

# FUTURE FUND

PROGRESS REPORT 2019

Empowering developing  
regions to act on  
climate change



THE °CLIMATE GROUP



SECRETARIAT THE °CLIMATE GROUP

## THANK YOU FROM THE SECRETARIAT DIRECTOR

**Following this year's United Nations Climate Action Summit, the outlook was clear - greater ambition is needed, at all levels of government. In addition, the role of state and regional governments to drive forward ambitious and urgent change is more prominent than ever.**

Now in its third 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.

In the past year, we have funded three peer-learning secondments and one knowledge building project to support Under2 Coalition members to strengthen their response to climate change and develop stronger mitigation capacities. We have also supported more than 20 governments to make their voice heard at the Global Climate Action Summit and the Under2 Coalition General Assembly.

This report sets out how support from the Future Fund enabled the Mexican state of Colima to update its greenhouse gas inventory, in turn, allowing it to develop an objective and effective climate change mitigation strategy. It also outlines what is to come in the following year, with approval for a further three projects and six secondments – the greatest number that we have facilitated in a single year to date.



The financial support received from the governments of Baden-Württemberg (Germany), Québec (Canada), Scotland (UK) and Wales (UK) has allowed us to increase the number of beneficiaries and we are grateful for their commitment to supporting the growth of the Future Fund.

As we head into the 2020s, a critical decade for climate action, the importance of raising ambition and accelerating implementation is clear. I'd like to invite all governments, as well as philanthropic and individual donors, to support their peers in developing and emerging economy regions to reach their potential by contributing to the Future Fund.

Thank you in advance for your support.

**Tim Ash Vie,**  
Director of the Under2 Coalition Secretariat,  
The Climate Group

A handwritten signature in black ink that reads "Tim Ash Vie".

## WHAT IS THE FUTURE FUND?

**The Future Fund empowers subnational governments to accelerate the shift towards a world of well below 2°C of warming, through strategic funding that supports climate activities in developing and emerging economy regions.**

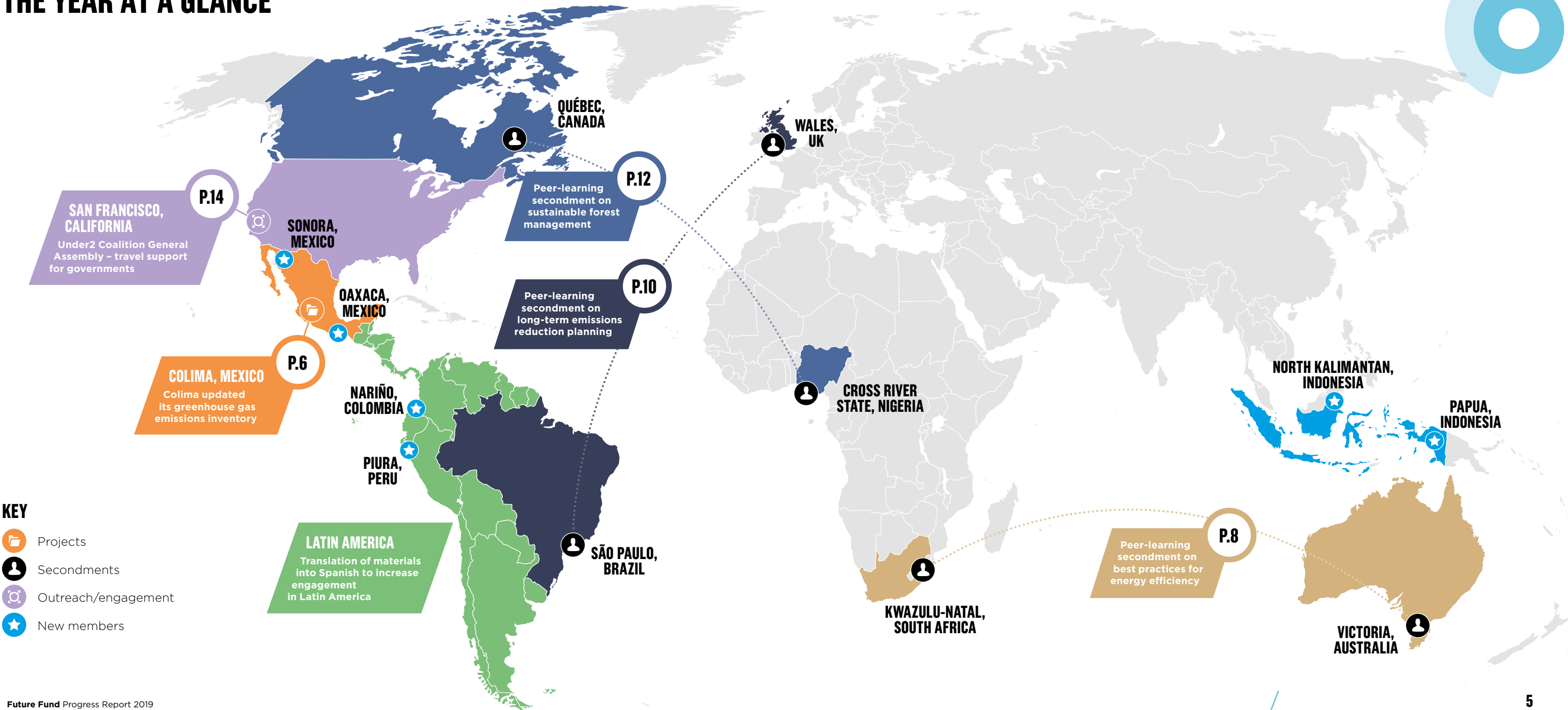
By implementing mitigation measures, these regions can not only contribute to a low carbon world, but also to a healthier and more prosperous one by providing much-needed health and socio-economic benefits to local populations. This is especially critical for the 2020s, during which global emissions will need to be halved in order to contain global heating.

