AN INTEGRATED APPROACH TO THE PARIS CLIMATE AGREEMENT: The Role of Regions and Cities

HIGHLIGHTS

Outline of working paper

The 2015 Paris Climate Agreement generated strong momentum for global collaboration, but current Nationally Determined Contributions (NDCs) in aggregate are insufficient to limit the global temperature increase to 1.5°C (IPCC, 2018). The Agreement also requests all Parties to communicate their long-term low emission development strategies (LT-LEDS), which only thirteen have done as of November 2019. More ambitious actions are required, calling for a "whole-of-government" and "whole-of-society" approach to deliver the Paris Agreement.

Recognising the pivotal role of cities and regions in advancing climate action and mobilising investment needs, this working paper argues that developing NDCs and LT-LEDS provides a unique opportunity to align national, regional and local climate action. It also considers whether such coordination can be improved through the lens of the *OECD Recommendation on Effective Public Investment across Levels of Government*, adopted in 2014.

The leading role of regions and cities in climate action

Cities and regions have a unique capacity to address climate change compared with national governments and offer numerous solutions to advance climate adaptation and mitigation:

- Across 30 OECD countries, regions and cities were responsible for 55% of total climate- and environment-related public spending and 64% of such investment in 2000-2016 (OECD, 2019).
- Regions and cities are well-positioned to experiment and pilot climate action, often demonstrating greater ambition than national initiatives. Cities such as Copenhagen (Denmark) and Helsinki (Finland), and states/regions such as California (United States) and Queensland (Australia) have all set a carbon neutrality target.
- Low-carbon, climate-resilient investment provides benefits such as avoided health costs, better energy security and higher quality of life. Revenue from carbon-pricing instruments or energy savings can also be reinvested in low-carbon initiatives that benefit vulnerable populations.
- Cities have authority over various sectors related to climate action (e.g. housing, land-use, transport and buildings), but two-thirds of urban emissions reductions rely on coordination with the regional and national levels. Crucially, emissions in cities can be reduced by up to 90% by 2050 using already technically feasible low-carbon measures (CUT, 2019).

References

CUT (2019), *Climate Emergency, Urban Opportunity*, https://urbantransitions.global/urban-opportunity/.

IPCC (2018), *Global Warming of 1.5°C: an IPCC Special Report*, https://www.ipcc.ch/sr15/.

OECD (2019), *Financing climate objectives in cities and regions to deliver sustainable and inclusive growth*, https://oe.cd/il/2N5.

OECD (2014), *OECD Recommendation on Effective Public Investment across Levels of Government*, https://oe.cd/2qZ.

Image Credit

Scaling up subnational climate action with NDCs and LT-LEDS

The review of the latest NDCs, LT-LEDS and subnational climate plans of Canada, France, Germany and the State of California (United States) has revealed several key findings:

- Only Canada's NDC comprehensively accounts for subnational climate plans and actions – referring to the Pan-Canadian Framework adopted by provincial governments – and thus serves as an important model for other NDCs to follow, especially in federal countries.
- France and Germany have domestic climate action frameworks that closely engage subnational governments, while climate plans in the State of California highlight that regional governments within a country can effectively link their climate measures with those of local governments.
- Several types of co-ordination mechanisms exist in the development and implementation of LT-LEDS and subnational climate plans that can improve the effectiveness of multi-level coordination, including: i) *joint development of climate plans*; ii) *requirement for policy alignment*; iii) *establishment of a joint committee*; and iv) *provision of co-financing and financial incentives*.

In order to increase the ambition of climate action globally, there is an important need for further evidence-based research and country-specific case studies on the role of subnational governments and non-governmental stakeholders in contributing to, and being integrated in, NDCs and LT-LEDS.

Boosting subnational investment in climate mitigation

Applying the *OECD Recommendation on Effective Public Investment across Levels of Government* to the four selected cases (Canada, France, Germany and the State of California) reveals:

- Co-ordination across levels of government was inherent to most subnational climate investment.
- National/State climate plans and programmes recognised the need to involve a range of stakeholders (e.g. civil society, subnational authorities) to achieve subnational climate investment.
- Technical assistance and capacity building were very common means of support by National/State governments to regional or local authorities.
- Horizontal co-operation across subnational governments on climate investment is limited. There is little financial incentive for such coordination unless it is a financing condition.
- National/State governments provided most climate funding to companies and individuals directly, rather than transferring them through subnational governments, thereby limiting the involvement of the private sector in subnational climate investment.

Countries around the world have identified the need to improve tracking of subnational climate-related spending, which would help scale up climate action and facilitate integration in national plans.

While national contributions are essential, all stakeholders must act decisively in order to achieve the aims of the Paris Agreement. Cities and regions are essential players in the battle against climate change to secure a future below 1.5°C.

Further information:

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