The New Climate Governance Paradigm

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The climate governance paradigm has shifted dramatically in the past decade. The formal member-state negotiation has given way to a more robust governance structure that also involves a range of other actors and is rooted in the real economy. The paradigm has moved from being exclusively the purview of intergovernmental negotiators (supported and pressed by the scientific and activist communities) to being the active concern of a more broad-based set of actors, including whole national governments, businesses, finance, civil society, and subnational governments. This has been accompanied by a conceptual reframing of the climate issue so that it is now seen not only as an existential threat but also as an opportunity to transform economies and grow in a fundamentally different way. At the same time, the negotiation for a legal agreement to shape the new regime evolved from a narrow zero-sum game, in which states largely sought to apportion the pain and cost of response, to a more inclusive, positive-sum exercise, in which state and nonstate actors alike are sharing in, and competing for, the potential gain. The Paris Agreement is in essence an opportunity agreement, which is both the product of and catalyst for a race to the top. This race is characterized not only by cooperation but also competition—in both the political and the economic marketplaces.

The new paradigm is the result of a combination of evolutionary and revolutionary innovations that are mutually dependent and reinforcing, and a melding of formal and informal governance mechanisms. In particular, four innovations in governance have been central to this paradigm shift:

- a whole-of-government approach in the intergovernmental process and, at the national level, led by heads of state and government;
- a symbiotic alignment of state and nonstate actors to form a purposeful multistakeholder process informed not only by efforts to create a cooperative framework but also by competitive market and political forces;
- a hybrid structure for the intergovernmental agreement, with a combination of legal and voluntary provisions, a blend of pragmatic and aspirational elements, and a built-in upward ambition trajectory; and
- a strategic orchestration of a broad range of actors toward the preceding three innovations.

Sources of Disruption and Resilience

This new paradigm has injected much-needed strength, depth, breadth, and resilience to climate governance. At the same time, it is vulnerable to two main sources of potential disruption. The first is related to the buy-in to the regime, including the legal framework. The regime depends on all actors, including major governments, remaining committed to it. The second source of disruption is external. Geoeconomic and geopolitical shocks such as financial crises, wars, or the changeover of critical governments could have a destabilizing effect on the regime and could disincentivize actors from continuing to support the regime to the same degree. For both sources of disruption, the counteracting
sources of resilience are the same and are rooted in the four innovations noted above: the breadth and depth of commitment within national governments; a broadening of the base of actors and, critically, the incorporation of market-based based actors, since those markets are evolving toward low-carbon trajectories; the voluntary-legal nature of the formal agreement; and the capacity to orchestrate these actors to maintain momentum for the race to the top.

The announcement by U.S. President Donald J. Trump on June 1, 2017, of his country’s exit from the Paris Agreement is a significant disruption and will be a litmus test for the resilience of this paradigm. Further disruption in this vein could follow if other states defect from the agreement or if some signatories hide behind the U.S. pullout to throttle back on their responsibilities under the agreement.

However, the U.S. pullout is unlikely to cause a domino effect among governments to exit the agreement. Leading greenhouse gas emitters such as China, the European Union, and India have made significant commitments on renewable energy and energy efficiency because they now see these as issues of vital national interest. In addition, a move away from carbon emissions and toward renewable energy also serves the geopolitical strategic aim of energy security for many countries. These are powerful forces that are likely to keep governments committed to the goals of the Paris Agreement. But in the wake of the U.S. announcement, reaffirmations of commitment to the Paris Agreement by many global leaders, while reassuring and necessary to arrest a fallout, are not in themselves sufficient to guarantee the success of the agreement.

Equally important, public affirmations by U.S. cities, states, and companies of their intention to uphold the U.S. government commitments under the Paris Agreement provide significant avenues for advancing implementation by the United States even in the absence of the formal participation of the U.S. federal government. These moves also act as ballast for all other actors in the absence of the U.S. government. There has been a surge of U.S. business and subnational political actors rallying around the agreement and buttressing the prospect of surviving one of the largest potential political disruptions. This is accelerating the already notable groundswell of action by these new actors across the globe.

Continued orchestration; a tidal flow of multistakeholder, market-driven collective action; and firm commitments from all other governments should make it possible to mitigate the effects of a U.S. exit and potentially even reverse them. And in light of the U.S. exit, a common understanding of the four governance innovations that form the source of this resilience is now imperative for policymakers and thinkers alike.

**Innovation 1: A Whole-of-Government Approach Led by Heads of State and Government**

Historically, participation in the deliberations for intergovernmental agreements has been led by ministries of foreign affairs and one or two relevant line ministries. Climate change was for decades no different. But with economy- and demography-wide ramifications, such narrow participation constituted a feeble attempt by the tail to wag the dog. Ministries of finance, energy, transport, agriculture, planning, health, and others have strong and often competing stakes in the domestic arena. The potential ambition of a cross-sectoral intergovernmental agreement is therefore severely limited if these domestic actors do not have seat at the table and if they do not have a clear political directive from their leader. A big tent is essential.
Recognizing this, in 2007, the UN secretary-general began to encourage the participation of heads of state and government at the UN Framework Convention on Climate Change (UNFCCC) conferences and also began to host summits on climate change himself to bring the issue to the center of discussion and to the apex of decision-making authority.

