Potential National-Sub-national Linkage to Enhance Low Carbon Development at the Sub-national Level

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Objective

“What kinds of institutional mechanisms of national mitigation actions would enhance low carbon development at the sub-national level?”

To answer the above question, the presentation aims

- to share the important aspects of the national-level institutional mechanisms to enhance effective low carbon development at the sub-national level
- to show the options of potential national-sub-national linkage mechanisms and to articulate the effective ideas
## Division of Responsibilities between National and Sub-national Governments

<table>
<thead>
<tr>
<th>Sector</th>
<th>Policies and Measures</th>
<th>National Government</th>
<th>Provincial Government</th>
<th>City/Municipal Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Supply</td>
<td>Renewable Energy Act</td>
<td>Yes</td>
<td>-</td>
<td>Yes</td>
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<tr>
<td></td>
<td>Biofuel Act</td>
<td>Yes</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Energy Efficiency</td>
<td>Government Energy Management Program</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Transport</td>
<td>Clean Air Act</td>
<td>Yes</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>National Gas Vehicle-Program for Public Transport</td>
<td>Yes</td>
<td>-</td>
<td>-</td>
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<tr>
<td></td>
<td>Unified Vehicular Volume Reduction Program under the Metro Manila Development Authority</td>
<td>-</td>
<td>Yes (within Metro Manila and selected areas)</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>National Environmentally Sustainable Transport Strategies (NESTES) e.g., e-trike and auto-liquefied Petroleum Gas (ILP)</td>
<td>Yes</td>
<td>-</td>
<td>Yes</td>
</tr>
<tr>
<td>Commercial and Residential Buildings</td>
<td>An Act to create the Green Building Code Commission to draft the National Building Code</td>
<td>-</td>
<td>-</td>
<td>Yes</td>
</tr>
<tr>
<td>Waste and Wastewater</td>
<td>Ecological Solid Waste Management Act</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td></td>
<td>Environmental Impact Assessment</td>
<td>Yes</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Agriculture</td>
<td>Organic Agriculture Act (OAA) of 2010</td>
<td>Yes</td>
<td>-</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Memorandum from the Secretary (8 Feb 2011)</td>
<td>Yes</td>
<td>-</td>
<td>-</td>
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<td></td>
<td>Department of Agriculture Climate Change Policy</td>
<td>Yes</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Forestry</td>
<td>Moratorium on the cutting and harvesting of timber</td>
<td>Yes</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>National Greening Program (NGP)</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Philippine National REDD-Plus Strategy (PNRPS)</td>
<td>Yes</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: AboG (2012)

### Four Things to be Considered for National and Sub-national Linkage Mechanisms

- Organic Agriculture Act (OAA) of 2010
- Memorandum from the Secretary (8 Feb 2011)
- Department of Agriculture Climate Change Policy
- Moratorium on the cutting and harvesting of timber
- National Greening Program (NGP)
- Philippine National REDD-Plus Strategy (PNRPS)
What motivates sub-national governments for good policy performance?

1. Incentive Provision and Ownership Development

Example 1: The secretariat of international intercity network programmes to promote sustainable development (CITYNET and ICLEI Southeast Asia)

- Properly understanding the particular needs of participating cities
- Providing them with useful opportunities
- Nurturing ownership and commitment through
  - Calls for proposals
  - Requests for action planning
  - Requiring commitment of political leader
  - Monitoring during the network activities

Sources: Nakamura (2011)
1. Incentive Provision and Ownership Development

Example 2: **Social lending for Education for All - Fast Track Initiative (EFA-FTI)** (World Bank)

- Results-based lending which disbursed *payment after predefined results* are attained and verified
- *Conditions to be met before the implementation*, such as appropriate action planning and submission, appropriate division of financial cost bearing, and transparent budget management and accounting

Example 3: **Incentive grant mechanism for sub-national governments** in climate change mitigation (UK)

Sources: Honorati et al. (2011), DEFRA (2006)

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Potential Risk of Incentive/Performance-based Mechanism

Incentive mechanism may deteriorate the *motivations* in the case where *good intention and efforts* did not result in *good performance*

**Fail-safe and incentive adjustment approach**

- *First* national government *lets local governments to set feasible initial GHG reduction target* by sector or programme, which will be monitored as performance later

