



## Submission by Hungary and the European Commission on behalf of the European Union and its Member States

Budapest, 4. September, 2024

Subject: Views on opportunities, best practices, actionable solutions, challenges and barriers relevant to the enhancement of mitigation ambition and implementation in Cities - urban systems

### I. Summary of the submission

The EU welcomes the opportunity to share its view regarding the second MWP global dialogue and investment-focused event of 2024 and stands ready to discuss the three proposed subtopics.

Urban systems are vital to achieve the objective of MWP and keep 1.5C within reach in this critical decade. Energy and transport sectors account for the largest share of cities' emissions, and there are already available and feasible solutions to reduce them such as transitioning away from fossil fuels while increasing the share of renewable energies, increasing public and non-motorised transport, and levering energy efficiency, for instance by electrification of appliances and by increasing the use of heat pumps to decarbonize cooling and heating.

Moreover, spatial planning and the deployment of low-carbon infrastructures are key for urban systems and their individual elements to be sustainable, coherent and efficient; the opportunities are different among cities depending on their development state.

Green and blue infrastructures play a vital role to climate change; healthy and vital ecosystems around them contribute to carbon storage with locally available and affordable solutions and have synergies with adaptation efforts, health, and sustainable development.

There is a wide range of topics to discuss in the IFE, such as identification of the most effective financial flows to support mitigation action in cities, role of private institutions, experiences and best practices of financial tools, the negative impact of fossil fuel subsidies and strategies to redirect them towards renewable or other zero emission solutions, role of green public procurement, and the positive effect of public policies and regulation.

We further share some inputs for the logistical arrangements of the 4<sup>th</sup> GD and IFE, mainly the preparation of a discussion note prior to them and a closer link between them, a draft structure of the elements that the MWP decision in COP29 should include, both substantive messages that can boost mitigation ambition and implementation, and further improvements to the process.





## II. General messages on urban emissions

The EU looks forward to the second MWP global dialogue and investment-focused event of 2024 and welcomes the opportunity to address the critical importance of urban systems to achieve the objective of the MWP in this critical decade, in order to keep the 1.5 degree global warming limit within reach. The IPCC states that urban emissions in 2020 represented about two thirds of total global greenhouse gas (GHG) emissions. The importance of avoiding long-term carbon lock-in is emphasized, as infrastructure that will be constructed concomitant with the current urban land expansion will lock-in patterns of energy consumption that will persist for decades if not generations. Fortunately, urbanisation and urban infrastructure also entail a huge mitigation potential. As the IPCC concludes, the growing concentration of people and activities in cities is an opportunity to increase energy and resource efficiency and decarbonise at scale. With ambitious and immediate mitigation efforts to limit global warming to 1.5°C, including high levels of electrification, energy and material efficiency, renewable energy preferences, and socio-behavioural responses, urban GHG emissions could approach net zero and reach a maximum of 3 GtCO2-eq globally by 2050. As the IPCC underlines, cities can achieve net-zero emissions, but only if emissions are reduced within and outside of their administrative boundaries through supply chains, which will have beneficial cascading effects across other sectors.

A large part of the emissions from urban systems originates from energy use, which is reflected in the three broad mitigation strategies effective in reducing emissions from cities identified by the IPCC: (i) reducing or changing urban energy and material use towards more sustainable production and consumption across all sectors, including through compact and efficient urban forms and supporting infrastructure; (ii) electrification and switching to low-carbon energy sources; and (iii) enhancing carbon uptake and storage in the urban environment.

There are thus strong interlinkages with the topics of the previous three global dialogues under the MWP, namely the energy transition, transportation and the buildings sector. Only by exploring these synergies we can live up to the objective of the work programme. This is implicitly reflected in the co-chairs' suggestions for subtopics in the second MWP global dialogue of 2024.

A key overarching consideration is the need for climate smart, inclusive urban spatial planning. As urbanisation increases, especially in emerging and developing economies, there are great opportunities to design, build, manage and power cities in a way that provides easy access to zero emission mobility, reduces material use and waste, and increases circularity, while reducing pollution, increasing liveability and enhancing the ability to adapt to changing climate. Mainstreaming climate change considerations should therefore be a first principle in urban spatial planning.

Globally, around ¼ of GHG emissions are non-CO2 emissions. Given the global relevance of urban systems, it is important to also address the sources of non-CO2 emissions in this context, and specifically, non-CO2 emissions from waste management and food supply chains.





## III. Urban systems: a key to decarbonization

The EU will in the following provide its input on the three subtopics proposed by the co-chairs in their Message to Parties and Observer States dated 31 July 2024.

### A. Sub-topic 1: Spatial planning and low-carbon infrastructure

As explained in the previous section, urban spatial planning is a key overarching consideration, and together with low-carbon infrastructures conforms the backbone of decarbonizing cities.

