

NON-STATE ACTORS IN A PARIS AGREEMENT ARE CITIES AND COMPANIES BRIDGING THE AMBITION GAP?

- » Transparency is central to avoid green washing and to identify real progress in mitigation
- » Additionality is key to bridge the ambition gap. A better monitoring framework should enable observers to assess the additionality of NSA mitigation action.
- » Representation is needed for further integration of NSA into the UNFCCC, both for effectiveness reasons but also to ensure fair and equitable outcomes.

Climate change mitigation requires innovative solutions beyond the international, state-dominated top-down approach (Keohane and Victor 2011; Hsu et al. 2015; Stewart, Oppenheimer, and Rudyk 2013; Moncel and Asselt 2012) embodied in the Kyoto Protocol that has failed to alter emissions trajectories substantially. Most observers therefore foresee the Paris Agreement to include a bigger role for non-state actors (NSAs) and the various bottom-up initiatives that have emerged in recent years. Research finds close to 80 such initiatives that are internationally active engaging more than 10000 non-state actors (www.fragmentation.eu). These new actors, including private non-state actors such as companies, non-governmental organizations (NGOs) and philanthropists, as well as public non-state actors, such as cities and sub-national regions, constitute a new bottom-up force for climate governance.

COP 21 in Paris provides an excellent opportunity for further developing the relationship between the UNFCCC and NSAs. Some observers call for better integration of NSAs into the UNFCCC framework (Chan and Pauw 2014). Others, however, prefer relative fragmentation above coherency, arguing that polycentric approaches may be superior to monocentric ones (Cole 2015). The goal in the end is the same: To leverage the power of NSAs to bridge the mitigation gap created by insufficient ambition levels of state parties to the UNFCCC. However, the emergence of NSAs raises a number of questions. Who is participating in new climate governance initiatives and who is not? Where are NSAs situated geographically? Who are the central and relevant players? What concrete and measurable commitments have NSAs made? Are these commitments additional to existing national pledges? What can be

done to harness the potentials of non-state actors in a Paris agreement?

In this policy brief, we engage with these questions drawing on data gathered in the context of an ongoing research project¹. We study two types of NSAs here: private NSAs (i.e. companies such as The Coca Cola Company and non-governmental organizations such as the World Wide Fund for Nature); and public NSAs (including cities such as New York City, and sub-national regions such as California).

Our sample of innovative climate governance arrangements includes 78 initiatives that fall into 7 categories, depending on the specific mix of actors involved. We use the heuristic of a governance triangle (Abbott and Snidal 2009) for mapping currently active climate governance initiatives according to the involvement of public actors, companies, civil society organizations (CSOs) or hybrid constellations thereof (see figure 1). States play a role in 4 of the 7 zones in the triangle, which highlights the existing interlinkages between NSAs and parties to the UNFCCC. For example, Zone 7 situated in the center of the triangle represents multi-stakeholder initiatives where all three actor-types collaborate.

The initiatives are also color-coded to reflect whether they engage in implementation of projects (operational), financing of projects, foster information exchange and networks, or set up standards and commitments. The total number of actors in the triangle that are members to the 78 climate governance initiatives is approximately 10,700 and includes 8500 cities and regions; 1500 companies; 320 NGOs and 50 International Organizations.

1. www.fragmentation.eu

DISTRIBUTION: WHERE AND WHO ARE THE THEY?

New initiatives engaging actors from various sectors and countries could improve participation and inclusiveness in global climate governance. They are expected to provide less resourceful actors with more channels for voicing their ideas, concerns and preferences, and thereby engaging them in mitigation actions. However, the much discussed groundswell (Figueres 2013) could also lead to fragmentation where decision-making is spread across a patchwork of initiatives favoring more resourceful actors with the capacity to pursue their interest in multiple forums. Ensuring a representative distribution of NSAs with access to the UNFCCC is thus important for effective, fair and equitable solutions to climate change. Studying the geographical distribution of actors in our sample could reveal the current state of global representation.

In addition, climate governance initiatives engage some actors more than others. The more active actors are, in a broad sense, driving change and proliferation of initiatives and connect both different initiative and initiatives with the UNFCCC. Identifying these »connectors« could reveal who the most active actors are in climate governance initiatives.

