UN environment

Bridging the emissions gap
- The role of non-state and subnational actors

Pre-release version of a chapter of the forthcoming
UN Environment Emissions Gap Report 2018

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This publication is part of a collaborative series of reports by over 30 organizations released in concert with the 2018 Global Climate Action Summit, which showcase the extraordinary action of states, regions, cities, businesses and investors – and assess the opportunity for even greater impact.

In this specific publication we focus on the role of non-state and subnational actors in enhancing global climate ambition and bridging the emissions gap.

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Executive Summary

This publication is a pre-release version of a chapter in the forthcoming UN Environment Emissions Gap Report 2018. It provides an assessment of the role and potential impact of mitigation actions by non-state and subnational actors such as cities, states, regions, companies, investors and foundations.

Many non-state actors are engaging in mitigation action, across sectors and regions

Non-state and subnational actors have the opportunity both to be part of implementing mitigation commitments made at national level and to go beyond current pledges and raise ambition. The number of actors participating is rising fast: more than 7,000 cities from 133 countries and 245 regions from 42 countries, along with more than 6,000 companies with at least US$36 trillion in revenue have pledged mitigation action. Commitments cover large parts of the economy and are gradually expanding in regional coverage. Many of the actors are cooperating in what are called 'international cooperative initiatives'.

Other actors need to join

The numbers seem impressive, but there is still huge potential for expansion. Not even 20 percent of the world population is represented in current international initiatives, and most companies around the world still can and need to act. On the finance side, a record of just over US$74 billion of Green Bonds were issued in the first half of this year, but still only represent a very small fraction of the capital markets around the world.

Emission reduction potential from non-state and subnational action could ultimately be vast, but the current impact is still low and hard to track

The emission reduction potential from non-state and subnational actors is large. If international cooperative initiatives are scaled up to their fullest potential, the impact could be considerable (up to 15-23 $GtCO_2e$ per year by 2030 compared to current policy). If realized this would be instrumental in bridging the emissions gap to "well below 2 degrees Celsius".

However, this pre-release Emissions Gap Report chapter shows that the additional emission reduction contribution made so far by non-state actors is still quite limited in relation to what countries have already pledged (up to 0.2-0.7 $GtCO_2e$ per year by 2030 compared to full Nationally Determined Contribution implementation, and 1.5-2.2 $GtCO_2e$ per year compared to current policy). A wider, more comprehensive overview of all non-state and subnational climate action occurring globally is limited by the current low level of available data and lack of consistent reporting on tracking the impact of non-state and subnational climate action.

Non-state and subnational actors are providing other crucial contributions that go well beyond quantified emission reductions

Non-state and subnational actors provide important contributions to climate action beyond their quantified emission reductions. They build confidence in governments concerning climate policy and push for more ambitious national goals. They provide space for experimentation or act as orchestrators in coordination with national governments for climate policy implementation. Initiatives and actors also incentivize, support and inspire additional climate action by exchanging knowledge and good practices, by engaging in advocacy and policy dialogue, by assisting in formulating action plans, and by rewarding and recognizing climate actions.

Improving performance and transparency

Non-state actors should ideally adopt more common principles when formulating their actions. Such principles should include clear and quantifiable targets based on relevant benchmarks, technical capacity of the actors, availability of financial incentives, and the presence of regulatory support. Monitoring and progress reporting, which are generally weak at the moment, are essential to document tangible results and gain credibility. Governments can play a vital role by stimulating this growing movement, and can for example support non-state actors by providing collaboration platforms, capacity building and technical and financial resources.

Bridging the emissions gap - The role of non-state and subnational actors

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1 Introduction to the publication and overview of its key findings

Global climate change governance is diversifying rapidly: in recent years, political attention has been acknowledging the increasingly important role of non-state and subnational actors such as cities, states, regions, companies, investors, foundations, civil society organizations, and cooperative initiatives.

This publication, provides an assessment of non-state and subnational actors' role in enhancing global climate ambition and bridging the emissions gap, based on the most recent literature.

Non-state and subnational actors (NSAs) can take individual action to address climate change, or they can cooperate with other actors and, frequently, with national governments. This report confirms that there is clear evidence that NSAs are increasingly committing to individual climate actions and coming together in international cooperative initiatives. In all sectors and regions, more commitments have been formulated and registered compared to the assessment in the 2016 UN Environment Emissions Gap Report (UNEP, 2016). Furthermore, it is worth noting that only a fraction of the NSA activity occurring globally is being consistently reported and quantified at the international level.

