

FUTURE FUND - PROGRESS REPORT

Empowering sub-national governments
in developing regions to accelerate
climate action



INTRODUCTION

The role of developing and emerging economy regions is fundamental to make a difference to the world's climate system. However, these regions have traditionally struggled to find resources to join international climate networks, participate in meetings or share lessons learned due to various resource constraints. To address this, The Climate Group, with founding contributions from the governments of Alberta, Ontario, Québec, Scotland, South Australia and Wales, launched the States & Regions Future Fund at COP22 in November 2016 to mobilize state and regional governments from developing and emerging economy regions for climate action. This fund is aimed at strengthening developing and emerging economies at the state level, enabling them to undertake bold climate leadership, build capacity, and facilitate knowledge-sharing between jurisdictions, thereby promoting sustainable development in compliance with the Paris Agreement. This report provides a summary of the key highlights from the past year.

AIMS

The Future Fund seeks to facilitate long-term climate actions by sub-national governments in developing and emerging economy regions by actively engaging with these regions and providing financial support for technical, policy and management projects undertaken by their governments. Engagement of sub-nationals in the global community will enable the sharing of knowledge and expertise between states with different economic capacities and resources, promote leadership by states from developing regions that go unnoticed and raise the community's profile as a truly representative network on the international stage. The lessons learned from these actions and projects can then be shared with other peers and their successes showcased, emulated and scaled up.



HIGHLIGHTS FROM THE FIRST YEAR

The following activities were commissioned through the States & Regions Future Fund during the first year:

- **Implementation of a new Carbon Management Plan MRV web portal system:** The government of **Yucatán, Mexico** is implementing a new Carbon Management Plan MRV web portal system for government buildings to gather and transparently disclose data relating to electricity consumption, power factor and peak demand, billing costs, fossil fuel consumption and costs of vehicle fleets. Includes capacity-building, monthly and annual reports, as well as a user manual.
- **Updating the State Action Plan on Climate Change (SAPCC):** The government of **West Bengal, India** is updating its state climate change strategy - last updated in 2010 - by aggregation of the latest scientific projections and incorporation of mitigation strategies. This allows for an estimation of the greenhouse gas (GHG) emissions footprint of West Bengal, and a new publication of the SAPCC.
- **Secondment on clean energy generation, storage and net-zero commitment:** The government of South Australia is hosting the government of Gujarat, India on a five-day secondment to share and gain expertise on their New Clean Energy Plan to combat grid blackout issues, energy storage, developing net-zero emission targets and its relevance for Gujarat.
- **Secondment to gain expertise on developing 2050 decarbonization pathways:** The government of California is hosting the government of Western Cape, South Africa on a five-day secondment opportunity to gain expertise on 2050 decarbonization pathways; target-setting, emissions reporting and internal capacity-building for Western Cape government staff.
- **Attendance at the COP23 meeting:** Travel costs will be covered for the heads of delegations from the governments of **São Paulo, Western Cape, Gujarat, West Bengal** and **Yucatán** to travel to COP23 in Bonn and attend the annual General Assembly meeting and share their respective climate programs.
- **Webinar on strengthening of GHG accounting capacity at the state level for Indian states:** The Climate Group hosted an online webinar on strengthening of GHG accounting capacity for Indian states that was attended by representatives from 14 states.
- **Outreach and active engagement:** The Future Fund has helped provide translation services, cultivating and enhancing engagement with the states of Chiapas (Mexico), Cross River State (Nigeria), Minas Gerais (Brazil) and Telangana (India) who are actively participating in state and regional climate action.

“WE KNOW THAT CLIMATE CHANGE IS IMPACTING UPON OUR ENVIRONMENT, SOCIETY, AND ECONOMY. SOUTH AUSTRALIA SEES THE FUTURE FUND AS AN IMPORTANT WAY OF HELPING OTHER SUB-NATIONAL JURISDICTIONS ADAPT TO CLIMATE CHANGE IN A PRODUCTIVE AND COLLABORATIVE MANNER. WE ARE PROUD TO BE PART OF SUCH AN IMPORTANT INITIATIVE.”

