

This paper recalls the important contribution of subnational governments to global climate action and outlines areas for subnational input on the basis of COP16/CMP6 Cancun Agreements

# Subnational Governments: Key Actors in Climate Action – A Contribution towards COP17/CMP7

June 2011

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Network of Regional Governments  
for Sustainable Development

## Executive Summary

Subnational governments:

- ✓ Call on UNFCCC Parties and Secretariat to **establish new deeper and formal “partnerships” with subnational governments and local authorities** based on commitment and accountability, **which will reflect their nature as ‘governmental stakeholders’** and recognise them as the allies they truly are, in accordance with the needs of a modern multilevel environmental governance model.
- ✓ Highlight that **decentralised cooperation programmes and projects already linking developed and developing subnational governments should be taken into consideration for putting together any formal international registry of National Appropriate Mitigation Actions (NAMAs).**
- ✓ Consider that **the Adaptation Framework should look into the wealth of experiences acquired by subnational governments in the development of their respective adaptation strategies** over the past years; **as well as into the numerous examples of international solidarity between subnational governments** in this field.
- ✓ Believe that they should have **observer status at the Adaptation Committee** because the Committee would benefit greatly from the experience, skills and institutional strengths of subnational governments at the forefront of any adaptation actions, and take advantage of their ability to induce the participation of private businesses, NGOs and other partners who are familiar with the conditions on the ground.
- ✓ Call on the Convention of the Parties, the UNFCCC Secretariat, the World Bank and the future Board to **ensure that the set up and deployment of the Green Climate Fund incorporates a territorial dimension so that subnational governments can have access to the Fund.**
- ✓ Call on the UNFCCC Secretariat to **ensure the participation of public and private institutions** with experience in the development of carbon funds, cap and trade schemes and project-based mechanisms at the subnational level both **in the Transitional Committee setting-up the Green Climate Fund and in the Standing Committee on Long-term Finance.**
- ✓ Believe that the **Transitional Committee would benefit from their participation as observers.**
- ✓ Believe that the **Climate Technology Centre and Network would deeply benefit from existing technology transfer agreements, public-private partnerships, technology clusters and research poles at subnational level.** In this respect, subnational

governments **call** on national authorities and international institutions **to** set frameworks around these initiatives that **cut red tape** and facilitate their implementation with a transnational and interregional dimension by all levels of government.

- ✓ Urge Parties to **ensure the continuity of project mechanisms and allow subnational governments to further use them** to direct new investment in their programs to tackle climate change.
- ✓ Support the proposal of the Joint Implementation Steering Committee in its 2010 annual report to **confirm that Joint Implementation can go on until the end of the so-called “true-up” period**. This proposal will clarify that Annex 1 countries are able to deliver credits until the end of the so-called “true-up period” in 2015.
- ✓ Urge Parties to take a **political decision confirming that the Clean Development Mechanism Executive Board will be mandated to go on** with its work and especially to register new projects **after 31 December 2012**.



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*“A shared vision for long-term cooperative action – 7. The Conference of the Parties recognises the need to engage a broad range of stakeholders at the global, regional, national and local levels, be they government, including subnational and local government, private business or civil society (...)”*

**Decision 1/CP.16 – Ad hoc Working Group-Long-term Cooperative Action AWG-LCA**

*“Further guidance relating to the Clean Development Mechanism Commitments – Page 2. The Conference of the Parties, recalling that standardised baselines under the clean development mechanism should be broadly applicable, provide a high-level of environmental integrity and take into account specific national, subnational or international circumstances, as appropriate.”*

**Decision 3/CP.6 – Ad hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol AWG-KP**

*The Subsidiary Body for Implementation, when discussing arrangements for intergovernmental meetings recognises (page 1) “the important role and value of the participation of all stakeholders, both governmental and non-governmental in the UNFCCC process in accordance with Article 7, paragraph 6, of the Convention.”*

**FCCC/SBI/2000/L31**

*“Successfully addressing the climate change challenge will only be achieved, and sustained, through involvement and commitment at all levels of decision-making. In particular, subnational authorities have a key role to play in actively incorporating climate change considerations in day-to-day business and in introducing climate-friendly policies, regulations and investment decisions at their level, as a direct outreach to the public.”*

**United Nations Development Programme**

## **The importance of subnational governments in international climate change agreements**

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Subnational governments are particularly well placed for identifying the needs and the strengths of their societies in their climate action, and they are often responsible for the elaboration and implementation of policy, legislation, programmes fiscal mechanisms and public investments plans in several areas - such as transport, energy, the environment, agriculture, forestry, industry, spatial planning, resource management, technology development and transfer, civil protection or development cooperation - that directly influence Greenhouse Gases (GHG) emissions levels and deal with the impacts of climate change.

