At the 21st UNFCCC Conference of the Parties (COP21), local government was recognised as playing a central role in helping to move forward the climate and sustainable development agendas, alongside States, donors and non-governmental actors. Local governments are inescapable partners for achieving a reduction of greenhouse gas (GHG) emissions at territorial level, which is the relevant level of action to give a cross-cutting view of stakes and solutions. Thanks to their knowledge of the economic, social and geographical contexts, local and subnational governments can have knock-on effect for local stakeholders. Remaining on a trajectory that limits warming to 2°C will require huge investments in sustainable urban infrastructure: USD 4,500 to 5,400 billion per annum over the next 15 years (CCFLA, 2015). Financial flows from international donors, dedicated funds (such as the Green Climate Fund) and the private sector will not be sufficient to meet such amounts. Governments will need to contribute financially through national public policies that support and incentivise the full spectrum of subnational governments in their climate actions.

This study proposes a mapping of state commitments to support local climate action through an institutional and financial prism. It covers 51 countries and offers possible recommendations to more effectively mainstream the local dimension into Nationally Determined Contributions (NDCs).

Cross analysis of state commitments and local governments’ financial capacity. Drawing on a new database and methodology, AFD has constructed two variables enabling cross analysis of States’ commitment to subnational climate policies and of local governments’ financial capacity. Any initiative launched by...
First lesson: only a few States link their climate initiatives to a strengthening of local financial capacity

The cross-tabulation of our two indicators enabled us to establish a vertical integration matrix (see Figure 2) showing the level of local governments’ financial capacity along the x-axis and the degree of State commitment to local climate action along the y-axis. The diagonal of the matrix indicates the increasing degree of vertical integration (i.e. the combination of multi-level governance of climate actions and associated financial capacity).

It appears that only six countries have a mature level of vertical integration that combines a strengthening of both the means of action and local governments’ financial capacity (top-right circle). Among these countries, South Africa and Colombia have an advanced decentralisation framework that makes it possible to define the linkages between responsibilities and competences for climate action; they also have the financial and institutional resources to implement them. In South Africa, the government is encouraging the leadership of some large cities involved in climate networks and international diplomacy. Colombia has set up new nationally coordinated administrative entities that have taken on responsibilities for climate support at local level. Under the National Climate Change Adaptation Plan, a financial management committee ensures the technical viability and financing sources for projects initiated by local governments.

In parallel, a country such as Vietnam, whose decentralisation process is lagging and still includes few devolutionary measures, is nonetheless able to find ways of financing its climate action at local and subnational level. Under the action plan to implement its NDC adopted in 2016, the Vietnamese Ministry of Natural Resources and Environment has delegated financial resources to subnational tiers of government: the financial weight of its local governments is one of the largest in the sample due to the creation of dedicated municipal funds. However, there is still a lack of coherence between local planning and a national vision to combat climate change.

1 Vertical integration corresponds to the integration of all levels of government (national, regional, local) into a normative framework and financial resources earmarked for the implementation of local public policy to support climate change mitigation or adaptation.
Second lesson: most States commit to subnational climate actions without providing adequate financial support

A good many countries commit to supporting subnational actors through institutional means and technical capacity building. These actions result from State commitment, with assistance from numerous programmes supported by the donor community, UN agencies and international programmes for local climate action, as in the case of Morocco (see Box below). Despite these commitments, the paradox is that the institutional and financial framework only seldom assigns full competence to subnational authorities to pursue the public policies for which they are responsible, with inadequate financial and human resources to shoulder them. To anchor these local climate actions in sustainable public policies, these States will need to develop the local financial framework (top left circle).

For the other countries in the sample, shown in the lower circles, even though climate actions have been implemented at national level, these make scant reference to the local level, whatever the financial capacity of local governments.

THE STATE’S COMMITMENT TO LOCAL-LEVEL CLIMATE ACTION: THE CASE OF MOROCCO

The Moroccan State’s commitment to support local-level climate action comes in three forms:

Capacity building
Cities have benefited from training programmes and technical assistance in order to stimulate the implementation of climate-related actions in their municipality. For example, the Jiha Tinou project has been coordinated by the Moroccan Agency for Energy Efficiency (AMEE) since 2012, in partnership with GIZ, ADEME and Energy Awards and aims to encourage local initiatives for renewable energies and energy efficiency. The government has also provided the cities with support tools.

Commitment to combatting climate change at national level
The enforcement of national-level policy and existing legislation (environment charter, national sustainable development strategy, etc.) is a second key factor for climate action in the municipalities. Some cities have thus integrated a climate and energy section into the 2016 update of their municipal action plan. In tandem, the organisation of COP22 in Morocco has strengthened the municipalities’ awareness of climate questions.
The transfer of administrative skills

The new 2011 Constitution has assigned substantial transfer of administrative skills to local governments under the advanced Regionalisation process, notably in the area of water and energy management. Local officials and policy officers are responsible for climate and energy questions in some municipalities. These forms of local-level action are consistent with the nationally determined contribution communicated by the Kingdom of Morocco in 2016. This determines the achievement of additional objectives for the reduction of GHG emissions as new financing sources are now accessible, as well as support for capacity building to design and implement projects at regional and local level.

A QUESTION OF DEVELOPMENT

A transfer of financial resources is required at local and regional level

The matrix in Figure 2 shows that many national initiatives have been deployed to promote local climate action, with support from international programmes. Yet, to scale up and respond to the State’s commitment to fight climate change, these countries cannot afford not to have a sustainable institutional and financial framework. France offers an example of a national framework for local climate action. The role of local governments has been incorporated into the French Energy Transition Law, and a national approach has been put in place that provides for a normative framework and technical resources to mainstream climate into local planning.

For instance, all inter-municipal entities of over 20,000 inhabitants are obliged to adopt a Territorial Climate, Air and Energy Plan (PCAET), an instrument that has been transposed to the State of Minas Gerais in Brazil (ADEME, 2015).

Furthermore, Colombia’s national framework has set climate goals for local governments in order to involve them and have them share the international commitments made by the State. The State’s incentive framework is found in Colombia’s NDCs. A national regulatory framework that shares state commitments with local tiers of government could apply to other countries that are at a sufficiently advanced stage of vertical integration for climate change.

For the other countries whose subnational climate action is to some extent engaged but that do not yet have a mature financial framework, States can, in addition to consolidating local government technical capacities, build up municipalities’ financial capacities. This would require that the States’ climate strategies and policies be supported by a decentralisation process enabling genuine transfers of powers. It would also be necessary to secure the transfer of regular financial allocations from central government, while at the same time increasing the financial autonomy of local governments (consolidation of fiscal resources). Making it easier for local governments to access bank loans and bonds, both on the domestic market and with development banks, would also be important.

However advanced a State’s level of vertical integration may be, investment needs for resilient and low-emission infrastructure over the next 15 years are immense. The national dialogue with local actors must become a priority, supported by a strengthening of institutional, technical, human and, above all, financial resources (ICLEI, 2015). Implementing the NDCs and their forthcoming revisions offers a real opportunity to come up with concrete responses to this challenge of subnational climate action.

Non-state actors (networks of cities, local officials, etc.) must seize on this opportunity to encourage States to integrate them into the NDCs. The agenda for financing local governments, which is inseparable from the agenda for subnational climate action, must be continued if it is to match up to the ambitions of the Paris Agreement.

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