### Spatial planning

Cities and urban areas are thriving ecosystems and are expected to grow further in size and number of inhabitants over the next decades; some cities and urban areas experience a growing population without necessarily increasing in footprint. A systematic view on expanding and building cities through urban spatial planning and design is crucial to ensure that cities are aligned with limiting global warming to 1.5 °C.

Urban spatial planning and design are wide and cross-cutting concepts. They are complex and require significant effort and investments to modify. Therefore, spatial planning is a key element that allows whole urban systems and their individual elements to be sustainable, coherent and efficient, and in terms of climate change, be compatible with the Paris Agreement long-term goals and limiting global warming to 1.5 degrees.

It is important to draw the attention of each stakeholder to the existing portfolio of solutions and available sources of information. These solutions are mainly the following, noting that they all contribute also to the implementation of the first Global Stocktake outcome: transition away from fossil fuels in urban systems, deployment of renewable energies and associated storage, transmission lines and grids, energy efficiency measures, apply the concept of sufficiency to avoid and reduce needs, decarbonization of transport, circular economy principles, waste management, change of consumption patterns, and demand-side measures.

Another cross-cutting element are urban nature-based solutions, that are closely linked to spatial planning, and that will be explored under subtopic 3.

On top of general principles of spatial planning that focus on demand & offer and the systems that a city needs to have, there are many additional local and regional considerations to bear in mind, yet for each city there are multiple pathways to decarbonization available in line with the 1.5°C limit.

For rapidly growing and emerging urban areas, which will massively expand in this century, spatial planning provides a wide range of options, including concepts such as 15-minutes cities that promote dense, socially and functionally mixed-used spaces, with inclusive and qualitative well-integrated neighbourhoods; co-locating jobs and housing for example notably improve sustainable mobility. Low-carbon infrastructures and services, energy efficiency, district heating and cooling networks, electrified urban services, and people-centred urban design, are also elements to achieve large GHG reductions.





Urban planning can also enable new buildings to meet high standards and be equipped with heating and cooling technologies that either are or can become zero emissions, such as heat pumps, solar thermal water heaters, and high thermal building standards.

In those cities that undergo a more reduced growth or that have reached a stable population, different options are available and less investments are needed for new infrastructures; there are potential for breaking out of lock-ins through improved land use and spatial planning for compact and resource-efficient cities, through improving, repurposing or retrofitting the building stock, through electrifying the urban energy system and employing low emission public transport, improvements in energy efficiency and renewing the energy sources, and supporting non-motorised (e.g., walking, bicycling) and public transport.

For spatial planning to succeed in achieving transformational changes in cities, we can identify key enablers, amongst them allowing the participation and contribution of all stakeholders, with a whole-of-society and whole-of-government approach; a gender-responsive approach to urban spatial planning and design; and creating and providing the institutional capacity of governments to establish internal arrangements and a governance structure to align and coordinate all the possible regulations, strategies, plans and budgets that can be affected by spatial planning. Considering these elements, spatial planning can mobilize local economies and attract investments to effectively and efficiently implement the actions foreseen in that planning.

### Low-carbon infrastructures

Urban systems are intrinsically linked to the infrastructures that hold them, thus decarbonizing these infrastructures is essential. They refer to various sectors, the energy, transport, and waste sectors will be covered in this submission. We will defer the discussion on energy to subtopic 2.

### • Transport

The IPCC affirms that cities can reduce their transport-related fuel consumption by around 25% through combinations of more compact land use and the provision of less car-dependent transport infrastructure, including through protected pedestrian and bike pathways. The IPCC further estimates that without intervention, CO2 emissions from transport could grow in the range of 16% to 50% by 2050, while the International Energy Agency (IEA) states that transport emissions need to decrease by around 25% by 2030 compared to 2020 levels to stay aligned with 1.5 °C pathways. In 2050, transport-related CO2 emissions would need to be restricted to about 2 to 3 Gt, or about 70 to 80% below 2015 levels, to meet the goals set in the Paris Agreement, according to the IPCC AR6.

The need for action is well reflected for example in the outcome of the first Global Stocktake, that highlights the importance of "Accelerating the reduction of emissions from road transport on a range of pathways, including through development of infrastructure and rapid deployment of zero and low-emission vehicles" (paragraph 28(g)).

The way forward is clear and needs to focus on the decarbonisation of the sector, guided by the Avoid-Shift-Improve (ASI) framework. This approach is aiming for system efficiency through reducing or avoiding the need to travel, trip efficiency by shifting to more environmentally friendly modes





(including shared transport), and vehicle efficiency by improving the energy efficiency of transport modes and vehicle technology. Strategic and comprehensive actions of public stakeholders, including urban and other levels of government, and urban public transport entities such as road management authorities and municipal or regional public transport management, is crucial to significantly reduce emissions from urban transport. Their actions related to providing infrastructure that allows for a change of the modal split (e.g., safe bike and walkways, public transport), and actions incentivizing increased involvement of private actors (e.g., support for the construction of road transport charging infrastructure) are the foundation for lasting demand-side changes.

