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THE INSTITUTIONAL DIALOGUE PROJECT OF THE GREEN LIVING AREAS MISSION

INTEGRATED PLANNING FOR THE GREEN TRANSITION: KARLOVAC (GREEN CITY ACTION PLAN) AND THESSALONIKI (CLIMATE NEUTRALITY ACTION PLAN)

POLICY BRIEF

ABSTRACT

Integrated and cross-sectoral planning is essential to advance the green transition of Mediterranean cities. Traditional sector-based approaches are insufficient to address today's complex challenges. By aligning spatial planning with energy, climate, mobility and circular economy objectives, cities create coherent strategies supporting long-term sustainability and climate neutrality.

Mid-sized cities are at the forefront of the green transition. Due to their agility and capacity for community-led innovation, these cities pioneer new governance and planning models for systemic transformation, often setting more ambitious climate goals than larger cities or national governments.

This brief reflects on the 2nd Institutional Dialogue of the Green Living Areas Mission, presenting key lessons from integrated planning approaches implemented in the mid-sized cities of Karlovac and Thessaloniki. It demonstrates how to embed environmental priorities into broader urban strategies through integrated governance and structured investment pipelines.

KEY TAKEAWAYS FROM POLICY RECOMMENDATIONS

- Integrated planning is the key governance instrument to break down institutional and operational silos and strengthen coordination across sectors, governance levels and stakeholder groups.
- Data availability, evidence-based methodologies and structured coordination mechanisms are essential for identifying priority environmental challenges and ensuring strategic coherence.
- Strategic objectives must be directly linked to a structured and financeable investment pipeline to translate planning into implementation.
- Mid-sized cities act as agile frontrunners, testing innovative planning and governance models that support systemic climate neutrality.
- Long-term political commitment, stable leadership structures and robust monitoring systems are necessary to ensure continuity beyond individual projects and electoral cycles.

DISCLAIMER: This policy brief is pending final approval by the Managing Authority of Interreg Euro-MED, and it might still be slightly revised.

INTRODUCTION

European cities are increasingly confronted with interconnected challenges, including climate change, energy transition, sustainable mobility, spatial pressures, biodiversity loss and social inequalities. These challenges are systemic: interventions in one sector often generate cascading effects across others, requiring coordinated and integrated responses rather than fragmented policy approaches (Botah, 2023). The European Green Deal (European Commission, 2019) recognises cities as central actors in achieving climate neutrality, improving resource efficiency and strengthening urban resilience. In the Mediterranean context, climate stressors such as heatwaves, water scarcity and coastal risks further intensify these pressures, placing additional demands on local governance systems.

Traditional sector-based planning has proven insufficient in addressing this complexity. Siloed governance structures frequently lead to policy inconsistencies, inefficiencies and weakened long-term impact (Botah, 2023). Such fragmentation is particularly challenging for mid-sized cities, which often face limited administrative capacity and financial resilience (Laria, 2008). These limitations have been acknowledged in key European policy frameworks, including the New Leipzig Charter (European Commission, 2020), which calls for integrated, place-based and cross-sectoral urban development strategies.

Integrated planning has therefore emerged as a cornerstone of sustainable urban transformation. By fostering coordination across sectors, governance levels and stakeholders, it enables cities to align climate mitigation, adaptation, mobility and spatial development objectives within a coherent framework (Juschten et al., 2021). This approach is strongly promoted through the EU Mission for Climate-Neutral and Smart Cities (European Commission, 2021) and the OECD Territorial Approach to Climate Action (2020), both emphasising systemic transformation and multi-level governance.

Within this framework, mid-sized Mediterranean cities play a strategic role. While they combine institutional capacity with flexibility for innovation, structural constraints such as limited resources and climate vulnerability make coherent planning essential.
This brief presents two examples of integrated planning for the green transition:

- Karlovac's Green City Action Plan (EBRD Green Cities Programme)
- Thessaloniki's Climate Neutrality Action Plan (EU Mission for Climate-Neutral and Smart Cities)

POLICIES IN THE SPOTLIGHT

- **Karlovac - Green City Action Plan (GCAP)**

Karlovac's Green City Action Plan (GCAP), adopted in 2024 under the EBRD Green Cities Programme, is a comprehensive strategic framework guiding the city's transition towards a low-carbon, climate-resilient and environmentally sustainable development model. Beyond serving as an environmental strategy, the GCAP functions as a coordination tool, aligning departments around shared priorities, clarifying responsibilities and linking long-term objectives with an implementable project pipeline.