**“BY ENABLING REGIONS TO DEMONSTRATE BOLD CLIMATE LEADERSHIP, THE FUTURE FUND IS AN UNDOUBTEDLY POWERFUL INITIATIVE THAT BADEN-WÜRTTEMBERG IS PROUD TO CONTRIBUTE TO FROM THIS YEAR ONWARDS.”**

*Franz Untersteller, Minister of the Environment, Climate and the Energy Sector, Government of Baden-Württemberg*



# FUTURE FUND 2018: THE YEAR AT A GLANCE





# STRENGTHENING COLIMA'S GREENHOUSE GAS INVENTORY

In 2018, the Future Fund supported the State of Colima in Mexico to update and strengthen its emissions inventory according to the guidelines for National Greenhouse Gas Inventories of the Intergovernmental Panel on Climate Change (IPCC, 2006).

The project enabled Colima to identify which of its sectors are the most polluting and, in turn, where to focus its emissions reduction efforts.

Manzanillo,  
Colima Mexico

“THE SUPPORT OF THE FUTURE FUND WAS INSTRUMENTAL IN ALLOWING US TO ESTABLISH A GHG INVENTORY THAT NOW PLAYS A VITAL ROLE IN DEVELOPING STRATEGIES TO MINIMIZE THE STATE'S ENVIRONMENTAL IMPACTS.”

*José Ignacio Peralta Sánchez, Governor of the State of Colima*



The results highlighted that the energy sector accounted for **83%** of Colima's emissions, the land use sector accounted for **10%**, and industrial processes accounted for about **4%**.

The project has been crucial in enabling Colima to understand its emissions sources and to plan more effective mitigation strategies for now and for the long-term towards 2050.



# KWAZULU-NATAL AND VICTORIA EXCHANGE BEST PRACTICES ON ENERGY EFFICIENCY

**In April 2019, two officials from the South African province of KwaZulu-Natal visited Victoria, Australia, for a four-day peer-learning secondment focused on Victoria's Boosting Business Productivity program - which supports businesses to access expert advice and support needed to cut energy and materials costs, reduce greenhouse emissions, and improve energy productivity.**

Additionally, they learned about energy efficiency best practices from Victoria's projects on sustainability in schools, energy efficient homes, waste data mapping, and efficient business operations.

KwaZulu-Natal's motivation to undertake the secondment was driven by its own pilot project on improving energy efficiency in public buildings. The project is in line with South Africa's National Climate Change Response Policy, which identifies energy efficiency as a key component of climate change mitigation.

By learning from Victoria's successful energy efficiency programs, the officials understood how similar programs could be adopted in KwaZulu-Natal provided there are strong partnerships, cooperation, policy (legislation) and accountability between the province's government, private sector and communities.