GEOGRAPHICAL DISTRIBUTION

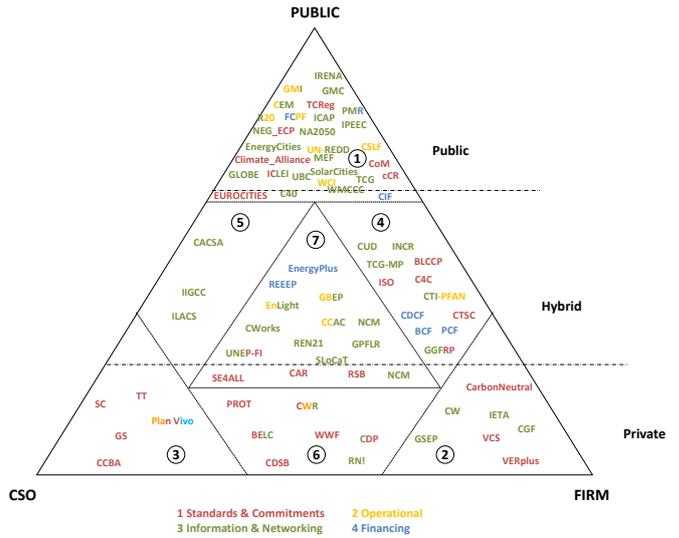
The UNFCCC enjoys near universal state membership, giving governments formally equal voice in the negotiations; but how are NSAs geographically distributed?

Many cities and regions join transnational networks such as the C40 Cities Climate Leadership Group (C40), ICLEI - Local Governments for Sustainability (ICLEI), and Regions 20 (R20) to organize meaningful climate action. Map 1 displays the member cities and regions to 13 transnational networks represented in our data (all situated in Zone 1).

Also companies increasingly team up in partnerships such as the Global Sustainable Electricity Partnership (GSEP), the International Emissions Trading Association (IETA) and Climate Wise. In table 1, the headquarters of almost 600 companies participating in 7 different business-driven climate initiatives are displayed (situated in Zone 2).

Both figures show the skewed distribution in favor of countries in the northern hemisphere. Both cities and companies are heavily concentrated in Europe and North America, with weak representation of cities and

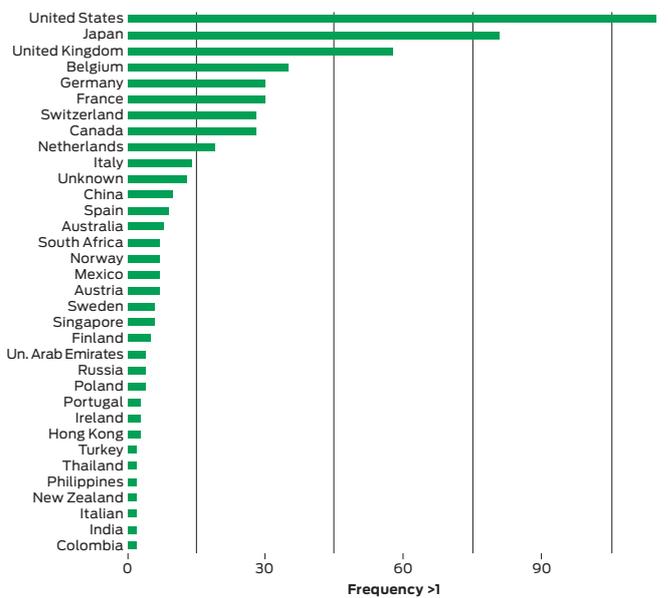
Figure 1.



Map 1. Geographical distribution of cities and regions



Table 1. The geographical distribution of headquarters of companies in climate action networks



2. The distribution may simply be a reflection of companies in the world, for instance, the top 10 locations include all G7 countries. However, considering the fast rise of emissions from developing countries and deceleration in emissions from developed countries associated with more energy- and carbon-intensive production taking place in the former, coupled with slow improvements in carbon-intensity (New Climate Economy 2014), the case for involving NSAs from the developing world sooner rather than later is clear.

companies from Latin America and Asia. Actors from African countries, excluding South Africa, are by and large not part of new climate governance initiatives. NSAs currently involved in global climate initiatives are thus mainly situated in the global north.²