The Plan builds on a Green City Baseline assessment, which evaluated environmental performance and identified priority intervention areas across energy and buildings, transport, water and wastewater management, solid waste, land use and cross-sector governance. Embedded within Karlovac's broader urban and spatial planning framework, the GCAP ensures that sustainability objectives are systematically integrated into infrastructure investment, urban regeneration and economic development strategies.
A defining feature of the GCAP is its integrated and evidence-based methodology. Through the Baseline analysis, greenhouse gas emissions, climate vulnerabilities, infrastructure gaps and governance capacities were assessed. Using the Pressure–State–Response (PSR) framework, the city moved from diagnosing environmental pressures to defining targeted, prioritised actions across sectors.

Strong emphasis is placed on implementation. The GCAP identifies 24 priority investment actions with an estimated total value of approximately €245 million. These span sustainable energy transition, geothermal district heating development, energy-efficient building renovation, sustainable mobility systems, upgraded water and wastewater infrastructure, circular waste management solutions, green infrastructure and smart city development.

This investment-oriented approach strengthens the link between strategic objectives and bankable projects, facilitating access to diversified funding sources, including EU structural and investment funds, national instruments, international financial institutions and private-sector participation. Flagship initiatives, such as geothermal district heating and the regeneration of the Luščić district based on the "15-minute city" concept, illustrate how climate mitigation, spatial planning and urban innovation can be integrated into coherent and investment-ready packages.

Despite a well-defined strategic and investment framework, implementation faces structural challenges common to many mid-sized Mediterranean cities, including limited administrative and technical capacity, funding complexity and the need for sustained political commitment. Alignment of EU, national and local funding schemes adds further procedural demands. Ensuring effective monitoring systems, strengthened data management capacities and long-term financing commitments remains essential for translating integrated planning into lasting impacts.

INSTITUTIONAL DIALOGUE: ACCELERATING MEDITERRANEAN SUSTAINABILITY EFFORTS

For further information on the Policy Instrument of Karlovac, scan the QR code or visit the Policy Instrument webpage.

On October 15-16, 2025, the Institutional Dialogue Project of the Green Living Areas Mission hosted its 2nd IInstitutional Policy Dialogue in Brussels in parallel with the European Week of Regions and Cities. The event showcased successful policies with high replicability potential, across thematic domains, including Green City Action Plan of city of Karlovac. The Institutional Dialogue aims to bring together policy champions - policymakers who successfully implemented a given policy instrument in the Mediterranean - with Euro-Mediterranean projects funded under the Interreg Euro-MED Programme, as well as other stakeholders interested in replicating and transferring these policies. The insights gathered shaped the recommendations in this brief, ensuring a practical and collaborative approach.

- **Thessaloniki - Climate Neutrality Action Plan**

Thessaloniki's pathway to climate neutrality is structured around its Climate City Contract (CCC), developed under the EU Mission for Climate-Neutral and Smart Cities and approved in 2024. The CCC sets the strategic vision and commitments, while the accompanying Action Plan (AP) defines sectoral measures across buildings, energy, mobility, and urban systems, and the Investment Plan (IP) identifies the financial needs and potential funding sources from public, EU, and private instruments. Implementation is coordinated by a dedicated municipal transition team, ensuring cross-departmental alignment and fostering collaboration with universities, businesses, utilities, and civil society. This governance model reflects the Mission's integrated, multi-stakeholder approach to urban climate transition (European Commission, 2023; NetZeroCities, 2024).

Thessaloniki has established a robust governance and coordination model for climate action, marked by the successful development and official approval of its CCC, AP, and IP. These strategic instruments define clear implementation pathways, investment priorities, and accountability mechanisms.

A dedicated, multi-disciplinary transition team was created to steer coordination across municipal departments, strengthening administrative capacity, and fostering institutional learning. In parallel, the city has reinforced cooperation among local government, academia, the private sector, and civil society, improving policy coherence, innovation potential, and the effective absorption of European funds. Active participation in more than 20 EU-funded projects has further supported this governance model by generating knowledge, employment, and cross-sectoral synergies that accelerate Thessaloniki's green transition.

