



“Paris compatible” governance: long-term policy frameworks to drive transformational change

A comparative analysis of national & sub-national case studies

Report SUMMARY

Matthias Duwe with Mona Freundt, Ewa Iwaszuk, Doris Knoblauch, Melissa Maxter, Linda Mederake, Robert Ostwald, Arne Riedel, Katharina Umpfenbach and Elizabeth Zelljadt (in alphabetical order) – with contributions by Jared Finnegan (LSE Grantham Institute) and Andreas Rüdinger (IDDRI).

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Feedback is welcome and can be provided via the channels listed below.

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About this report

The project that has allowed for the analysis presented here is part of a larger ongoing research effort to enhance our understanding of the development and effective implementation of long-term climate governance that can be compatible with the objectives of the Paris Agreement. Several of the issues touched upon in this paper will be explored in more detail in deeper and more detailed analyses of the cases of the UK climate act and the French energy transition law, being carried out by the Grantham Institute and IDDRI, respectively.

Table: list of case studies included in the report

	Level	Case study	Geography
1	National	France	Europe
2	National	Germany	Europe
3	National	Ireland	Europe
4	National	Mexico	Central America
5	National	Sweden	Europe
6	National	United Kingdom	Europe
7	Sub-national	California, USA	North America
8	Sub-national	Scotland, UK	Europe
9	Sub-national / city *	Berlin, Germany	Europe
10	City	Bogota, Colombia	Latin America
11	City	Denver, USA	North America
12	City	Kempton, Germany	Europe
13	City	Sydney, Australia	Pacific

* Berlin represents a special case in that it is a city but also a federal state of Germany

Contact

Matthias Duwe
Head, Climate
Ecologic Institute

Tel.: +49 (30) 86880-0
Fax: +49 (30) 86880-100
E-Mail: matthias.duwe@ecologic.eu

Summary

Governments around the world have adopted long-term climate frameworks, and many are in the process of developing such laws or strategies. These overarching long-term frameworks are critical to effectively implementing the Paris Agreement as tools for managing the necessary transformation of all sectors of the economy. Long-term frameworks help set appropriate long-term targets, chart pathways towards them, and identify the policies necessary to achieve them. They help build political support for climate change mitigation measures, engage stakeholders and expert advice, and create accountability. They can also facilitate raising ambition further — as foreseen under the new Paris system. Case studies of such long-term frameworks from different parts of the world show unique features, which this report presents as examples for policymakers and stakeholders interested in developing similar constructs compatible with the Paris Agreement.

The Paris Agreement signals the global consensus to take urgent action on climate change, but also establishes the long-term objectives necessary to do so. It introduces a new governance framework consisting of nationally determined contributions, five-year review cycles to increase ambition over time, and long-term strategies. Governments at different levels realize that effectively implementing Paris requires that new long-term governance frameworks be adopted in their domestic contexts also. Climate governance is a new field of study that requires urgent attention because of its relevance to successful implementation of the Paris Agreement. This report aims to contribute to the growing evidence base on effective long-term governance systems, and to support those policymakers interested in developing such frameworks.

Mindful of the different circumstances and respective design choices, the analysis of 13 case studies (six nation states, two sub-national states and five cities) provides for the following lessons, which could inform development of long-term climate laws and strategies around the world¹:

Overarching lessons

- Momentum: governments aiming to implement Paris turn to long-term framework laws
- Legal power: frameworks enshrined in law can more effectively drive transformational change
- Increasing ambition: legal frameworks can raise the bar
- Political commitment: stakeholder ownership is key for success and needs work to achieve

Design features

- External advice: dedicated institutions can provide expertise and transparency, need capacity
- Mind the gap: progress monitoring should include policy reviews
- Roadmaps to the future: short-term decisions must serve the transformation
- Innovative elements: carbon budgets, citizen engagement, climate justice
- Financial flows: policy specifics connect climate action to state budgets
- Getting started: various drivers can trigger the adoption of long-term frameworks

Sub-national experience

- City level frameworks can work well – but need support from and different strategies than national level ones

¹ Given the relative novelty of long-term climate governance, the present assessment is based largely on potential and not yet on measurable performance. That said, the experiences gained from more mature models provide a basis for predicting the potential impact of newer regimes.

These conclusions are further spelled out below, with examples for illustration.

