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Workshop on National-Sub-national Linkage to Enhance
Low Carbon Development at the Sub-national Level in the Philippines

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

Sector	Policies and Measures	National Government	Provincial Government	City/Municipal Government
Energy Supply	Renewable Energy Act	Yes	Yes	Yes
	Biofuel Act	Yes	--	--
Energy Efficiency	Government Energy Management Program	Yes	Yes	Yes
Transport	Clean Air Act	Yes	--	--
	Natural Gas Vehicle Program for Public Transport	Yes	--	--
	Unified Vehicular Volume Reduction Program (UVRP) under the Metro Manila Development Authority (MMDA) Regulation 96-005, as amended	--	Yes (within Metro Manila and selected areas)	Yes
	National Environmentally Sustainable Transport Strategies (NESTS) e.g. e-trike and auto-Liquefied Petroleum Gas (LPG)	Yes	--	Yes
Commercial and Residential Buildings	An Act to create the Green Building Code Commission to draft the National Building Code	--	--	Yes
Waste and Wastewater	Ecological Solid Waste Management Act	Yes	Yes	Yes
	Environmental Impact Assessment	Yes	--	--
Agriculture	Organic Agriculture Act (OAA) of 2010	Yes	--	Yes
	Memorandum from the Secretary (8 Feb 2011)	Yes	--	--
	Department of Agriculture Climate Change Policy	Yes	--	--
Forestry	Moratorium on the cutting and harvesting of timber	Yes	--	--
	National Greening Program (NGP)	Yes	Yes	Yes
	Philippine National REDD-Plus Strategy (PNRPS)	Yes	--	--

Source: ASoG (2012)

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

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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

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 policies

Sources: Aoki and Aoki (2010)

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Funding Incentive Mechanisms

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

Sources: Chen (2010)

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Where are we now?

Where are we heading?

How to achieve the target (**Policy Intervention**)?

How is the performance?

Point of
Departure:
Current State

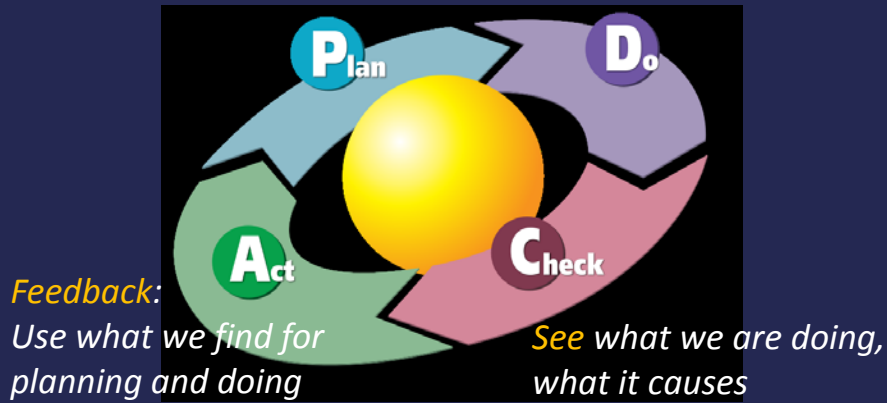
Point of
Arrival:
Policy Target



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2. Effective Monitoring and Evaluation of Policies

Institutionalised M&E for discipline and learning

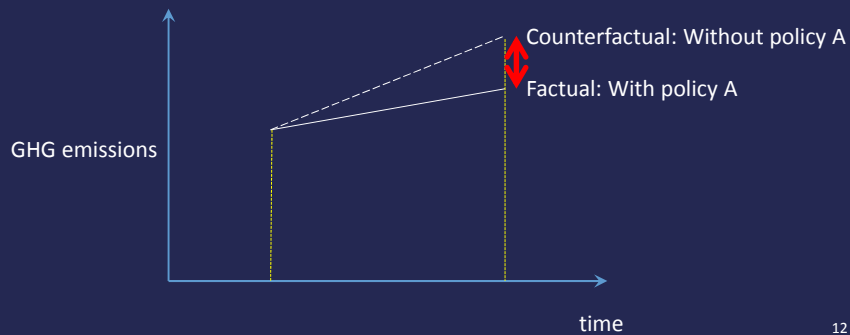


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Comparison: Factual and Counterfactual

Context – policy intervention	Results
Factual: With Policy A	Observed
Counterfactual: Without Policy A	Unobserved

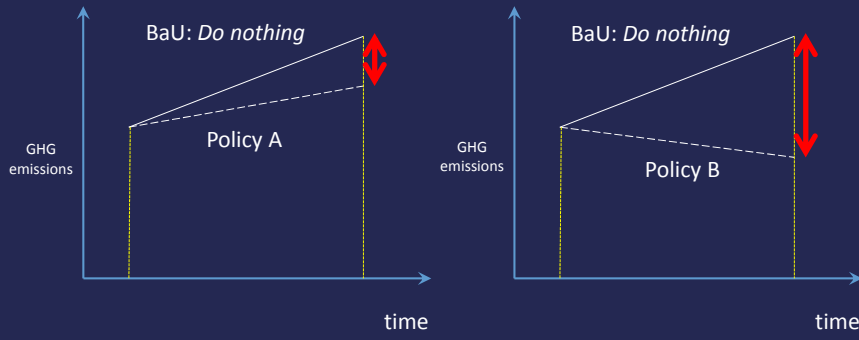
Difference: Effects of policy



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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)

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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)*

Source: Okabe (2003)

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

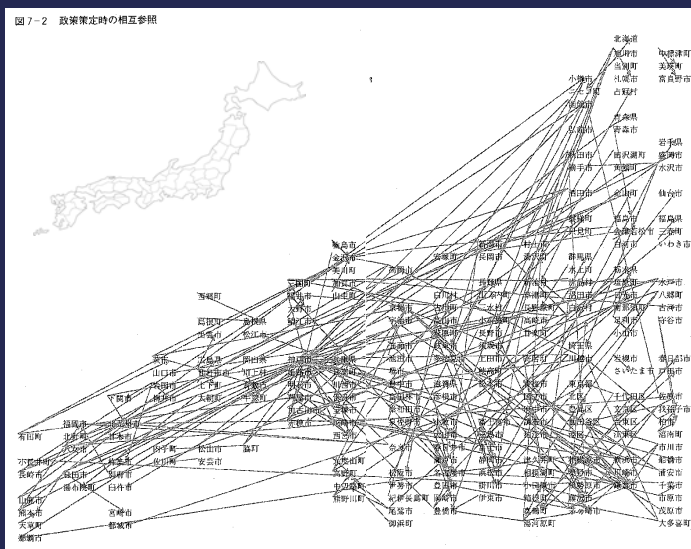
- Significance of *coherence* between *low carbon development policies* and *local issues* to be solved and initiatives taken in the past (*co-benefits approach*)
- *Political leadership* shown by Mayor promotes justification and relevance of *new* low carbon development policy by *drawing different 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

Source: Hosei University (2012)

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Mutual Reference among Japanese Sub-national Governments



Source: Itoh (2006)

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4. Support of Policy Diffusion and Mutual Learning

Mutual Reference among Sub-national Governments in Japan

Local Policies Studied

Environmental Impact Assessment
Environmental Basic Ordinance
Information Disclosure Ordinance
Welfare Development Ordinance
Landscape Conservation Ordinance

- Copying
- Emulation
- Mixtures
- Inspiration



Source: Itoh (2006)

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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)

Source: Itoh (2006)

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Ideas for National and Sub-national Linkage Mechanisms

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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

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