climate goals. This type of governance structure, built through Climate City Contracts (CCCs), has created collaborative platforms that can align different policy areas, pool demand and funding sources and turn strategies into investable projects, demonstrating how local experimentation can translate into system-wide capacity for change.

This is the Cities Mission's most undervalued contribution to European policy: the governance infrastructure it has created – infrastructure that can be redirected toward any challenge where integrated, place-based delivery is required. This reusability is a critical and undervalued asset because the costliest phase of any transformation is not implementation but preparation and coordination – assembling actors, aligning incentives, building trust, and connecting investment to delivery. Mission governance shows that Europe can act faster and more coherently when existing networks and investment platforms are used to deliver multiple objectives instead of starting from scratch each time a new challenge arises. This is precisely the agility and coherence the next MFF will need to succeed – and it is already available.

Insights from Mission Cities

Mission Cities act as laboratories for integrated solutions, combining public and private resources, linking infrastructure with digital tools, and mobilising local communities. By (1) building industrial capacity, (2) mobilising local ecosystems, (3) de-risking innovation deployment, and (4) creating demand for European clean technology, they support Europe's broader objectives of strategic autonomy, sustainability, and social well-being. The following examples illustrate what solutions cities have already tested and why the next MFF is the moment to build on them.

1. Building local industrial capacity

Mission Cities are forging new collaborations between public authorities, small and large businesses, and research actors to develop local industrial capacity. Acting as place-based laboratories, they strengthen industrial capacity and resilience while contributing to strategic autonomy, competitiveness, and reduced dependencies in line with the EU Competitiveness Compass⁶.

The City of Gothenburg – using public procurement to de-risk market entry for innovative materials

The City of Gothenburg's Innovation Programme for Fossil-free Construction Hoppet (*Eng.* the Leap/Hope) brings together public and private actors across the construction value chain to pioneer fossil-free, low-carbon building materials. Using municipal procurement and demonstration projects, such as Sweden's first fossil-free preschool completed in 2021, as real-world testbeds, the city de-risks market entry for innovative materials, builds local supply chains, and stimulates demand for sustainable construction. By turning its role as a major public procurer into a driver of innovation and market transformation, Gothenburg accelerates the adoption of climate-neutral materials, strengthens industrial capacity, and embeds decarbonisation directly in the local construction economy.

Lund – Coordinated Cross-sector Energy Action

In Lund, the COOLDH project channels 28 GWh/year of waste heat from the MAX IV synchrotron into a low-temperature district heating system for Brunnshög's 40,000 future residents, linking research infrastructure, urban development, energy planning, and municipal services. By turning excess heat from cutting-edge research into a reliable local energy source, the city reduces emissions, lowers energy costs and strengthens energy security. Building on such innovations, many of Lund's businesses are now actively engaged in efforts to align investments and actions across renewable energy, backed by structured multi-stakeholder collaborations supported through the Mission Platform coordinated by NetZeroCities. Together, these efforts show how coordinated cross-sector action can transform experimental solutions into scalable, practical benefits for the whole city.

2. Mobilising innovation ecosystems

Mission governance enables cities to build the organisational capacity needed for systemic transformation. Through structured stakeholder engagement and multi-level

⁶ https://commission.europa.eu/topics/competitiveness/competitiveness-compass_en

coordination, cities are mobilising businesses, fostering SME participation, and creating governance frameworks that enhance both legitimacy and delivery capacity.

Valencia – Shared ownership for transformation

Valencia has demonstrated how mission governance can mobilise entire ecosystems through shared ownership models. By 2023, its Mission Alliance had brought together more than 150 organisations representing 20,000 businesses, creating policy coherence across sectors and strengthening local industrial capacity. The city's month-long Urban Forum Valencia 2030 in 2022 engaged more than 1,500 participants in co-creation processes, turning climate action into a collective effort. This shift from top-down policy to shared ownership enhances trust, legitimacy, and delivery capacity across election cycles, thus providing a foundation for sustained transformation.

