

# — Empowering Developing Regions to Act on Climate

**2020 Future Fund Impact Report | December 2020**

## **The Future Fund is now more important, than ever, in the Climate Decade**

The Future Fund empowers subnational governments to accelerate the shift towards a world of under 2°C of warming, through strategic funding that supports climate activities in developing and emerging economy regions. By implementing mitigation measures, these regions can not only contribute to a decarbonized world, but also to a healthier and more prosperous one by providing much-needed health and socio-economic benefits to local populations. This is especially critical for the 2020s, during which global emissions will need to be halved in order to contain global heating. This report highlights the progress made as part of the Future Fund project over 2019-2020.

### **Future Fund 2019 – 2020: A tough year for developing country regions**

The Future Fund 2020 cycle was postponed by six months as a result of the COVID-19 pandemic due to travel bans, remote work and deployment of employees to recovery roles, globally. As a result, and in consultation with members of the Future Fund Advisory Board, the 2020 Future Fund cycle was postponed to October 2020 onwards. This news was welcomed by members of the Under2 Coalition who were dealing with consequences of the pandemic.

The COVID-19 pandemic has highlighted, even more, the importance of supporting developing countries in achieving their climate targets despite inevitable shortage of financial, technical and capacity resources. COVID-19 also presents governments with a unique opportunity to re-stimulate economies with a lens of building back greener and keeping a just and equitable transition at the centre of their economic and climate strategy. Keeping this in mind, the Future Fund 2020 cycle opened in October, also seeking leadership from developing country regions on green recovery, which was added as one of the factors in considering projects to support.

## Future Fund 2019 – 2020: Summary of support provided

Now in its fourth year, the Future Fund is continuing to grow and play a key role in empowering developing and emerging economy regions to raise the bar and accelerate the transition towards a world of well below 2°C of warming.

Through the generous contribution of the states of Baden-Württemberg, Quebec, Scotland and Wales, the Climate Group offered the following support to governments during the 2019 – 2020 cycle:

Nature of Support	Supported Governments
<b>Projects</b>	<ol style="list-style-type: none"> <li>1. Calculating 2030 GHG emissions scenarios in Colima</li> <li>2. Exploring how to implement a carbon tax in Tabasco and Sonora</li> </ol>
<b>Secondments</b>	<ol style="list-style-type: none"> <li>1. Nariño and Querétaro</li> <li>2. The Climate Group and Western Cape</li> <li>3. West Kalimantan and North Rhine-Westphalia</li> <li>4. Yucatán, Mexico and British Columbia</li> <li>5. Yucatán, Mexico and KwaZulu-Natal</li> </ol>
<b>Outreach and engagement</b>	<p>Engagement with African, Latin American and Asia regions including Oromia National Regional state (Ethiopia), Kaduna state (Nigeria), Fatick region (Sengal), Punjab (India), Delhi (India), Nagaland (India), Bihar (India), Kerala (India), Pará (Brazil), Puebla (Mexico), Omoro District (Uganda), Mogadishu (Somalia)</p>
<b>Travel and translation support</b>	<ol style="list-style-type: none"> <li>1. Provided translation services at the Under2 General Assembly in Madrid</li> <li>2. Supported 15 governments to attend COP25 and the Under2 General Assembly at Madrid <ul style="list-style-type: none"> <li>○ <b>Governments funded:</b> Chhattisgarh, Michoacán, Nariño, Santa Fe, Sao Paolo, Sonora, Pernambuco</li> <li>○ <b>Co-funded with GCF:</b> Campeche, Caquetá Cross River State, Madre de Dios, Pastaza, Quintana Roo, San Martin, Ucayali</li> </ul> </li> </ol>

## Capacity building and knowledge exchange

### 1. Projects 2019/2020

#### **Colima, Mexico - Calculating 2030 GHG emissions scenarios in Colima (report [here](#))**

July 2019 – January 2020

In the 2018-2019 Future Fund cycle, Colima undertook a project with the support of the Future Fund which enabled the state to update its greenhouse gas (GHG) emissions inventory. It contained the estimation of anthropogenic GHG emissions and the absorption by the sinks in the state, which disclosed the sectors with the highest GHG emissions. In helping the state recognize the sources of its emissions, the project allowed the state to develop an objective and effective mitigation strategy.

