A road with trees and people on it

Description automatically generated  
Subnational Enabling Framework Conditions

Assessment Tool Workbook



# Glossary of Terms

|  |  |
| --- | --- |
| **Term** | **Explanation** |
| Climate finance | CCFLA’s definitions used are based on the definitions of climate finance developed by Climate Policy Initiative (CPI) for mitigation and adaptation projects in the Global Landscape of Climate Finance.[[1]](#footnote-1) The CPI working definition of climate finance is aligned with the recommended operational definition of the UNFCCC Standing Committee on Finance (see UNFCCC SCF, 2014, 2016, 2018, 2020), which states: “Climate finance aims at reducing emissions, and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts.” |
| Enabling framework conditions (EFCs) | An EFC is a component of a broader enabling environment, in this case for subnational climate finance. EFCs together constitute an enabling environment for achieving minimized and well-managed risks and where the rights, roles and assets of all stakeholders are established. Previous CCFLA work has focused on EFCs for climate-smart cities, which together facilitate low-carbon, climate-resilient urban development. EFCs can be, but are not limited to, policies, legal frameworks, governance structures, implementation capacity, and financing and investment structures.[[2]](#footnote-2) |
| Subnational government | The terms ‘subnational’ and ‘subnational government’ refer to the multiple levels of government that operate below the national level. Common terms for subnational governments include states, provinces, territories, regions, counties, municipalities, cities or similar.[[3]](#footnote-3) See Box A for advice on interpreting subnational when applying this tool. |
| Systems of intergovernmental transfers | Defined here as the structure, type, and frequency of fiscal transfers between national and subnational governments. |
| Urban areas | The term ‘urban’ refers to Functional Urban Areas (FUAs), which consist of a densely inhabited city and a less densely populated commuting zone whose labor market is highly integrated with the city.[[4]](#footnote-4) The term ‘urban’ also includes cities with physical boundaries that are officially locally defined by the city government in question, which, depending on the context, may include less urbanized areas such as peri-urban commuting zones.[[5]](#footnote-5) |
| Urban climate finance | Urban climate finance refers to resources directed to activities limiting city-induced GHG emissions or aiming to address climate-related risks faced by cities, contributing to resilience and low carbon development.[[6]](#footnote-6) |

**Box A. Applying dimensions which refer to “subnational”**

Certain dimensions may refer to “subnational” in terms of policy and/or finance. Users of this tool have discretion over the level of government to which this refers. Disparate country contexts, decentralization structures, and governance regimes mean that cities and urban areas have varying levels of autonomy over climate policy, budgeting, and planning. It may be best to consider in this case the city or metropolitan level that most closely works on urban climate finance. In some cases, the state or regional levels may be more appropriate for some dimensions. We use the term “subnational” in this document to allow flexibility and indicate where the dimensions apply to urban climate goals.

# Subnational Assessment Tool: Dimensions

The “Dimension” column below refers to subnational EFC components being assessed to improve urban access to climate finance. “Dimension Detail” provides a more nuanced understanding of good practice examples for each dimension.