- Ian Hunter MLC, Minister for Climate Change, South Australia

GOVERNANCE

An Advisory Board was convened three times last year to support The Climate Group, advising on strategic priorities, overseeing the allocation of funds and steering the decision-making processes of the States & Regions Future Fund. Members of the Future Fund’s Advisory Board included representatives from the governments of Alberta, Catalonia, Jalisco, KwaZulu-Natal, Québec and South Australia.

FUTURE FUND PRIORITIES

Members of the Future Fund Advisory Board advised that the resources from the Fund be used for the following priorities. These were collated following discussions with states from developing and emerging economy regions that are part of the States & Regions Alliance.

1. KNOWLEDGE EXCHANGE AND ENHANCING ENGAGEMENT (50%)	Support capacity building workshops or secondment of staff from other jurisdictions (on strategic priority topics such as 2050 pathways, disclosure and transparency, and policy)
	Support in producing knowledge material/research reports on topics of strategic importance to the jurisdictions and the Alliance through external experts as well as engagement with the Alliance
	Strengthening GHG accounting capacity to enable the transparent disclosure of emissions, climate targets and policies on an annual basis
	Convening of dedicated webinars on topics of interest to developing regions to identify and share best practice policy solutions
	Travel support ¹ for elected officials and senior policy experts to attend selected States & Regions meetings
2. EXPANDING THE NETWORK (30%)	Outreach activities to expand engagement with developing and emerging economy regions
	Translation services
	Convening of governmental stakeholders
3. SCALING AND MANAGEMENT OF THE FUTURE FUND (20%)	Subsidized membership fees (up to 50%)
	Contribution to scope Phase II of the Future Fund
	Readiness support for developing and emerging economy regions for Phase II activities
	Efforts to collaborate with multilateral donors and partners to multiply the initial pledge
	Fund management and administration

¹ Not exceeding more than 25% of the total budget

SELECTION CRITERIA

The Climate Group conducted an analysis of its state and regional members to identify the governments that were categorized as developing and emerging economy regions. Using the World Bank's gross national income per capita data², governments in countries that fall under the upper-middle/high threshold were assessed as eligible regions to apply for Future Fund support. The Climate Group conducted bilateral conversations with nine state and regional governments identified as eligible regions for benefitting from the Future Fund.

By the deadline, the Future Fund received twelve project proposals from eight out of the nine eligible developing and emerging economy members; a highly successful outcome demonstrating the enthusiasm, need and demand from these regions to participate in our activities and implement and share their climate actions.

Based on the following criteria, the Advisory Board agreed on two projects and two secondments to receive funding, with additional funding allocated for subsidizing membership fees and travel to the Annual General Assembly at COP23 in Bonn. Selection criteria focused on the following:

