



SECRETARIAT THE °CLIMATE GROUP



UNDER2 COALITION HIGHLIGHTS

JANUARY 2019



Image: Nā Pali Coast, Hawaii
Hawaii joined the Under2 Coalition in 2018.

FOREWORD FROM THE SECRETARIAT DIRECTOR



What a fantastic year 2018 was for the Under2 Coalition. Our General Assembly held during the Global Climate Action Summit, was the biggest we have held to date and signaled the strength and vibrancy of the coalition worldwide. Today, the Under2 Coalition has more than 220 members and represents over 1.3 billion people and 43% of the global economy.

As our coalition grows, so do expectations. Last year, the Under2 Coalition was cited as the international cooperative initiative with the highest potential for reducing emissions. Increasingly, we are acting to fulfil this potential. The Global States and Regions Annual Disclosure 2018 Update showed leading states and regions are now decarbonizing at double the rate of G20 governments and are almost on track to meet the 2°C challenge. However, the urgent need to do more was highlighted by the Special Report from the International Panel on Climate Change (IPCC) on the impacts of global warming above 1.5°C.

That means we need to accelerate the pace of action. This year, we are starting three major new projects, all of which will run for three years. These will involve working directly with Under2 Coalition members to support peer learning, build capacity on planning long-term emissions reduction pathways and to track greenhouse gas emissions. This new funding, along with several other gifts, is evidence of the compelling and growing offer of the Under2 Coalition and reflects trust in the change that we can and must deliver together on a global scale.

This September, the United Nations (UN) Secretary General António Guterres will convene the UN Climate Summit. States, regions, cities and businesses will again be challenged to step up their climate action and signal their support to national governments. We will be working to ensure that the Under2 Coalition has a prominent voice and position in the event.

Finally, I'd like to thank you for your bold leadership, which made the success outlined over the following pages possible. This Highlights Report summarizes the coalition's achievements in 2018 and the work of the Secretariat team at The Climate Group, as well as providing a glimpse of the challenges and opportunities on the road ahead of us.

Tim Ash Vie

Under2 Coalition Secretariat Director, The Climate Group

KEY HIGHLIGHTS

The Under2 Coalition grows in strength and number

- The Under2 Coalition was recognized as the international collaborative initiative with the highest potential for emissions reduction. If we achieve our climate targets, members of the Under2 Coalition will collectively remove between 4.9-5.2 Gigatons of CO₂ equivalent emissions per year by 2030¹, which is more than the current annual emissions of the European Union.
- We hosted the biggest ever Under2 Coalition General Assembly in California and elected a new leadership group to steer the coalition over the next two years.
- At the Global Climate Action Summit, the coalition and our members enjoyed significant coverage on stage, in the media and online.
- During the year, 17 new members joined the coalition including Hawaii (USA), West Bengal (India), Chungnam (South Korea) and Japan.
- We opened a European liaison office in Brussels thanks to generous support from the Government of Baden-Württemberg.

Increased funding moves coalition from commitment to action

- We secured two new multimillion dollar grants to work with emerging economy regions to track emissions and plan 2050 pathways.
- The next phase of our work with highly industrialized regions has just begun; the Industry Transition Platform will support governments to cut industry emissions.

States and regions committed to climate transparency

- A total of 78 Under2 Coalition governments disclosed their climate targets and actions, as part of the Global States and Regions Annual Disclosure.

Accelerating climate action by sharing policy learning

- Through the Under2 Coalition Zero Emission Vehicle (ZEV) Project more than 50 governments exchanged policies for increasing the number of ZEVs on their roads.
- The Under2 Coalition Policy Action map illustrates the breadth, depth and scale of climate action being implemented by governments in the coalition.
- The Carbon-Free Regions Handbook showcases many of the successful policies being implemented by governments in the coalition and provides a blueprint for their replication.

¹ Based on the full implementation of the Under2 Coalition's commitments. Data Driven Yale, NewClimate Institute, PBL 2018: Global climate action of regions, states and businesses.