Guimarães – Mobilising SMEs through trust and shared commitment

In Guimarães, climate action has become a shared local enterprise. Through the Climate Pact, launched on World Environment Day 2023, 70 frontrunner companies and organisations formally committed to reducing their carbon footprint, monitoring and reporting emissions, and involving employees and partners in the transition. The initiative is coordinated by the Landscape Laboratory, a collaboration between the municipality and two universities, that provides data, tools and technical support to help firms translate these pledges into measurable actions, e.g., through carbon footprint assessments.

Building on this first wave of frontrunners, Guimarães is now expanding participation through its Guimarães 2030 platform, turning climate ambition into a collective business movement. This approach demonstrates how trust, practical assistance, and shared commitment can align local competitiveness with Europe's climate goals, mobilising SMEs not through regulation, but through partnership.

Nantes – Regional cooperation for carbon neutrality

Nantes is pioneering a regional approach to managing residual emissions, that is, the emissions that cannot be eliminated locally even after strong reductions. With support from NetZeroCities, the city is developing a multi-level governance and finance framework that brings together local authorities, regional actors and investors to fund carbon sequestration and nature-based solutions such as sustainable agriculture and ecosystem restoration. These projects not only compensate for unavoidable emissions but also deliver co-benefits including improved flood protection, enhanced biodiversity and new

leisure-based economic opportunities. Together, these efforts show how coordinated regional action can address climate challenges that extend beyond a city's administrative boundaries.

3. De-risking innovation deployment

Mission governance enables cities to act as demand aggregators for clean technologies, making investment programmes more attractive to private capital. Through Climate City Contracts and Climate Investment Plans, cities are generating pipelines of bankable projects, supported by the European Investment Bank's €2 billion lending envelope. Working across national platforms and city networks, they are also beginning to aggregate demand at scale — accelerating market development for European clean technology and strengthening the supply chains that underpin it.

Gothenburg – Linking borrowing costs to sustainability performance

The City of Gothenburg negotiated a sustainability-linked loan, where the municipality's borrowing costs are directly tied to ecological and social performance targets. This creates market incentives for sustainable development without increasing public spending. Under this arrangement, the city commits to measurable goals such as reducing energy use in municipal buildings, electrifying its vehicle fleet, expanding renewable district heating, and improving conditions in vulnerable neighbourhoods. If the city meets these targets, it receives a lower interest rate on its loans, while missing them can lead to higher costs or penalties. In 2024, Gothenburg met two of its four targets and secured a reduced interest rate for the third consecutive year. This shows how public authorities can use market-style incentives embedded in their financing arrangements to drive sustainable outcomes – without necessarily adding extra public spending.

Bristol – Mobilising citizens and large-scale investment through layered finance

Bristol's climate-investment ecosystem operates at multiple levels. At the large scale: the city entered into a 20-year public-private partnership called Bristol City Leap with Ameresco UK and Vattenfall UK, targeting over £1 billion of investment in green energy infrastructure — heat networks, solar, retrofit measures — to decarbonise the city. At the citizen/household level: through the Bristol Climate Action Investment platform, residents can invest directly (minimum around £5) in local green projects (solar panels, heat-pumps,

LED upgrades) in return for a fixed annual yield. Additionally, Bristol has established a dedicated pilot initiative — the Net Zero Investment Co-Innovation Lab — to develop and test climate-finance mechanisms (e.g., citizen investment schemes, venture funds, carbon offset/multiplier funds). Together, these layered mechanisms bridge household savings, private investment and major infrastructure financing — enabling the city to scale decarbonisation while giving citizens a stake in the transition.

Leuven – Concrete financial proof of concept

Leuven's 2030 portfolio of 86 projects is one of the most detailed investment plans produced by any Mission City. It puts concrete numbers on what decarbonisation actually requires at city scale: €1.2 billion for green heating, €360 million for heat network infrastructure, €259 million for household connections, and €180 million for circular infrastructure. It also names precisely where current EU support falls short. Funding is concentrated in innovation grants, but Leuven's bottleneck is not innovation. Rather, it is operationalisation: the capital needed to move from a proven approach to infrastructure built at scale. The city makes three specific asks; a centralised operationalisation fund modelled on ELENA, low-cost long-term capital for heat networks, and ETS2 revenues deployed as a co-funding lever.