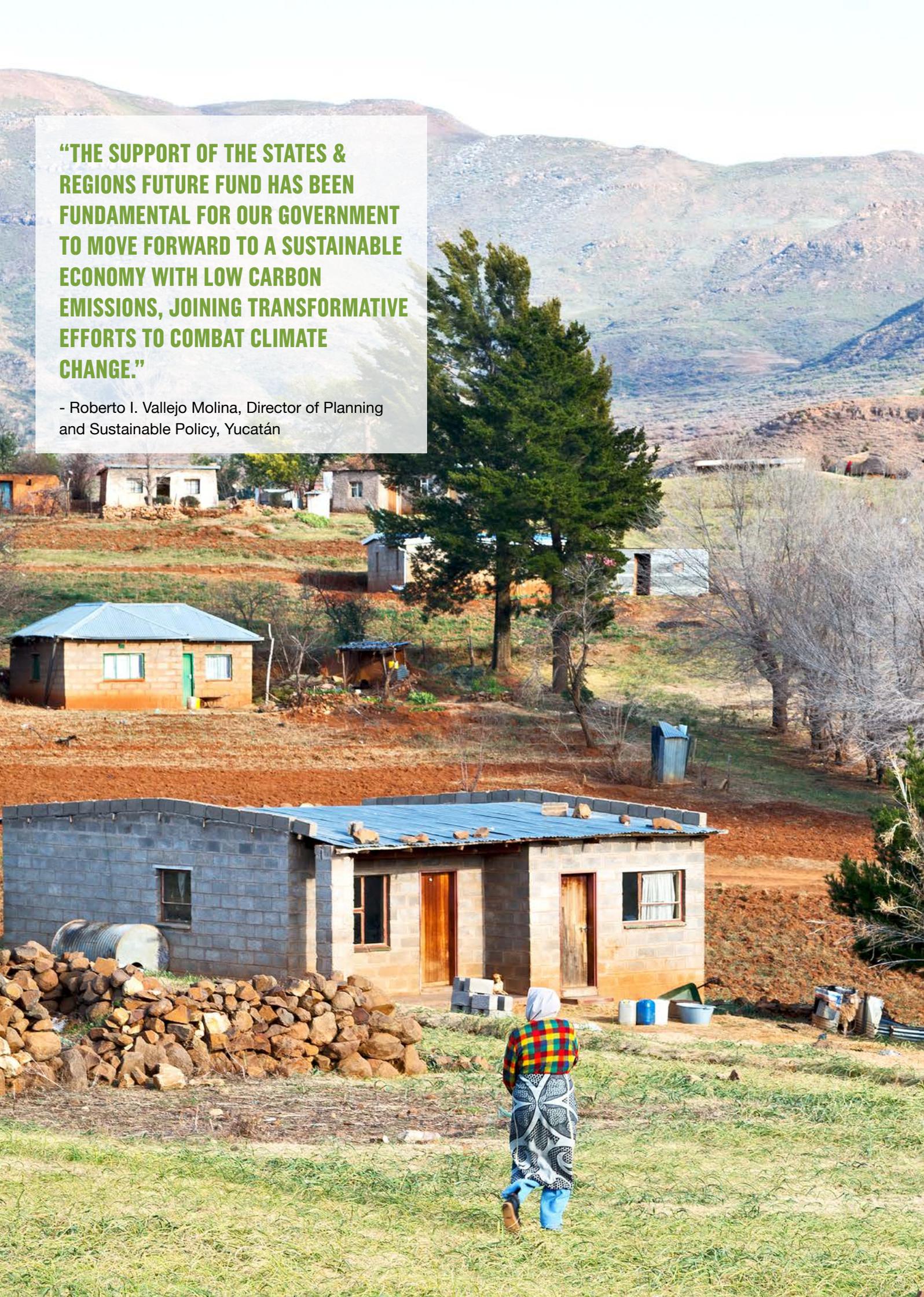
- Alignment with the States & Regions Alliance's and the Future Fund's priorities
- Contribution to mitigating GHG emissions (reporting of emissions, emissions reduction targets, climate action policy developments) and/or adaptation policy
- Encourages sub-national cooperation (north-south as well as south-south)
- Increases the participation of developing and emerging regions in the Alliance
- Maximum budget of US\$30,000 per recipient



² <http://blogs.worldbank.org/opendata/classifying-countries-income-new-working-paper>

“THE SUPPORT OF THE STATES & REGIONS FUTURE FUND HAS BEEN FUNDAMENTAL FOR OUR GOVERNMENT TO MOVE FORWARD TO A SUSTAINABLE ECONOMY WITH LOW CARBON EMISSIONS, JOINING TRANSFORMATIVE EFFORTS TO COMBAT CLIMATE CHANGE.”

- Roberto I. Vallejo Molina, Director of Planning and Sustainable Policy, Yucatán





“WEST BENGAL IS STRENGTHENING THE STATE ACTION PLAN FOR CLIMATE CHANGE, WHICH WILL PLACE THE STATE AMONG THE LEADING SUBNATIONAL ENTITIES WITH A WELL-THOUGHT-OUT STRATEGY. SUPPORT FROM THE FUTURE FUND HAS ENABLED THE STATE TO EMBARK ON THIS AMBITIOUS PROGRAM.”

- Arnab Roy, Principal Secretary for the Department of Environment, West Bengal

Overview of the projects commissioned by the States & Regions Future Fund

Project 1: Yucatán Carbon Management Plan MRV Web Portal



The project from the state of Yucatán, Mexico promotes the establishment of an MRV System to track progress on emissions reduction and mitigation actions depicted in the Yucatán's Carbon Management Plan (CMP). It sets out in detail the state strategy to reduce carbon emissions over the next five years from government operations through the calculation of a baseline carbon footprint and the definition of potential projects and actions to increase energy efficiency and the promotion of renewable energies.