## Climate Policy (CP)

|  |  |  |
| --- | --- | --- |
| DIMENSION | DIMENSION DETAIL | ASSESSMENT INPUT |
| CP Sub-Category 1.1: Subnational climate change policies | | |
| Subnational mitigation strategy with clear mitigation targets | 1.1.1 The subnational government has mitigation targets that have clearly identified short-, mid-, and long-term components with a sectoral focus. Mitigation targets cover urban areas. |  |
| Subnational mitigation ambition is aligned with NDCs | 1.1.2 The subnational government’s mitigation targets are aligned with or exceed the level of ambition in the country’s Nationally Determined Contributions (NDCs). |  |
| Subnational mitigation ambition includes effective MRV | 1.1.3 The subnational government’s mitigation planning includes measurement, reporting, and verification (MRV) requirements. The MRV program is clearly specified and allocated to agencies or a coordination committee who have sufficient capacity to undertake the actions. The MRV is integrated within regular MRV and monitoring and evaluation systems. |  |
| Subnational adaptation strategy with clear targets | 1.1.4 The subnational government has adaptation targets that have clearly identified short-, mid-, and long-term components with a sectoral focus. Adaptation targets cover urban areas and include disaster management provisions. The adaptation strategy addresses identified vulnerabilities. |  |
| Subnational government conducts urban  climate change risk assessments | 1.1.5 The subnational government regularly conducts urban climate risk assessments, which include various climate change factors such as temperature change, extreme weather events, biodiversity loss, sea-level rise, infrastructure vulnerability, and socio-economic vulnerability, among others. Socio-economic vulnerability assessments include Gender Equality, Disability, and Social Inclusion (GEDSI). |  |
| Subnational adaptation ambition is aligned with NDCs | 1.1.6 The subnational government’s adaptation targets are aligned with or exceed the level of ambition in the country’s Nationally Determined Contributions (NDCs). |  |
| Subnational adaptation ambition includes effective M&E | 1.1.7 The subnational government’s adaptation planning includes MER requirements. The MER program is clearly specified and allocated to agencies or a coordination committee who have sufficient capacity to undertake the actions. The MER is integrated within regular MER systems. |  |
| Subnational government regularly updates urban climate policy (mitigation and adaptation) | 1.1.8 The subnational government updates urban climate policies/commitments for both mitigation and adaptation regularly according to the NDC cycle or voluntarily depending on their specific situation, developmental trajectory, climate-related incidents, or similar.  *For example, the adaptation plans are updated after a climate-related disaster incident such as urban floods.* |  |
| CP Sub-Category 1.2: Subnational climate action implementation | | |
| Clear allocation of roles and responsibilities | 1.2.1 Subnational climate policies specifically elaborate subnational governments' roles and/or dedicated local agencies/bodies for urban planning and implementation of climate actions. There are clear roles and responsibilities allocated to different agencies, bodies, and departments for climate action implementation. Subnational governments can plan for long-term urban climate actions. |  |
| Climate planning is guarded from political pressure | 1.2.4 Urban climate action goals are part of a subnational legal framework and regulation. Urban climate action goals receive broad political support.  *For example, urban climate action goals are part of policy at the city/state/regional or other level and cannot be easily overturned by new mayoral administrations.* |  |