CONNECTORS

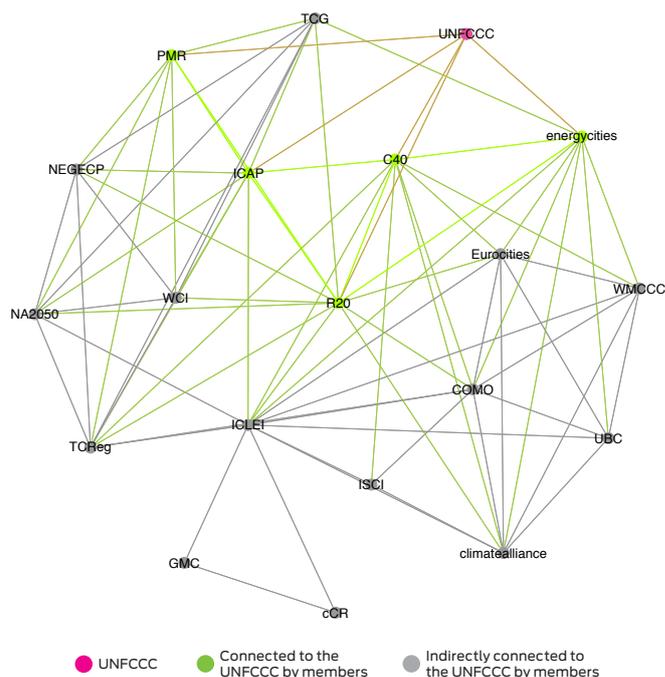
Despite the increasingly fragmented structure of global climate governance (Biermann et al. 2009), NSAs often connect both to each other and to the UNFCCC in different ways.

One way NSAs connect is through shared membership in bottom-up climate governance initiatives, since an actor can be part of several networks. Barcelona, for example, is part of at least 5 different transnational city networks working on climate change. These highly active actors can be understood as connectors, linking different initiatives by facilitating communication, information exchange and transfer of know-how. Top ranking actors – the »super connectors« – are for different reasons encouraging the proliferation of initiatives and finding it important to join several different initiatives. For instance, we studied 13 transnational networks of cities and regions consisting of 7677 actors in total. However, a small group of 45 cities are able to connect all cities and regions together by membership, creating one large network. These super-connectors include the European cities Barcelona, Malmö, Heidelberg, Helsinki, Paris, Riga, Stockholm, and Vienna but also North American states such as California, Connecticut, and Quebec.

Connectors also create linkages between the UNFCCC and NSA initiatives. In fact, taking into account overlapping membership, the network become rather dense with short paths of communication and plentiful opportunity for exchange. In figure 2, an illustration of this phenomenon is shown by connecting 19 initiatives from Zone 1 in the governance triangle including public NSAs with the UNFCCC via shared membership, i.e. if two nodes share a member, these are connected with a grey line.

The UNFCCC (colored pink in the graph) is connected to five other initiatives (colored in green) by shared members. Two initiatives are particularly interesting in this respect: the International Carbon Action Partnership (ICAP) and the Partnership for Market Readiness (PMR), which are considered hybrid institutions since they allow for both states and regions to participate. PMR, for instance, engages both countries that are part

Figure 2. Connections to the UNFCCC



of the European Emission Trading Scheme (EU-ETS) such as Sweden and the Netherlands as well as North American regions including California and Quebec, which have their own sub-national trading systems. These »climate clubs« (Weischer, Morgan, and Patel 2012) illustrate how constellations of actors form around specific issues, such as carbon trading.

CONTRIBUTION: WHAT HAVE NSA:S PROMISED AND WHAT HAS BEEN ACHIEVED?

The dynamic and experimental approach taken by many NSAs could inspire a ratcheting up of national action or even fill some of the ambition gap left between the cumulative Intended Nationally Determined Contributions (INDCs) and the emission scenarios putting us on safe path towards limiting warming to 2 degrees Celsius. For instance, in a 2012 Nature article, the mitigation potential of various sector-based initiatives including non-state actors was estimated to 17 +/- 3 Gigatonnes of CO₂ equivalent by 2020 (Blok et al. 2012), equaling around half of total global emissions of CO₂ in 2014. In short, a vast number of NSAs hold ample mitigation potential for contributing to reducing global GHG emissions. How do we harness all this potential and what do we actually know about the currently active NSAs?

Under the UNFCCC, countries widely disagree on

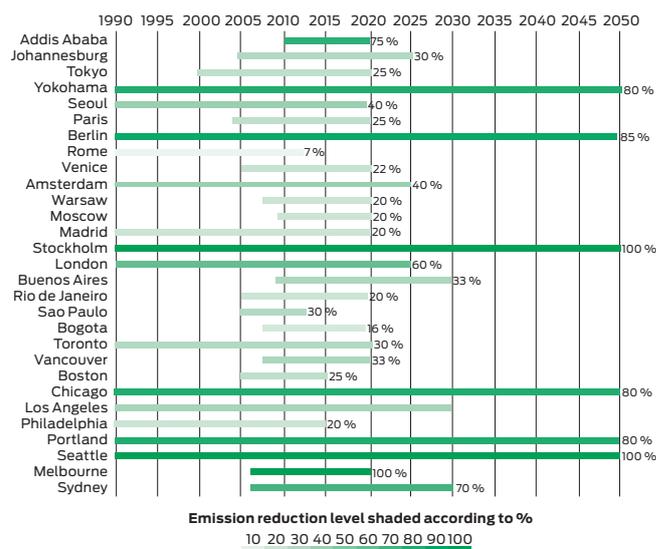
the precise scope and content of the INDCs and much remains to be determined on how to assess and review the contributions on an aggregate level (van Asselt, Pauw, and Sælen, 2015). Our assessment is that harnessing the potential contribution NSAs is experiencing similar obstacles.

