

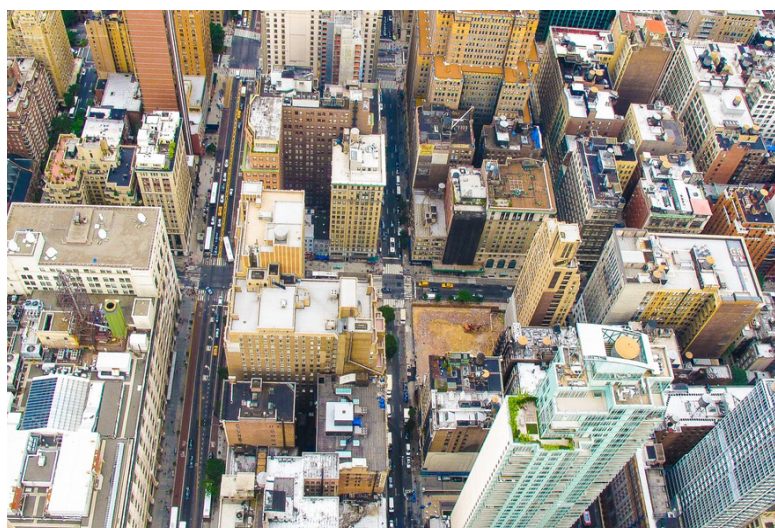
# Vertical integration between levels of government to effectively address climate and energy

ICLEI BRIEFING SHEET - Climate Series, No. 02

**Vertical integration between different levels of government – from national to local – provides a platform for fruitful interaction, joint planning and coordination, all of which are essential to the mutual reinforcement of approaches for addressing climate change, sustainable energy planning, implementation and reporting.**

## Key messages

- Vertical integration, a key aspect of a multi-level governance approach, means that different levels of government – from national/federal to state/provincial to other subnational/local – regularly exchange, plan and coordinate activities that relate to planning, implementation and reporting.
- Vertical integration between levels of government to effectively address climate and energy issues improves policy coherence and implementation. It allows the goals of global and national climate policies to be effectively implemented at the community level by local government through aligning and accelerating strategic actions, mobilizing appropriate resources and engaging key stakeholders. Likewise, successful local policies can be mainstreamed and scaled up by integrating their experiences into national policies.
- **National governments** can take a number of concrete actions to enable and empower local governments in their climate activities, such as providing them with greater regulatory autonomy and engaging with them in the preparation and implementation of low emissions development strategies and action plans, INDCs, and NAMAs. Further, by recognizing, supporting and empowering local governments as governmental stakeholders in global processes, national governments can bolster their own contributions.
- **Local and sub-national governments** can and should take advantage of national programs, policy frameworks, and V-NAMA elaborations, as well as influence and inspire national-level policymaking. They can increase their visibility and accelerate their climate responses by following through on commitments to the Compact of Mayors, the Compact of States and Regions, and by reporting measurable, reportable and verifiable (MRV) climate actions to the carbonn® Climate Registry.
- To garner further international support and resources towards the COP21 in Paris and beyond, local governments can engage in the Transformative Actions Program (TAP).



## Understanding vertical integration

Vertical integration – which is also referred to as sub-national integration and is an aspect of a multi-level governance approach – refers to a framework in which different levels of government regularly exchange, plan and coordinate activities that relate to planning, implementation and reporting. The value of vertical integration lies in the benefits which emerge from regular and structured exchange between peers. The emphasis on peers implies the importance of not using a top-down approach, but considering the specific mandates, competencies and responsibilities of each level of government. This allows structuring a coherent approach which leverages the resources of everyone involved to achieve greater results than those that would have been gained from isolated actions.