City of Melbourne,  
Victoria, Australia



**“THE KNOWLEDGE GAINED DURING THE SECONDMENT HAS EMPOWERED US TO BE MORE CONFIDENT IN REPLICATING SIMILAR PROGRAMS IN SOUTH AFRICA AND WE WOULD LIKE TO EXPRESS OUR SINCERE GRATITUDE FOR THE ASSISTANCE OF THE FUTURE FUND.”**

*Ntuthuko Makhubu, Control Environmental Officer,  
Department of Economic Development,  
Tourism and Environmental Affairs, KwaZulu-Natal*



# SÃO PAULO AND WALES EXCHANGE ON LONG-TERM EMISSIONS REDUCTION PATHWAYS

In April 2019, an official from São Paulo, Brazil, traveled to Wales, UK, for a two-day peer-learning secondment on the effectiveness of the 2050 Pathways Calculator as a tool to support governments in achieving their long-term emissions reduction goals.

The tool was developed by the UK Department for Business, Energy & Industrial Strategy (BEIS) and is being used by many Under2 Coalition members with support from Pathways experts at The Climate Group. During the secondment, São Paulo learnt about the Welsh government's experience of implementing a 2050 Pathway and the two governments discussed how to expand the reach of the tool to more members of the Under2 Coalition.

Through the comparison of their 2050 Pathways models, both Wales and São Paulo identified areas of common ground and successfully performed cross-validation of the 2050 Pathways tool. São Paulo also shared its recommendations with The Climate Group on how it could support other states and regions within the Under2 Coalition to adopt 2050 Pathways.

Snowdonia National Park,  
Wales, United Kingdom



**“I AM VERY GRATEFUL TO THE FUTURE FUND FOR ENABLING THE EXCHANGE WITH WALES THAT NOT ONLY ALLOWED ME TO GAIN A DEEPER UNDERSTANDING OF THE 2050 PATHWAYS TOOL BUT ALSO SOLIDIFIED MY BELIEF THAT SECONDMENTS ARE FUNDAMENTAL TO ACCELERATING CLIMATE POLICY IMPLEMENTATION.”**

*Oswaldo Lucon, Climate Change Adviser,  
São Paulo State Environment Secretariat*

**“HOSTING THE SECONDMENT HAS FACILITATED A VALUABLE EXCHANGE OF IDEAS BETWEEN WALES AND SÃO PAULO, WITH A SPECIFIC FOCUS ON OUR APPROACHES TO LONG-TERM PATHWAYS MODELLING. IT HAS ALLOWED US TO SEE OUR OWN WORK FROM A DIFFERENT POINT OF VIEW AND IDENTIFY AREAS WHICH WE CAN EXPAND AND ADAPT.”**

*Calum Shaw, Carbon Budget Regulation Officer, Climate Change  
and Natural Resource Policy Division, Welsh Government*



# CROSS RIVER STATE AND QUÉBEC EXCHANGE ON SUSTAINABLE FOREST MANAGEMENT

**In May 2019, officials from Cross River State, Nigeria, traveled to Québec, Canada, for a four-day peer-learning secondment focused on sustainable forest management and land tenure policy.**

Agriculture is one of the leading drivers of deforestation in Cross River State. Most notably, the conversion of farmlands for cocoa production and the absence of a clearly defined land tenure policy has had the biggest impact on the rapid rate of deforestation.

Given that Cross River State is home to over 50% of Nigeria's tropical rainforests, the secondment was of immense benefit to the state and enabled officials to learn about forest management and biodiversity preservation from Québec, a state which has made significant advancements in these areas and has a successful land tenure system in place.

While in Québec, the team from Cross River State were introduced to a range of topics including Québec's innovative approach to carbon sequestration, its forestry regime, and research projects on forest adaptation and climate change mitigation. Upon their return to Cross River State, the officials have been exploring the applicability of Québec's land tenure system to their state.



Montmorency Falls,  
Quebec, Canada



**“THE SECONDMENT HAS BEEN AN ENRICHING EXPERIENCE FOR QUÉBEC, ALLOWING US TO GAIN USEFUL KNOWLEDGE ABOUT SUSTAINABLE FOREST MANAGEMENT IN THE WEST AFRICAN CONTEXT AND EXPLORE OPPORTUNITIES FOR FURTHER COLLABORATION ON CLIMATE CHANGE.”**

*Jean Lemire, Envoy for Climate Change, Northern and Arctic Affairs, Government of Québec*



## WIDENING OUR REACH

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

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 September 2018, 21 governments including KwaZulu-Natal (South Africa), West Kalimantan (Indonesia) and Jalisco (Mexico) were funded to attend the Under2 Coalition General Assembly held during the Global Climate Action Summit in San Francisco. With support from the Future Fund, Spanish translation was provided at the General Assembly to support Latin American members to participate in the meeting.