In the years leading up to the Paris Agreement, the personal attention of presidents and prime ministers was critical to aligning components of their own governments as well as to building trust and fostering cooperation among countries. These years also saw an increasing breadth of national delegations to the UNFCCC, with a wider range of national ministries represented. Concurrently, these delegations grew much larger in size and frequently included ministers, leading to more nuanced negotiations at the international level and reflecting horizontal action at the domestic level. Ripple effects were also seen as climate change started creeping into the agendas of relevant intergovernmental sectoral forums such as Group of Twenty’s ministers’ meetings.

The horizontal range of the national government in the tent and the active participation of the leaders are therefore both necessary conditions for a whole-of-government approach. By the late 2000s, there was a quorum of countries that met both these conditions, allowing an ambitious agreement to be reached. This consolidation is far from sufficient for the implementation of the agreement, however, and will need to be strengthened in all countries in the coming years.

**INNOVATION 2: A MULTISTAKEHOLDER CONCERT**

Climate governance has for decades been fundamentally shaped by a multitude of actors in addition to national governments, whether intentionally or otherwise. Environmental activists, scientists and academia, cities, business and industry, investors, and consumers are all driving forces toward both higher and lower carbon emissions. Dissonance in objectives due to competing interests has been the defining characteristic of this system for decades. Even for those sharing the goal of climate change mitigation and adaptation, the demarcation of formal versus informal processes has created a hierarchy that has impeded collective progress. The difference now is that actors outside the formal space have been brought into a different relationship with the intergovernmental process through the concerted efforts of the presidents of the Conference of Parties and the UN secretary-general.

In particular, a race to the top within sectors has been instigated such that by directly working with industry, incentives are being created within industries to move toward low-carbon products and processes. In the oil and gas industry, for example, leaders such as Saudi Aramco and Total S.A. seized the opportunity provided by technological developments and changes in relative prices to shift their investments toward a broader portfolio of energy sources. This enables them to be competitive in the short run and to survive the decreasing competitiveness of fossil fuels in the long run. They took leadership roles in encouraging intra-sectoral voluntary cooperation among oil and gas companies to address important immediate issues such as gas flaring and methane emissions.

A curious effect of incentivizing the major industrial sectors and bringing them into the tent has been the injection of the competitive nature of markets into the negotiation space. With the titans of industry giving signals to their governments, the space to move beyond a zero-sum game opened up among countries. The utility of such an approach was evident even in the formation of the agreement. The encouragement of business and finance leaders gave license to governments of Brazil, China, the
European Union, the United States, and others to commit to more enabling policy and regulatory environments to tackle climate change. This in turn has attracted the attention of additional nonstate action. A race to the top has indeed started.

Yet, while successful and promising thus far, the multistakeholder approach is nascent and cannot be taken for granted. It requires significant deepening to be effective at the scale needed for effective implementation of the Paris Agreement.

**INNOVATION 3: A HYBRID AGREEMENT**

Composed of voluntary building blocks with legal process requirements, the Paris Agreement represents a significant innovation among international legal agreements. At its core, it is best described as a hybrid agreement along two axes.

The first axis is pragmatic-aspirational. All signatories commit to the aspiration of limiting global temperature rise to well below 2°C, and with an eye toward 1.5°C. However, recognizing that this aspiration can only become reality through many small steps, signatories commit their nations to what they can pragmatically achieve at a given time, and agree to ratchet up every five years in order to achieve the goal. The idea of “bring your best” is a radical shift away from “swallow the smallest amount of poison,” which characterizes previous attempts to provide this global public good. The effect of this innovation is twofold. In addition to ensuring that increasingly ambitious action to reach the 2°C goal is taken over time, it also minimizes fears of freeriding in the future. This is a critical need in any collective action problem. The Paris Agreement is therefore inherently dynamic as opposed to static. Whereas parties to previous environmental agreements such as the Montreal Protocol have improvised a way to dynamism by negotiating amendments every few years, the Paris Agreement efficiently folds in this mechanism in advance.

The second axis is voluntary-legal. The national commitments are entirely voluntary. No country commits to any action it does not wish to undertake. At the same time, all countries agree to be bound by their own commitments and to report to all others the progress of their actions. This combination ensures it is a bottom-up as well as a top-down agreement that avoids interference in national sovereignty—whether real or perceived—by supranational authority or other sovereign states.