Effective vertical integration between different levels of government is increasingly important in the context of addressing climate change (both mitigation and adaptation), sustainable development and energy security in an increasingly urban world. Local and subnational actors – e.g. cities and provinces, regions, states – typically have the mandate to deal with urban planning, the built environment, transport sector, waste and water management, all of which are significant greenhouse gas emitting sectors. Business-as-usual scenarios envisage that emissions in these sectors will continue to rise due to poorly managed energy and resource consumption, aggravated by urban growth. Vertical integration– aimed at maximizing the impacts of national climate strategies between all levels of government by creating closer synergies in planning, implementation and monitoring

– effectively addresses this challenge.

Areas that should be addressed through vertical integration, and which are relevant to policy, technology, energy sources, financing and a wide range of actors involved in implementation, include:

### 1. Greenhouse gas (GHG) emissions

Alignment and integration of accounting and reporting processes, systems and standards, to avoid double-counting in reporting, with a clear allocation of responsibility to address and account for GHGs.

### 2. Climate commitments / contributions

Jointly mapping targets and opportunities to raise the level of ambition, with fair burden sharing, and avoiding duplication of contributions (i.e. resource efficiency in terms of staff and available funds). This includes the joint preparation and implementation of Intended Nationally Determined Contributions (INDCs).

### 3. Actions / Plans / Strategies

Inclusion of local and regional planning input at the immediate next level of government, thereby feeding into appropriate processes. Recognition of roles and engagement in scaling-up with a focus on National Climate Plans, Low Emission Development Strategies (LEDS), Nationally Appropriate Mitigation Actions (NAMAs), and National Adaptation Plans (NAPs) with an integrated perspective. Integrated multi-level risk analysis (external risks) and SWOT analysis (strengths, weaknesses, opportunities and threats - internalities) as input into integrated planning approaches.

### 4. Financing

Integrated and coordinated leveraging of national, regional and local funding (funding policy mechanisms, and access to funders), i.e. with each next level of government providing guarantees for funds (thereby enabling access to finance for the local level).

New multilevel governance models that make use of approaches such as vertical integration are needed to align these activities, ensure the timely engagement of all levels involved in a low emission development strategy (LEDS) development, and mutually reinforce their cross-cutting roles and activities. To this end, coordinated devolution of authority and responsibility to all levels can also enable an effective coordinated planning and implementation approach.

Vertical integration includes cascading goals, objectives and actions: so while within a city, vertical integration refers to strategic and operational focus, at the national





or state government level, it refers to plans and policies. In practice, this means that cities within a state, province, or administrative region should interact with the policies and plans laid out at those other levels of government. In turn, these policies and plans should seamlessly link up with national policy and plans. Such an approach can help to ensure the integration of goals, objectives and actions across existing plans, policies, and systems at all levels of governance (this also includes the organizational dimension of said policies and systems for implementation).

## The potential of local action in a national framework

Local climate and energy action involves a range of actors active within many different areas. Thus, while United Nations member states struggle to agree on common objectives and targets for addressing climate change, local governments (also commonly referred to as municipalities or local authorities) are uniquely well placed to help deliver climate protection actions and reduce GHG emissions.

When an action is implemented, it is often at the city-level. And although national governments often possess superior resources, capacity, and a larger knowledge base, city-level authorities have the mandate to engage communities and the awareness of relevant local stakeholders necessary to design solutions that are adapted to local needs and consistent with local priorities. Through a better understanding of climate change drivers and impacts in the local context, the opportunities for mitigation and adaptation can be maximized in a cost-effective and timely manner; there must, however, be mechanisms for coordination and interaction.

### A “territorial approach”

Similar to vertical integration, the so-called “territorial approach” to development utilizes coordinated interaction in order to better leverage resources. Within the territorial approach, local action is considered beyond the community level implementation and alignment of national policies and plans, and an emphasis is placed upon empowering local governments with the autonomy required to reach out to a range of city-level actors and leverage their various resources (e.g. natural resources, social capital). Through such an approach, vertically integrated action is at once capable of improving the efficiency how existing resources are mobilized while simultaneously generating new resources.