- **Momentum: governments aiming to implement Paris turn to long-term framework laws**

Long-term climate governance frameworks are proliferating around the world and can increasingly be viewed as critical indicators of serious intention to implement the Paris Agreement. Most of these are legal frameworks, i.e. laws enacted by elected officials. Recent examples include Sweden’s Climate Act, Norway’s Climate Law (both adopted 2017), Berlin’s Energy Transition Law and Germany’s (non-binding) 2050 Climate Action Plan (adopted in 2016). Several of the more recent frameworks also take inspiration from the Paris objectives, explicitly considering “net zero carbon” or “carbon neutrality” as long-term goals (Sweden, Berlin, Sydney). There is growing interest in national long-term climate laws in other parts of the world (e.g. in the Netherlands, Spain, South Africa). The EU is negotiating an obligation for all its Member States to develop national long-term climate and energy strategies.

- **Legal power: framework laws provide clarity & stability, and thus transformational strength**

A long-term climate governance regime that has been adopted in the form of an overarching law or set of laws has advantages over non-binding regimes. Having adopted a robust framework law on climate can protect governments from exposure to challenges regarding their mitigation efforts (such as the case against the Dutch government for inadequate climate action). Conversely, having a framework enshrined in law means essential procedures of that law (target setting and delivery, policy implementation reviews, etc.) can be enforced by stakeholders through the courts (e.g. court challenge to the quality of the national climate mitigation plan in Ireland) to ensure that agreed processes are being adhered to.

Binding long-term governance also ends the debate about whether to commit to transformational change, giving the policymaking process and its supporting institutions a clear mandate – this allows for a coherent focus on implementation. Moreover, codifying long-term climate change frameworks into law provides a powerful symbolic signal of the highest possible commitment to delivering the transformational change needed to combat climate change. This is particularly true when long-term and near-term targets are explicitly enshrined in the legal text.

Germany, for instance, has high climate change mitigation ambitions due to historic cross-party support for climate action combined with continuous and strong political commitment from the very top of government. However, its long-term approach is non-binding – the country’s inability to adopt sufficient measures to meet its national 2020 target is casting doubts on the effectiveness of a framework not enshrined in law.²

- **Increasing ambition: legal frameworks can help raise the bar**

There is evidence that long-term climate governance frameworks allow for increasing mitigation ambition when they include an internal review similar to the process foreseen under the Paris Agreement. Mexico’s framework law foresees such a process explicitly, and it is likely to be triggered to account for the increased ambition decided in the build-up to the Paris Agreement. In Scotland, legislators are changing their framework law to increase the ambition of their near-term and long-term target based on a review by the (UK) Climate Change Committee. And France and Sydney put forward new strategies in 2017 with more ambitious targets as a consequence of the Paris Agreement. In France, this higher ambition is likely to be codified, and to inform the implementation of the national law.

² At the time of writing (November 2017, post-election negotiations on a future government are ongoing. If concluded successfully, these will set the direction on future climate policy and its governance features – including a possible revision of the current approach.

- **Political commitment: stakeholder ownership is key for success and needs work to achieve**

Broad political support is crucial for the effectiveness of long-term climate policy frameworks. Case studies reveal several interesting strategies for engaging both policymakers and stakeholders. Systems that are able to combine support from political parties and from stakeholders are likely to be most effective. Case studies illustrate a range of approaches and have different strengths with either one of the two camps – and some strategies that may work for both.

One example is the **integration of climate change objectives into a shared positive vision of the future** (aligning it with economic and social objectives) used in Sydney and in Bogota. A means of fostering broad support among politicians is **cross-party development of the framework’s specifications** (this happened in Mexico, and in Sweden, for example – and historically in Germany).

Achieving **ownership by civil society and businesses** is being tried in particular in Berlin and Denver, for example, as a means of generating political support. In both cases, stakeholders have been directly involved in both preparation and implementation of the framework, in Berlin even its technical aspects. There, different constituencies together now form an Advisory Council.

Germany set up a previously unprecedented consultation process as input to its Climate Action Plan 2050 the government even paid for an independent evaluation, which revealed important lessons on process. Stakeholders expressed frustration with the lack of uptake of their recommendations – and there is a concern that a **lack of involvement by Parliament may have hurt political support**. However, the process triggered awareness and stimulated debate – it laid the foundation for further development of the future vision for 2050.

Design features

- **External advice: dedicated institutions can provide expertise & transparency, need capacity**

In most case studies, new institutions were created to coordinate the implementation of the long-term climate framework or to oversee its progress. In several instances, these are dedicated advisory councils or committees, set outside of normal administrative structures to provide additional and potentially more independent input to the process (e.g. UK, Sweden, Ireland, France, Scotland, Mexico, Berlin, Kempten). While their full impact depends on the extent of their mandate and their link to the political decision making process, these entities have great potential to help reduce emissions in line with the Paris Agreement; they create a minimum level of information sharing and transparency, and support the quality of public debate on climate action. Thus, they can open up political space for discussion of options that might otherwise be lost, misunderstood or simply remain hidden from public view. These bodies are more powerful when they have sufficient resources to perform their role (not the case yet in France) and when their recommendations cannot easily be ignored by political decisionmakers. The UK Climate Change Committee and California’s Air Resources Board (a government agency) are prime examples.