Valladolid – Turning commitment into coordinated action

Valladolid has transformed its climate strategy into a citywide movement through its Mission Valladolid initiative, part of the EU Cities Mission. The city created a “Climate Agreement”, inviting local companies, universities, associations and public entities to become “Mission Ambassadors.” By 2024, 160 organisations had joined, each committing to measurable actions such as cutting emissions, improving energy efficiency or greening operations. The city supports them with targeted incentives — including €600,000 in Decarbonisation Grants for pilot projects and €100,000 in consultancy support to help SMEs prepare investment plans. This model builds shared accountability: businesses and institutions contribute concrete projects while the municipality provides coordination, technical help and limited financial backing. It shows how governance frameworks can convert private sector interest into measurable decarbonisation outcomes.

By investing and procuring differently, Mission cities align financing with policy objectives and accelerate the deployment of innovative solutions. Linking these examples with national and European strategies would allow more systematic replication and scaling of results, so that the successes of one city would inform and directly support the efforts of others.

4. Creating demand for European Clean Technology

Mission governance mechanisms enable rapid scaling of innovation from demonstration to deployment. The "scaling as the new normal" principle, endorsed by 60+ cities in the Development Declaration⁷, reflects a fundamental shift from pilot projects to systematic transformation. The coordination platforms established through mission governance provide tested mechanisms for innovation ecosystem development that the Warsaw Declaration⁸ identifies as essential for EU technological sovereignty.

Warsaw – Aggregating public purchasing power for renewables

Supported by NetZeroCities, the city is bringing together several municipal entities – from housing companies to public service providers – to form a joint renewable-energy purchasing group. By coordinating their electricity procurement, these actors can negotiate better prices, send a stronger market signal to domestic renewable producers, and stimulate investment in green power generation. This aggregation of demand helps lower costs, reduce risk, and shape Poland's energy market towards renewable supply, demonstrating how local coordination can unlock national-level impact.

Finnish and Romanian Cities – Turning local experiments into national reform signals

In several countries, NetZeroCities is helping groups of cities work together to influence national frameworks that shape climate investment and innovation. In Finland, cities such as Tampere, Turku and Espoo are coordinating through national networks to identify areas of common interest and barriers with the aim of proposing regulatory measures that would enable faster decarbonisation. In Romania, cities including Cluj-Napoca and Suceava are collaborating to align urban energy and mobility planning with national policies (E.g., the National Integrated Plan for Energy and Climate Change 2021 –2030 (NIPECC))^{9, 10, 11} and

⁷<https://netzerocities.eu/2024/07/16/upscaling-the-eu-cities-mission-european-cities-and-platforms-unite-to-accelerate-climate-neutrality/>

⁸ https://polish-presidency.consilium.europa.eu/media/r5fa13v5/warsaw-declaration_final.pdf

⁹ <https://viablecities.se/en/m100/#:~:text=In%20this%20context%2C%20M100%20will,proposals%20to%20select%20the%20cities>

¹⁰ European Urban Initiative. (2025, September). CB Event – Report Romania Sept 2025 [PDF]. European Urban Initiative.

https://www.urban-initiative.eu/sites/default/files/2025-11/CB%20Event%20-%20Report%20Romania%20Sept%202025_EN.pdf

¹¹ Cluj-Napoca Climate City Contract. NetZeroCities. Available at:

https://netzerocities.app/content/files/knowledge/4061/cluj_napoca_nzc_ccc_ok.pdf

funding rules. By aggregating local evidence and shared reform priorities, these city alliances transform isolated pilots into coordinated national market signals, helping governments design regulations and incentives that make clean technologies commercially viable at scale.