The 2019/2020 project supported the state of Colima to build on last year's effort by enabling the state to obtain more data for the inventory, in particular for the sectors where methodology has changed or where new or improved information is available. With this data, the state was able to estimate 2030 baseline scenarios for the emission of greenhouse gases for the energy, industrial processes and product use (IPPU), agriculture, forestry and other land uses (AFOLU) and waste sectors.

The results were analyzed using the Long-range Energy Alternatives Planning System (LEAP) model in order to subsequently design and implement effective mitigation measures and monitoring methods of GHG emissions.

#### **Sonora and Tabasco, Mexico: Exploring how to implement a carbon tax in Tabasco and Sonora (report for Sonora [here](#) and Tabasco [here](#))**

July 2019 – November 2019

In applying for this support from the Future Fund 2019/2020 cycle, Tabasco and Sonora had identified the need for environmental taxes in their jurisdictions as a way to deal with the environmental pollution of oil and mining companies. As there is currently no emissions trading system in Mexico, the two states worked to develop a framework for the implementation of a carbon tax with a focus on their economic and developing sectors.

Both states lacked the technical capabilities to design these economic instruments, and undertaking this project strengthened their capacity to price carbon and share their learnings with other Mexican states. The project aimed to reinforce existing efforts to mitigate climate change in Mexico as well as contribute to increasing Mexico's ambition under the Paris Agreement.

### 2. Secondments 2019/2020

#### **West Kalimantan, Indonesia-North Rhine- Westphalia, Germany (report [here](#))**

From October 8-11, 2019, one delegate from West Kalimantan travelled to North Rhine- Westphalia (Germany) to learn about rural-urban low emissions development and bioenergy. The secondment aimed to achieve the following key objectives:

- **Objective 1:** To learn about rural-urban low emission development in order to strengthen West Kalimantan's strategy to reach low emission development in the future, as stated in Regional Action Plan on GHGs, Strategy and Action Plan on REDD+ (SRAP REDD+) and Forest Reference Emission Level (FREL).
- **Objective 2:** To learn about bio-energy using renewable resources (biomass, water etc.) in order to strengthen West Kalimantan's commitment to bio-energy for electricity.
- **Objective 3:** To help West Kalimantan achieve objectives such as inclusive independent village development, reduce emission from deforestation and degradation, balance protection-production, improve supply chains, improve regulation, strengthen indigenous people rights over the land and forests, etc.

#### **Nariño, Colombia-Querétaro, Mexico (report [here](#))**

From October 9-12, 2019, two delegates from Nariño travelled to Querétaro (Mexico) to exchange initiatives and policy actions on the successful implementation of projects regarding ecosystem-based adaptation measures. The secondment aimed to achieve the following key objectives:

- **Objective 1:** To exchange initiatives and policy actions with the Government of Querétaro on the implementation of successful projects regarding ecosystem-based adaptation measures.
- **Objective 2:** To learn about the implementation of, lessons learned from and challenges in the process of ecological regeneration and restoration of both marine and terrestrial strategic ecosystems with the use of climate change planning tools, innovative climate financing instruments and payment schemes for environmental services for the management of climate risks in developing countries, in order to allow for more effective development of adaptation actions in Nariño.
- **Objective 3:** To allow for the advancement of the Comprehensive Climate Change Management Plan (PIGCCT), which requires Nariño, in collaboration with local communities and authorities, to develop a long-term instrument that will improve their capacity to reduce their greenhouse gas emissions and adapt to the effects of climate change. As this process has already been implemented by the Government of Querétaro for climate action, ecosystem-based adaptation and environmental compensation, this knowledge exchange aimed to strengthen Nariño's management of the Nariño Comprehensive Climate Change Management Plan "Nariño acts for Climate 2030" and their capacity to implement projects on ecological restoration and strategic ecosystems and to develop five payment schemes for environmental services. to exchange initiatives and policy actions on the successful implementation of projects regarding ecosystem-based adaptation measures.

#### **Yucatán, Mexico-British Columbia, Canada (report [here](#))**

From October 23-24, 2019, two delegates from Yucatán travelled to British Columbia (Canada) to learn about strategies for the implementation of green fiscal instruments, and revenue management. The secondment aimed to achieve the following key objectives:

- **Objective 1:** To gain knowledge on the implementation of a carbon tax in the following areas: air quality, water and special waste.