Despite strong institutional progress, key challenges remain related to implementation capacity, project maturation, and financing. The Municipality faces constraints in administrative and technical resources, the need for improved data and monitoring systems, and difficulties in mobilising large-scale private investment and ensuring long-term project bankability. Addressing these gaps requires continued capacity building, stronger coordination mechanisms, and enhanced access to technical and financial support, issues widely identified in the literature on urban climate neutrality and Mission Cities implementation (European Commission, 2020; NetZeroCities, 2024; OECD, 2021).

INSTITUTIONAL DIALOGUE: ACCELERATING MEDITERRANEAN SUSTAINABILITY EFFORTS

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REPLICABILITY AND UPSCALING POTENTIAL

Transfer of governance and planning frameworks: The Climate Neutral City (CNC) models and Karlovac's Green City Action Plan demonstrate how integrated governance and planning frameworks can be transferred without replicating fixed solutions. Their strength lies in the alignment of strategic planning tools, such as the Climate City Contract, Action Plan, and Investment Plan, with multi-level governance structures and investment priorities. Rather than offering a rigid template, both models provide transferable principles, including multi-stakeholder coordination, data-driven monitoring and evaluation, and the systematic integration of climate objectives into urban planning and investment decisions. These elements can guide other cities in designing context-specific pathways toward climate neutrality and sustainable urban transformation, without requiring identical institutional settings.

Building on these transferable governance principles, adapting the Integrated Planning for the Green Transition approach to other Mediterranean cities requires sensitivity to territorial realities such as administrative fragmentation, socio-economic diversity, and heightened climate vulnerability. Additionally, there is a need for flexible governance models that can be adjusted to local institutional capacities and existing competencies. For smaller or resource-constrained municipalities, shared administrative services and inter-municipal cooperation frameworks can provide practical and efficient solutions. Ensuring access to diversified funding sources (EU, national, and private) alongside strengthening local absorption capacity is a key prerequisite for scaling up comparable initiatives. Moreover, embedding climate neutrality objectives within broader urban regeneration, social inclusion, and resilience policies is essential to guarantee relevance, coherence, and long-term impact across diverse Mediterranean contexts.

In addition to institutional adaptability, peer learning and city-to-city mentoring mechanisms were identified as key enablers for successful replication and upscaling. According to the policy dialogue on the CNC and Integrated Planning for the Green Transition, mentoring mechanisms within EU networks were highlighted as highly valuable tools for supporting structured knowledge transfer, practical problem-solving, and institutional learning. City-to-city cooperation helps accelerate implementation by allowing municipalities to learn from real-life experiences, avoid common pitfalls, and build political and administrative confidence. Strengthening quadruple-helix collaboration, linking local authorities, academia, business, and civil society, further enhances innovation, ownership, and the effective uptake of climate governance models.

However, the successful upscaling of such models is not automatic. It depends on the presence of enabling conditions and the capacity to address structural barriers, as discussed in the following section.

BARRIERS AND ENABLERS

The policy instruments analysed above highlight both the structural barriers and the enabling conditions that shape the implementation and scaling of integrated planning approaches in mid-sized cities.

- **Barriers**

Medium-sized cities often face significant challenges in implementing climate neutrality strategies and integrated green transition plans due to fragmented institutional structures and complex legislative and administrative frameworks. Rigid procedures and siloed governance arrangements limit flexibility, slow decision-making, and complicate coordination across municipal departments, governance levels, and stakeholder groups. Misalignment between technical services and political leadership further constrains cross-departmental cooperation, requiring continuous efforts to align objectives, timelines, and responsibilities. Without integrated planning instruments, siloed governance structures tend to reproduce fragmented project portfolios and weaken long-term climate impact.
At the same time, limited human resources remain a critical barrier for many medium-sized cities, particularly shortages of specialized expertise and aging municipal workforces. These constraints reduce the capacity of both medium-sized and larger municipalities to design, manage, and deliver large-scale and technically complex climate projects efficiently.
In addition, despite increasing access to EU-level technical assistance and financial instruments, medium-sized cities frequently encounter difficulties in fully absorbing and utilizing available funding. Procedural complexity, administrative burden, and limited internal capacity hinder effective financial uptake and project scaling.