Similarly, regulation and research support are two main instruments available to public stakeholders to accelerate technology improvements and innovation.

### • Waste

A third urban system that heavily depends on infrastructures is the waste sector. The waste sector is a significant source of GHG emissions particularly CH4, and the sector remains the largest contributor to urban emissions after the energy sector (including transport). Emissions from improper management of waste are mainly created at landfills (resulting in 5% of global GHG emissions). According to C40, waste disposal is responsible for 3-5% of the overall direct GHG emissions in cities, with 97% of those being methane emissions. When approached holistically, waste and sustainable materials management can help cities reduce 15-20% of their emissions through reduction, avoidance, recycling and treatment. Thus, efficient and sustainable concepts of waste management must become an integral part in the global fight against climate change.

Since waste management systems are usually under the control of municipal authorities, they are a prime target for city-level mitigation efforts with co-benefits. The waste sector also plays a relevant role for switching to net-zero emissions resources, and incentives are needed to improve waste management and circularity, for instance by providing a recycling ecosystem, increasing corporate accountability, and creating public awareness.

### • Food systems

Food systems are interrelated to urban systems, as they are needed to sustain cities populations. According to a study led by the Food and Agriculture Organization (FAO), presented at the COP26 climate conference in Glasgow, the food supply chain in many countries is on course to overtake farming and land use as the largest contributor to GHG from the agri-food system, driven by food processing, packaging, transport, household consumption and waste disposal<sup>1</sup>. While food production in urban systems is often limited and supply provided from rural areas, the demand driving the food supply chain is strongly influenced by urban systems.

For agriculture, land, and food systems, many land management options and demand-side response options (e.g., dietary choices, reduced post-harvest losses, reduced food waste, reduced land take rate) can contribute to increased mitigation ambition and implementation in this critical decade.





The EU proposes to discuss the following elements of spatial planning and low-carbon infrastructures in the MWP:

- a. Expand the knowledge and best practices in spatial planning to all kind of stakeholders, allowing them to select tailored options that can fit to each city.
- b. The required mechanisms of participation that need to be involved in spatial planning from a whole-of-society and whole-of-government perspective.
- c. The governance and internal arrangements that are necessary to align spatial planning with the objectives and actions of regulations, strategies and plans, at international, national and local levels, and for all sectors.
- d. Mobilization of local economies and attraction of investments through spatial planning.
- e. Measures to foster strategic urban densification, combined with resource efficiency measures in spatial planning, as a way to reduce GHG emissions, urban expansion, water consumption, and material use impacts.
- f. Benefits of spatial planning, common with global climate action and the Sustainable Development Goals: poverty eradication, reduced air pollution in cities, healthier lifestyles and improved public health, increased quality of living in cities, access to clean energy and water & sanitation, time savings, reduced costs for customers, improved safety for city inhabitants, improved resource management and reduced pressure on resource extraction, reduced adaptation needs, and job and market creation.
- g. Barriers such as regulatory constraints and outdated building codes, urban planning cycles and aesthetic considerations, lack of awareness about city-tailored solutions, lack of financial incentives and distortion of business cases due to fossil fuel subsidies.
- h. Opportunities and best practices in implementing the ASI framework in urban transport systems, including necessary incentives, policies and regulation.
- i. Strategies to implement public awareness campaigns on the health impacts of air pollution and the benefits of sustainable transport choices.
- j. Strategies to improve accessibility, equity and inclusivity of disadvantaged groups, including gender-responsive transport systems that can enhance women's mobility and financial independence.
- k. The adoption of smart traffic management systems that reduce congestion and emissions by optimising traffic flow.
- I. Upgrades of public transport options (i.e., infrastructure and services); city planning and improvements on the last mile, including best-practice bike and walking infrastructure.
- m. Provision of charging infrastructure by public and private entities<sup>2</sup>; innovation and research stimulus, specifically for batteries, in urban settings.
- n. Specific circumstances of developing country cities and urban systems in islands states with respect to urban transport, including urban passenger shipping.





- o. Individual, social, and infrastructure factors that affect people's mode choices as well as strategies to incentivise changes in demand patterns by providing sustainable alternatives that reduce the need for transportation whenever possible.
- p. Strategies to successful waste prevention, and effective waste separation at source implementation in urban infrastructure.
- q. Emphasize eco-design and reduced obsolescence aiming at waste reduction by rethinking all stages of the product life cycle in a more responsible and sustainable way, including through incentives and regulations.
- r. Promoting zero-waste policies that encourage the reduction, reuse, and recycling of materials throughout the city.
- s. Creating circular economy hubs within the city that serve as centres for the repair, refurbishment, and resale of used goods.
- t. City-wide composting programs that encourage residents and businesses to separate organic waste and thereby reduce methane emissions.
- u. Energy-from-waste facilities that convert non-recyclable waste into energy aiming to divert waste from landfills and replace fossil fuels for energy generation.
- v. Creating an enabling environment for future policy and legislation by raising the political and legal profile of the sustainability, including climate neutrality concepts of the food system.
- w. Ensuring that a favourable food environment makes it easier to choose healthy and sustainable diets providing benefits for consumers' health and contributing to the reduction of the environmental footprint of the food system as well as attracting investments into sustainable production methods.
- x. Optimising the production, distribution and consumption of food, so as to increase resource efficiency and reduce food loss and waste.