OUR LEADERSHIP FOR 2018-2020

The continued growth of the coalition is testament to the leadership of our members, who continue to demonstrate that state and regional climate action plays a vital role in delivery of the Paris Agreement. A new leadership group of state and regional governments (Co-Chairs and Steering Group members) for the Under2 Coalition was elected at the General Assembly and will play an active leadership role for the period 2018-2020.

Africa Co-Chair



Willies Mchunu, Premier
of KwaZulu-Natal,
South Africa

Europe Co-Chair



Winfried Kretschmann,
Minister-President of Baden-
Württemberg, Germany

Latin-America Co-Chair



Roberto Miguel Lifschitz,
Governor of Santa Fe, Argentina

North-America Co-Chair



Jay Inslee, Governor of Washington,
United States of America

Asia-Pacific Co-Chair - currently vacant

Steering Group:

Cross River State (Nigeria), Australian Capital Territory (Australia), South Australia (Australia), Victoria (Australia), Basque Country (Spain), Catalonia (Spain), Emilia-Romagna (Italy), Lombardy (Italy), North-Rhine Westphalia (Germany), Wales (United Kingdom), Pastaza (Ecuador), São Paulo (Brazil), Tucumán (Argentina), California (United States of America), Québec (Canada)

HIGH-IMPACT POLICIES MAKE A DIFFERENCE

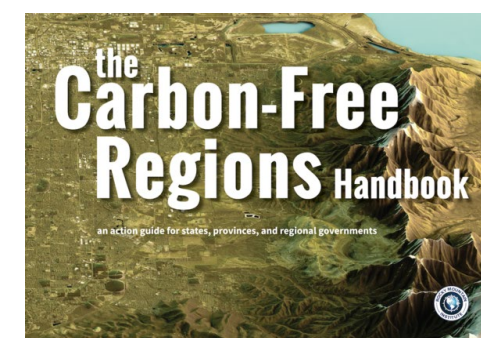
Peer-learning: sharing what works

Thanks to the innovative policies being implemented by governments in the coalition, in May we launched the Under2 Coalition Policy Action Map. This interactive tool is the first ever global snapshot of state and regional governments' solutions on the ground. You can easily explore case studies of innovative policies by location or topic and access contact details of global peers to learn more. The map currently features 28 case studies on climate finance, renewable energy, energy efficiency, land use, clean transportation and resilience – and keeps growing.

We worked in partnership with the Rocky Mountain Institute and the Rockefeller Brothers Fund to publish the Carbon-Free Regions Handbook. Designed to place states and regions on an actionable path towards low carbon economies, the handbook features many of the successful policies being implemented by the governments in the coalition.

Low carbon industry transition

After two rewarding years, we concluded the Energy Transition Platform (ETP), demonstrating the power of peer-learning and policy action projects. The 11 participating governments formed strong partnerships and increased their knowledge on community-based renewable energy, energy efficiency in buildings and industry engagement. We will continue the partnership with the Government of North Rhine-Westphalia through the Industry Transition Platform in 2019, with the support of Stiftung Mercator. This follow-up project will support governments from highly industrialized states and regions to develop innovative, impactful and ambitious strategies to achieve the deep emission cuts of heavy emitting industries for a net-zero future.



ENERGY TRANSITION PLATFORM CLOSING EVENT, BRUSSELS





Racing towards a zero-emission future

The Under2 Coalition Zero Emission Vehicle (ZEV) Project launched in June 2018 with the support of the Scottish Government. Through webinars, case studies and technical assistance, the project offers governments the opportunity to share their experiences and identify innovative policies to accelerate the uptake of zero emission transport. It complements The Climate Group's [EV100 campaign](#) for businesses and works closely with other platforms such as the ZEV Alliance. More than 50 governments have been involved in the project, attending webinars on supporting ZEV adoption by businesses, installing charging infrastructure and converting public fleets. As part of the project, we published case studies on innovative ZEV policies from Scotland, Navarra, Hesse and Schleswig-Holstein, which can be found on the [Under2 Coalition Policy Action map](#).