- **Objective 2:** To strengthen local capacity to create effective fiscal instruments for the implementation of mitigation and adaptation actions against climate change, in collaboration with key sectors of the Government of the State of Yucatán.
- **Objective 3:** To create a roadmap for the design of a green tax collection system, which will later serve to finance projects against climate change, in order to meet national and international commitments.

#### **KwaZulu-Natal, South Africa-Yucatán, Mexico (report pending)**

From September 24-27, 2019, two delegates from KwaZulu-Natal travelled to Yucatán (Mexico) to learn about the implementation of Yucatan's climate change laws and action plans. The secondment aimed to achieve the following key objectives:

- **Objective 1:** To learn more about Yucatan's climate change laws and action plans, in particular their experience in setting up their Special Plan on Climate Change Action (PEACC in Spanish), Yucatan Peninsula Climate change strategy, Yucatan's REDD+ Strategy, Yucatan Peninsula Climate Fund, Sustainable Energy Strategy and local Governance experience on Sustainable rural development from the Intermunicipal Biocultural Board.
- **Objective 2:** To accelerate KwaZulu-Natal's response to climate change through reasonable legislative means, and thereby contribute to the implementation of the Republic of South Africa's national adaptation strategy. Since there is limited expertise in the provincial sector on climate change, this learning experience with Yucatan aimed to give KwaZulu-Natal a head start in the process

#### **Western Cape, South Africa- the Climate Group (report pending)**

Between July and August, 2020, 6 webinars were hosted between key stakeholders in Western Cape and the Climate Group to develop the province's '2050 Emissions Pathways'. The secondment aimed to achieve the following key objectives:

- **Objective 1:** Enhance their understanding of 2050 Pathways and the work developed by The Climate Group as Secretariat to the Under2 Coalition
- **Objective 2:** Develop a Vision for Western Cape's 2050 Pathway with the participation of the WCG and other stakeholders
- **Objective 3:** Learn best practices applied by other state and regional governments of the Under2 Coalition from emerging economies and developing regions who have developed/are developing a 2050 Pathway
- **Objective 4:** Identify key stakeholders to involve in the data compilation
- **Objective 5:** Build a solid foundation from which the WCG will continue to develop their 2050 Pathway

The success of this virtual secondment inspired the Climate Group to open secondments in 2020 to wider audiences, as well as requesting developed regions to submit topics of expertise for them to host secondments.

## **Widening Our Reach: Outreach & Engagement 2019/2020**

In its efforts to reach a more diverse audience, the Future Fund supports the Under2 Coalition Secretariat at The Climate Group to target a wider range of states and regions through support for targeted engagement activities.

### **Enabling Access to International Platforms: Impact from travel support and translation support offered in 2019/2020**

In 2019/2020, the Future Fund has helped provide the Under2 Coalition with the necessary resources needed to cultivate and enhance engagement with developing regions, resulting in positive conversations with potential new members across the global south.

In December 2019, 15 governments including Chhattisgarh (India), Sao Paulo (Brazil) and Cross River (Nigeria) received financial support to attend the Under2 Coalition General Assembly held along the sidelines of COP25 in Madrid, Spain. Developing and emerging economies represented 30% of the Under2 Coalition members at the General Assembly. Their representation dramatically increased the diversity of voices on topics related to climate change and helped shape the priorities for 2020, outcomes which would not have been possible without the Future Fund.

With support from the Future Fund, Spanish and Portuguese translation was provided at the General Assembly to support Latin American members participating in the meeting.

The Future Fund 2019/2020 also allowed us to offer additional translation services during a knowledge sharing webinar with the states of Colima, Sonora and Tabasco, with real-time interpretation to allow for listening governments to benefit from the projects implemented in these states. A recording of the webinar is available [here](#).

### **Building active engagement from regions in the global south: Proactive recruitment in strategic regions 2019/2020**

In 2019/2020, the Climate Group successfully connected with the governments of with African, Latin American and Asia regions including Omoro District (Uganda), Oromia National Regional state (Ethiopia), Kaduna state (Nigeria), Fatick region (Sengal), Punjab (India), Delhi (India), Nagaland (India), Bihar (India), Kerala (India), Pará (Brazil), Puebla (Mexico), Mogadishu District (Somalia) to build the network and enable regions from the global south to be represented, globally.