## Budget and Finance (BF)

|  |  |  |
| --- | --- | --- |
| DIMENSION | DIMENSION DETAIL | ASSESSMENT INPUT |
| BF Sub-Category 2.1: Subnational funding sources for urban climate action | | |
| Mitigation financing plan | 2.1.1 There is a clear plan for financing urban mitigation action, whether as part of a climate investment plan or as part of the subnational government’s budget. |  |
| Adaptation financing plan | 2.1.2 There is a clear plan for financing urban adaptation actions, whether as part of a climate investment plan or as part of the subnational government’s budget. |  |
| Domestic public finance for urban climate action | 2.1.3 The subnational government has financed urban climate action using its budget within the last two years.  *For example, urban climate action is a budget priority that has been funded through municipal or local budgets from sources such as taxes, subsidies, and/or national transfers.* |  |
| International public finance for urban climate action | 2.1.4 The subnational government has used international public finance sources (e.g., grants, bilateral/donor funding, MDB, global funds) to finance urban climate action within the last two years. |  |
| Domestic private finance for urban climate action | 2.1.5 The subnational government has used domestic private finance sources (incl. private finance generated by NDBs, non-bank financial institutions (NBFIs), financial markets, capital markets) to finance urban climate action within the last two years. |  |
| International private finance for urban climate action | 2.1.6 The subnational government has used international private finance sources to finance urban climate action within the last two years. |  |
| Subnational disaster-risk management funds | 2.1.7 Disaster-risk management or reduction emergency funds, or similar for urban areas, are in place on the subnational level. There is a clear mechanism to access these funds. |  |
| BF Sub-Category 2.2: Subnational green budgeting | | |
| Subnational government implements green budget/ financing practices | 2.2.1 The subnational government implements green budget and financing practices for urban areas.  *For example, yearly climate and environmental budget tagging; yearly carbon budgeting; regular reviews of environmentally harmful taxes/subsidies; green, transition, or brown taxonomies; green subnational procurement and/or initiatives; taxonomies, bonds, certification, etc.* |  |
| BF Sub-Category 2.3: Subnational revenue mobilization | | |
| Subnational revenue mobilization for climate action | 2.3.1 The subnational government has sufficient sources of revenue mobilization for urban climate action, including a balanced and sustainable basket of resources based on grants/transfers (international, national, and regional, taxes and fees, tariffs, and property income). |  |
| Subnational revenue planning for climate action | 2.3.2 The subnational government is able to adjust and manage its own revenue to respond to urban climate needs. The subnational government has the capacity to maintain and manage a proper level of operating surplus to be able to undertake required or additional investments, such as urban climate investments. |  |
| Subnational revenue diversification allowed & encouraged | 2.3.3 Subnational governments are allowed and encouraged to diversify their revenue sources to address urban climate action through a basket of resources such as taxes incl. carbon tax, fees, and charges. |  |
| Adequate subnational revenue generation | 2.3.4 Subnational governments have adequate revenue generation for urban climate action and do not rely only on emergency funds or other special funds to cover regular expenses for climate planning. |  |
| BF Sub-Category 2.4: Subnational private finance mobilization | | |
| Private finance into municipal infrastructure | 2.4.1 Private investment in municipal infrastructure sectors is allowed, with no procurement laws or policies that prevent or discourage this type of investment.  *For example, there are tax benefits and/or subsidies in place for the private sector; there are regulatory incentives (e.g., feed-in tariffs, risk mitigating insurance, or others) in place* |  |
| Subnational PPP development | 2.4.2 The subnational government has developed a public-private partnership (PPP) for urban climate action within the last two years. |  |
| BF Sub-Category 2.5: Subnational creditworthiness, borrowing, and access to capital | | |
| Subnational government is able to borrow | 2.5.1 The subnational government is able to borrow for urban climate investments.  *For example, the subnational government can access debt instruments such as bonds and commercial loans. There may be borrowing rules in place, and borrowing may be subject to approval from the national government.* |  |
| Subnational government has borrowed for climate investments | 2.5.2 The subnational government has successfully borrowed for urban climate investments.  *For example, if a sovereign guarantee/approval from the national government is required for borrowing, this has been done successfully.* |  |
| Subnational government has a credit rating | 2.5.3 The subnational government has applied for and been granted a credit rating, either domestic or international.  *Note if the subnational government has started the assessment process, even if it is in progress.* |  |
| Municipal bond issuance | 2.5.4 The subnational government has issued a municipal bond that includes funding urban climate investments. |  |
| Green bond issuance | 2.5.5 The subnational government has issued a green bond that includes funding urban climate investments. |  |
| BF Sub-Category 2.6: Subnational engagement of co-financing and/or innovative financing | | |
| Co-financing received | 2.6.1 The subnational government has received finance or co-financing from a national development bank or similar for urban climate action. |  |
| Blended finance | 2.6.2 The subnational government has employed innovative financing mechanisms for urban climate action, such as blended finance. |  |
| Carbon markets | 2.6.3 The subnational government has a framework in place to engage with carbon credits and carbon markets to fund urban climate investments. |  |
| Special purpose vehicle | 2.6.4 The subnational government has employed a special purpose vehicle or special purpose entity to limit liability to provide innovative project funding for urban climate action. |  |

## Climate Data (CD)

|  |  |  |
| --- | --- | --- |
| DIMENSION | DIMENSION DETAIL | ASSESSMENT INPUT |
| CD Sub-Category 3.1: Subnational-level climate data reporting | | |
| Local climate databases provide quality climate data | 3.1.1 The subnational government has access to locally centralized & digitalized database services that provide quality climate data. For mitigation, this  is defined as following the principles of TACCC (transparency, accuracy,  consistency, comparability, and completeness). The data is timely and covers mitigation and adaptation (including identifying emissions sources, designing GHG inventories, disaster and climate risk assessments, and long-term  climate change scenarios). Age- and sex-disaggregated data is used in socioeconomic vulnerability assessments. |  |
| Subnational government uploads climate data to national database | 3.1.2 The subnational government uploads self-reported urban climate data into a national database. |  |
| Subnational government conducts urban GHG inventory / mitigation data | 3.1.3 The subnational government conducts a regular urban GHG inventory. The GHG inventory has a clearly defined scope of emissions. The results are reported to the national government. |  |
| CD Sub-Category 3.2: Subnational-level climate data availability and analysis partnerships | | |
| Subnational partnership with research centers for climate data | 3.2.1 The subnational government partners with regional and/or local-level research centers to assist with urban climate data collection and analysis.  *Research centers could include university research bodies, civil society, and/or the private sector.* |  |
| Subnational government ensures good quality and availability of urban climate data | 3.2.2 The subnational government ensures that there is good quality urban climate data available. For mitigation, this is defined as following the principles of TACCC (transparency, accuracy, consistency, comparability, and completeness). The data is also timely and covers mitigation and adaptation (including identifying emissions sources, designing GHG inventories, and disaster and climate risk assessments and long-term climate change scenarios). The data includes age- and sex-disaggregated data in socioeconomic vulnerability assessments. |  |