Oslo – Using procurement to drive zero-emission construction

Oslo has shown how public procurement can reshape entire markets. The city made it a requirement that municipal construction sites use only zero-emission machinery and vehicles, working with contractors and equipment suppliers to phase out fossil-fuelled machines. By embedding these conditions in tenders, Oslo created steady demand for electric excavators, loaders and other heavy equipment, encouraging manufacturers to scale production and cut costs. The results are visible: emissions from municipal construction have fallen sharply, new suppliers have entered the market, and other European cities are now following Oslo's lead.

Spanish Cities – Coordinating retrofit markets through CitiES 2030

Across Spain, cities are joining forces under the national CitiES 2030 platform to create a unified market for large-scale residential retrofitting. Supported by national coordination and philanthropic co-funding, these cities are aligning regulations, aggregating demand, and building common supply-chain and financing solutions. Private energy companies are also engaged, investing proactively in next-generation energy systems and district renovation projects. This coordinated approach turns scattered pilots into a coherent national market signal – lowering costs, de-risking private investment, and accelerating the scale-up of European clean-technology solutions for homes and buildings.

These procurement innovations reduce knowledge and transactional barriers while building confidence among businesses and investors. By linking urban innovation with EU industrial and climate priorities, Mission Cities are helping Europe strengthen resilience, competitiveness, and technological sovereignty.

Across these examples, the governance structures built through the Cities Mission have moved from early experiment to demonstrated results across diverse city contexts. The two recommendations below are a reflection of that reality: they do not suggest a need for new programmes but for the MFF to be designed in a way that can make use of what cities have already built.

Recommendations for leveraging the full potential of multilevel action to advance strategic EU Priorities

1. Embed Urban Chapters in National and Regional Partnership Plans (NRPPs)

What: Each National and Regional Partnership Plan should include a dedicated Urban Chapter setting out how cities contribute to national and European priorities. These chapters should:

- Define urban reform and investment priorities aligned with competitiveness, cohesion, and the green and digital transitions
- Specify how cities are involved from the outset of plan preparation, not only in implementation
- Clarify governance and financing arrangements for integrated urban development
- Establish targets, milestones and indicators to track delivery and impact
- Build on proven approaches such as the Climate City Contracts, piloted through the EU Mission for Climate-Neutral and Smart Cities 2030, ensuring coherence between local missions and national reforms

Why: If responsibility for programming shifts from EU to national level under the new MFF, there is a risk that the urban dimension becomes diluted or invisible. In the current draft, there is no earmarking for “Sustainable Urban Development” in the NRPPs. This means that allocations to cities may fall below the levels of the current MFF (2021-2027) when the responsibility for the Partnership Principle shifts from EU to national level. Urban Chapters would make the Partnership Principle fully operational, guaranteeing that cities are recognised as strategic delivery partners, not solely as end-beneficiaries.

City investments are inherently dual-use. Retrofitting buildings reduces energy consumption and increases geopolitical resilience by cutting fossil fuel dependency. Building metro systems and civil protection offer shelter. Saving energy and installing decentralised capacity improves energy price autonomy. Dedicated Urban Chapters would safeguard investment for sustainable urban development, ensure early and structured city participation in NRPP design, and improve the overall effectiveness and visibility of EU action on the ground.

Further rationale for Recommendation 1.

An estimated 70% of EU legislation is implemented at local and regional level¹², making cities strategic partners in delivering EU policy goals. To fully unlock the potential of

¹² European Parliament resolution of 24 June 2021 on European Union regulatory fitness and subsidiarity and proportionality - report on Better Law Making covering the years 2017, 2018 and 2019 (2020/2262(INI)).

cities, EU funding instruments must become simpler, more flexible, and better aligned with long-term outcomes, such as climate-neutrality by 2050. They should also better reflect co-benefits through integrated solutions addressing climate mitigation, adaptation and health. Under the current MFF (2021–2027), adjustments within budget ceilings are possible, but these changes require unanimity in the Council¹³. This makes the current framework rigid in responding to emerging challenges, many of which are most acutely felt in cities and where the cities are first responders.