- **Enablers**

Mid-sized cities often benefitfrom sufficient institutional maturity while retaining the flexibility to experiment with innovative governance and planning approaches. Their scale allows them to pilot integrated climate governance models, test policy instruments, and adjust implementation pathways without the complexity typically faced by larger metropolitan areas.

Participation in EU initiatives has further positioned mid-sized cities as living laboratories for integrated planning and systemic transformation, generating lessons with high transferability potential. Integrated planning principles can be embedded into concrete and financeable urban projects. The scale of mid-sized cities enables experimentation, iterative learning and policy adjustment, positioning them as living laboratories for integrated planning and systemic green transformation with high transferability potential.

The development of data-driven monitoring and evaluation systems has emerged as a key enabling factor for climate neutrality efforts in mid-sized cities. Access to reliable and comparable data supports evidence-based decision-making, progress tracking, and accountability across policy domains.

Strong stakeholder engagement, particularly through quadruple-helix collaboration among local authorities, academia, the private sector, and civil society, is a critical enabler of innovation and ownership in mid-sized cities. Inclusive governance models that mobilize diverse expertise enhance shared responsibility and policy legitimacy, supporting co-creation and knowledge exchange.

Access to diversified financing sources, combining EU, national, and private funding, enables cities to advance its climate neutrality objectives despite financial and administrative constraints. Alignment between strategic planning tools and investment priorities has supported more integrated financing approaches, linking climate goals with urban regeneration and resilience investments. The ability to leverage multiple funding streams and connect them to long-term planning frameworks constitutes a key enabling condition for scaling climate action.

Sustained political commitment and stable leadership structures are critical enabling conditions for integrated climate planning in mid-sized cities. Long-term transformation processes require alignment between political priorities and technical implementation capacities, as well as continuity beyond electoral cycles. When political leadership actively supports integrated governance models and cross-sectoral coordination, institutional silos can be reduced and strategic objectives more effectively embedded within administrative routines. This alignment strengthens policy coherence and increases the likelihood of successful implementation.

CONCLUSIONS

The experiences of Karlovac and Thessaloniki demonstrate that integrated planning is not an abstract governance ideal, but a practical and operational pathway to accelerate the green transition in mid-sized cities. Despite differences in national context, institutional structures and financing mechanisms, both cases confirm that systemic transformation requires clear alignment between strategic objectives and investment pipelines, cross-sectoral coordination mechanisms that reduce institutional silos, robust data and monitoring systems to support evidence-based decision-making, multi-stakeholder engagement models that strengthen ownership and legitimacy, and strong political commitment combined with sustained administrative capacity building.

The analysed cases confirm that mid-sized cities can act as agile testing grounds for integrated governance models capable of delivering tangible climate and sustainability outcomes.

A central lesson emerging from these experiences is that integrated planning must function as an operational policy instrument rather than a standalone strategic document. In both cities, planning frameworks serve as coordination mechanisms that align spatial planning, energy, mobility, climate action and financing structures. By linking long-term climate neutrality objectives to concrete, bankable projects and governance arrangements, integrated planning transforms fragmented sectoral actions into structured transition pathways capable of delivering measurable impact.

The readiness of these approaches for transfer is further strengthened by existing Euro-Mediterranean cooperation platforms, including the Green Living Areas Mission and D4LA. Structured peer learning, mentoring mechanisms, and city-to-city exchange provide the institutional environment necessary to adapt and scale integrated planning models across diverse contexts. Given shared regional challenges, namely climate vulnerability, administrative fragmentation, and financing constraints, Mediterranean mid-sized cities can particularly benefit from adopting and adapting these governance frameworks. Supporting replication through targeted capacity building, simplified funding access, and political commitment will be key to mainstreaming integrated planning as a standard practice across the region.

PROJECT SUMMARY

The Institutional Dialogue Project of the Green Living Areas Mission seeks to enhance policy transfer through dialogue among policymakers and public stakeholders. It focuses on continuous policy improvement and transformation and aims to establish long-term cooperation on public policy instruments at the Euro-Mediterranean level, ultimately improving citizens' quality of life.

PROJECT CONTACT INFORMATION

Scan the QR to see the Contact information

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