### B. Sub-topic 2: Electrification and switching to net-zero emission resources

The outcome of the first GST calls on Parties to increase their efforts in the just energy transition, namely by transitioning away from fossil fuels, as well as tripling renewable energy capacity and doubling energy efficiency globally by 2030. Urban systems, with more than half of the global population living in cities today, and 7 out of 10 expected to live in cities by 2050, play an integral part in realising a just energy transition towards net zero energy systems.

## • Transition away from fossil fuels, electrification and zero-emissions resources in urban systems

The phase out of fossil fuel energy production and consumption is key to tackling climate change. In fact, fossil fuel extraction, production and consumption are not only the single biggest driver of GHG





emissions globally, including methane emissions, but also the biggest driver of emissions in buildings, cities and urban systems. In its AR6 WG3 report, the IPCC clearly states that urgent action is needed for urban mitigation, based on robust mitigation strategies that lead the way towards deep decarbonisation and systematic transformation in cities and urban systems. As the IEA states in its COP28 tracker reports, the current global collective ambitions are not aligned with the COP28 pledge to triple global renewable power capacity by 2030. If all countries were to fully implement their current ambitions, the world would fall 30% short of tripling global renewable capacity to over 11 000 GW by 2030. Ambition and implementation need to be increased, and urban systems can significantly contribute to this.

When talking about electrification, big greenfield developments will contribute a significant share of renewable capacity additions by delivering low-emission electricity to urban systems. The potential for integrating and scaling up renewable energy in cities is vast. According to the International Renewable Energy Agency (IRENA), every city has massive potential to cost-effectively boost renewable energy use at the local level, particularly through solar generation and geothermal energy, both of which remain largely untapped. Additionally, increased availability and affordability of electricity storage improves the competitiveness of renewable energy integration in cities further. The IEA states that on-site and district level solar PV installations are not only an effective way to increase the renewable share in the energy mix, but also allow for local balancing of demand and supply, reducing costs associated with congestion, distribution or fees of grid operators.

However, cities are currently not realising this potential. In general, a coherent approach towards renewable energy integration, starting with the introduction of renewable energy targets, is often missing, or not fully developed and implemented. According to IRENA, out of more than 6000 cities analysed globally, 95% of the cities with the highest solar potential havn't set targets for renewable energy development. For cities, adopting decentralised solar PV systems that can be integrated into new and existing buildings is a sensible strategy, especially in densely populated urban areas where space for utility-scale plants is scarce. This approach carries additional benefits linked to local energy ownership and addressing energy poverty, and it is valid both for regions with large solar resources that remain largely unexploited, and for areas that have lower solar irradiance. Additionally, other renewable energy sources, such as wind, hydropower, bioenergy and waste-to-energy, or ocean/tidal energy in coastal cities, should be considered within the urban context, even though their impact may be smaller compared to solar and geothermal energy.

### • Energy transition in buildings

According to the IEA, the operations of buildings account for 30% of global final energy consumption and 26% of global energy-related emissions. Out of these energy-related emissions from buildings, 30%, or 3 GtCO2-eq, are direct emissions in buildings and 70%, or 6.8 GtCO2-eq, indirect emissions from the production of electricity and heat used in buildings. As the impacts of climate change lead to continuously increasing temperatures in cities, energy consumption from cooling has tripled since 1990 globally. Energy transition in buildings is thus necessary to reach to first GST decision to transition away from fossil fuels and proceed towards net zero energy systems, accelerating efforts in this decade, so as to achieve net zero by 2050





A variety of actions can enable the deep emissions cuts necessary until 2030 through electrification and switching to net-zero emissions resources:

- In the buildings sector, a key opportunity is a faster switch from fossil fuel to electricity which
  primarily reflects advances in heat pump technology alongside improving energy efficiency
  through renovation and better insulation. In 2022, only 10% of space heating globally was
  provided by heat pumps. Increasing this number, supported by incentivising policies and
  measures, can lead to a reduction of annual CO2 emissions by 0.5 GtCO2 in 2030.
- Renewable energy district heating and cooling networks for the city centre and suburbs are important opportunities for urban energy transitions, which benefit from urban design parameters such as density.
- To heat and cool spaces, a blend of regulations is needed to foster innovation, implement strong energy-use reduction targets, and transition to climate and environmentally friendly alternatives to the use of GHG with high global warming potential, i.e. HFCs.
- For appliances, switching to electrified appliances is a main enabler. For instance, reaching universal access to clean cooking can reduce annual emissions by 1.5 GtCO2-eq in 2030.
- Phase out plans for fossil fuels can be introduced or accelerated. In electricity generation, almost half of current methane emissions from the energy sector can be cut at no net cost, and less than 5% of the income generated by the oil and gas industry in only one year, 2023, is required to cut these emissions by 75% until 2030.