- **Mind the gap: progress monitoring should trigger policy reviews for additional action**

To ensure that targets are being met, long-term frameworks require robust systems to monitor progress and fill implementation gaps. Most governance frameworks in the case studies employ a two-component system that links regular reporting and progress monitoring with policy implementation plans and updates to them. Failure to integrate a compulsory process for ensuring a long-term ‘cycle’ of policy monitoring and review from the outset has, for example, contributed to Germany’s implementation stagnation and struggle to meet its national 2020 climate target. A mandatory process of five yearly carbon budgets linked to achieving the 2050 objective (see below) has also kept the UK on track to deliver its GHG emission reduction targets despite the unprecedented shocks of Brexit and the financial

crisis. The majority of the case studies involve new institutions in this policy cycle, bringing in independent advice and creating transparency - which allows for more accountability for delivery of outcomes.

- **Roadmaps to the future: short-term policies must serve the long-term transformation**

To avoid lock-in effects, long-term frameworks should ensure that current climate policy development is explicitly linked to the decarbonization pathway. Most of the overarching (economy-wide) frameworks analysed focus on the near term (2020), with many starting to look at least towards 2030 (e.g. Germany, California). However, some frameworks even include distinct roadmaps towards or mechanisms for the middle of the century (e.g. Mexico, France, Berlin) and some include backcasting exercises to link current policy choices to their long-term impact (e.g. France and the UK via periodic carbon budgets). Insufficient links between the near- and long-term can allow policymakers to lose sight of the enabling conditions necessary to deliver the scale of sectoral and economy-wide transformation implied by the Paris Agreement.

- **Innovative features: carbon budgets, citizen dialogues, just transition**

Several case studies offer features worth exploring for possible replication in other contexts. One noteworthy innovation is a key pillar of the UK's Climate Act - the first long-term, legally binding, whole economy climate framework of its kind (adopted in 2008) and still one of the most comprehensive governance models. In addition to a long-term emissions reduction target for 2050, the UK system includes five-year **emission budget periods**, respectively set twelve years in advance. This approach allows for **very specific and close progress monitoring, while providing flexibility** at the same time. It also connects the near-term and the long-term, as the road towards 2050 is continuously being paved in “instalments” that currently run to 2027-2032. The system has served as inspiration for the Scottish Climate Act and the French Energy Transition Law, which have both also introduced a carbon budget system, and could be put to use in other national contexts.

Other innovations include **directly involving citizens**, as opposed to targeting organised civil society, at the national level. In Germany, the stakeholder consultation process devised a specific methodology to involve randomly selected members of the population. In Ireland, the so-called Citizens' Assembly was consulted on climate policy specifically – with inputs provided by experts from the Advisory Council established under the Irish Climate Act.

Lastly, several frameworks explicitly recognize **justice issues connected to the long-term transition**. In Ireland, the Climate Act mandates that the government take into account climate justice when drawing up national mitigation or adaptation plans. In California, the main legislative act setting up a climate change framework (AB32) established an Environmental Justice Advisory Committee to provide policy input from stakeholders in disadvantaged communities. This was done especially with a view to avoiding pollution hotspots under the state's cap-and-trade system.

- **Financial flows: policy specifics connect climate action to state budgets**

Most long-term governance frameworks prescribe how to *identify* climate change policies but do not prescribe specific instruments. A few of the cases analysed here, however, explicitly stipulate that policy instruments – specifically financial ones – must be in line with the provision in the Paris Agreement on shifting financial flows. The Swedish law directly mandates that “climate policy and budgetary policy objectives (...) cooperate with each other”. The French law provides not only climate and energy target milestones but also a carbon tax with distinct values for 2020 and 2030 that must be implemented via annual budget policy. The Mexican law refers to market-based mechanisms to achieve its targets, enabling consideration of a cap-and-trade system for the country.

- **Getting started: various drivers can trigger adoption of long-term frameworks**

While this analysis does not explore the origin each case study’s climate governance framework, it identifies several key drivers that could apply to other jurisdictions. One is the **momentum provided by the Paris Agreement** and its focus on the long-term objective. Another is the respective jurisdiction’s **development of a shared future vision**, a clear expression of the opportunities unlocked by linking near term climate policymaking to a long term economic vision. This triggered several of the long-term frameworks, particularly at the city level (e.g. in Sydney or Kempten). Coordinated, **targeted public campaigning** by civil society organisations also played a key role in several cases, most prominently the UK (at a time when the call for such a legal framework was relatively unheard of). Individual **leadership on climate change by popular politicians** has also made a contribution in several instances.

