INTRODUCTION

2016 epitomized the changing fortunes that have come to define global climate debates. Far from being a year in which the world eased back on climate action following the historic COP21 conference in Paris, there was an emphasis on harnessing momentum and raising climate ambition globally, with the Paris Agreement entering into force in November.

Additionally, the recent political and economic challenges that we have witnessed around the world, have projected the role of state and regional governments further up the international climate agenda.

The Climate Group has been working closely with sub-national governments for over a decade. Through our innovative and unique programs, we bring together states, provinces and regions with some of the most ambitious climate targets in the world, to develop a new generation of climate and energy policies, and to drive climate leadership on a global scale.

2016 proved to be a truly landmark year for States & Regions. A growing level of commitment and ambition was evident across the States & Regions Alliance, which continues to demonstrate both the necessity and the economic opportunity of a swifter low carbon transition.

The growth and impact of our global work over the past two years would not have been possible without the leadership of our regional Co-chairs, Hon. Philippe Couillard, Premier of Québec, Hon. Iñigo Urkullu, President of the Basque Country, and Hon. Jay Weatherill, Premier of South Australia, as well as the Steering Group governments of 2014-16. The Climate Group wishes to extend our sincere thanks for their dedication and inspirational leadership.

In this annual report, we reflect on some of our collective achievements from last year, and we look forward to working with you in 2017 to continue to build a prosperous, low carbon future for all.
STATES & REGIONS: KEY ACHIEVEMENTS IN 2016

1. More states and regions are committing to global climate action and transparency
   - In 2016, a further 42 sub-national governments committed to ambitious decarbonization targets through the Under2 Coalition. This group now includes 165 jurisdictions, spanning six continents and 33 countries, that are committed to reducing their greenhouse gas (GHG) emissions towards net-zero by 2050.
   - The Compact of States and Regions continued to grow, with 62 governments publicly disclosing their climate data in 2016 – a 41% year-on-year increase.

2. More governments are collaborating and sharing climate policy expertise
   - The Energy Transition Platform was launched in 2016 to facilitate peer-to-peer learning between sub-national governments to support their low carbon transitions. The program is now working with 11 highly industrialized, carbon intensive states and regions to develop, share and implement innovative clean energy policies.
   - 80% of our member governments actively participated in our peer learning work, from taking part in webinars on electric vehicles, adaptation and energy efficiency in small and medium-sized enterprises (SMEs), to in-person meetings on developing long-term pathway plans. The Climate Group also published the “Power to Act” report at Climate Week NYC in September, which focuses on the vital role of cooperation between sub-national governments in order to share and scale effective climate policies and measures.

3. Stronger global profile of state and regional climate action
   - State and regional climate action and progress was promoted throughout the year, through prominent speaking and media opportunities for our members during major events such as COP22, Climate Week NYC, the Climate Summit of the Americas, Subnational Clean Energy Ministerial (Sub-CEM), Climate Action 2016 Summit and the International Green Growth Forum 2016.
   - We convened high-level meetings for Governors, Premiers and Ministers to discuss their climate achievements and plans with global leaders including Laurence Tubiana, Climate Champion, United Nations Framework Convention on Climate Change (UNFCCC), and Patricia Espinosa, Executive Secretary, UNFCCC.

4. A stronger, more diverse States & Regions Alliance
   - States & Regions Alliance members elected a new leadership structure to steer our work over the next two years, including Co-chairs for Africa, Latin America, North America, Asia-Pacific and Europe.
   - We welcomed three new members to the States & Regions Alliance: Attica (Greece), Yucatan (Mexico) and Western Cape (South Africa), bringing the total number of members to 38.
   - We launched the States & Regions Future Fund to support the expansion of our work in developing and emerging economies.
MORE STATES AND REGIONS COMMITTING TO GLOBAL CLIMATE ACTION AND TRANSPARENCY

Through the Under2 Coalition, 165 jurisdictions have committed to reducing their GHG emissions by at least 80-95% below 1990 levels, or a limit of 2 tons CO₂e per capita, by 2050. Founded by States & Regions Alliance members California and Baden-Württemberg, signatories of the Under2 Memorandum of Understanding (Under2 MOU) collectively represent over 1 billion people and US$25.7 trillion in GDP - one third of the world economy.

The Climate Group assumed its role as Secretariat of the Under2 Coalition in 2016, and has been working closely with founding members California and Baden-Württemberg to establish the resources and programs to support sub-national governments, to lead the transition consistent with a net-zero emissions world by 2050. This includes:

1. **Developing 2050 pathway plans.** In November 2016, we were announced as an “implementing partner” of the 2050 Pathways Platform. This work stream provides an avenue for states and regions to receive support in developing short and long-term emissions reduction plans.

