

G7 ROUNDTABLE MEETING ON SUBNATIONAL CLIMATE ACTIONS

SUMMARY REPORT

October 5-6, 2023



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Executive Summary

- The G7 Roundtable Meeting on Subnational Climate Actions was organized virtually on October 5-6, 2023, hosted by the Ministry of the Environment, Japan in collaboration with the Ministry of Land, Infrastructure, Transport and Tourism, Japan, ICLEI-Local Governments for Sustainability, Urban 7, and the Institute for Global Environmental Strategies. More than 70 participants and observers from the national and subnational governments of G7 members, United Nations Human Settlements Programme (UN-HABITAT), the Organisation for Economic Co-operation and Development (OECD), ICLEI, and Global Covenant of Mayors attended the meeting on each day.
- Participants welcomed the Roundtable as a useful platform for mutual learning and cooperation among G7 members and expressed their expectations on the potential for further work to be carried out under this initiative. It was also suggested that the scope of the Roundtable could be extended to different stakeholders and partners and non-G7 countries.
- The key points from discussions at the roundtable meeting are summarized below.
 - Subnational climate actions are critical in achieving the net-zero target and need to be further enhanced with national and international support.
 - Subnational climate actions reinforce the virtuous cycle by addressing multiple urban challenges and creating synergies, including pollution control, biodiversity, circular economy, and economic growth.
 - One of the biggest challenges is channelling climate finance to cities. Leveraging private funding with public funding sources using mechanisms such as blended finance, joint public-private financing initiatives, transition funds, and guarantee mechanisms are examples of possible solutions. A number of programs have been established by G7 members in support of such initiatives.
 - Knowledge sharing through either domestic or international city networking is vital. Collaboration and scaling up of ambitious activities beyond regions should also be encouraged.
 - Other elements to enhance ambitions and strengthen implementation at subnational levels include inclusive approaches, technical support, guidance at the national level, local leadership, partnerships, engagement of actors at different levels (i.e., multilevel climate action), and digital transformation.

Summary of the Roundtable Meeting



The G7 Climate, Energy and Environment Ministers recognized the vital role of cities and subnational actors in addressing global challenges including climate change, such as in Toyama in 2016¹, in London in 2021², in Berlin in 2022³, and in Sapporo in 2023⁴.

In recognition of the vital role of national governments in promoting and supporting subnational climate actions, the G7 Roundtable on Subnational Climate Actions⁵ was established by the G7 Climate, Energy, and Environment Minister's Meeting in 2023 under the presidency of Japan. The Roundtable aims to facilitate mutual learning and enhance policies related to subnational climate actions within and beyond the country's borders. It also aims to identify opportunities for synergies and explore avenues for international collaboration while seeking co-benefits.

The G7 Sustainable Urban Development Ministers also recognized the vital role of cities and subnational actors in addressing global challenges including climate change during their first meeting in Potsdam⁶ in 2022. In Takamatsu in 2023, they again underscored that national governments should boost communication with subnational governments on sustainable urban development and commit to engagement in the G7 Roundtable on Subnational Climate Actions⁷.

The Roundtable Meeting was organized virtually on October 5-6, 2023. It was hosted by the Ministry of the Environment, Japan in collaboration with the Ministry of Land, Infrastructure, Transport and Tourism, Japan, ICLEI-Local Governments for Sustainability, Urban 7, and the Institute for Global Environmental Strategies (IGES).

The Roundtable Meeting was attended by more than 70 participants and observers on each day from national and local governments of G7 members, namely Canada (including the Assembly of First Nations, Québec, Alberta, Métis National Council), France, Germany, Italy, the United Kingdom (including the Scottish Government and Bristol City Council), the United States, the European Union, and Japan, and representatives from Urban 7 (Mayor of Bristol, Mayor of Florence, Mayor of Turku, Deputy Mayor of Bordeaux City, Mayor of Saitama, Mayor of Essen, The United States Conference of Mayors, Federation of Canadian Municipalities, and The Japan Designated Cities Mayors Association), United Nations Human Settlements Programme (UN-HABITAT), the Organisation for Economic Co-operation and Development (OECD), ICLEI, and the Global Covenant of Mayors (GCoM).