The emission reduction potential from NSAs is large and could, if fully implemented, contribute significantly to bridging the 2030 emissions gap. However, realizing this potential requires commitments and action that go far beyond current pledges made by individual actors or single initiatives, and implies the scaling up of multiple initiatives across sectors and regions. The few studies that estimate the 2030 global emission reductions from commitments currently pledged by individual actors compared to the Nationally Determined Contributions (NDCs) find that their additional contribution is modest.

Limited data transparency and a lack of consistent reporting that tracks implementation of NSA climate action prevent a full picture of the global impact, although reporting practices are improving and clearer results are emerging. Nonetheless, there is still limited knowledge on the extent to which NSAs are implementing their actions and realizing their commitments.

NSAs' contributions to climate change action go beyond direct emission reductions. For example, they can play a key role in building confidence in governments concerning the implementation of climate policies and inspire higher national and global ambition. In addition, NSAs can facilitate catalytic linkages, act as orchestrators, and provide a basis for experimentation. Quantitative analyses that emphasize NSAs' direct contributions to climate mitigation may overlook these aspects of the critical role that NSAs can play in global climate change governance.

In recent years, great progress has been made in terms of understanding what fosters and influences their performance. Solid design principles and context markers are emerging, including: effective leadership, permanent secretariat (for cooperative initiatives), clear and quantifiable targets, monitoring and progress reporting systems, technical capacity of actors, financial incentives, sustainable funding, and the presence of regulatory support. By following or establishing these principles and contexts, NSAs can help bridge the emissions gap and foster credibility, and governments can help establish the required support.

The publication begins with a brief overview of the increasing engagement of NSAs in the United Nations Framework Convention on Climate Change (UNFCCC) process (section 2), before examining the landscape and trends in terms of NSAs' individual commitments and international cooperative initiatives (ICIs) (section 3). Section 4 provides an assessment of the emission reduction potentials estimated by the latest studies and looks at, non-quantifiable, roles of NSAs that have important implications for global climate change governance. The final section summarizes some of the key ways forward for harnessing the potential of NSAs' climate action to bridge the emissions gap (section 5).

2 Non-state and subnational actors and climate change negotiations: from Paris to Katowice

The 2015 Conference of the Parties to the UNFCCC held in Paris showed an increased institutionalization of processes and engagement of NSAs (UNEP, 2016). Specifically, the Paris Agreement:

- Encourages Parties to work closely with non-Party stakeholders to catalyse efforts to strengthen mitigation and adaptation action (paragraph 118)
- Encourages non-Party stakeholders to register their climate actions in the Non-State Actor Zone for Climate Action platform (paragraph 117)
- Strengthens the technical examination process on mitigation for the period 2016–2020 in various ways (paragraphs 109 and 110)
- Convenes a high-level event building on the Lima–Paris Action Agenda during the period 2016–2020 in conjunction with each session of the Conference of the Parties (paragraph 120)
- Appoints two high-level champions on behalf of the President of the Conference of the Parties to catalyse NSAs (paragraph 121).

The Decision also mandated a summary for policymakers based on more information gathering and an analysis of the potential of, and results from, NSAs (paragraph 111(c)). In sum, the process leading up to the Paris Agreement and the outcomes of Decision 1/CP.21 have paved the way for an increasingly prominent role for NSAs under the climate regime to support Parties in reaching the mitigation and adaptation goals.

The Marrakech Partnership for Global Climate Action was launched by the first two high-level champions[1] during the 2016 Conference of the Parties to continue mobilizing NSAs, support the implementation of the targets set out by the Parties, and align NSAs' actions with the Sustainable Development Goals (MP Work Programme 2017–2018). To this end, round tables were organized on how climate action and various Sustainable Development Goals could be mutually supportive.

During the Conference of the Parties in 2017, the champions were asked to align the Marrakech Partnership with the 2018 Talanoa Dialogue that takes stock of the efforts of Parties towards goals set out in the Paris Agreement and aims to inform the preparation of new or updated NDCs by 2020 (Decision 1/CP.23, Annex II). They also presented the first ever yearbook on climate action that reports on actions by non-Party stakeholders (which is the term the UNFCCC uses for NSAs) throughout the year. The yearbook, including the forthcoming 2018 edition, is expected to inform the Talanoa Dialogue. By April 2018, 109 inputs from NSAs had been registered on the Talanoa Dialogue online platform, and more are expected in time to inform the political phase of the Talanoa Dialogue, which will take place at the Conference of the Parties in Katowice in December 2018.