First, the targets of many climate initiatives are announced in vague terms such as »promoting information sharing«, »engage in capacity building«, and »encourage politicians«. Moreover, most initiatives put forward voluntary commitments and hence make it difficult if not impossible for accountability and compliance to be enforced.

Second, the patchwork of available Monitoring, Reporting and Verification (MRV) standards inhibits streamlined assessment and review of the commitments made by NSAs. The NAZCA database, the largest database to date on non-state climate actions, explicitly refers to this problem under its FAQ section on why there are no aggregate numbers on tonnes of GHG mitigated. Regarding NSA commitments, the creators write: »the voluntary nature of these commitments means they are not governed by an internationally standardized MRV (monitoring, reporting, and verification) system so that while a significant convergence on standards is occurring, it is not yet universal.«³ Our data supports this assessment. For example, out of the 588 companies in Zone 2, only 71 were in CDP's global 500 report, of which only 24 disclosed emissions. The remainder simply states that they lack an emission target. Approximately another 30 companies report the CDP of which about half disclose emissions. Based on these numbers, we estimate that a mere 7 % of the companies in our data disclose carbon emissions to the CDP – which is arguably one of the world's preeminent authorities on tracking emissions from companies.

Also, the city network of C40 serves as a case in point for the different ambition levels, baseline years and target years used. In figure 3, an overview of the ambition level, base year and target year is provided for members to C40 (Bansard, Pattberg, and Widerberg 2015). A wide distribution along all three variables can be observed. The ambition level ranges between 16 % to 100 % emission reduction level. Behind those commitments, other discrepancies are hidden, such as limitations in the scope of commitment, for instance when cities mitigation goals only cover municipal services instead of the city's total emissions. Moreover, cities variably start

Figure 3. Ambition levels, baseline year and target year for C40 cities



counting in 1990, 2000, 2005, or even 2010, often depending on when they have data available. And finally, cities have selected a broad variety of end points for reaching their reduction targets, ranging from 2015 to 2050.

There remains a logical problem behind the rhetoric of NSAs helping to »close the ambition gap«. It is highly likely that when all contributions made in the INDCs are aggregated, a gap will remain between their ambition levels and the necessary pathway for having a likely chance at stopping warming below 2 degree Celsius. For NSAs to close this gap, they have to outperform the countries in which they are located and ensure »additionality«. Because, if countries already have factored in the targets of NSAs in their INDCs, then there is no »gap closing potential« left.

In sum, fuzzy targets in combination with incoherent MRV standards increase the risk for an actor to engage in »green washing«, i.e. reaping the good-will of announcing mitigation action without ever changing behavior. The importance of NSAs to accomplishing additional mitigation successes, on top of promises made in the INDCs, heightens the urgency of harnessing the potentials they have and avoid green washing.

RECOMMENDATIONS: WHAT SHOULD BE DONE?

The goal of NSA engagement in climate governance arrangements is to harness their potential for mitigating GHG emissions in innovative, experimental and

2. <http://climateaction.unfccc.int/about.aspx>

effective ways. On paper, they possess the capacity to bridge the existing ambition gap. However, to kick-start the process, encourage fore-runners and discourage green washing, three key conditions need to be met.

First, transparency is central to avoid green washing. Currently, monitoring and reporting for NSAs in global climate governance is clearly cumbersome due to their diversity and the voluntary nature of their engagement. However, to identify real progress in mitigation, better transparency is an absolute necessity. NSAs should engage in this process by using existing frameworks for reporting and set out measurable goals for themselves to track progress. We welcome current attempts to make reporting across initiatives more comparable. The NAZCA portal's collaboration with the GDP is a step in the right direction and we need to find new ways to encourage disclosure by companies and sub-national authorities should be developed. For instance, Chan and Pauw's (2014) suggestion to create a global framework to engage NSAs in the future climate regime provide interesting avenues for concrete action.

Second, additionality is key to bridge the ambition gap. If NSA action is already accounted for by countries in the INDCs, and these are insufficient to put us on a path to limiting warming to 2 degrees, then a better monitoring framework should enable observers to assess the additionality of NSA mitigation action. This does not mean counting NSA action on top of national accounts but rather to discern their relative success in their home countries. For example, if we could attribute the contribution of the initiatives of a major city – say London, New York or Rio de Janeiro – to the national accounts, then that could provide guidance for policy makers where more action needs to be taken; it could inspire leadership and investments in cities in other countries; and, identify the actual role of cities in the national accounts.

