



CNCA Game Changers | Transformative Governance

Topic. Climate Budgets Funding Priorities

Leadership. The Carbon Neutral Cities Alliance (CNCA) members guiding this effort are Oslo, NO; and Sydney, AU.

Problem statement. Climate budgets can help cities better account for carbon emissions, distribute the responsibilities for emissions reduction, and operationalize climate goals, but cities struggle to: (1) generate internal and external buy-in for climate budgets across city departments and sectors; and (2) enact climate budget policies that do not disproportionately impact underserved and low-income communities. Key issues are:

- Finding a common language and definition of climate budgeting, so that best practices can be better identified
- Building governance systems to integrate carbon budgeting into internal and external planning processes
- Prioritizing climate investment through emissions inventorying, science-based target setting, and climate budgeting
- Identifying what best practice look like in target setting, in prioritizing, in implementation, in monitoring, and in evaluation practices
- Building knowledge to develop climate budgets with climate justice at the core and aligning internal and external roles and responsibilities
- Accounting for social costs in the analysis of climate actions
- Ensuring policies benefit the communities that need it most

Theory of change. If developed thoughtfully and implemented effectively, a climate budget can be one of the most effective tools available to cities as they integrate their climate work across city departments. CNCA members have identified climate budgets as a game changer because they:

- Are a way to count and budget CO₂ emissions in the same manner as fiscal budgets
- Represent a way to address the internal division between financial decisions and decisions on emission reductions
- Are effective tools for institutionalizing and prioritizing a city's climate goals, and to measure the effectiveness of specific climate actions
- Provide a way to integrate climate considerations in large and small investment decisions across a city's administration
- Allow for comparison to occur between cities (e.g., putting a scale on the climate planning: (step 1) have a plan, then move through other steps to reach step 5, an annually updated carbon budget)
- Help cities identify deficiencies and make improvements in their carbon neutrality work



- Rate a city’s planning system against criteria from the vision statement, monitor against local targets, review qualifications of planning staff, assess local conditions, and provide incentives to exceed minimum performance

If cities are doing climate action well, then they will be also doing a good job of annually articulating what they are doing that is most effective. There will be collective understanding and the ability to quickly learn as practices are tried.

Funding priorities. The CNCA Game Changer Fund seeks to support city efforts that enact transformative governance through climate budgets. Table 1 outlines funding priorities and targeted outcomes of successful climate budget efforts as identified by CNCA members. As funds are raised, CNCA will call for projects that advance these priorities in measurable ways.

Table 1. Climate Budgets Funding Priorities and Targeted Outcomes.

Funding Priorities:	Targeted Outcomes:
<ul style="list-style-type: none"> ● Projects developing technical assistance toolkits for climate budget adoption and implementation ● Learning exchanges to share best practices about climate budget implementation, to encourage standardization ● Pilots for testing cross-sectoral and cross-disciplinary approaches to integrate climate budget into decision making ● Processes and initiatives that demonstrate how climate budgets advance climate action ● Projects aiming to increase the community role in climate budget decision-making to create more livable cities 	<ul style="list-style-type: none"> ● A groundswell of cities adopting and implementing climate budgets ● Climate budgets are integrated across city operations ● Climate budget enable cities to take bold actions by clearly showing priorities and identifying action gaps ● Climate budgets provide better transparency and force prioritization with a transparent process for the communities and for those in charge ● Equity and climate justice are integrated into climate budgets through community engagement ● The impacts of specific climate actions – not only on emissions but also on the community as a whole - are visible ● Local businesses are supportive of city climate actions because it is clear how these actions support strong local economies