### • Energy transition in transport systems

In the context of urban systems, reducing transport emissions is essential, and with the deployment of infrastructures as detailed in Subtopic 1, many actions are possible in terms of phasing out of fossil fuels through electrification and switching to net-zero emissions resources.

According to the IPCC, 15% (8.7 GtCO2-eq) of global GHG emissions in 2019 originated in the transport sector. The biggest share of transport related emissions is generated by road transport vehicles (70%), while international shipping is the second largest emission source in transport (around 10%), followed by international aviation (7% of the sector's total). Aviation also has significant non-CO2 climate impacts. Furthermore, the IPCC states that transport ranks amongst the highest emitting sectors in urban systems. Overall, global transport emissions are still increasing. Above, we have gone through the emission reductions that are needed, how the GST outcome considers this in paragraph 28(g), and the role of spatial planning and low-carbon infrastructure.

The second global dialogue of 2024 therefore should promote urban transport solutions to decarbonise, aiming at the highest possible ambition with respect to frontloading of emissions reduction to this critical decade. Strengthening regulation and policies to this end, as well as enabling targeted investments, deliver several opportunities for enhanced mitigation action.<sup>3</sup>.

### The EU suggests discussing:





- a. Approaches to define and set renewable energy targets for city-based energy generation and consumption, e.g. solar rooftop targets and incentivising the deployment of decentralised solar PV systems in cities, integrated in the existing and planned building stock.
- b. Incentivising the deployment of centralised renewable electricity generation supplying urban systems with electricity.
- c. Incentivising the active role of prosumers and local energy communities in local electricity generation and use, for instance by removing or updating regulations and upgrading auxiliary technology, such as local grids and switching to smart meters.
- d. Actions along the whole fossil fuel value chain to practically phase-out fossil fuels in cities, buildings and urban systems, including:
- a. Urging the oil and gas industry to assume the role of being a driving force of the just energy transition, and to respond to the IEA's call to invest at least 50% of total capital expenditure in clean energy in 2030, compared to around 2.5% in 2022 as analysed by the IEA;
- b. Cutting methane emissions from fossil fuel operations by at least 75% globally in 2030 compared to 2020 levels to stay on track of a 1.5°C pathway, as indicated by the IEA;
- c. The electrification of buildings, especially for heating, cooling, cooking, and appliances and the necessary upgrades of infrastructure such as grids and transmission lines;
- d. The electrification of transportation means;
- e. Sustainable water extraction and wastewater recycling.
- e. Incentivising an increased pace in switching fossil fuel-based heating to heat pumps, for instance through mandatory replacement dates and phase out dates for fossil fuel-based heating devices, tax incentives, and replacement bonuses.
- f. Increasing renewable energy district heating and cooling networks for the city centre and suburbs
- g. Increasing the end-user and consumer awareness of the opportunities to phase-out the use of fossil fuels, and countering misinformation about net-zero technologies, such as heat pumps.
- h. Policies and measures to create an innovation ecosystem supporting the sustainable transition out of fossil fuel in cooking, heating and cooling.
- i. Benefits such as lower cost for consumers, reduction and elimination of air pollution in cities, reducing morbidity and premature deaths associated with asthma, heart disease and stroke, while improving health and living quality, reduced pressure on upgrading the transmissions network, and improved energy security and energy independence, job and market creation due to deployment of renewable energy solutions.
- j. The electrification of public transport modes and measures to increase the fuel efficiency of urban transport modes and the introduction alternative zero-emission technologies in urban settings.





k. Incentive systems, including subsidies, regulation, and taxation in urban transport systems and the barriers posed by price distortion through fossil fuel subsidies.

### C. Sub-topic 3: Enhance carbon storage through green and blue infrastructure

The first Global Stocktake (§33) has emphasized the importance of conserving, protecting and restoring nature and ecosystems towards achieving the Paris Agreement temperature goal, including through enhanced efforts towards halting and reversing deforestation and forest degradation by 2030, and other terrestrial and marine ecosystems acting as sinks and reservoirs of greenhouse gases and by conserving biodiversity. In the context of cities and urban systems, this can materialize through enhancing carbon uptake and storage in the urban environment.