Developing and emerging economies represented 30% of the Under2 Coalition members at the General Assembly, compared to only 2% in 2017. Their representation dramatically increased the diversity of voices on topics related to climate change and helped shape the priorities for 2019, outcomes which would not have been possible without the Future Fund.

Business center in downtown  
San Francisco in USA

**“WALES IS ONE OF THE FIRST NATIONS TO LEGISLATE FOR SUSTAINABLE DEVELOPMENT GOALS. THE FUTURE FUND IS ABOUT ENABLING EVERYONE TO DECARBONISE IN A CLIMATE JUST WAY, WITH COLLABORATION AND PARTNERSHIP WORKING AT ITS HEART. IT IS A REAL EXAMPLE OF SUSTAINABLE DEVELOPMENT IN PRACTICE, WITH MUCH-NEEDED HEALTH AND SOCIO-ECONOMIC BENEFITS AT THE LOCAL LEVEL.”**

*Lesley Griffiths, Minister for Environment,  
Energy and Rural Affairs, Welsh Government*



## EXPLORING HOW TO IMPLEMENT A CARBON TAX IN TABASCO AND SONORA

Tabasco and Sonora have 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 are working to develop a framework for the implementation of a carbon tax which will focus on their economic and developing sectors.

Both states lack the technical capabilities to design these economic instruments and are undertaking this project to strengthen their carbon pricing capacities and share their learnings with other Mexican states. The project aims to reinforce existing efforts to mitigate climate change in Mexico as well as contribute to increasing Mexico's ambition under the Paris Agreement.

Tabasco, Mexico

**“BY ENABLING THE DEVELOPMENT OF A CARBON PRICING MECHANISM THAT WILL REDUCE GHG EMISSIONS, THE FUTURE FUND HAS BEEN ESSENTIAL IN SUPPORTING THE STATE OF TABASCO TO ACHIEVE THE SUSTAINABLE DEVELOPMENT GOALS AND TO REDUCE ITS VULNERABILITY TO CLIMATE CHANGE.”**

*Mario Rafael Llargo Latournerie, Head of the Ministry of Wellbeing, Sustainability and Climate Change, Government of the State of Tabasco, Mexico*



**“THE FUTURE FUND WILL HELP SONORA AND TABASCO TO STRENGTHEN THEIR CAPACITY TO IMPLEMENT A CARBON TAX, A TOOL WHICH WILL BE FUNDAMENTAL TO COUNTERBALANCING THE DAMAGING EFFECTS OF CARBON-INTENSIVE INFRASTRUCTURE WHILE CONSERVING EACH STATE'S NATURAL RESOURCES.”**

*Luis Carlos Romo Salazar, Executive Commissioner, Commission of Ecology and Sustainable Development of the State of Sonora (CEDES)*



## / 2019/20 PROJECTS

“FOLLOWING ON FROM LAST YEAR’S PROJECT, WE ARE NOW WORKING TO ESTIMATE GHG EMISSIONS UNTIL 2030 AND HOPE TO USE THIS KNOWLEDGE TO DEVELOP A COMPREHENSIVE EMISSIONS REDUCTION STRATEGY THAT ENCOMPASSES LONGER TERM GOALS TO STRENGTHEN OUR CLIMATE ACTION.”

*José Ignacio Peralta Sánchez, Governor of the State of Colima*



## CALCULATING 2030 GHG EMISSIONS SCENARIOS IN COLIMA

**Last year, Colima undertook a project with the support of the Future Fund which enabled the state to update its greenhouse gas emissions inventory. The inventory helped the state recognize the sources of its emissions so that it could develop an objective and effective mitigation strategy.**

This year’s project aims to build on last year’s by supporting 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 will estimate 2030 baseline scenarios for the emission of greenhouse gases for the following sectors: energy, Industrial Processes and Product Use (IPPU), Agriculture, Forestry and Other Land Uses sector (AFOLU) and waste.

The results will then be 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.

