Insights from the 2018 Paris Peace Forum Debate Sessions

Fighting Climate Change the Urban Way

Urgency is an understatement when it comes to combatting climate change. National and international efforts are making strides, but struggling to keep pace. Cities have shown that they are willing to act even where national authorities do not. In some ways, they have become the new climate champions. What can be done to boost their efforts? Can local successes move the larger climate agenda forward?

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The Paris Peace Forum convened a panel of practitioners to talk through these issues. One after another, they emphasized how critical these frontline actors have become. Without a transformative change in these urban hubs, the global battle against climate change cannot be won. We are racing against time, and cities offer the potential for high-impact effect. Panelists identified areas where varied stakeholders can support work at the urban level.

What’s the Problem

The effects of climate change are on our doorstep and urban communities are especially vulnerable. Think of the impact of extreme weather events, population displacement, and subsequent economic pressures (including for services and systems repair costs). With the alarming trendline of urban growth, it is likely to get worse. By 2050, analysts estimate that 70% of the world’s population will live in metropolitan areas. And it’s happening fast. Meanwhile, with 90% of all urban areas coastal, many of them are literally sitting on the edge of this coming crisis.

Given that these hubs of economic activity and crowded populations are frequently built on high-carbon emitting lifestyles, cities will have a heavy lift to transition to a low-carbon future. Urban areas may occupy only 2% of the planet, but they generate roughly 75% of the world’s greenhouse gas emissions and consume roughly 75% of natural resources. The next years will be a pivotal period, both for developed economies drastically cutting back existing practices and emerging megacities struggling to balance low-carbon policies with economic growth.
“Cities are the greatest impactor as well as the greatest impactee of climate change consequences.
- Abdoulaye Mar Dieye, UN Development Program

Be Smart

Even if cities make real strides in combatting climate change, does it have an impact on collective global efforts? Absolutely. First, the impact effects of behavior change in cities and urban areas are especially high. As the Paris Peace Forum’s panelists emphasized, as a primary source of emissions, cities are an essential ingredient if we want to make a substantial change in the global carbon footprint. It will be difficult to reach global targets without a transformative change in urban areas, especially megacities.

Second, urban leaders can be ambitious in ways that a national government cannot. Multiple panelists described them as more agile, responsive, and directly connected to the citizens dealing with the challenges of transitioning to a low-carbon way of life. Of course, local leaders are not immune to national politics, and the work is certainly easier when enhanced by national-level support. But cities can push ahead with independence from the highs and lows of global politics that is essential when racing against the clock. Hassan Joho, the Governor of Mombassa, argued that their (semi)autonomy frees them to collaborate with global counterparts without the same constraints as national actors.

Third, their agency, especially collectively, can create political momentum on the international diplomatic stage. At the Forum, Laurence Tubiana of the European Climate Foundation — previously France’s lead negotiator in the COP21 and an architect of the Paris Agreement — recalled how cities were key players in bringing the accord to conclusion. Their collective voice demonstrated a powerful commitment at pivotal moments in the negotiation, especially when national governments were pulling back.

At the End of the Tunnel

Leaders of cities and municipalities, large and small, know they are on the cusp of a transformative period. The social and economic fabric of urban life will change significantly in the next few decades. Many are already working to adapt their communities; others would like to do so. They are stepping up, but if we want them to keep advancing, they need our support.

Hassan Joho shared his perspective from Mombassa. Like many community leaders, his first priority is to shift public consumption and emission practices, mostly through transport and infrastructure policies, paired with public outreach campaigns. But he emphasized that city planning is the foundation for any sustainable change.

Other panelists who work with development assistance echoed that value of city planning as an insertion point, given that it can help to break down silos and more effectively link a local government’s climate goals with sectoral policy decisions (urban transport, water supply, and energy conservation, for example). Policy and investment decisions on the desks of local leaders now will have a lasting effect for years to come. This is an opportune area for international assistance.
The burden on cities to move to carbon-neutral practices at breakneck speed will be tremendous. By 2050 — even 2030 — urban centers will need to be running on cleaner energy, cleaner transport, and lower-carbon economies. Juggling these tasks, while simultaneously balancing the pressures of urban growth, will be resource intensive. According to McKinsey’s research, the investment needed to achieve 2030 emissions targets will require an outlay, on average, in the tens of billions of dollars for an individual city.

And yet, cities do not have access to financing for large-scale projects like national governments do. The World Bank estimates that just 4% of the developing world’s 500 largest cities, and only 20% of cities in OECD countries, are deemed creditworthy in international markets. Even with bonds, cities are offered nowhere near the same interest rate as for national governments. Although there are clear arguments for a positive return on investment in the mid to long term (directly in a project or indirectly through city’s economic success), there is a great deal of hesitation from investors.