Enhancing carbon uptake and storage in the urban environment is a broad and effective mitigation strategy identified by the IPCC to reduce emissions from cities, and in this sense urban green and blue infrastructures in the context of nature-based solutions (NBS) involve the protection, sustainable management, and restoration of natural or modified ecosystems. Moreover, they provide co-benefits for human well-being and biodiversity, achieve significant synergies with adaptation efforts, and contribute as well to the SDGs, as explained by the IPCC.Nature-based solutions include a wide range of options, among others: shift towards bio-based building materials, permeable surfaces based on natural materials instead of cement, green roofs and walls with multi-level considerations, trees, green spaces, urban agriculture, sustainable use and management of soils, and lawn to meadows practices when it comes to green infrastructures; and blue spaces, rivers, ponds and lakes when it comes to blue infrastructures.

Unlike other carbon removal solutions, that in most cases are expensive and require technologies that are still in a development phase, sometimes unproven and sometimes unavailable locally, these nature-based solutions are available, affordable, and complementary to other mitigation actions.

Protecting the already existing green and blue infrastructure is the first step to enhance the associated carbon removal. Cities can play a role to halt and revert deforestation and reduce negative implications for the loss of carbon stocks and reduced sequestration, and a careful urban planning can conceal the growth of a city with the protection or restoration of the environment around it. Local governments can protect existing green and blue infrastructures through local regulations, for example by not conceding construction permits on green areas, and enforcing water protection.

Particular attention is needed to the conservation or restoration of blue infrastructures: it is often seen that water masses in cities are easily polluted and altered, and this directly affects the ecosystems that could flourish around them, and therefore also the carbon removal that can be achieved. On the one hand, socio-behavioural efforts need to be done for companies and citizens to avoid pollution and change the use of water. And on the other hand, local governments need to rethink how water masses fit in the city, plan and leave space for natural banks where vegetation can thrive.

To further increase the carbon storage, degraded green and blue spaces can be restored, business on bio-based materials can be promoted, new or retrofitted buildings can hold green infrastructure, and streets and public areas can integrate green and blue spaces.





How these NBS are implemented is important: not only the quantity matters, but also the quality. In this sense, the use of multiple endogenous species, resembling natural habitats and ecosystems, is vital to minimize the maintenance costs of the infrastructure and maximize the results.

Public investment is essential to implement green and blue infrastructures. Their benefits, and not only in carbon storage, are shared by all the citizens (for example, reduce energy invoice), but the business case might not be so appealing to leverage investment from private contributors.

Parks, forests, streets vegetation and building-related green roofs or facades all contribute to reducing urban heat-effects and stormwater runoff, enhancing adaptation, improving air quality, reducing cooling energy needs and they also create environments that encourage people to travel by bike or foot, which all have a positive effect on reducing emissions. Urban green spaces help ecosystems and biodiversity, improve water management, contribute to food production and the creation of local off-takers for local composting to reduce waste emissions, reduce flood impacts, promote tourism and local leisure, and create new opportunities for development and market creation.

Considering the important role of carbon storage in nature-based solutions to achieve net-zero GHG emissions, and particularly its integration in cities through green and blue infrastructures, the EU proposes to discuss the following elements in the MWP:

- a. Preserving, restoring, or enhancing natural systems within cities, for example, lakes or natural and urban green infrastructures
- b. Benefits of urban forestry, green and blue infrastructure for carbon uptake, enhanced thermal comfort, as supporting the shift to public and physically active transportation, as bearing cobenefits with adaptation by improving cities' resilience to floods and heat stress, and having synergies with SDG
- c. Measures to reduce soil sealing and artificialisation related to urban development, especially avoiding wetland areas, that have the potential to release large amount of CO2 over time when dried
- d. Measures to halt and revert deforestation related to urban development,
- e. Best practices and examples of urban agriculture development, and its socio-economic cobenefits
- f. Best practices and examples of integration of nature-based solutions in urban planning.
- g. Best practices on improving urban biodiversity
- h. Measures to enhance carbon storage in existing urban areas.
- i. Benefits of NBS, including health benefits and improved mental health.
- j. Barriers to local deployment of NBS.





### 3. Messages on the Investment Focused Event

The necessary mitigation action in cities in this critical decade, in line with limiting global warming to 1.5 degrees, is significant and fundamental to fight climate change. It therefore needs the full support of the investment community, and we would appreciate that the fourth Investment Focused Event take this need into consideration and accompanies the discussion in the Global Dialogue by treating the same topics, in a manner that facilitates the implementation of such action.

The necessary investments<sup>4</sup> over the next decade create a global opportunity to place adaptation and mitigation directly into urban infrastructure and planning. It is critical for city governments to develop forward-looking climate finance strategies and acquire the required capabilities to implement them, and the international community must stand ready to help them. There was little time to discuss this in the third IFE, and therefore we believe this is a good opportunity.