Also the OECD recognizes the importance integrated frameworks for territorial development policies and



governance with its series of Territorial Reviews and larger body of work that addresses the territorial dimension of a range of policy challenges, including governance, innovation, urban development and rural policy..

## Multi-level governance approaches which support local action

One example of a multi-level governance approach that can facilitate finance for local projects is the development of V-NAMAs – Vertically Integrated Nationally Appropriate Mitigation Actions. V-NAMAs support national governments of developing countries in their efforts to mobilize sub-national actors for achieving national CO2 mitigation targets through cost-effective incentive packages and monitoring, reporting and verification systems. ICLEI supported GIZ in developing V-NAMA policy recommendations, case studies and tools for the integration of sub-national actors in national mitigation actions (GIZ, 2014).

## Vertically integrated reporting

An integral part of vertical integration is the harmonization and integration of reporting mechanisms for **m** measurable, **r** reportable and **v**erifiable (MRV) action at local, subnational and national levels. In regard to international climate negotiations, MRV data is particularly imperative. This is because recent and accurate data must be provided at regular intervals to be of use within international climate negotiations, and it is invaluable when it comes to showcasing what cities and regions are doing and reporting

on. It was for these reasons that the carbonn® Climate Registry (cCR) has been designed by ICLEI as a global reporting platform for local and subnational climate action operated by the Bonn Center for Local Climate Action and Reporting (the carbonn® Center).

The principles behind vertical integration are part of the reporting and data analysis processes of the cCR, which maps the relationship of the reporting entity (e.g. city, region or province) to other levels of government. This enables reporting bodies to identify and make intelligent connections between the entries from different governing entities that are reporting to the cCR: peer levels of government; higher levels of government; and lower levels of government.

Vertically integrated reporting such as this ensures that that horizontal reporting by several cities in the same region will flow to the appropriate regional or national government, and is important in order to allow aggregation of data while avoiding the double counting of GHG emissions and population figures. Additionally, it enables reporting entities to contextualize their reports within their regional context as well as benchmark themselves in relation to “peer reporting entities” within their region. This in turn support and encourages peer-to-peer learning and knowledge exchange, as well as raising the ambition of local climate action within states, regions, cities and towns.

## Building partnerships to accelerate local and subnational climate action

Although it is only recently beginning to be sufficiently recognized in the global arena, local climate action has been instrumental in driving global climate action efforts, even preceding the establishment of the UNFCCC. Thus, regardless of the outcomes of COP21 in Paris 2015, the movement of local and subnational government and citizen action will continue and grow. This is particularly important considering that any agreement reached in Paris in December 2015 will only come into force in 2020.

Since COP20 in Lima 2014, the global climate regime has shifted towards a bottom-up system, wherein each UN member state announces its own Intended Nationally Determined Contribution (INDC) rather than adhering to a top-down process with accompanying universal targets and commitments. The INDC presents an opportunity for national governments to set their own parameters for how they intend to account for the ambitions and actions of local and subnational governments, and how these can contribute to the national contributions, plans and actions. At writing, the proportion of submitted INDCs referring to vertical integration remains small. That being said the INDCs submitted thus far by e.g. Canada, China, Colombia

### Recommendations to support V-NAMAs

Drawing on recent research and practitioner insights, a range of recommendations may enhance the design and implementation of Nationally Appropriate Mitigation Actions (NAMAs) through improving vertical integration. The recommendations to national authorities include:

#### ENGAGE

1. Engage local governments in the design of NAMAs
2. Strengthen dialogue between national and local governments
3. Align NAMAs with existing national and local processes and priorities

#### ENCOURAGE

1. Link mitigation actions with benefits valued by local governments
2. 5. Provide mandates and powers to motivate local governments to act
3. 6. Use targets and regulation to prompt local government implementation
4. 7. Create financial incentives to stimulate local government engagement

#### ENABLE

1. 8. Create the conditions to ensure local governments have sufficient funding
2. 9. Support local governments in accessing data and information
3. 10. Help local governments in developing or accessing skills and knowledge
4. 11. Enable knowledge sharing and learning among local governments

Source: GIZ, 2014

and Mexico set a precedent that can inspire future submissions.