¹ https://www.env.go.jp/earth/g7toyama_emm/english/_img/meeting_overview/Communique_en.pdf

² <https://www.gov.uk/government/publications/g7-climate-and-environment-ministers-meeting-may-2021-communique/g7-climate-and-environment-ministers-communique-london-21-may-2021>

³ <https://www.g7germany.de/g7-en/current-information/g7-environment-climate-ministers-2014900>

⁴ <https://www.env.go.jp/content/000128270.pdf>

⁵ <https://www.env.go.jp/content/000128285.pdf>

⁶ https://www.bmwsb.bund.de/SharedDocs/downloads/Webs/BMWSB/DE/veroeffentlichungen/termine/communique-g7.pdf?__blob=publicationFile&v=3

⁷ https://www.mlit.go.jp/report/press/content/Communique_EN.pdf

The Roundtable Meeting had two overall themes – national support to promote subnational climate actions and international cooperative program to promote subnational climate actions. Both at national and international levels, the national and federal governments of the G7 encourage and support subnational governments in planning and implementing climate actions.

The following section is the Chair’s summary of the Plenary and Parallel Sessions. G7 members provided information on national policies, measures, and actions for this Roundtable, which are compiled in Annex 1-1 and Annex 1-2.

Plenary 1. National support to promote subnational climate actions within their boundaries

- Other levels of government set ambitious goals of net-zero emission and take practical actions to address climate change issues, contributing to national and global climate goals in mitigation and adaptation of climate change. Lessons shared at the Meeting highlight the following points as important elements in enhancing subnational climate actions.
 - **Subnational climate actions reinforce the virtuous cycle by addressing multiple urban challenges.** These are recognized not only for climate mitigation and adaptation but also for revitalizing local economies, enhancing people’s well-being and health, and environmental conservation in both national and local contexts.
 - **How climate actions should be financed** is one of the biggest challenges that subnational governments are facing in climate policy implementation. The UK showed examples of strengthening local finance, such as the Bristol City Leap Joint Venture, and the Cities Commission for Climate Investment (3Ci). Alberta, Canada introduced the industrial carbon pricing system in which some revenue is allocated to clean technologies to mitigate emissions.
 - **Inclusiveness and a whole-society approach** can enhance ambitions and strengthen implementation. The Assembly of First Nations (AFN) National Strategy, underpinned by the First Nations Climate Lens, presented during Canada’s time demonstrated how Indigenous-led climate policy and strategies are essential mechanisms to reflect Indigenous knowledge systems appropriately, and provide opportunity for ethical and equitable engagement with Indigenous Peoples, and their knowledge systems, in state-led climate action plans. The engagement of diverse stakeholders and partners, including the youth and representatives of civil society groups in policymaking resulted in a rigorous and ambitious 2030 Plan for a Green Economy in Quebec, Canada.
 - **A network of subnational governments** provides opportunities for mutual learning in planning and implementing climate mitigation and adaptation actions. The Port of Los Angeles in the US and the Port Authority of Nagoya, Japan signed an agreement on cooperation to promote sustainability and decarbonization.