Linking subnational and national action in India

In India, we launched a new program of work to catalyze subnational climate action, with the support of the MacArthur Foundation. It aims to build a strong partnership with Indian states and identify synergies between subnational climate action and India's Nationally Determined Contribution (NDC). Our first workshop secured the participation of 14 of India's 29 states, underlining the potential opportunity for growth of the Under2 Coalition in India. This is also setting the stage for deeper engagement with Indian states on 2050 pathways. In September 2018, we organized a dialogue on the role of corporate leadership and state policy in accelerating electric mobility in partnership with the National Institution for Transforming India (NITI) Aayog and its Global Mobility Summit, which has supported us to grow the brand of the coalition in India.

PLANNING FOR NET-ZERO EMISSIONS BY 2050

The 2050 Pathways Challenge

The Under2 Coalition launched a '2050 Pathways Challenge' at the Global Climate Action Summit, encouraging all governments to develop 2050 pathways analysis in the next two years. Ten members took up the challenge and joined the 17 states and regions already committed to the multi-stakeholder initiative [2050 Pathways Platform](#) launched at COP22 on the website. Workshops on long-term pathways planning were also held in Santa Fe (Argentina) and in New York during Climate Week NYC.

Over the year, we held two popular 'Introduction to 2050 Pathways' webinars, which were attended by governments across the Americas, Europe and Africa. These webinars, coupled with further outreach helped determine each region's interest and capacity for pathways projects. As a result, a [2050 Pathways Registry](#) with further information on methodologies is now available on the website to support governments who are planning to conduct 2050 pathways analyses.

Pathways planning in emerging economy regions

In 2019, we will be supporting governments to develop robust medium and long-term emissions reduction plans to reach net-zero emissions through a new multimillion dollar grant secured from Norway's International Climate and Forest Initiative (NICFI). Governments from emerging economy regions in Peru, Brazil, Mexico, Columbia, Ecuador, Indonesia and India will be part of this tailored capacity building project.

NEW DELHI, INDIA WORKSHOP



SANTA FE, ARGENTINA WORKSHOP



STATES AND REGIONS COMMIT TO CLIMATE TRANSPARENCY

The transparency workstream activities have increased with projects that strengthen both the role of transparency in the climate agenda and the support to members. We will support governments by providing expertise and systems to assess their emissions accurately, track progress and ensure policies remain fit for delivering against decarbonization targets.

Tracking emissions in emerging economy regions

With a new grant received from the German government's International Climate Initiative (IKI), in 2019 we will implement a major new project to assist governments from emerging economy regions to develop robust greenhouse gas inventories by advancing their monitoring, reporting and verification (MRV) capacity. It will also facilitate knowledge sharing across all governments and support regional governments in Mexico, Brazil, India and South Africa to improve their climate transparency.

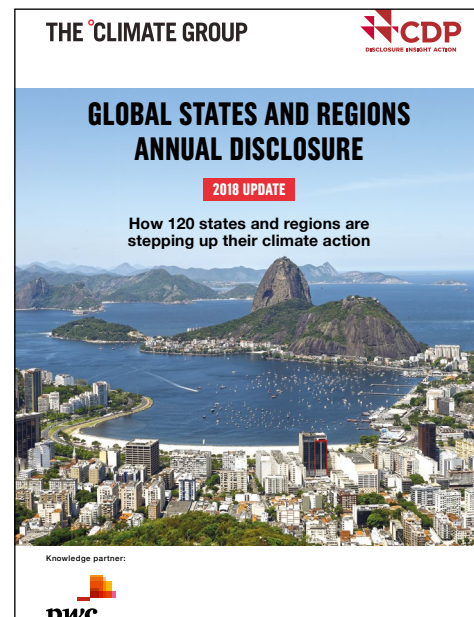
More governments disclose their climate action

For the fourth consecutive year, state and regional governments have disclosed their climate data. A total of 78 Under2 Coalition governments (representing 24 countries) disclosed their data in 2018, which marked a 34% increase compared to 2017. Among these are 27 governments who disclosed their climate data for the first time, recognizing that transparent data is the most powerful tool to measure the progress and impact of their mitigation actions. The Global States and Regions Annual Disclosure 2018 Update highlights ambitious states and regions acting on climate change across the world, showing their progress resulting from their commitments to reduce emissions.