## **Governance: Transparent management of the Future Fund Project**

The Future Fund is overseen by an Advisory Board which includes representatives from the governments of Baden-Württemberg, Jalisco, Québec, Scotland and Wales. The Advisory Board met earlier this year to advise on strategic priorities, oversee the allocation of funds and steer the decision-making processes of the Future Fund. This year (2020-2021), the board agreed to keep the funding priorities the same as last year. The Fund will be allocated as follows:

1. Capacity building and knowledge exchange (50%) – to provide support to developing and emerging economy regions to develop 2050 pathways, innovative policy solutions and capacity to

develop robust inventories through direct funding to selected regions and facilitation of peer learning on topics relevant to developing regions.

2. Expanding the network and active engagement (30%) – recruitment and active engagement with governments from developing and emerging economy regions to commit to the Under2 Coalition’s goals and participate in the Under2 Coalition’s programs and events.

3. Management and scaling of the Future Fund (20%) – to oversee the allocation of funding, prepare contracts, organize management, governance of the Advisory Board, input into scaling the Fund in subsequent years and publish summary reports.

### Choosing which projects to fund 2020/2021

In November 2020, The Climate Group received 20 proposals from 44 eligible developing and emerging economy members<sup>1</sup> as well as hosting governments.

Projects submitted for funding are considered by the Advisory Board according to the following criteria:

- Is the project aligned with the Under2 Coalition priorities?
- Does the project contribute to developing the jurisdiction’s mitigation or adaptation policy framework?
- Does the project encourage subnational cooperation (north-south as well as south-south)?
- Does the project represent a milestone toward further funding for a bigger project in the medium to long-term within the region/state?
- Does the project enable the completion of an already existing project in collaboration with a technical partner?
- Does the proposed project take green recovery post the COVID-19 pandemic into consideration?
- How would the government ensure adequate precautions to prioritize health and safety considerations arising from the COVID-19 pandemic?

### Our Finance

The Future Fund raised a total of US\$74,124 in 2020. This includes donations from the governments of Baden-Württemberg, Québec and Wales. The donation from Scotland is currently pending, as of December 2020.

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<sup>1</sup> States and regions with GDP per capita of less than \$20k are eligible to apply for Future Fund support.

Income	\$USD
Income received in 2020	74,124
Income yet to be received in 2020	30,000
Carried over from 2019	30,144
Total (October 2019 – February 2021)	134,268

### Looking to the Future: Enabling Impact in the Climate Decade

Over the past four years, the Future Fund has been catalytic for the Under2 Coalition’s growth in developing and emerging economy regions. It has helped address an important gap and has enabled increased engagement with developing regions to make the coalition more representative and universal.

Through projects, secondments and opportunities for emerging and developing economy regions to attend international meetings, the Future Fund has reached across the globe to accelerate climate action. In many developing regions, the benefits offered by the Future Fund have helped more governments to commit to greater ambition.

2021 will mark the first year of the Climate Decade and is also the year where countries will be expected to increase their ambition under the Paris Agreement and align their recovery from the COVID-19 pandemic with their goals of decarbonizing their economies. Over the course of the year, the Future Fund Advisory Board and the Under2 Coalition Secretariat at the Climate Group will focus on growing the Future Fund’s capacity, widening its range of beneficiaries and scope of support offered.

The 2020s will be defining years for the global community to act on and drastically reduce emissions. Action during this ‘Climate Decade’ is crucial to mitigate the devastating impacts of climate change on vulnerable communities around the world. Acting on climate change will bring significant socioeconomic benefits and offer opportunities to provide a clean and healthy future to coming generations, especially in developing and emerging economies in the wake of the COVID-19 pandemic.

Over the next decade, the Future Fund intends to align local action in developing and emerging economy regions with the Sustainable Development Goals as well as efforts of green recovery through strategic funding that empowers subnational governments to take the bold and transformative steps needed to not only accelerate climate action, but also the shift towards a more sustainable world. Driven by the principle of inclusivity, the Future Fund will continue to ensure that everyone has opportunities to shape the course of development, leaving no one behind on the path towards a prosperous and sustainable future.