- G7 members provide a framework and guidance on climate actions to subnational governments and set common objectives, although diversity should be emphasized in view of local contexts.
- **National policies and strategies provide a framework** for subnational actions.
 - All G7 members provide policies to deliver a framework for climate mitigation and adaptation actions at subnational levels.
 - France emphasized the need for national strategies like its National Roadmap to be considered in all regional strategies. This approach was recognized for its potential to ensure alignment with shared objectives and ensures that local planning is compatible with regional strategies, highlighting the importance of national-level guidance.
 - Japan formulated the Regional Decarbonization Roadmap incorporating the concept of a regional growth strategy which includes creating at least 100 “Decarbonization Leading Areas (DLA)” by 2030 and expanding the model across the country before 2050.
 - The EU Governance Regulation requests member states to submit national energy and climate plans.
- **Increasing finance capacity at the subnational level** is critical. Many opportunities and solutions are available, but finance is a significant barrier to implementation. Methods of leveraging private funding with public funds may be a topic for further discussion, such as blended finance and joint public-private financing initiatives. Indicators to evaluate and monitor projects including financial risks are also recognized as a topic to be explored further.
 - G7 members have their own subsidy programs to support actions to improve energy efficiency and introduce renewable energy such in building sector at city and district levels. Financial support to mobility areas is also notable.
 - The UK introduced several funding mechanisms to support subnational climate actions. For example, the Local Net Zero Hub program supports local governments in developing net-zero projects and attracting commercial investment. The experiences of cities in the UK offer examples of blended finance and public-private financing initiatives.
 - The Milano Transition Fund presented by Italy also provides an example of blended finance for promoting energy efficiency. The importance of the involvement of banks was highlighted.
 - Germany’s well-established National Climate Initiative (NKI) provides support for mitigation at the municipal level in both strategic and investment-related climate action. Two additional national funding programs also support municipalities and social institutions in their efforts to adapt to the impacts of climate change.
 - Japan established a public-private fund, the Japan Green Investment Corp. for Carbon Neutrality (JICN), to assist and accelerate the flow of investment towards carbon neutrality.

- **Technical support and enhancing the technical capacity at the subnational level** are also important areas to promote subnational actions.
 - France offers meteorological information services and a GIS platform that produces regional climate projections to support local planning actions. There are other platforms to support subnational governments – one to inform municipalities about target climate indicators and another providing local communities with vulnerability diagnoses.
 - The UK has several programs in place to support local capacity building. The Local Net Zero Hub program promotes best practices and supports local authorities in developing net-zero projects and attracting commercial investment. The Local Net Zero Hub also assists local authorities in developing sustainable strategies, which boosts economic growth and improves community well-being.
- **A platform to encourage knowledge sharing and coordination** is an effective way to promote collaboration.
 - The French regional Conference of Parties aims to mobilize subnational governments' climate actions with a better understanding of local contexts and tailor climate actions to specific regional needs. This also facilitates coordination at the national and subnational level.
 - The Global Covenant of Mayors and the Climate Neutral and Smart Cities Mission led by the EU are also examples of such a platform. In Italy, cities formed the Italian Platform to implement the EU Mission.
- **Climate actions to create synergies** are promoted with national support and guidance.
 - The US's Inflation Reduction Act and the EU's Green Deal provide an overall framework of transformation, which addresses not only climate change issues but also social and economic aspects.
 - Japan's Decarbonization Leading Area (DLA) initiative aims to create prominent cases of net-zero emission projects at the local level with financial support for implementation. DLAs also facilitate synergetic impacts by supported actions, including synergetic effects in economic circulation/industrial development, recycling, transportation, and other areas.

Parallel Session 1-1. Leveraging synergies

- Well-designed decarbonization actions may reduce GHG emissions and simultaneously create opportunities to generate revenue and stimulate economic growth, including at the regional level.
- Collaboration between national and subnational governments is key to leveraging synergies. An intensive exchange between countries, within the country and among subnational governments is needed. The leadership of local leaders is also crucial.
- Challenges identified include finding skilled personnel, capacity building, and analytical tools to support policymaking and implementation; lack of and access to finance; social aspects, and the fossil fuel energy crisis.
- Innovative financial instruments should be explored to overcome challenges, such as public and private blended finance, transition funds, and state revolving funds.