THE UNDER2 COALITION HAS MORE THAN 220 MEMBERS AND REPRESENTS OVER 1.3 BILLION PEOPLE AND 43% OF THE GLOBAL ECONOMY



Jochen Flasbarth, State Secretary at the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, Germany



GENERAL ASSEMBLY



Helen Clarkson, CEO, The Climate Group



RAISING OUR GLOBAL PROFILE

Global events

Last year's Under2 Coalition General Assembly was the biggest meeting we have hosted to date. Governors, ministers and senior officials from 73 governments from across the world attended the meeting, which was held alongside the Global Climate Action Summit in California.

During the summit, 19 political leaders from Under2 Coalition governments took to the stage and highlighted the ambition of the coalition and the power of states and regions. Many took the opportunity to announce additional commitments to increase climate ambition across a range of sectors such as zero emission vehicles, renewable energy and green finance. These commitments were presented by Governor Brown of California to national governments gathered for the UN General Assembly at the 10th Climate Week NYC later in the month.

Ahead of COP24, The Climate Group provided input to the Talanoa Dialogue. The submission highlighted the contribution and success of the states and regions in the Under2 Coalition. We called on the UN Climate Change process to keep the request that governments at all levels, as well as other stakeholders; step up ambition and action now, demonstrate long-term policy coherence and embrace radical change and empower climate action where it matters most.



Ola Elvestuen, Minister of Climate and Environment, Norway

GENERAL ASSEMBLY



Lesley Griffiths, Cabinet Secretary for Environment, Wales



Under2 Coalition members gather at General Assembly



Governor Brown of California welcomes incoming North American Co-Chair Governor Inslee of Washington at the General Assembly



Supporting emerging economy regions with the Future Fund

The Future Fund, designed to enhance the participation of developing and emerging economy regions in climate action, supported 25 governments in 2018. The Future Fund Progress Report 2018, highlights how the fund enabled West Bengal (India) to update its climate change strategy for the first time in eight years and Yucatán (Mexico) to develop a plan to reduce emissions from government buildings. A total of 21 governments attended the Under2 Coalition General Assembly in California as result of travel support from the Future Fund. The government of Western Cape (South Africa) completed a secondment to California (United States) to exchange best practices about 2050 pathways.

In 2019, we will continue to support emerging economy states and regions to accelerate their climate action. Funding for new projects to Colima (Mexico) and Telangana (India) were awarded to support capacity building. The Future Fund is possible thanks to ongoing financial support from the governments of Scotland, Wales and Québec. If you're interested in supporting the Future Fund, please contact the Secretariat.

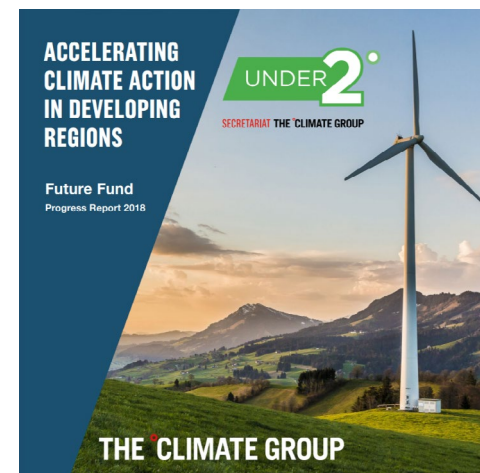
WESTERN CAPE SECONDMENT TO CALIFORNIA



Expanding the scope of Under2 Coalition: the new Climate Diplomacy work program

The Under2 Coalition has an opportunity to better leverage the climate ambition, as well as the economic and political influence of its members. This will help create the necessary political confidence for countries to adopt ambitious climate commitments in 2020. To this end, a dedicated Climate Diplomacy work program will seek to maximize the influence of Under2 Coalition governments on international climate processes. In 2018, we undertook a scoping project to develop a detailed strategy and work program with support from the ClimateWorks Foundation. The results from this work, including a recommendations paper, received a positive response at the General Assembly. A detailed 12-month work program for 2019 is now being developed with the support of the Steering Group.