Third, representation is needed for further integration of NSA into the UNFCCC. Currently, representation of NSAs in transnational climate initiatives is highly skewed towards developed countries in the Global North. If NSAs are to become more integrated into the global regime to enable the flexible and bottom-up groundswell of actions that many observers hope for, then NSAs based in developing countries in the Global South have to be capacitated to participate. Both for effectiveness reasons but also to ensure fair and equitable outcomes.

About the authors

This policy brief has been written by Oscar Widerberg and Philipp Pattberg, Institute for Environmental Studies (IVM) at VU University Amsterdam. It has benefited greatly from input from the FORES Reference Group on International Climate Policy which gathers policy makers, companies, NGOs, diplomats, bureaucrats and academics to discuss the road to Paris 2015. The authors are particularly grateful for the support from Daniel Engström-Stenson, Head of the Environmental Program at FORES.

References

- Abbott, Kenneth W., and Duncan Snidal** (2009). *The Governance Triangle: Regulatory Standards Institutions and the Shadow of the State*. The Politics of Global Regulation, eds. Walter Mattli and Ngaire Woods. Princeton: Princeton University Press. http://www.asil.org/files/abbotsnidals_march2008.pdf.
- Bansard, Jennifer S., Philipp H. Pattberg, and Oscar E. Widerberg** (2015). »Subnational Climate Networks, Who They Are and What They Do.« In . Accessed May 26. http://www.indiaeu-climategovernance.org/Reports/Subnational-networks_Bansard.pdf.
- Biermann, Frank, Philipp Pattberg, Harro Van Asselt, and Fariborz Zelli** (2009). »The Fragmentation of Global Governance Architectures: A Framework for Analysis.« *Global Environmental Politics* 9 (4): 14–40. doi:10.1162/glep.2009.9.4.14.
- Blok, Kornelis, Niklas Höhne, Kees van der Leun, and Nicholas Harrison** (2012). »Bridging the Greenhouse-Gas Emissions Gap.« *Nature Climate Change* 2 (7): 471–74.
- Chan, Sander, and Pieter Pauw** (2014). »Proposal for a Global Framework for Climate Action to Engage Non-State and Subnational Stakeholders in the Future Climate Regime.« Briefing paper 15/2014. German Development Institute.
- Cole, Daniel H** (2015). »Advantages of a Polycentric Approach to Climate Change Policy.« *Nature Climate Change* 5 (2): 114–18.
- Figueres, Christina** (2013). »Momentum for Change: How a Groundswell for Climate Action Is Building.« Blog of UNFCCC Executive Secretary Christiana Figueres. <http://figueres-unfccc.net/2013/11/13/momentum-for-change-how-a-groundswell-for-climate-action-is-building/>.

- Hsu, Angel, Andrew S. Moffat, Amy J. Weinfurter, and Jason D. Schwartz** (2015). »Towards a New Climate Diplomacy.« *Nature Climate Change* 5 (6): 501–3. doi:10.1038/nclimate2594.
- Keohane, Robert O., and David G. Victor** (2011). »The Regime Complex for Climate Change.« *Perspectives on Politics* 9 (01): 7–23.
- Moncel, Remi, and Harro, van Asselt** (2012). »All Hands on Deck! Mobilizing Climate Change Action beyond the UNFCCC.« *Review of European Community & International Environmental Law* 21 (3): 163–76. doi:10.1111/reel.12011.
- New Climate Economy** (2014). »Better Growth, Better Climate: The New Climate Economy Report.« *The Synthesis Report*. *Www. Newclimateeconomy. Report*.
- Stewart, Richard B., Michael Oppenheimer, and Bryce Rudyk** (2013). »Building Blocks for Global Climate Protection.« SSRN Scholarly Paper ID 2186541. Rochester, NY: Social Science Research Network. <http://papers.ssrn.com/abstract=2186541>.
- Van Asselt, Harro, Pieter Pauw, and Håkon Sælen** (2015). *Assessment and Review under a 2015 Climate Change Agreement*. Nordic Council of Ministers. <http://urn.kb.se/resolve?urn=urn:nbn:se:norden:org:diva-3855>.
- Weischer, Lutz, Jennifer Morgan, and Milap Patel** (2012). »Climate Clubs: Can Small Groups of Countries Make a Big Difference in Addressing Climate Change?« *Review of European Community & International Environmental Law* 21 (3): 177–92. doi:10.1111/reel.12007.