To further accelerate local and subnational climate action, ICLEI recommends that national governments mandate their bodies responsible for climate policy to:

1. Engage local and subnational governments in the preparation and implementation of Intended Nationally Determined Contributions (INDCs), Nationally Appropriate Mitigation Actions (NAMAs), Low Emission Development Strategies (LEDS) and National Adaptation Plans (NAPs);
2. Continue to explore innovative formulations, beyond their submission of INDCs, to raise and complement pre-2020 ambitions at the national and global level, through the ambitious voluntary commitments of local and regional governments. This should take advantage of the progress achieved by the Compact of Mayors and the Compact of States and Regions, as well as the information reported to the carbonn® Climate Registry.
3. Support local governments develop and secure access to various sources and mechanisms of funding and financing of their local climate actions, including solid frameworks for collaboration with the private sector, with Public-Private Partnerships (PPPs), the Clean Development Mechanism (CDM), Green Climate Funds, green bonds etc.

We have an opportune moment with cities and regions around the world increasingly making ambitious and transparent commitments towards climate change, as well as delivering credible results through initiatives such as the Compact of Mayors, the Compact of States and Regions and by reporting their climate commitments, performance



## Examples of vertically integrated INDCs: Colombia and Canada

In September 2015, Colombia submitted their Intended Nationally Determined Contribution (INDC) to the UNFCCC Secretariat. As it makes strong reference to the role of local and regional governments, it provides a good example of how vertical integration can deliver results towards national climate action objectives, as a result of locally tailored and implemented actions plans. For example, the Colombian INDC commits the national government to “give greater participation to the territories and sectors at the local level” (Gobierno de Colombia, 2015), especially in the design phase of climate change strategies.

Similarly, the Canadian Government’s INDC introduces the concept of shared responsibility between levels of governments and thereby requires action from all levels of governments within their own legal frameworks and policies (Canada, 2015).

and actions to platforms such as the carbonn® Climate Registry.

Therefore, in order to accelerate local climate action as well as strengthen partnerships, ICLEI invites local and subnational governments together with their networks and partners to:

- Increase the number of cities, towns and regions expressing their intent and ensuring their compliance respectively with the Compact of Mayors and Compact of States and Regions;
- Actively engage in the consultations on the Lima-Paris-Action-Agenda (LPAA);
- Increase the number of entries and diversify the information visible at the Non-State Actors Zone for Climate Action Platform (NAZCA) through the carbonn® Climate Registry and other reporting platforms as appropriate; and,
- Engage in the Transformative Actions Program (TAP) and Transformative Actions Pavilion at the COP21 in Paris and post-2015.

## More related ICLEI Briefing Sheets in the 2015 Climate Series:

- No. 02 - Vertical integration between levels of government to effectively address climate and energy
- No. 03 - "Friends of Cities": Good practices in multi-level partnerships on scaling-up climate action
- No. 04 - Forging Measurable, Reportable and Verifiable actions to tackle climate change
- No. 05 - Reporting platforms for Local and Subnational Climate Action
- No. 06 - The Transformative Actions Program (TAP): Linking with finance

No. 07 - Cities and Regions are ready for COP21!  
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## Further Reading

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More briefing sheets here

## Author

Maryke van Staden  
Low Carbon Cities Program Manager and Director of the carbonn® Center  
ICLEI World Secretariat

## Editors and Contributors

Kathrine Brekke, Urban Research Officer; Michael Woodbridge, Urban Research Junior Officer; and Yunus Arikan, Head of Global Policy and Advocacy  
ICLEI World Secretariat

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## ICLEI World Secretariat

Kaiser-Friedrich-Straße 7, 53113 Bonn, Germany  
Email: [urban.research@iclei.org](mailto:urban.research@iclei.org)