FUTURE FUND MEETING IN YUCATAN, MEXICO

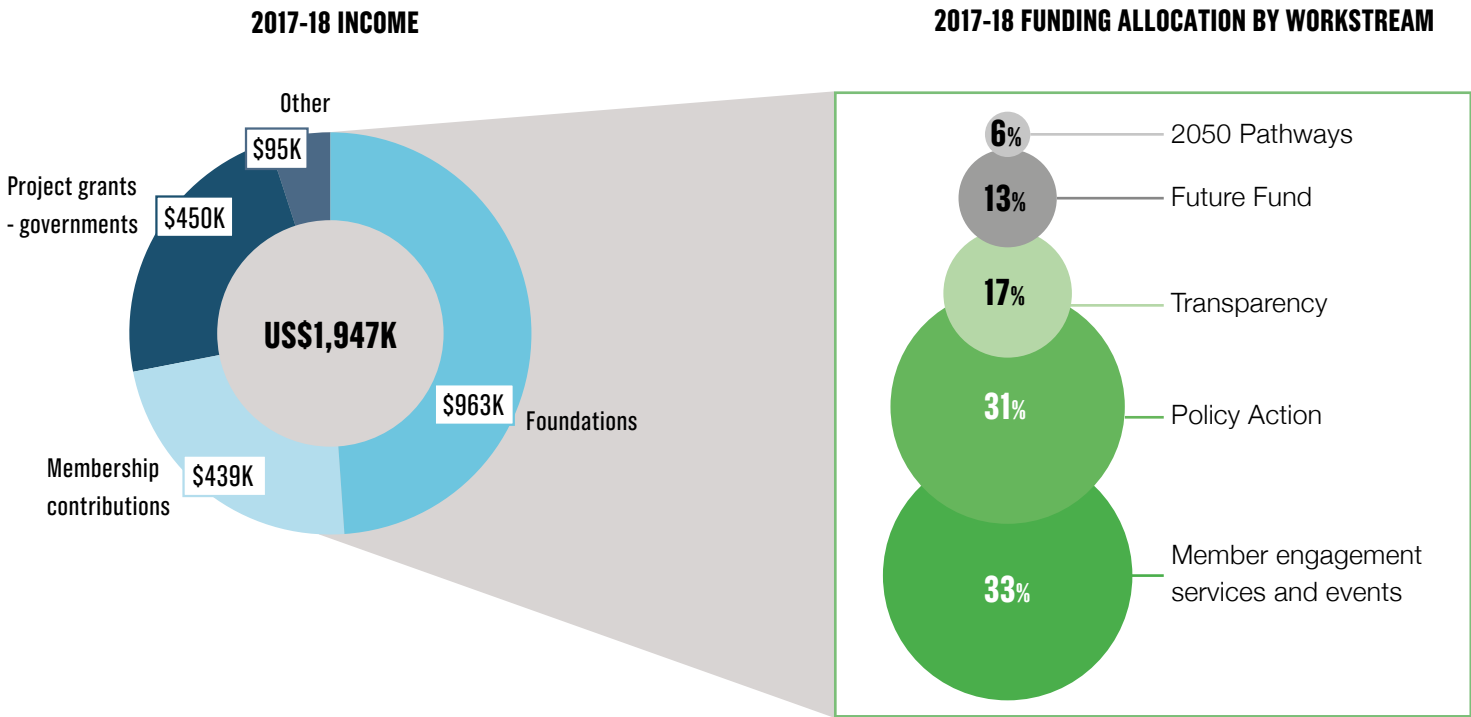


Dr Alice Ekwu, Cross River State Commissioner for Climate Change and Forestry



FINANCE UPDATE

Here is a summary of the Under2 Coalition's income for the financial year ending 30 June 2018 (2017-18), and how we allocated resources to deliver for our members during this period.



As Secretariat to the Under2 Coalition, The Climate Group has had a very successful year raising funds for the coalition in 2018 and we are significantly increasing the scope and ambition of our activities in 2018-19 compared to last financial year.

We have set a 2018-19 budget of \$5,886k and have so far secured income of \$4,734k. The majority of this income is restricted to deliver time-bound deliverables for specific projects in partnership with governments and implementing organizations.