Parallel Session 1-2. Mainstreaming climate actions in urban development and management, including usage of digital technology

- The discussions re-emphasized the importance of city networks. City/regional networks are used to share knowledge and discuss innovative solutions at various levels.
- Digital transformation can aid climate actions, while due consideration of just transition is critical. Digital transformation helps facilitate climate actions through online platforms, data utilization, and better governance in local governments. Participants also shared challenges and concerns related to data integration, privacy issues, energy consumption, and the need for open-source approaches.
- Diverse national and federal programs support transformation at the subnational level, including federal investments and initiatives to back metropolitan cities, underlining the importance of scaling up activities.
- The discussions stressed the role of local communities as drivers of change. Local communities can bring real change on the ground and scale up activities that will impact regions and cities on a broader scale.
- It is necessary to encourage collaboration and scale up ambitious activities beyond regions. The discussions emphasized the need for broader impacts and bold initiatives in climate actions.

Plenary 2. Summary

- In Plenary 2, the moderators of parallel sessions 1-1 and 1-2 shared key points from the discussions.

Plenary 3. International cooperative programs in promoting subnational climate actions beyond G7 member countries

- In this plenary session, information was shared on international cooperation projects to support subnational climate actions of non-G7 members. The areas of cooperation are diverse, but many projects focused on energy transformation and renewable energy, sustainable mobility and buildings, and smart cities.
- G7 members facilitate city-to-city and region-to-region collaboration and learning that can yield substantial benefits.
- Examples shared at the meeting include the Global Covenant of Mayors and the International Urban and Regional Cooperation Program (EU), Powering Past Coal Alliance (Canada and the UK), and the City-to-City Cooperation Program (Japan). The City Summit of the Americas (US) shows that international collaboration can facilitate knowledge sharing among subnational governments and accelerate subnational efforts for net-zero goals.
- Partnerships with different stakeholders and partners are crucial in facilitating actions and ensuring the sustainability of cooperation projects. Building trust with local stakeholders and partners, especially at the community level, is crucial for the effective implementation and sustainability of cooperation projects.
 - Community involvement in the cooperation project (France) and the EU's extension of its "just transition" model to countries with carbon-intensive economies emphasizes the significance of regional-level transformation.
 - Germany positioned the social inclusion of disadvantaged groups as a focal area of action and the involvement and empowerment of citizens as an important process in project implementation. Canada spoke on how partnerships with Indigenous organizations within their borders and developing countries improved climate resilience in Indigenous communities.
 - Partnerships with donors and relevant stakeholders and partners also serve as an element of support in improving projects. The 3DEN project by Italy established a consultative group with relevant stakeholders and partners from different countries, including international organizations, the public sector, and research institutions to obtain technical advice and support the implementation of the project's pilot phase. Japan's Clean Cities Partnership Program (C2P2), rolled out by the Ministry of the Environment, Japan and the Japan International Cooperation Agency (JICA), also provides support in collaboration with businesses, financial institutions, and other city initiatives by G7 members.

- Mobilizing and facilitating access to finance is key to providing support to cities in addressing climate change. This may include support for capacity development, project preparation and innovative financing mechanisms. These support measures should be flexibly designed to meet the policy directions, capacity, and needs of different cities.
 - France (AFD) introduced innovative ways of financing climate actions at the subnational level, including direct loans to subnational governments via specialized financial institutions and guarantee schemes in collaboration with the EU, aiming to make local governments' access to finance easier and reduce financial risk. Partnering and coordination with public banks globally and the involvement of subnational governments from the preparation phase are mentioned as key for planning innovative financing schemes.
 - Germany launched the Leadership for Urban Climate Investment (LUCI), a framework for collaboration on concrete projects. LUCI is hosted by the Cities Climate Finance Leadership Alliance (CCFLA).
 - There are a number of collaborative projects within the G7, such as the City Climate Finance Gap Fund, the C40 Cities Finance Facility (CFF), the Covenant of Mayors in Sub-Saharan Africa (CoM SSA), Urban-Act (Integrated Urban Climate Action for low-carbon & resilient cities), NUCA (NDBs for Urban Climate Action), the Program for Energy Efficiency in Buildings (PEEB), the Transformative Urban Mobility Initiative (TUMI), the PREVENT Waste Alliance and others.
 - The UK's Urban Climate Action Program (UCAP) is implemented in collaboration with France, the US (USAID) and Germany, and part of UCAP supports CEF. The decision-making process for funding was shared in discussions.
 - The Smart Cities Business Innovation Fund under the US-ASEAN Smart Cities Partnership finances net-zero and low-carbon solutions on a subnational level. The United Nations Innovation Technology Accelerator for Cities (UNITAC), financed by Germany and hosted by UN-HABITAT, develops digital solutions for sustainable urban development.
- Some examples of collaboration between G7 members, such as co-financed bilateral funding mechanisms mentioned above, were also presented. Bilateral collaborative frameworks on subnational climate action also exist, such as the Japan-EU Green Alliance.