Sub-national systems

- **City level frameworks can work well – but need support from and different strategies than national level ones**

While city administrators typically lack the power to adopt overarching legal frameworks for long-term climate governance, these case studies show that cities can adopt effective variations of these arrangements with the right support and a tailored approach. Since they lack the leverage of national laws, **these non-binding systems require strong political commitment to work** - most cities need to deploy proactive strategies to generate this support, including direct engagement with citizens to create ownership on the ground. The cities surveyed have found innovative solutions in this regard.

The **integration of climate change objectives into a larger overall vision** for the future of a community is one of the tools chosen to generate and consolidate additional support (as several case studies have shown successfully). Arguably, cities have a comparative advantage over national and even regional governments in organising such processes because they can (1) involve larger relative shares of their population and thus reach a broader base for ownership of the joint vision and (2) tackle developments on the ground that are tangible in the everyday lives of their citizens.

Cities require not only political commitment on the ground but also the **necessary capacity** to carry out both development and implementation of ambitious strategy, and resources are an ingredient sometimes lacking at the level of individual communities. Financial and regulatory assistance from the national level can help enable more decisive action locally. Such incentives can be provided as part of national climate policy frameworks (as is the case in Germany – which is being used in Kempten).

Another technique that several cities deploy to make up for limited resources and internal capacity is the **use of existing standard or certification schemes that offer additional expertise**. For instance, the city of Kempten uses the progress monitoring and certification system "European Energy Award" which ensures high quality progress monitoring and provides external auditing. Denver became certified under the ISO 14001 Environmental Management System, which is used to evaluate and ensure a continued commitment to reduce GHG emissions as environmental considerations are integrated within agencies' existing goals, processes and plans. Sydney updated the way it reports on local area emissions in order to become compliant with the Global Protocol for Community-Scale Greenhouse Gas Emissions Inventories, which is the new international benchmark for reporting city emissions. Moreover, the city's operations are certified as being carbon neutral by the National Carbon Offset Standard of Australia.

Figure: Assessment matrix with essential design elements that serve to approximate “potential effectiveness” – with values per case study

Main dimensions	Influencing factors	Respective design elements	National					Subnational				Cities			
			France	Germany	Ireland	Mexico	Sweden	United Kingdom	Scotland	California	Berlin	Bogota	Denver	Kempton	Sydney
			2015	2016	2015	2012	2017	2008	2009	2005	2016	2015	2015	2013	2017
Long-term stability	Political commitment	Political support	Broad	Broad	Broad	Broad	Broad	Broad	Broad	Broad	Broad	in flux	Broad	Broad	Broad
		Stakeholder involvement	Extensive	Extensive	Extensive	Limited	Extensive	Extensive	Extensive	Extensive	Extensive	Limited	Extensive	Extensive	Extensive
	Legal bindingness	Legal framework	Yes	No	Yes	Yes	Yes	Yes	Yes	Partially	Yes	No	No	No	No
		Adjustment option foreseen (main targets)	Yes	Yes	Limited	Yes	No	Yes	Yes	No	Limited	Limited	Yes	Limited	Yes
Transformational potential	Strength of the target	Long-term target defined	Yes (2050)	Yes (2050)	Vague	Yes (2050)	Yes (2045)	Yes (2050)	Yes (2050)	Yes (2050)	Yes (2050)	Yes (2050)	Yes (2050)	Yes (2050)	Yes (2050)
		Target enshrined in law	Yes	No	No	Yes	No	Yes	Yes	No	Yes	No	No	No	No
		Interim milestones, budgets	2030 & 5-yr budgets	2020, 2030, 2040	2020 (2030) via EU	2020, 2030 (INDC)	2030, 2040	5yr budgets, 12 yrs in advance	annual + 5yr budgets, 12 yrs in advance	2020, 2030	2020, 2030	2020, 2025, 2030, 2038	2020	No	2030
	Implementation stringency	Monitoring & evaluation process	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Foreseen	Yes	Yes	Yes
		Progress gap mechanism	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Foreseen	Partially	Yes	Yes
Policy impact	Policies included or process for defining them	process & some specifics	process & some specifics	process & minor specifics	process & minor specifics	process & minor specifics	process in the law	process & minor specifics	process in the law	process in the law	Yes	specific policies, limited process	specific policies & a process	specific policies & proces	
Overarching factor	Institutional set-up	New institutions with distinct mandates	Yes	to be established	Yes	Yes	Yes	Yes	Yes	can, but so far has not	Yes	Yes	Yes	Yes	staff capacity