2. **Scaling innovative policy solutions.** In June 2016, we announced a new partnership with the Clean Energy Solutions Center at the National Renewable Energy Laboratory (NREL), to provide free policy advice and technical assistance to states and regions.

3. **Measuring progress.** In partnership with ICF and other experts, we evaluated and compared existing GHG inventory protocols, in order to create a best practice guide for sub-national governments to help track their emissions.

In 2017/18 we expect to see even stronger growth of the Under2 work streams and a growing set of resources to support states and regions in achieving long-term deep decarbonization by 2050.

The Compact of States and Regions continues to grow year-on-year, with 62 governments publicly committing to greater transparency in 2016 and disclosing their climate data and actions - a 41% increase on 2015. Together, these governments represent 17% of the global economy and 443 million citizens. A total of 1,299 individual climate actions were disclosed across 10 economic sectors aimed at reducing emissions and enabling the transition to net-zero emissions economies.

The 2016 edition of the Compact of States and Regions Disclosure Report was launched in December and features an introduction from Patricia Espinosa, Executive Secretary UNFCCC. The report concludes that if all 62 governments that report to the Compact deliver on their disclosed 2020 targets in time, the emissions saved would put these governments on a trajectory below the critical warming threshold of 2 degrees Celsius above pre-industrial levels. Significant progress has already been made with several governments having already met or exceeded their 2020 targets. In order to keep up the momentum post-2020, the report also highlights the urgent need to set long-term, ambitious targets, and urges governments to complement their long-term targets with deep-decarbonization pathway plans.
In 2016, we hosted seven webinars and five workshops to support state and regional governments in learning about and collaborating on new climate policy models. By providing governments with opportunities, resources and expertise to learn from one another’s experiences, collectively we helped to drive climate policy development and adoption at the state and regional level.

Through online Peer Forums, States & Regions Alliance members have had the opportunity to share experiences, helping to improve policymaking capacity, foster bilateral and multilateral partnerships, and identify emerging opportunities, barriers, and innovations. In this year’s peer learning webinar series, we profiled innovative policy solutions implemented by member states. Specifically, we brought governments together to assess:

- how to vertically integrate adaptation and mitigation measures through “New York State’s Climate Smart Communities program”;
- how to work closely with SMEs on energy efficiency through “Engaging SMEs: Lessons from Victoria’s resource efficiency program”; and
- how to accelerate market growth of zero emissions and electric vehicles, through “Uptake of electric vehicles: lessons from California and Vermont with Drive the Dream initiative.”

The Energy Transition Platform was launched in early 2016, together with the initiative’s lead government North Rhine-Westphalia and funder Stiftung Mercator. It connects highly industrialized, carbon-intensive states and regions with the aim of accelerating the development and implementation of low carbon policies.

In 2016, we held four webinars and two in-person meetings for the 11 partner regions of the Energy Transition Platform – Alberta, the Basque Country, California, Hauts-de-France, Lombardy, Minnesota, North Rhine-Westphalia, Silesia, South Australia, Upper Austria and Wales. These meetings allowed participants to learn from their global peers, build strong partnerships and jointly overcome barriers to the adoption of clean energy models around specific thematic areas including: stakeholder engagement, community-based renewables mobilizing energy-intensive industries, grid integration of renewables, and emissions reduction, in the heating sector.

In 2017, the Energy Transition Platform moves into the Innovation Lab phase – where smaller groups of governments will jointly solve common challenges to accelerate the scale-up of impactful policy models worldwide, supported by our knowledge partner, the Grantham Institute.

The Climate Group (with funding from ClimateWorks Foundation) completed research entitled ‘Power to Act’, that highlighted the need for sub-national governments to cooperate to tackle climate change on a global scale. This research covers a pilot which established a first-of-its-kind process for collecting data on the powers and actions that states and regions from around the world are using to combat climate change. A report on the initial pilot highlighted that knowledge-sharing between governments is critical for accessing and implementing the most successful climate policies. The pilot also showed that partnering governments with similar powers and circumstances can help both parties in identifying effective policies that apply to their own situations.
In 2016, The Climate Group played a major role in positioning state and regional governments as important climate actors, whilst celebrating the announcements and successes of members throughout the year. This included publishing States & Regions news stories and announcements on our digital channels, Climate TV interviews, Global Network Briefings, Insight Briefings and exclusive member publications.

During COP22 in Marrakech, Morocco, the work of state and regional governments featured prominently. The States & Regions Alliance General Assembly and the first official Under2 Coalition meeting (which was attended by Laurence Tubiana, UNFCCC Climate Champion) provided an opportunity for Governors and Ministers to share experiences and agree collective priorities. The Climate Group facilitated speaking opportunities for state and regional government leaders throughout COP22, including an official side event on the Under2 MOU, a panel session at the Low Emissions Solutions conference, the Climate Summit for Local and Regional Leaders and at the Global Climate Action Agenda events. As always, The Climate Group provided dedicated member briefings and webinars to support members in their numerous engagements throughout COP22, including events, announcements, press briefings and meetings with other delegations.