There is a remaining fundraising target of \$1,152k to enable us to deliver on our ambition and organizational commitments. Contributions from member governments provide a vital funding base, which enables us to provide core services to members and provides flexibility to respond to the priorities set out by the Steering Group.

We look forward to working with the Steering Group to diversify our income and secure the remaining target for 2019.

The table on the next page shows income secured for projects and for services for members for 2018-19.

THE UNDER2 COALITION HAS BEEN RECOGNIZED AS THE INTERNATIONAL COLLABORATIVE INITIATIVE WITH THE HIGHEST POTENTIAL FOR EMISSIONS REDUCTION



PROJECT	WORKSTREAM	AMOUNT ('000 US\$)
Industry Transition Platform	Policy Action	325
MRV in Emerging Economies	Transparency	1,108
MRV and Pathways in Regions with LULUCF Challenges	Transparency and 2050 Pathways	1,993
EV Policy Working Group	Policy Action	107
Enhancing sub-national action in India	Policy Action	170
Re-Industrialise Flagship	Policy Action	78
Guidance for integrating non-state action into national mitigation assessments	Transparency	46
Impact Analysis of non-Party climate action	Transparency	73
Membership fees - Member engagement, secretariat services and events	Secretariat	463
Philanthropic and other funding sources - member engagement, secretariat services and events	Secretariat	246
Future Fund	Secretariat	125
TOTAL SECURED INCOME FOR 2018-19		4,734

OUR FOCUS FOR 2019

In 2019, we aim to accelerate the pace of action within the coalition through existing and newly funded initiatives, whilst managing the challenges that come with rapid growth. Ahead of COP25 in 2020, which marks the deadline for national governments to revise their Nationally Determined Contributions (NDCs), our aim is to provide the confidence to national governments, that they can and should step up their climate commitments.

The Under2 Coalition Secretariat at The Climate Group will focus on:

- Providing effective governance for the Under2 Coalition and tailoring our activities to serve member needs in different geographies.
 - Executing the first phases of the new 2050 pathways and transparency projects.
 - Launching the Industry Transition Platform and expanding the Under2 Coalition ZEV Project.
 - Launching a new project on short-lived climate pollutants to share effective subnational actions to reduce methane emissions from oil and gas operations.
- Introducing an online 'Knowledge and Networking' platform for our members, to support and enhance all our projects and workstreams.
 - Promoting the voice of the Under2 Coalition at key regional and international events.
 - Growing the Future Fund to support more developing and emerging economy regions to accelerate climate action.
 - Securing new funding for the Climate Diplomacy work program to complement the existing workstreams and help build up the level of global climate ambition.

The inspiring achievements of 2018 are a result of the ongoing leadership of all Under2 Coalition members. We look forward to working with you in 2019, to accelerate the pace of climate action to achieve a world of well below 2°C of global warming and greater prosperity for all.



OUR SUPPORTERS IN 2018

In addition to financial contributions from government members, the Secretariat has benefited from generous financial support from the following philanthropies and government funding partners:

Climate-KIC

ClimateWorks Foundation

Dutch Postcode Lottery

Government of Sweden

Government of Québec

Initiative for Climate Action Transparency

International Climate Initiative (IKI)

John D. and Catherine T. MacArthur Foundation

Norway's International Climate and Forest Initiative (NICFI)

Rockefeller Brothers Fund

Scottish Government

Stiftung Mercator

William & Flora Hewlett Foundation

Welsh Government

About the Under2 Coalition

The Under2 Coalition is driven by a group of ambitious state and regional governments committed to keeping global temperature rises to well below 2°C. The coalition is made up of more than 220 governments who represent over 1.3 billion people and 43% of the global economy.

The Climate Group is the Secretariat to the Under2 Coalition and works with governments to accelerate climate action. The coalition consists of signatories to the Under2 Memorandum of Understanding, an initiative founded by the governments of California and Baden-Württemberg in the lead up to the Paris Climate Conference in 2015. The Climate Group's role builds on more than a decade of work with the former States & Regions Alliance, the world's first climate leadership forum for state and regional governments.

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