## Vertical and Horizontal Coordination (VHC)

|  |  |  |
| --- | --- | --- |
| Dimension | Dimension Detail | Assessment Input |
| VHC Sub-Category 4.1: Subnational government coordination | | |
| Vertical coordination on climate action and planning | 4.1.1 The subnational government coordinates vertically (across levels of government) on urban climate action.  *For example, the city engages in city deals or works with regional, state, or national government to receive support for climate strategies.* |  |
| Horizontal coordination on climate action and planning | 4.1.2 The subnational government coordinates horizontally (between/across jurisdictions) on urban climate action.  *For example, the state or city has agreements with neighboring jurisdictions, or develops regional development strategies.* |  |
| Horizontal coordination for climate risk assessment | 4.1.3 The subnational government coordinates horizontally (between/across neighboring jurisdictions at the same level of government) to assess and address transboundary urban climate risks.  *For example, cities engaging in a transboundary or regional climate risk assessment, which can include transboundary socio-economic climate-related vulnerabilities.* |  |
| Horizontal/ vertical coordination for shared climate investment opportunities | 4.1.4 The subnational government coordinates and identifies opportunities for shared urban climate investments (either across levels of government or between jurisdictions).  *For example, cities work with other cities to identify opportunities for shared climate investments to increase project size.* |  |
| VHC Sub-Category 4.2: Public involvement and stakeholder engagement | | |
| Public participation in subnational climate planning | 4.2.1 The subnational government uses forums and/or partnerships to integrate civil society, the public, and the private sector into their urban climate actions and planning. |  |
| VHC Sub-Category 4.3: Subnational cooperation and peer learning | | |
| Subnational government engages in peer learning | 4.3.1 The subnational government engages in peer learning (with other subnational governments, networks, or technical advisers) on urban climate finance. |  |
| Subnational cooperation with PPFs for subnational climate infrastructure projects | 4.3.2 The subnational government cooperates with Project Preparation Facilities (PPFs) for climate infrastructure projects. |  |
| Subnational cooperation with city networks | 4.3.3 The subnational government cooperates with city networks for climate infrastructure projects.  *If the subnational government being assessed is a city, then this evaluates whether the city is a member of city networks.* |  |

[**citiesclimatefinance.org**](https://citiesclimatefinance.org/)

**unescap.org**

1. Climate Policy Initiative (CPI). 2023. The Global Landscape of Climate Finance 2023. Available at: <https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/> [↑](#footnote-ref-1)
2. CCFLA/World Bank (2021). 2021 State of Cities Climate Finance. Available at: <https://citiesclimatefinance.org/publications/2021-state-of-cities-climate-finance/> [↑](#footnote-ref-2)
3. Gutierrez, Arturo Herrera (2015). What are we talking about when we talk about “subnational governments? Available at: <https://blogs.worldbank.org/governance/what-are-we-talking-about-when-we-talk-about-subnational-governments> [↑](#footnote-ref-3)
4. European Commission/OECD (2019). The EU-OECD definition of a functional urban area. Available at: <https://www.oecd-ilibrary.org/urban-rural-and-regional-development/the-eu-oecd-definition-of-a-functional-urban-area_d58cb34d-en> [↑](#footnote-ref-4)
5. CCFLA/World Bank (2021). 2021 State of Cities Climate Finance. Available at: <https://citiesclimatefinance.org/publications/2021-state-of-cities-climate-finance/> [↑](#footnote-ref-5)
6. CCFLA/World Bank (2021). 2021 State of Cities Climate Finance. Available at: <https://citiesclimatefinance.org/publications/2021-state-of-cities-climate-finance/> [↑](#footnote-ref-6)