- *Then* national government also distributes *mixed fail-safe (intention/trial-based) and performance-based funding* to local governments to innovate and implement GHG emissions reduction polices

Sources: Aoki and Aoki (2010)
Funding Incentive Mechanisms

National governments could utilise *pooled fund* using international support or Nationally Appropriate Mitigation Actions (NAMAs) financing by donor

Sources: Chen (2010)

Where are we now?
Where are we heading?
How to achieve the target *(Policy Intervention)*?
How is the performance?
2. Effective Monitoring and Evaluation of Policies

Institutionalised M&E for discipline and learning

**Feedback:**
Use what we find for planning and doing

**See what we are doing, what it causes**

Comparison: Factual and Counterfactual

<table>
<thead>
<tr>
<th>Context – policy intervention</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factual: With Policy A</td>
<td>Observed</td>
</tr>
<tr>
<td>Counterfactual: Without Policy A</td>
<td>Unobserved</td>
</tr>
</tbody>
</table>

**Difference:**
Effects of policy

GHG emissions vs. time

Factual: With policy A
Counterfactual: Without policy A
Comparison: Policy Alternatives

Expected Effects of Policies A & B

Cf. Other factors: Costs, Capacity, Political Difficulties, etc.

3. Diverse Local Conditions
Example 1: Phased approach taken for Reducing Emission from Deforestation and Forest Degradation (REDD+)

First phase: Initiating from readiness support

Second phase: Demonstration/test case support

Third phase: Nation-wide adoption of policy or programme

Source: Yamanoshita (2012)

Example 2: EU Regional and Urban Policy Support Mechanism

• Programme-based (not project-based) funding for particular objectives, bottom-up vision development and policy competition

• Different grant ratio for different regions with different economic/financial level

• “Sense of pride” by even small amount of subsidies

• Focus on “policy-integration orientation”
  – Public investment & Economic development
  – Building reform & Social policy (unemployment)
  – Infrastructure reconstruction & Residents participation
  → Integration of low carbon (GHG emissions reduction) & development for the case of climate (co-benefits approach)

Example 3: Case Study of a Japanese Advanced City - Hiroshima

- Significance of coherence between low carbon development policies and local issues to be solved and initiatives taken in the past (co-benefits approach)
- Political leadership shown by Mayor promotes justification and relevance of new low carbon development policy by drawing different reasons in various contexts in the city
  - Coherence with City Basic Plan and Future Vision
  - Coherence with initiatives taken in the past
  - Coherence with promoting local residents’ welfare

“Provide three reasons to justify new policy/project when requesting budget” – a Japanese government official

Mutual Reference among Japanese Sub-national Governments

Source: Osaka University (2012)

Source: Itoh (2006)
4. Support of Policy Diffusion and Mutual Learning

Mutual Reference among Sub-national Governments in Japan

- Copying
- Emulation
- Mixtures
- Inspiration

Local Policies Studied
- Environmental Impact Assessment
- Environmental Basic Ordinance
- Information Disclosure Ordinance
- Welfare Development Ordinance
- Landscape Conservation Ordinance

Key Factors for Sub-national Policy Diffusion in Japan

- Sub-national governments are
  - Proactive in information and experience disclosure and searching on the internet
  - Proactive in organisational and individual networking activities
- Existence of promoting agency that supports knowledge production and dissemination (← National government can play a role)
Ideas for National and Sub-national Linkage Mechanisms

Possible Options of National and Sub-national Linkage Mechanisms

Phased approach

- **Frist phase:** National government could assist the efforts of limited number of advanced cities by providing project-specific fail-safe and performance-based grant mechanisms
  - Adaptation is the major focus at this moment
  - Selected advanced city governments (Quezon, Makati) have developed and implemented their own low carbon development policies in particular in the sectors of waste management and building energy efficiency

- **Second phase:** National government would extend pilot programme-based capacity development support of LCCAP (as part of CDP and CLUP) in terms of mitigation
  - After implementation of Eco Town pilot project in adaptation
  - To kick-off the nation-wide preparation towards mitigation in various regions
  - With the support of mutual learning and information sharing among participating cities/municipalities

Effective M&E mechanisms as a common basis

LCCAP: Local Climate Change Action Plan, CDP: Community Development Plan, CLUP: Community Land Use Plan