Comala,  
Colima, Mexico



# DOCUMENTATION OF MITIGATION AND ADAPTION EFFORTS BY THE GOVERNMENT OF CHHATTISGARH

**The Government of Chhattisgarh in India will create a system for the documentation and reporting of adaptation and mitigation efforts by each of its sectoral departments, in line with Chhattisgarh's State Action Plan on Climate Change (SAPCC).**

With documentation of each department's data, as well as identification of best practices, success stories and case studies, the system will also serve as a platform for the dissemination of cross-sectoral knowledge amongst relevant stakeholders and for capacity building of each department's representatives on disclosure of climate action.

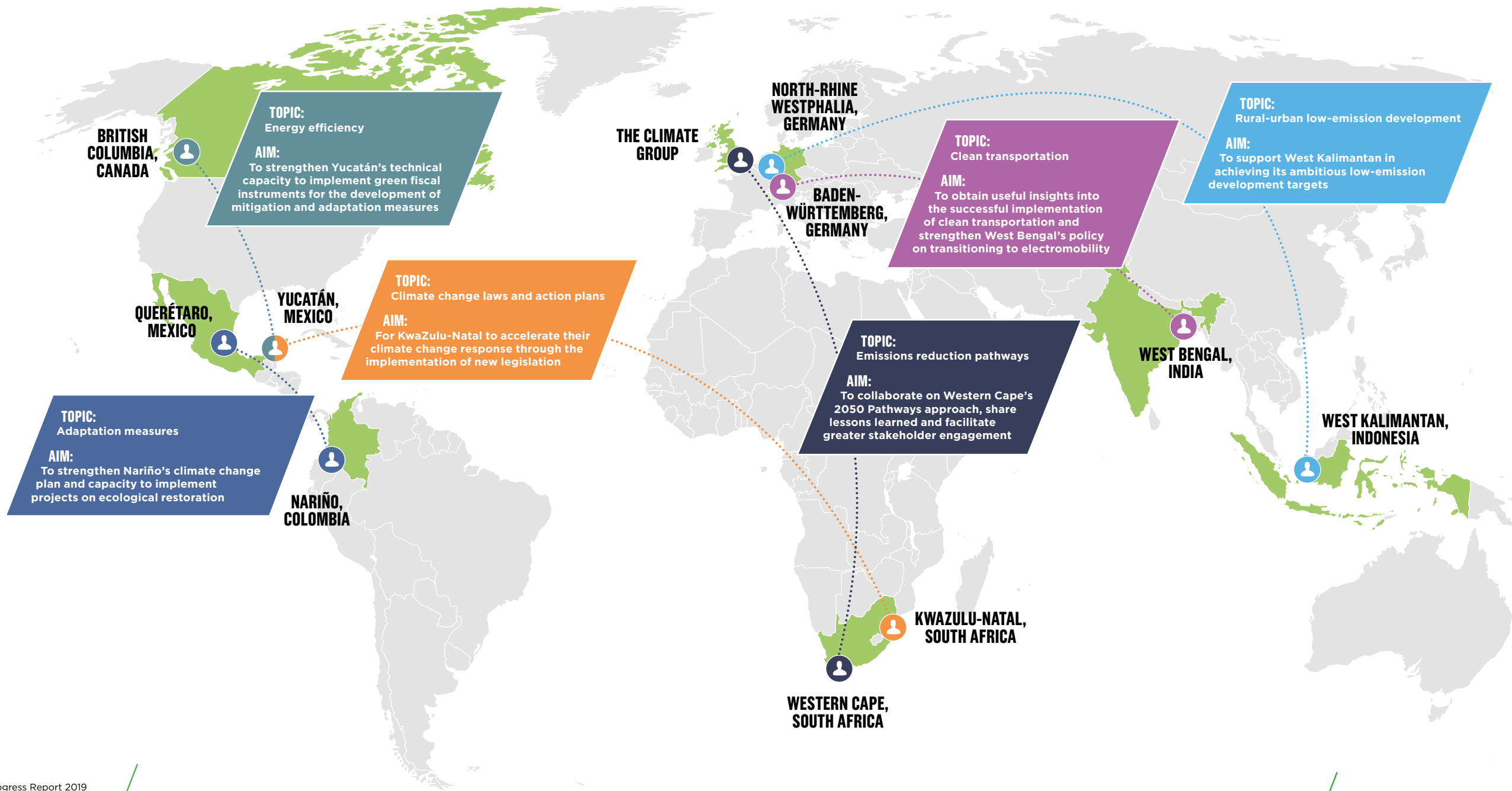
Forests of Dholkal, district  
Dantewada, Chhattisgarh, India



The data collected from this project will be collated in a detailed report based on existing climate activities in Chhattisgarh and the results will be presented at an international conference as well as being published in a peer reviewed journal. Overall, the project will enable Chhattisgarh to improve future activities aimed at reducing GHG emissions and avoiding dangerous climate change.