The proposed MFF (2028–2034), consolidating programmes from 52 to 16, aims to be simpler, more results-oriented and agile. The transformation of the Common Agricultural Policy (CAP) and Cohesion Policy to National and Regional Partnership Plans (NRPPs) is intended to enhance flexibility by enabling Member States to address (their) context-specific challenges. This aligns well with cities' calls for simplified funding, a shift from project-based financing to portfolios, and more integrated, long-term approaches. At the same time, greater responsibility at national level heightens the need for strong multilevel governance. Decentralisation must be matched with mechanisms that enable cities to leverage their implementation capacity, social capital, and role as ecosystem orchestrators.

While NRPPs earmark 43% for climate and environmental and 14% for social targets, they lack dedicated support for Sustainable Urban Development. This leaves it to Member States to ensure adequate investment in integrated urban strategies, with a risk that allocations fall below current MFF (2021–2027) levels.

Without a strong role for cities, fiscally constrained national governments may prioritise formally “green” but low-impact projects. Meeting a broad 43% target across diverse sectors may incentivise low-impact spending to meet headline targets rather than drive real transitions. Channelling part of this funding through city-led programmes and Climate City Contracts (CCCs) would help ensure tangible decarbonisation outcomes. This underscores the importance of the Partnership Principle, requiring cities to be involved not only in implementation but in priority-setting and design. To operationalise this, we propose embedding multilevel governance mechanisms directly into national planning processes through Urban Chapters in NRPPs. These would require Member States to demonstrate how cities are engaged early in drafting and throughout implementation. NRPPs should support integrated urban strategies, cross-territorial approaches, and mission-oriented

¹³ Marzinotto, B. (2024). *Revamping the EU's budgetary flexibility* (Briefing No. IPOL_BRI (2024) 766170). European Parliament Think Tank. [https://www.europarl.europa.eu/thinktank/en/document/IPOL_BRI\(2024\)766170](https://www.europarl.europa.eu/thinktank/en/document/IPOL_BRI(2024)766170)

governance, where cities lead integrated “missions” (e.g. housing, transport, energy) using multi-fund approaches, simplified cost options, and performance-based frameworks. Building on emerging evidence from the Mission Cities, this approach would empower cities in their role as strategic partners in delivering EU priorities.

2. Ensure cities are included in Pillar 2; integrate cities across all four policy windows of the ECF and link funding instruments to the CCCs

What: Cities should be systematically embedded within Pillar II of Horizon Europe and integrated across cluster calls, as well as within the European Competitiveness Fund. This would support the Commission’s objective of enabling “seamless investment journeys” from research to scale-up, while allowing cities to better align funding streams and strengthen the continuity of their climate transition pathways. In doing so, EU industrial and competitiveness objectives would be more closely connected to their primary demand centres—Europe’s cities—where industrial decarbonisation, competitiveness and infrastructure investment converge.

The ECF should recognise cities as key implementation partners across all policy windows, linking support to Climate City Contracts (CCCs) and Climate Investment Plans (CIPs) as investment-ready, multi-sectoral pipelines. Building on the Cities Mission, it should enable integrated urban investment portfolios, deploy blended finance combining EU, EIB, national and private capital, and strengthen clean-tech ecosystems connecting cities, SMEs, research and industry.

Why: A strong cross-cutting urban dimension would better channel funding to city-level pipelines, align EU priorities with local delivery, and scale proven Mission City approaches. This would accelerate clean-tech deployment, generate strong and predictable demand that reinforces European value chains, deliver visible results for citizens, and leverage private capital, maximising impact while maintaining a coherent policy framework.

Further rationale for Recommendation 2.

Cities are central actors across all four policy windows of the European Competitiveness Fund (ECF) proposed by the European Commission: *Clean Transition and Industrial Decarbonisation; Health, Biotechnology, Agriculture and Bioeconomy; Digital Leadership; and Resilience, Security, Defence Industry and Space*. In their role as key innovation orchestrators, testbeds and development platforms, cities are where industrial decarbonisation, digitalisation and resilience objectives converge in practice. As highlighted throughout this paper, cities simultaneously strengthen EU competitiveness, resilience and strategic autonomy by

reducing external dependencies through local deployment and scaling of European technologies.