Parallel Session 2-1. Exploring opportunities for cooperative actions among G7

- Partnerships with the private sector engaged in private investment within and between cities to address climate change should create synergy and more opportunities for a better quality of life for citizens and provide co-benefits.

- Partnerships can play a systemic role in facilitating knowledge sharing across countries to implement viable solutions for a more sustainable future. Multilevel partnerships can expand city-to-city cooperation beyond G7 countries. International collaboration can also play a catalytic role in the decarbonization of the economic system and a just transition.
- The integrated transition across systems to apply solutions should propel us forward to the goals and objectives of the Paris Agreement, especially in leading sectors, such as buildings and construction, waste, and agriculture.
- Donor funding and coordination is particularly important to help governments acquire funding and apply for grants.

Parallel Session 2-2. Integrated smart city development and user benefits

- The importance of subnational action is highlighted in global digitalization and smarter cities.
- In light of the need for capacity development, discussions focused on how local universities and youth play a vital role in driving innovation at the local level, emphasizing their contributions in addressing urban challenges. The significance of fostering a digital mindset and succession planning for enduring impact and resilience is underlined in driving innovation, problem-solving, and sustainable solutions.
- The discussions also emphasized the significance of partnerships. To collectively address challenges like energy poverty and drive sustainable urban development, it is critical to involve various stakeholders and partners, including local and provincial governments, universities, and global initiatives.
- The discussions also highlighted the importance of national and international guidance and support frameworks, given the many challenges brought about by digital transformation.

Plenary 4. Summary

- In Plenary 4, the moderators of parallel sessions 2-1 and 2-2 shared key points from the discussions.

Closing Session

- It is important to follow the good practice precedents in climate action by innovative leaders, suggesting that their experiences can provide guidance for others. City-to-city cooperation and peer-to-peer learning is an effective way to share such experiences and should be further facilitated. In this regard, the roles played by networks of subnational governments also take on greater importance.
- Additional discussion is needed on methods of financing subnational climate actions. The IPCC report emphasized the vital role of subnational governments in combating the climate crisis. Possible solutions include project preparation support, strengthening local municipal finance and harnessing private investments in conjunction with public funding streams through approaches like blended finance, revolving transition funds, guarantee mechanisms and aggregation approaches. Strengthening institutional capacity at the local level will be key to increasing climate finance flows to cities.
- Subnational climate action is critical to achieving net-zero targets and must be further enhanced with national and international support. However, it is essential to strike a balance between supporting subnational governments and not overwhelming them.
- The Roundtable is welcomed and expected to continue as a useful platform for mutual learning and cooperation among G7 members on subnational climate actions. The Roundtable is also important as a platform connecting climate with energy, the environment and the urban development senior officials, and serve as a model for cooperation with a common vision. This discussion would also prevail in other fora, including the G20.
- The output from this Roundtable Meeting will be shared at the UNFCCC-COP28 and at other opportunities, such as the Zero Carbon City International Forum⁸ that Japan will organize with the US in early 2024.

⁸ Zero Carbon City International Forum 2022 <https://www.iges.or.jp/en/events/20220309>
Zero Carbon City International Forum 2023 <https://www.iges.or.jp/en/events/20230301>