This project significantly improves on the current methodology for data collection and analysis of carbon emissions. With the financial support of the Future Fund, Yucatán's Secretariat of Urban Development and Environment (SEDUMA) has been able to set up a web platform (MRV System) which is accessible, functional, analytical, and useful for monitoring individual and collective progress of implemented mitigation actions to reduce GHG emissions from government buildings, facilities, and vehicle fleets. The project includes capacity-building to generate and share information privately and publicly, both effectively and in due time.

Project activities include the design, construction and testing of the pilot version of the MRV System (including introduction to users, analysis of data, generation of monthly and annual reports, and information disclosure); the development of a user manual; capacity-building workshops for local government officials regarding the use of the CMP MRV System; and sharing project results and exchanging experiences with peer government representatives through webinars and in-person meetings.

Project 2: West Bengal Fortifying State Action Plan on Climate Change



Since West Bengal's State Action Plan on Climate Change (SAPCC) was prepared in 2010, the science of climate change has progressed significantly. In response to newer scientific findings, political and administrative authorities are also setting more specific targets to opt for 2050 pathways, specified by the Paris Agreement at COP21. These include plans for a rapid estimation of the GHG footprint of the state, introduction of low carbon transport, and avenues for technology transition in West Bengal through collaboration with other global regions. GHG emissions mitigation measures are now being accepted by national or sub-national policymakers for implementation, and capacity-building in stakeholder departments is necessary in order to mainstream scientific study outputs within decision-making processes in the context of climate change. At this juncture, the Government of West Bengal is reviewing and upgrading the SAPCC, based on experiences gathered since 2010, recent scientific outcomes, and new political scenarios.

Project activities include aggregation of the latest scientific projections; revision and upgrade of climate change adaptation strategies; incorporation of mitigation strategies into the SAPCC of West Bengal, 2017; webinars, capacity-building workshops and consultations; and showcasing the policy framework of West Bengal towards 2050 at COP23.

Secondment 1: Western Cape visit to California to gain expertise on developing 2050 Pathways (scheduled for December 2017)

The region of Western Cape has been significantly affected by the impacts of climate change and this is driving responses across many sectors. Climate change has been highlighted in the Provincial Strategic Plan (2014-2019), but the mainstreaming of climate change responses into planning, budgeting, and decision-making remains limited in some sectors.

California is considered a leader in climate action, having put in place a number of mitigation and adaptation programs. California has identified the transport and industrial sectors as the main contributors to GHG emissions, similar to the emissions profile in Western Cape. The work around target-setting and reporting on progress in responding to climate change will greatly benefit the Western Cape Government as they update their 2014 Climate Change Response Strategy to include ambitious but realistic targets to drive climate change responses in the province. California experiences similar climatic conditions to Western Cape and lessons can be learnt from how they are dealing with other climate change impacts, including drought, fires, and extreme weather events.

Study topics include target-setting with relation to low carbon pathways and resilience measures, sector indicator development, and monitoring and evaluation; project development and implementation, including energy efficiency, renewable energy, transportation (e.g. electric vehicles), and waste; and adaptation interventions, with a particular interest in ecosystem services and ecological infrastructure, waste management and conservation, disaster management (and extreme events), and coastal management.



Secondment 2: Gujarat visit to South Australia to gain expertise on electricity transmission networks

Gujarat has undertaken various groundbreaking initiatives for climate change adaptation and mitigation, becoming a role model in India for taking steps towards sustainable development. South Australia is a role model state for Gujarat because of its leading position in climate change mitigation and adaptation initiatives, with the state having a target of net-zero emissions by 2050. It is equally important for Gujarat to understand South Australia's openness to innovation for low carbon technologies, job creation through climate change programs, and achievement of 50% economic growth while lowering absolute GHG emissions by 9%. Gujarat aims to learn from South Australia's climate change resilience, particularly around grid blackout issues, which is a similar challenge facing the Indian state.

The close study of initiatives undertaken by South Australia and Adelaide City is helping Gujarat develop its Climate Change Action Plan for 2030 and 2050. It is also supporting the development of policies, programs, legislation, and time-bound implementation schemes in Gujarat's renewable energy and climate change sectors.