The appeal of this hybridity along both axes is evident in the universality of the agreement. Unlike the Kyoto Protocol, which was only binding on developed countries (representing 30 percent of global greenhouse emissions when it was signed), the Paris Agreement is binding on all parties to the UNFCCC. The inherent north versus south divide of the Kyoto Protocol is greatly tempered in the Paris Agreement by ensuring all countries are in.

The Paris Agreement is an opportunity agreement, one that trades classic zero-sum logic of apportioning pain among countries for maximizing gain to each country and the world by taking both cooperative and competitive positions in a structured race to the top. In securing a strong foundation in political reality through nationally determined contributions, reflecting consensus on the collective aspiration through a concrete end goal, and also defining a pathway to decreasing the chasm between the two over time, the agreement is both pragmatic and aspirational—part now and part tomorrow—and injects a competitive dynamic among all stakeholders.
Each of the above innovations required significant orchestration to be accepted and adopted. The United Nations, in particular through the secretary-general, has played a critical role in this regard, which was publicly most visible in the 2014 climate summit. Given the history of the intergovernmental negotiations and the continuing disconnect between the formal and informal spheres, the 2014 climate summit convened by the secretary-general was designed to “raise political momentum” in the negotiations, and to spur “a race to the top” by inviting state and nonstate leaders to “bring [their] best.” Media, government, and academic consensus is that this was achieved successfully, with action announcements made by 111 national governments, 22 subnational governments, 85 cities, 358 civil society organizations, 481 private companies and investors, and 16 indigenous peoples—and coming on the heels of the largest march for climate, with 2,646 events around the world, and 400,000 participants in New York alone.

**Orchestrating a whole-of-government approach:** Following the failure of the Copenhagen summit, the secretary-general continued to work with heads of state and government on this issue, even though it was a highly unpopular topic at that time. Nevertheless, at the Group of Seven and the Group of Twenty summits and regional forums, in the UN General Assembly, and in bilateral meetings, the secretary-general continued to advocate intensely for continued leaders’ involvement in the climate process and to achieve an agreement in 2015. As a result, the 2014 climate summit was not only the then-largest gathering of heads of state and government on climate in one day but it also featured a strong degree of horizontal diversity in government participation. Ministers of finance, foreign affairs, and the environment rubbed shoulders with ministers of energy, transport, agriculture, and health, all focused on the issue of climate change. This set the stage for Paris.

**Orchestrating a multistakeholder concert:** This is perhaps the most significant contribution of the United Nations in the current climate governance paradigm. Notably, for the first time in the history of the United Nations, at the 2014 summit the secretary-general defined leaders as both governmental and nongovernmental. Business, civil society, municipal, and gubernatorial leaders were given comparable importance as presidents and prime ministers. This was most visibly manifest in protocol on the day of the summit: government leaders were required to speak in parallel in separate rooms to fit everyone in and to limit their remarks to four minutes each. This blending of the formal with the informal in the home turf of formal processes was unprecedented and was met initially with some resistance. And yet, the French presidency would soon enthusiastically incorporate these innovations into the Paris process.

Nonstate participation and interaction with member states at the 2014 summit was carefully curated. To be seen and featured as leaders, these actors underwent a yearlong process of proposal refinement and coalition-building. Only after extensive involvement and an intense vetting process were select organizations invited as speakers at the summit. The criteria of worthwhile announcements were set in keeping with the mitigation gap as defined by the UN Environment Program’s gap report. Eight sectors (transport, forests, agriculture, renewable energy and energy efficiency, short-lived climate pollutants, cities and subnational regions, resilience, and finance) that contribute most to climate change were targeted. Using a sectoral approach ensured that leaders within a sector could set in motion a race to the top within their own sectors. This logic was carried through to the Paris conference and forms the basis of the action agenda today.
The secretary-general’s office also worked with civil society in the organization of the People’s Climate March held just two days ahead of the summit. Through discussions with the organizers of the march for over nine months, an agreement was reached that the march would be global, inclusive, and aim for a constructive tone. The numerous speeches given by leaders two days later evidently drew inspiration from the march.

FUTURE INNOVATIONS IN CLIMATE GOVERNANCE

Going forward, institutionalization of the race to the top in the implementation phase of the Paris Agreement will be critical. This will be challenging as the blend of competition and cooperation that helped achieve a negotiated agreement may be quite different than what is required for the implementation of various aspects of the agreement. Nevertheless, the momentum and enthusiasm for this approach are significant due to its success during the negotiation of the agreement. This should be cultivated with the specific needs of the implementation phase in mind.

The need to drastically widen the pool of actively involved nongovernmental leaders is paramount. The market alone has not yet delivered a chain reaction on this front, and sustained outreach, advocacy, and orchestration efforts will be needed. Finally, the race to the top will need to be embedded well at the national and local levels in countries all over the world in order to deliver the goals of Paris.
ENDNOTE