

Executive summary

This report proposes a policy framework to help decision makers develop more effective climate and resilience policies through a **“territorial approach”**. A territorial approach to climate action and resilience is defined as ‘*a comprehensive policy framework that integrates a place-based perspective into national and subnational climate policies and mainstreams climate objectives into urban, rural and regional development policies, to effectively drive climate action at all territorial scales.*’ Adopting a territorial approach is critical for national and subnational governments to tap into the full potential to reduce greenhouse gas (GHG) emissions across all places and better address locally specific climate impacts, which often hit the most vulnerable communities the hardest.

Key findings

Most OECD cities and regions are far from reaching net-zero. In 2018, only 61 out of the 432 OECD large regions (14%) had production-based emissions per capita below the threshold consistent with the IEA Net Zero Emissions (NZE) scenario (4.7 t CO₂-eq per capita) to reach net-zero in 2050. Metropolitan regions are generally performing better than non-metropolitan regions on a production per capita basis, with average emissions per capita half those in regions far from a metropolitan area. At the Functional Urban Area (FUA) scale, in 2018, almost half of OECD metropolitan areas with more than 500 000 inhabitants came in below 4.7 t CO₂-eq per capita. However, rather than seeing declines, on average, they saw their total emissions grow by 24% from 1990 to 2018.

The volume and source of GHG emissions vary significantly across geographical scales within countries, highlighting that the pathways to achieving a net-zero transition will also differ. For instance, renewables account for more than half of the electricity generation in remote regions and less than 20% in large metropolitan regions. Road-based emissions per capita in remote regions are, for example, on average more than three times higher than in large metropolitan regions. In addition, GHG-intensive activities, such as carbon-intensive power generation, are typically located outside of cities (reinforcing in turn the importance of complementary measures on, and policies to abate, emissions based on consumption). Moreover, in 80% of the OECD’s FUAs, the built-up area grew faster than population between 2000 and 2020.

There are non-negligible territorial disparities in terms of climate impacts. For instance, in 2021, cities with more than 250 000 inhabitants were on average 3°C warmer than their surrounding area, which is almost twice as high as in cities with less than 100 000 inhabitants. In 45 OECD regions located in 18 different countries, more than 20% of their population are at risk of river flooding. In Rotterdam, the Netherlands, more than 60% of its population is at risk.

Recommended actions

Drawing on an analysis of 36 leading practices from countries, regions and cities mainly in the OECD area, three types of actions are recommended.

Integrate a place-based perspective into climate policy:

- **Measure and monitor GHG emissions, climate risks and impacts at different territorial levels.** Standardised and common indicator frameworks can help quantify GHG emissions and

measure the distance of cities and regions with regard to local, national and global goals and targets, where applicable. Climate risk and vulnerability assessments should be made at more granular geographical scales, including cross-sectoral impacts, to better address territorial disparities. Developing subnational consumption-based emissions estimates can help cities and regions understand emissions embedded in consumption and, in turn, provide a metric to target the efficacy of demand-side mitigation policies.

- **Fully incorporate local action into national climate plans and strategies.** Although most national governments have incorporated local perspectives into their climate plans and strategies in one way or another, the extent to which they do so varies across countries. For example, only a limited number of Nationally Determined Contributions (NDCs) mention the emission reduction targets set by their regions or cities. Only a third of OECD countries mention the role of local authorities in measuring and evaluating adaptation progress in their National Adaptation Plans (NAPs) and National Adaptation Strategies (NAS).
- **Develop subnational climate goals and targets that reflect specific local needs and interests, in line with the Paris Agreement.** In 23 out of 38 OECD countries, at least one city or region has set a more ambitious net-zero or carbon neutrality target than that of their respective national government. However, in general, most cities and regions are still far from reaching net-zero as highlighted above. Indeed, many cities and regions are still without a target or climate plan, often reflecting technical and financial gaps. National government can play a critical role in bridging these. For example, Japan's Regional Decarbonisation Roadmap programme aims to provide financial and technical support to 100 Leading Decarbonisation Regions targeting net-zero by 2030.

'Climate-proof' regional development policy at all territorial levels:

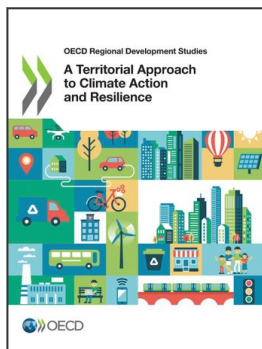
- **Mainstream climate objectives in national urban, rural and regional development policies.** Regional development policies can also be leveraged to accelerate and incentivise locally specific pathways to net-zero. For example, Poland's National Urban Policy 2030 includes concrete actions to address climate-related risks and proposes legislative reforms on the introduction of a blue-green infrastructure plan as a tool to monitor and co-ordinate its development.
- **Promote climate action and resilience at the right territorial scale.** In particular, the functional-urban area approach can facilitate co-ordination among local authorities over land use and transport infrastructure to promote a low-emission spatial structure. For example, in Vancouver, Canada, the Regional Growth Strategy aims to reduce GHG emissions by 80% below 2007 levels by 2050, by stimulating development in urban centres and transit corridors, promoting working and playing close to home, and establishing mixed-use transit-oriented communities.
- **Support neighbourhood projects generating co-benefits and synergies beyond climate.** Neighbourhood climate projects can be particularly useful in addressing multiple local objectives, experimenting innovative decarbonisation solutions, and better targeting the most vulnerable communities through a participatory approach. For instance, in France, the "Eco-quartier" Programme supports the implementation of net-zero and resilience solutions at the neighbourhood scale, by using a labelling system which assesses projects not only on their environmental impact but on their economic and social impacts too (e.g. employment, safety). In the United States, the Community Development Block Grant Disaster Recovery Funds focuses on supporting disaster recovery efforts, including climate-related disasters, by actively involving residents in vulnerable neighbourhoods and prioritising their needs throughout the process.

Enable and scale-up local climate action and resilience:

- **Strengthen the legal and institutional environment** for local climate action and resilience, by clarifying roles and responsibilities for climate action, creating alignment and co-ordination mechanisms across levels of government, and building local capacity to engage all cities and

regions. For instance, Mexico passed the General Law on Climate Change in 2012, becoming the first large oil-producing economy that adopted climate legislation, and a 2018 amendment made it compatible with the Paris Agreement. The Law stipulates that municipalities should promote policies and actions to reduce emissions and establishes institutional frameworks to co-ordinate climate policies across levels of government.

- **Enhance funding and financing mechanisms** for local climate action and resilience. National governments should promote more diversified funding and explore the potential to facilitate access to external resources for cities and regions, including through green, social and sustainable municipal bonds and loans. Green budgeting and green public procurement can also help subnational governments better align their expenditure and revenues with climate and green objectives.
- **Engage local actors, build partnerships and share knowledge.** Co-producing national or subnational climate plans with local actors can make climate action more inclusive and effective and promote innovation and experimentation, as demonstrated in the Circular Economy Strategy of Umeå, Sweden, which was built on extensive multi-stakeholder partnerships. City-to-city collaborations can also help cities exchange knowledge, identify innovative solutions and replicate or tailor them to their own circumstances, as seen in the EU Net-Zero Cities Programme and the Climate Adaptation City Deal in the Netherlands.



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