The majority of cities remain underprepared, lack essential knowledge and are struggling to mobilise funds to deal with climate action. Many cities have not yet estimated the total investment needed to become climate neutral and have little experience with financing specific climate projects, are insufficiently prepared to access capital markets, have limited engagement in co-financing with the private sector and international financial institutions, and are not proactively developing an investor-ready pipeline of projects contributing to climate neutrality.

Despite these limitations, many cities are demonstrating creativity and ambition through financial innovation in their search for solutions to the challenge of limited public funding and low involvement of private resources. They are exploring innovative financing mechanisms such as green bonds, energy performance contracting and crowdfunding schemes to complement conventional instruments such as public investment.

At the Investment Focused Event, topics discussed should have structural and significant impact on mitigation action, inspire and incentivise the creation and use of innovative financial instruments, and be based on the existing experience of international financial institutions, private sector partners and other relevant stakeholder.

The IFE should bring together a broad group of stakeholders and aim at increasing the participation of multilateral development banks and other international, regional and bilateral financial institutions, credit rating agencies, philanthropist climate organisations, public and private sector finance institutions (such as central banks and commercial banks), and other non-Party stakeholders such as civil society representatives. The EU would like to encourage the participation of a balanced set of experts, considering gender equality, local communities and indigenous people, youth and children, and coming from different regions; in summary, to have present the vision of all the citizens that inhabit the cities.





The EU suggests discussing the following elements:

- a. The identification of the financial flows that are most effective to support mitigation action in cities.
- b. The role of private financial institutions to incentivise mitigation action in cities, including buildings and urban systems, for instance by creating new financial products and instruments, as well as by introducing portfolio strategies aligned with limiting global warming to 1.5 degrees.
- c. Experiences and best practices of financial tools such as guarantees and insurance products to mitigate the risks associated with investing in climate solutions for buildings and urban systems.
- d. The negative impact of fossil fuel subsidies on mitigation action in buildings and urban systems, for instance through market distortion, and strategies to re-channel funding for fossil fuel subsidies to investments that frontload mitigation action to this critical decade.
- e. The role of green public procurement and the retrofitting and energy efficient construction of buildings in public ownership.
- f. The enabling impact on industry and investment of local and regional long-term mitigation strategies and targets for cities and urban systems, and the potential of aggregating the existing demand for innovation coming from cities.
- g. The positive effect of public policies and regulation for mitigation action in buildings and urban systems, such as tax policies, financial incentives, and public-private partnerships.
- h. Country-level laws, regulations, and institutions enabling or constraining the powers, authority, and resources available to cities to undertake climate-smart investment and service delivery, including fiscal transfers from national governments.
- i. Challenges and opportunities in enhancing women's access to climate finance.

# IV. Messages on the Logistical arrangements of the 4th GD and IFE under the MWP

The EU would like to reiterate that it sees the MWP as a valuable platform to provide policy guidance and inspiration to Parties and non-Party stakeholders regarding design and implementation of national, regional and international policies, measures and actions, but considers operational improvements need to be made for the MWP to be able to achieve more tangible results, which it has not delivered so far.

Aside from following up on the constructive discussions under the previous MWP global dialogues, the EU is of the view that the MWP and its global dialogues must also respond to the invitation from the Global Stocktake decision (1/CMA.5, §186) to integrate the relevant outcomes of the GST into its work. The agenda for the second global dialogue and investment-focused event of 2024 should thus allow for dedicated discussions on how Parties and non-Party stakeholders are responding to efforts set out





in the mitigation section of the GST decision, particularly paragraph 28, including avenues for collaboration in achieving the global efforts that we jointly decided on just a few months ago. This could also allow for early discussion on what barriers and challenges Parties are facing in contributing to each of the global efforts set out in paragraph 28, and the types of cooperation needed to overcome these.

Indeed, decarbonising and reducing energy and resources use in cities and urban systems have a clear role to play in achieving these global efforts, while also contributing to the implementation of several other aspects of the GST decision, including strengthening land-use management, resilient food systems, nature-based solutions and water management. In this regard, the EU highlights the emphasis in §158 of the GST decision on the important role and active engagement of many non-party stakeholders, including cities, in supporting Parties and contributing to the significant collective progress towards the Paris Agreement temperature goal and in addressing and responding to climate change and enhancing ambition, including progress through other relevant intergovernmental processes.