Despite this central role, cities are only partially and inconsistently reflected in the current ECF proposal. While it is welcome that cities are explicitly mentioned on the list of activities supporting clean transition and industrial decarbonisation (Article 33 1.(c) and Article 33 1.(n)), the scope of Article 33 as a whole is intrinsically urban. All activities listed are relevant for and by cities (Article 33 1.(a) – Article 33 1.(o); Article 33 2). Nevertheless, in the description of support action for the development, implementation, monitoring and enforcement of Union legislation and policy (Article 33 1. (o)), “national authorities” and “other stakeholders” are explicitly mentioned, while cities are notably absent. In the remaining three ECF policy windows, cities are not mentioned at all, despite their central role in delivering healthy living environments, digitalisation and local resilience. This fragmentation and lack of clear urban implementation logic risks weakening the effectiveness and uptake of ECF investments at local level.

Funding for cities under the ECF should be directly linked to the Climate City Contracts (CCCs) and the Climate Investment Plans (CIPs) developed by the Mission Cities. This would unlock highly relevant funding streams, especially for Mission Cities that have advanced further in their climate transition journeys, while accelerating strategic EU priorities implemented in and by cities.

In this context, it is essential that cities are involved not only as beneficiaries but also in shaping ECF priorities and future calls. Cities should therefore be represented in the ECF Strategic Stakeholder Board (Article 14 (2)), ensuring that urban perspectives are reflected at the programming stage and that future calls respond to real implementation needs. This would allow ECF funding to build more effectively on city–industry–academia collaborations and maximise the impact of EU investment on competitiveness and innovation.

Annex

City / Project	Link
Gothenburg/ Hoppet	https://goteborg.se/wps/portal/enhetssida/hoppet---an-innovation-program-to-build-fossil-free/about-hoppet Gothenburg
Gothenburg / Hoppet – additional project details	https://goteborg.se/wps/portal/enhetssida/hoppet---an-innovation-program-to-build-fossil-free Gothenburg
Gothenburg / Hoppet – SmartCitySweden article (fossil-free preschool)	https://smartcitysweden.com/a-tour-around-hoppet-the-innovative-preschool-with-minimal-carbon-footprint/ Smart City Sweden
València 2030 Climate Mission	https://www.missionsvalencia.eu/missions/?lang=en Missions València 2030
València Climate Mission (PDF)	https://www.missionsvalencia.eu/wp-content/uploads/2022/05/MisionClimatica_VLC2030_ENG-1.pdf Missions València 2030
València Mission Governance & Alliance	https://eukn.eu/wp-content/uploads/2022/09/VAL_220915_Presentation-Valencia-Climate-Mission-copy.pdf EUKN
Guimarães – Landscape Laboratory / Climate Pact	https://labpaisagem.pt/en/noticia/climate-pact-signed-on-world-environment-dayclimate-pact-signed-on-world-environment-day/ Laboratório da Paisagem
Guimarães sustainability & business engagement	https://www.climate-kic.org/news/guimaraes-from-cradle-of-a-nation-to-cradle-of-innovation/ Climate KIC
Guimarães Climate Action Plan & Landscape Lab	https://www.cm-guimaraes.pt/cmguimaraes/uploads/document/file/20938/guimaraes_secap_1_.pdf Centro Municipal de Guimarães
Nantes Métropole – Regional governance & residual emissions strategy	https://netzerocities.app/_content/files/knowledge/4668/ccc_nantes_metropole.pdf NetZeroCities
Nantes – citizen challenge pilot	https://netzerocities.eu/nantes-pilot-city-activity-together-towards-climate-neutrality/ NetZeroCities
Warsaw – Green energy purchasing group support	https://netzerocities.eu/2025/04/07/warsaw-seeks-expert-for-market-analysis-study-of-the-feasibility-of-green-energy-purchases-for-the-warsaw-purchasing-group-wgz/ NetZeroCities
Warsaw – Climate City Contract & action plan	https://netzerocities.app/_content/files/knowledge/4681/ccc_warsaw.pdf