Some assistance programs are already working to address this. Stefano Manservisi referred to the European Commission’s work with the private sector to develop concrete schemes for de-risking private investment to cities and increasing their access to affordable financial resources. Manservisi also pointed out the opportunities for synergy, given that much of the issue of investor confidence circles back to questions of governance.

“Governments need courage and need to be inspired. Cities can play this role...They can show how they will deliver, and in fact it may trigger confidence from national governments about the viability [of these solutions].

- Laurence Tubiana, European Climate Foundation

Who’s on the Hot Seat

Much of the Forum’s discussion of cities combatting climate change focused on opportunities for direct concrete assistance to these key actors. Helping cities network with each other and share best practices and solutions amongst themselves also adds value. There are numerous programs underway such as the C40 Cities (a network of mayors of the world’s megacities), the Global Covenant of Mayors, the Global Alliance for Climate Change, and others. “Crowdsourcing” solutions between city governments can be especially useful. These initiatives should be encouraged and concretely supported. They are advancing, but as Ambassador Tubiana advised, it is time to start thinking beyond 2020.

National governments have a role to play as well in helping to build climate resiliency in urban areas. Kamal Kharazi, the former Foreign Minister of Iran, emphasized the link between progress at the urban level and meeting national targets. He also emphasized that national governments have certain policy authorities, capabilities, and resources unavailable to local leaders, even powerful city governments. For example, Kharazi referred to the mandate of national governments in regulatory decisions, in energy policy (such as fuel standards) and in development of natural resource alternatives. Large scale budget injections, public education initiatives, and expensive infrastructure projects are areas for work. Likewise, tax policies and issues such as increasing the price of carbon remain within the remit of national governments. Although the
national context varies widely, complementary — and ideally coordinated — strategies between local and central authorities can make all the difference.

One of the advantages of convening a multi-stakeholder panel at the Forum was the diverse viewpoints on the ominous financing challenge for urban governments. External programs can help in creative ways, such as the EU’s initiative to de-risk private investment. But Denis Duverne of AXA spoke from their experience as an institutional investor — even one highly committed to a green portfolio and numerous initiatives to support the fight against climate change — of the difficulties of changing the risk calculus. It’s time to start addressing this.

More advanced is the business model for helping cities with their climate change reforms. “Prevention is as important as protection” declared Denis Duverne, the Chairman of the insurance company AXA. For the insurance industry, helping cities to become more resilient before events strike, enhancing their ability to protect against natural disasters, working with academic researchers to identify risk, and making insurance easier to for communities to access, all make practical business sense.

Public-private partnerships to combat climate change are flourishing. They are practical, meaningful, and relatively resistant to political mood swings. They are ideal for increasing the knowledge base for effective policy solutions at the national and local policy levels. Business leaders are often strongly connected with, and invested in, their communities. The private sector will be essential to any long-term “greening” of the economy. Luckily, there is already much cross-sectoral collaboration underway, offering real contributions. In his arena, Duverne mentioned the Insurance Development Forum and their work on microinsurance packages for emerging markets impacted heavily by climate change. Coming back to the investor confidence issue, Duverne also mentioned that the Insurance Forum “wants to make those risk mapping models available to countries and cities as a resource”.

What’s Next

Cities are one area where actors working to combat climate change can intervene now and have a consequential impact. The Forum’s panel applauded initiatives to work directly with cities and local communities, emphasizing the importance of building local governance capacity on mitigation and adaptation measures. Additionally, the panel called for increasing access to financial resources, expand public-private partnerships, and creating synergy between national and local strategies. Combatting the rise in global temperature and its effects is a challenge that requires every stakeholder possible.

Local leaders have become pivotal players also on the larger policy scene. Not only for the power of their voice but also the demonstration effects of their local action. For example, urban successes could give a concrete boost to the next major phase of international climate negotiations in 2020/2021. If cities can show that results are possible, it may give national governments the justification to step up and do more. It may also create more momentum for citizens to push their national governments to do so.

In any case, climate change agendas for cities have the potential to reach far beyond their immediate neighborhood. Act locally, impact globally.
Panel Participants

The Forum thanks panel participants: Denis Duverne, Chairman, AXA; Hassan Joho, Governor of Mombassa, Kenya; Kamal Kharazi, Former Minister of Foreign Affairs, Iran; Stephano Manservisi, Director General for International Cooperation and Development, European Commission; Laurence Tubiana, CEO of European Climate Foundation.

The panel was moderated by: Abdoulaye Mar Dieye, Assistant Administrator UNDP.

This is a publication of the Paris Peace Forum reflecting the debates at the Forum’s inaugural session in November 2018. It does not necessarily represent the conclusions of each individual participant.

About the Paris Peace Forum The Paris Peace Forum is a unique platform for global governance solutions. It focuses on improving the organization of our world, in order to address its most pressing challenges in the areas of peace & security, development, environment, new technologies, inclusive economy, and culture & education.

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