# 2019/2020 SECONDMENTS





# / OUR GOVERNANCE

**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, 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 implement 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**

In 2019, The Climate Group received 19 project proposals from 44 eligible developing and emerging

economy members\*. This demonstrates the interest and need from these regions to implement and share their climate actions.

Based on the criteria listed below and an increase in the level of funding available, the Advisory Board agreed on five projects and six secondments to receive funding in 2019, with additional funding allocated for travel support for governments to attend the Under2 Coalition General Assembly. The Climate Group then conducted standard due diligence checks before developing a formal contract which is agreed with the recipient state.

### **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 adaption 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?

\* States and regions with GDP per capita of less than \$20k are eligible to apply for Future Fund support.



# OUR FINANCE

**The Future Fund raised a total of US\$ 209,338 in 2019. This includes donations from the governments of Baden-Württemberg, Québec, Scotland and Wales.**

## **INCOME (US\$)**

Income received in 2019	181,338
Income yet to be received in 2019	28,000
Carried over from 2018	67,929

<b>TOTAL (OCTOBER 2018 – OCTOBER 2019)</b>	<b>249,267</b>
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EXPENDITURE US\$	ALREADY COMMITTED IN 2019	TO BE COMMITTED IN Q4 2019	TOTAL
Capacity building and knowledge exchange (50%)	107,809	16,824.5	124,633.5
Expanding the network and active engagement (30%)	60,781	13,999.1	74,780.1
Management and scaling of the Future Fund (20%)	49,853	0.4	49,853.4
<b>TOTAL</b>	<b>218,443</b>	<b>30,824</b>	<b>249,267</b>

# / LOOKING TO THE FUTURE

**Over the past three 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.

2020 marks the 5-year anniversary of the Under2 Coalition and is also the year where countries will be expected to increase their ambition under the Paris Agreement. 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 socio-economic benefits and offer opportunities to provide a clean and healthy future to coming generations, especially in developing and emerging economies.

Over the next decade, the Future Fund intends to align local action in developing and emerging economy regions with the Sustainable Development

Goals, 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.



## THANK YOU

We would like to extend our sincerest gratitude to the governments of Baden-Württemberg, Québec, Scotland and Wales. Their commitment to strengthening the action of their developing and emerging economy peers has demonstrated climate leadership on a global scale through the Under2 Coalition Future Fund.

**“THE UNDER2 COALITION PLAYS A KEY ROLE IN SUPPORTING EFFORTS BY SUBNATIONAL GOVERNMENTS TO ADOPT AMBITIOUS CLIMATE POLICIES AND THE FUTURE FUND IS AN ESSENTIAL PART OF ITS WORK TO ENSURE A FULL INTEGRATION OF ALL REGIONS INTO GHG EMISSIONS REDUCTION STRATEGIES.”**

*Benoit Charette, Minister of the Environment and the Fight Against Climate Change, Government of Québec*



**“AS A PROUD MEMBER OF THE UNDER2 COALITION, I AM PLEASED THAT THE SCOTTISH GOVERNMENT HAS BEEN ABLE TO SUPPORT THE FUTURE FUND, WHICH CONTINUES TO MAKE A REAL DIFFERENCE TO RAISE CLIMATE AWARENESS, PREPAREDNESS AND INCLUSION ACROSS THE WORLD. SUPPORTING AND WORKING ALONGSIDE DEVELOPING AND EMERGING ECONOMY REGIONS, MANY OF WHOM ARE AT HEIGHTENED RISK OF CLIMATE CHANGE, IS AN IMPORTANT PART OF OUR MORAL OBLIGATION TO TACKLE THE GLOBAL CLIMATE EMERGENCY.”**

*Roseanna Cunningham, Cabinet Secretary for Environment,  
Climate Change & Land Reform, Scottish Government*



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**TO DISCUSS HOW YOU CAN SUPPORT  
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