In September 2016, The Climate Group hosted the 8th annual Climate Week NYC, with a focus on sub-national climate leadership during the Opening Ceremony. A diverse range of affiliate events took place throughout the week, including a workshop on the Power to Act report, and a meeting with States & Regions Alliance members and Under2 signatories.

The Government of Jalisco hosted the second Climate Summit of the Americas in Guadalajara, Mexico in August 2016, which played a significant role in driving forward greater collaboration on climate action between states across the Americas. The Climate Group worked closely with Jalisco in the creation and signing of the 2016 Jalisco Call for Action, which was signed by 29 sub-national governments. In addition, The Climate Group organized a closed-door meeting for Governors, Premiers and Ministers with the newly appointed UNFCCC Executive Secretary, Patricia Espinosa.

At the inaugural Subnational Clean Energy Ministerial (Sub-CEM) that took place in San Francisco in June 2016, Under2 Coalition leaders from states, cities and provinces around the world convened to highlight regional opportunities for collaboration on clean
energy and climate action. This included a workshop on deep-decarbonization pathway planning.

The Climate Group supported the Climate Action 2016 Summit in Washington D.C. in April 2016, two weeks after the signing ceremony of the Paris Agreement. The summit profiled the work of state and regional governments and included speeches by States & Regions members.

The International Green Growth Forum 2016, organized by the Welsh Government in collaboration with The Climate Group, provided an opportunity for political and economic leaders from around the world to share opportunities to capitalize on green growth and deliver on the Paris Agreement goals. The Climate Group also held a States & Regions Alliance members meeting to discuss the implementation plans and policy priorities for the Alliance.

A STRONGER, MORE DIVERSE STATES & REGIONS ALLIANCE

Over the past two years, the importance and impact of the States & Regions Alliance has grown substantially, and this leadership network has been the driving force of major sub-national climate initiatives such as the Under2 Coalition.

These achievements would not have been possible without the outstanding leadership of our regional Co-chairs, Hon. Philippe Couillard, Premier of Québec, Hon. Iñigo Urkullu, President of the Basque Country, and Hon. Jay Weatherill, Premier of South Australia, and the Steering Group governments of 2014-16 (Auvergne-Rhône-Alpes, the Basque Country, Brittany, Catalonia, KwaZulu-Natal, Lombardy, North Rhine-Westphalia, Ontario, Québec, Rio de Janeiro and South Australia).

We were delighted to welcome three new members to the States & Regions Alliance in 2016: Attica (Greece), Yucatan (Mexico) and Western Cape (South Africa). The total number of members now stands at 38 and the Alliance now spans Africa, Asia-Pacific, the Americas and Europe.

During the Annual General Assembly, members of the States & Regions Alliance elected a new leadership structure (including new Co-chair roles for Africa and Latin America) to steer our work over the next two years – a critical period for delivering pre-2020 climate action.

Co-chairs:
  - Hon. Philippe Couillard, Premier of Québec (North America)
  - Hon. Willies Mchunu, Premier of KwaZulu-Natal (Africa)
  - Hon. Carles Puigdemont, President of Catalonia (Europe)
  - Hon. Aristóteles Sandoval, Governor of Jalisco (Latin America)
  - Hon. Jay Weatherill, Premier of South Australia (Asia-Pacific)

Steering Group members: Australian Capital Territory, Baden-Württemberg, the Basque Country, Brittany, California, Catalonia, Jalisco, KwaZulu-Natal, Lombardy, North Rhine-Westphalia, Ontario, Québec, São Paulo, South Australia, Vermont, Wales.

The States & Regions Alliance also launched the States & Regions Future Fund at COP22. The fund is designed to enable more developing regions and emerging economies to benefit from connecting with other state and regional climate leaders through our work. The fund has already had initial pledges from Alberta, Ontario, Québec, Scotland, South Australia and Wales.
LOOKING AHEAD IN 2017

As the world changes and global powers shift, tackling climate change remains both a challenge and an unprecedented economic opportunity. State and regional governments are rightly gaining increased recognition as key stakeholders and actors on climate change, and we will continue to demonstrate the opportunities and the necessity for more urgent action.

In 2017, we will work with our members, our steering group and our co-chairs to continue to create opportunities for governments to collaborate on tackling this major challenge of our time, to share and scale the policies that work, and to demonstrate the significant role and impact of state and regional climate action.

We look forward to another year in which we will strengthen our collaboration with state and regional governments around the world to accelerate the shift to a prosperous and thriving low carbon future for all.

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