Subnational governments from all over the world have demonstrated in a number of ways that their contribution and leadership is essential to help achieve the ultimate objectives of the United Nations Framework Convention for Climate Change (UNFCCC)

since, according to the United Nations Development Programme (UNDP), 50% to 80% of adaptation and mitigation actions necessary to tackle climate change are or will be implemented at the subnational or local levels of governance.

Subnational governments are determined to address the issues of climate change and the economic difficulties many of them are facing by turning these challenges into an opportunity to move towards greener, smarter and more inclusive societies.

In the last years, subnational governments have concretely shown that they take their climate change responsibilities in a more proactive way than ever before. In fact, their accomplishments in this area have grown tremendously in sophistication and effectiveness. The important lessons being learned at the subnational level can often feed into and improve national policy and shape more ambitious and innovative responses to climate change.

Subnational governments welcome the successful outcome of COP16/CMP6 and believe that the Cancun Agreements represent progress for the international community on 3 fronts: i) regaining trust in climate action multilateralism; ii) improving the international climate action framework, and iii) recognising the crucial role that both local authorities and subnational governments play in global climate change efforts as 'governmental stakeholders'.

Subnational governments acknowledge the efforts of the Convention of Parties in achieving these 3 successes and thank the Mexican Presidency, the UNFCCC Secretariat and the AWG-LCA for their special commitment to listening and including the voice of all stakeholders.

Building upon the successes achieved under the Cancun Agreements by the international community, governments and stakeholders, subnational governments stand ready to provide input to some key dossiers on the way to COP17/CMP7 Durban and believe that their grass-roots experience and long-term reflections on climate action can be useful in the establishment of some of the new institutions enshrined in the Cancun Agreements.

## **Developing new partnerships with governmental stakeholders**

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Subnational governments are of the view that the **recognition of local and subnational governments as "governmental stakeholders"**, as enshrined in the Cancun Agreements, should constitute the basis for further developing ways to enhance the engagement of observer organisations.

- ✓ Subnational governments call on UNFCCC Parties and Secretariat to build upon the current dialogues on the basis of the existing Civil Society Major Groups/constituencies and **move towards the establishment of new deeper and formal “partnerships” with subnational governments and local authorities based on commitment and accountability, which will reflect their nature as ‘governmental stakeholders’ and recognise them as the allies they truly are, in accordance with the needs of a modern multilevel environmental governance model.**

Subnational governments are convinced that such a partnership would provide them with a stable framework for climate action and enhance the impact of their commitments towards the implementation of multilevel, coherent and complementary strategies for climate change action.

## **Actively involving subnational governments in new institutions**

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Based on the diverse competences that subnational governments around the world have in areas of direct relevance to climate action, as well as on their ongoing innovative initiatives, **subnational governments** believe that their active **involvement in setting up the new institutions described in the Cancun Agreements could bring an important added value to the whole process.** Indeed, the proximity of subnational governments to their citizens; their long-track experience in engaging directly with different levels of government and a wide range of stakeholders; and their direct experience with the risks and impacts that climate change phenomena have on their respective communities, constitute an **incomparable sounding board and hub** for any new climate action institutions.

- ✓ **Decentralised cooperation programmes and projects already linking developed and developing subnational governments should be taken into consideration while putting together any formal international registry of National Appropriate Mitigation Actions (NAMAs).**

The registry would then help match the needs of developing countries and their subnational governments with the support that developed countries and subnational governments could provide and accelerate the deployment of assistance and results.

- ✓ Any **Adaptation Framework** aiming to strengthen action on adaptation in developing countries through international cooperation **should look into the wealth of experiences acquired by subnational governments** in the development of **their respective adaptation strategies** over the past years; **as well as into the numerous examples of international solidarity between subnational governments** in this field.
- ✓ Subnational governments believe that they should have **observer status at the Adaptation Committee** because the Committee would benefit greatly from the experience, skills and institutional strengths of subnational governments at the forefront of any adaptation actions and take advantage of their ability to induce the participation of private businesses, NGOs and other partners who are familiar with the conditions on the ground.

The United Nations Development Program UNDP, the United Nations Environmental Programme UNEP, the UN body for Human Settlements UN Habitat and other UN entities have responded to the increasing number of requests from subnational governments in the developing world who need assistance in assessing and managing the physical and socioeconomic impact of climate change by creating the Territorial Approach to Climate Change (TACC) program. This initiative seeks to enhance the capacity of subnational governments from developing countries to develop, amongst other things, territorial climate plans, to help them implement their climate change responses. It also provides guidance to public authorities on how to choose and design the most appropriate policies and financing schemes to implement priority measures. Several subnational governments members of nrg4SD are actively involved in ongoing TACC projects.