In parallel with the UNFCCC process, national and regional initiatives have emerged to stimulate and support NSAs in the European Union, Latin America and Asia, among others (Chan *et al.*, 2018). Fossil Free Sweden (Fossilfritt Sverige), for instance, is an initiative launched by the Swedish government in which a national coordinator engages companies, municipalities and other non-Party stakeholders in showcasing climate action, sharing experiences, and encouraging new actors to take on commitments. The Argentinian government has launched the National Climate Change Cabinet (NCCC) initiative, with a view to increasing the participation of businesses and civil society in tackling climate change nationally through technical round tables and coordination. In India, the Energy and Resources Institute's Council for Business Sustainability has been engaging corporate leaders in climate action since 2001 (Chan *et al.*, 2018).

3 Overview of non-state and subnational actor initiatives and individual commitments

Cities, states, regions, businesses, civil society and a range of other actors can take individual and cooperative actions to address climate change. Acknowledging that action by NSAs comes in many forms, this section focuses on two categories: actions by individual NSAs (section 3.1) and cooperative actions through international cooperative initiatives (ICIs) (section 3.2), both of which are on the rise. By 30 August 2018, just over 12,500 commitments to action had been recorded in the Non-State Actor Zone for Climate Action (NAZCA), the largest online platform showcasing climate efforts by subnational and non-state actors. Almost two thirds of these commitments are by individual actors, while just over one third are by cooperative initiatives (including international cooperative initiatives. See also Box 1).

1 Dr. Laurence Tubiana (France) and Dr. Hakima El Haite (Morocco).

Box 1 Defining international cooperative initiatives

Although there is no single definition of an international cooperative initiative (ICI), a number of terms and common characteristics help characterize them. When non-state or subnational actors from at least two different countries "adhere to rules and practices that seek to steer behaviour towards shared, public goals" across borders (Andonova *et al*., 2017), they engage in "transnational climate governance" (Andonova et al., 2009). Broader coalitions made up of countries, companies, non-governmental organizations (NGOs), academia, international organizations or subnational public actors, such as cities and regions, form cooperative initiatives (Blok *et al*., 2012). When these coalitions cross national borders they become "international cooperative initiatives" (Widerberg and Pattberg, 2015).

3.1 Individual commitments by non-state and subnational actors

Individual NSA climate actions take a variety of forms, referred to in the literature as 'commitment', 'action', 'initiative', and 'target'. These generally refer to a "diverse set of governance activities taking place beyond strictly government and intergovernmental (or multilateral) settings" (Chan and Pauw, 2014). When individual actors participate in ICIs or transnational climate governance initiatives, they may define an individual commitment or climate action according to the specific set of rules that an initiative or programme identifies. When an NSA abides by that particular initiative, it constitutes an instance of "participation" (Andonova *et al*., 2017).

The landscape of NSA actors and the commitments they pledge on climate change are varied, ranging from city, state and regional governments to companies, investors, higher education institutions and civil society organizations. These actors often pledge climate action through a range of networks that collate individual climate pledges and inventories (for example, C40 Cities for Climate Leadership) or reporting platforms such as the CDP (formerly known as the Carbon Disclosure Project). The criteria for participation within these networks and platforms vary: some networks require members to pledge specific commitments, such as greenhouse gas emission reduction targets, or to submit regular emissions inventories. Others emphasize peer-to-peer knowledge sharing and capacity-building, while some are membership-based networks that do not require actors to commit to specific goals.

While these networks capture many NSA climate actions, they do not comprehensively cover all NSA climate actions occurring globally.

Table 1: Examples of the growth in individual NSA actor participation from 2015 to 2017

Actor group	2015	2017
Cities	7,025 from 99 countries, representing 11 percent of the global population	7,378 from 133 countries, representing 16.9 percent of the global population
States and regions	116 regions from 20 countries, representing 11 percent of the global population	245 regions from 42 countries, representing 17.5 percent of the global population
Companies and investors	4,431 companies from 88	6,225 companies and