With respect to achieving substantial improvements and tangible results, the EU strongly encourages the Co-Chairs to consider the following already for the second global dialogue and IFE in 2024:

- a. Prepare, with the support of the Secretariat, a scoping/technical note prior to the dialogue to focus the discussions in the meetings.
- b. Organize scene-setting presentations of relevant international organisations such as IPCC, IPBES, IEA, IRENA and relevant international finance institutions, also as a way to include more participation by non-Party stakeholder and experts. The Co-Chairs should draw specific attention to a balanced gender and regional representation when inviting experts. The EU is providing suggestions for institutions and experts below and stands ready to facilitate the outreach.
- c. The second global dialogue 2024 should provide dedicated space to discuss the follow up of the relevant GST outcome and set the stage to continue this discussion during the SB61.
- d. The global dialogues should provide space to follow up on discussions in previous dialogues and ensure that efforts made towards enhancing ambition and implementation of mitigation action since then are captured.
- e. Increase the participation of non-Party stakeholders and encourage the high-level champions to support the effective participation of such stakeholders and create synergies between the MWP and the GCAA.
- f. Make use of ongoing mitigation initiatives as input to the MWP, for example regarding lessons learned, and to increase international cooperation and follow-up of such initiatives.
- g. Make sure the dialogue considers social aspects and dimensions, including promoting gender equality and human rights as they are key enablers of climate action.
- h. Organise the discussions in a way that truly aims at signalling to stakeholders inside and outside of the MWP that this is the critical decade for mitigation action, that any further delay will result in lost opportunities and hardly manageable consequences, and that ambitious action brings various societal and economic benefits outweighing the costs and challenges of





the transition. In this regard, the EU suggests to follow a logical sequence during the dialogue, in which participants first consider a vision of what we aim to achieve laid out by expert presentations and inputs, world cafe type discussions and other interactions, and then, in a breakout setting, to consider the opportunities and actionable solutions that exist at large and affordable scale together with remaining barriers and challenges which impede the vision, allowing for a clear action-barrier-solution link in the discussions. As time for breakout sessions is limited, the Co-Chairs should introduce a timekeeping system that ensures all participants have the opportunity to speak, including introducing a time limit for interventions per party to ensure that the discussions are balanced.

- i. Ensure space to discuss regional challenges and solutions at the GD and IFE.
- j. Further improve the ability to deliver of the investment-focused events, for instance by increasing the participation of bilateral and multilateral development finance institutions, credit rating agencies, philanthropist climate organisations, and public and private sector finance institutions (such as central banks and (regional) commercial banks), that showed interest in investing in the projects presented during IFE.
- k. Include recommendations from the discussions at the Investment Focused Events in the reports from each MWP session as well as the annual report and ensure that the reports reflect factual conclusions and concrete recommendations to actors/investors in the relevant sectors, including key messages presented in the scene-setting presentations.

The EU suggest considering following institutions additional to the ones outlined above for expert input to the second global dialogue and investment focused event in 2024:

- Global Covenant of Mayors for Climate & Energy: Since 2015, over 13,000 cities have joined the Global Covenant of Mayors for Climate & Energy, together representing a mitigation potential equivalent to 5.6 GtCO2-eq (-76%) annually in 2050 compared to a business-asusual trajectory (https://www.globalcovenantofmayors.org/);
- Solar Power Europe: To present their report "Solar Cities and Solar Regions 21 solar solutions for the city energy transition" (https://api.solarpowereurope.org/uploads/1423\_SPE\_Energy\_Cities\_report\_03\_6 c81e208b0.pdf?updated\_at=2023-06-14T10:36:50.951Z);
- C40 Cities Climate Leadership Group: To present their work on mitigation action in cities (https://www.c40.org/);
- Global Alliance for Buildings and Construction (Global ABC): to present their report "Global Status Report for Buildings and Construction" (https://www.unep.org/resources/report/global-status-report-buildings-and-construction)
- Cities Climate Finance Leadership Alliance: to present their work to close the investment gap for urban climate projects (https://citiesclimatefinance.org/).
- City Climate Finance Gap Fund (WB/EIB): to share their experience in supporting cities in developing bankable climate plans and projects.





The EU trusts that the Co-Chairs will reflect on the logistics of previous global dialogues and use this experience to ensure that the second global dialogue in 2024 can contribute to deliver significant mitigation action, closing both the ambition and implementation gap in this critical decade. Amongst the elements that can contribute to this effort, the EU encourages the Co-Chairs to take the necessary steps to facilitate the following:

- The reports from the global dialogues, as well as the annual report summarising the global dialogues of 2024, should provide a science-based list of concrete actions that provide guidance to parties and non-party stakeholders.
- The reports should further be used as base for a substantive decision on the Mitigation Work Programme at COP29.

## V. Draft decision elements for COP29

The EU suggests that Parties make best use of the intersessional period by already presenting their views on the draft decision structure at COP29. The EU proposes the following structure and stands ready to engage with Parties on the road to Baku on this matter.

### Draft decision structure:

- 1. Messages:
- Reflections on the latest science
- Key findings, opportunities and barriers relevant to the topic of MWP GD and IFE
- Messages related to the follow up of mitigation elements in the UAE consensus
- Messages related to the relevance of the MWP for the preparation of the next NDCs

### 2. Process:

- GD and IFE events
- MWP agenda item
- High-level ministerial roundtable
- SB60 Conclusions