In order to secure timely progress towards a low carbon economy, subnational governments believe that any new financial mechanisms and tools should fully encompass a territorial dimension and be implemented with the involvement of subnational governments.

- ✓ In this context, with regard to the Green Climate Fund, subnational governments call on the Convention of the Parties, the UNFCCC Secretariat, the World Bank - in its capacity of Trustee for the Green Climate Fund - and the future Green Climate Fund Board **to ensure that the set up and deployment of the Fund incorporates a territorial dimension so that subnational governments can have access to the Fund.**
- ✓ Subnational governments call on the UNFCCC Secretariat to **ensure the participation of public and private institutions with experience in the development of carbon funds, cap and trade schemes and project-based mechanisms at the subnational**

**level both in the Transitional Committee setting-up the Green Climate Fund and in the Standing Committee on Long-term Finance.**

- ✓ For these reasons subnational governments believe that **the Transitional Committee would benefit from their participation as observers.**

Subnational governments, like national governments, are well positioned to tap into the reservoirs of consulting, engineering and clean-tech firms, as well as academic & research institutions operating within their territories. Subnational governments have the capacity to enter into cooperation agreements with the private sector and academia, encouraging them to share scientific skills, technological processes, applications and products with developing countries. The Technology Clearinghouse Mechanism foreseen to be fully operational in 2012 could greatly benefit from these abilities of the subnational governments.

- ✓ Subnational governments are of the view that the **Climate Technology Centre and Network would deeply benefit from existing technology transfer agreements, public-private partnerships, technology clusters and research poles at subnational level.** In this respect, subnational governments call on national authorities and international institutions to **set frameworks around these initiatives** that cut red tape **and facilitate their implementation with a transnational and interregional dimension by all levels of government.**

## **Maintaining and developing project based mechanisms**

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Even before the entry into force of the Kyoto Protocol, subnational governments have been active in Implementing projects or programs. However, some subnational governments need financial incentives to deploy their political will.

In the current context of high challenges and low resources we live in, enabling carbon finance through the combination of Kyoto protocol project-based mechanisms and carbon markets has proven to be successful in bringing new sources of financing under public control with no adverse impact on public finances. A flow of new investments has been directed to these low-carbon projects under the control of UNFCCC.

Between 2005 and 2012, the so-called “Clean development mechanism” (CDM) and “Joint implementation” (JI) mechanism will have contributed to over 1,3GtCO<sub>2</sub>e<sub>q</sub> emission reductions. In 2009, project developers secured an average revenue of

9€/tCO<sub>2</sub>eq for future emission reductions and 12€/tCO<sub>2</sub>eq for achieved emission reductions<sup>1</sup>.

This framework so far has allowed for efficient carbon investment and the emergence of experienced players with expertise and know-how. Today subnational governments are well placed to leverage these mechanisms in complement to their climate change plans.

However, just as this innovative approach is gaining momentum, in 18 months' time, these project mechanisms could disappear if no decision is taken. From 1 January 2013, Joint Implementation and clean development mechanisms (CDM) might be technically stopped because of the official end of the first Kyoto accounting period.

Subnational governments welcome the principle of exploring new mechanisms but would like to emphasise that they will take time to emerge and that therefore a transitional period towards new mechanisms is needed.

- ✓ Subnational governments urge Parties **to ensure the continuity of project mechanisms and allow subnational governments to further use them** to direct new investments in their programs to tackle climate change.
- ✓ Subnational governments support the proposal of the Joint Implementation Steering Committee in its 2010 annual report **to confirm that Joint Implementation can go on until the end of the so-called “true-up” period**. This proposal will clarify that Annex 1 countries are able to deliver credits until the end of the so-called “true-up period” in 2015.
- ✓ Subnational governments urge Parties **to take a political decision confirming that the Clean Development Mechanism Executive Board will be mandated to go on with its work** and especially to register new projects **after 31 December 2012**.

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<sup>1</sup> Source : World Bank, State and trends of the carbon market, 2010.



The **Network of Regional Governments for Sustainable Development, nrg4SD** works tirelessly to champion the work of subnational governments on sustainable development, including climate action. As an International non-profit organisation representing subnational governments (namely federated states and regional governments) at the global level, nrg4SD promotes understanding, partnerships and projects in sustainable development and seeks greater international recognition of the important contribution of subnational governments towards sustainable development. A Member of the Organisations des Régions Unies-Forum Global d'Associations de Régions (ORU-FOGAR), nrg4SD is the voice of ORU-FOGAR in the field of sustainable development.

nrg4SD is an accredited observer with the UNFCCC as part of the constituency for Local Government and Municipal Authorities (LGMA).

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