Study topics include renewable energy integration in the electricity grid, electricity storage through battery system technology, and back-up plans for the grid to avert blackout issues; net-zero emissions targets in legislation, policy and decision-making; the Carbon-Neutral Adelaide Action Plan; and climate adaptation strategy on a broader level to overcome extreme weather events.



“THE FUTURE FUND OPPORTUNITIES ENABLE WESTERN CAPE GOVERNMENT TECHNICAL OFFICIALS TO LEARN FROM AND SHARE INNOVATION AND SUCCESS WITH OTHER REGIONS LEADING THE WAY IN RESPONDING TO CLIMATE CHANGE. IT IS OUR HOPE THAT THESE ENGAGEMENTS WILL CONTRIBUTE TO ENHANCED ACTION IN THE WESTERN CAPE.”

- Anton Bredell, Minister of Local Government, Environmental Affairs and Development Planning, Western Cape

Financial update

The total income committed at the COP22 General Assembly from the governments of Alberta, Ontario, Québec, Scotland, South Australia and Wales was US\$153,000. Out of this US\$150,398.51 had already been received by the Secretariat. The final balance of US\$2,601.49 is expected by December 2017. A total of US\$7,000 was received as additional income due to foreign exchange rate fluctuation. Therefore, total income for the Future Fund in Year 1 is US\$160,000.

Total income committed at COP22	US\$153,000.00
Received to date	US\$150,398.51
Balance expected (Dec 17)	US\$2,601.49
FX additional income	US\$7000.00
Future Fund total income	US\$160,000.00

The Future Fund Advisory Board recommended the total income to be divided between the three line items as prescribed below. Out of this, a total of US\$114,034 has been committed to be spent by December 31, 2017. The unspent balance of US\$45,466 will be spent during Q1 in 2018.

	Committed by 31st December 2017	To be used in Q1 2018	Total
Knowledge exchange and enhancing engagement (50%)	US\$63,034.00	US\$13,466.00	US\$76,500.00
Expanding the network (30%)	US\$25,400.00	US\$20,500.00	US\$45,900.00
Scaling and management (20%)	US\$25,600.00	US\$4,500.00	US\$30,600.00
FX additional income	US\$0.00	US\$7,000.00	US\$7,000.00
Total	US\$114,034.00	US\$45,466.00	US\$160,000.00

Looking forward

In its inaugural year, the Future Fund has demonstrated the overwhelming commitment from developing and emerging economy sub-national governments to participate in concrete action to achieve their climate goals. These regions, with a smaller impact on the climate, yet greater vulnerability to the effects of global temperature increase, may find climate action challenging due to financial constraints and a lack of resources. The Future Fund has addressed the important growth in interest and managed engagement from developing and emerging sub-national regions from all over the world, all eager to make an impact in a variety of ways towards the common goal of limiting the increase in average global temperature to well below 2 degrees Celsius.

Important lessons have been drawn from the first year of the Future Fund – given the aforementioned resource constraints, administrative processes and authorization for such ambitious projects has taken longer than anticipated. In spite of this, in the coming years, we expect to receive increased interest from developing regions and grow the portfolio of climate project proposals.

We would like to extend our sincerest gratitude to the governments of Alberta, Ontario, Québec, Scotland, South Australia and Wales whose commitment to strengthening the actions of their developing and emerging economy peers has demonstrated true climate leadership on a global scale. We invite governments at all levels, as well as philanthropic and individual donors, to follow their example and contribute to the Future Fund.

For more information, or to discuss options for submitting a project proposal, or to make a financial contribution to the continued success of the Future Fund, please contact:

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“CLIMATE CHANGE IS A GLOBAL ISSUE THAT REQUIRES US TO THINK BEYOND OUR BORDERS AND TAKE COLLECTIVE ACTION. ONTARIO IS PROUD TO CONTRIBUTE TO THE FUTURE FUND, WHICH HELPS MAKE IT POSSIBLE FOR MORE REGIONS AROUND THE WORLD TO JOIN IN ADVANCING CLIMATE ACTION AND SHIFTING TOWARDS A CLEANER, MORE FAIR LOW-CARBON FUTURE.”

- Chris Ballard, Minister of the Environment and Climate Change, Ontario



