

What makes a good net zero target and how do countries stack up?

Bill Hare¹, Hanna Fekete², Frederic Hans², Aman Majid¹

¹Climate Analytics, Berlin, DE

²NewClimate Institute, Cologne, DE

21 September 2022

www.climateactiontracker.org

Agenda

State of Climate Action

State of Net Zero Targets

What makes a good net zero target?

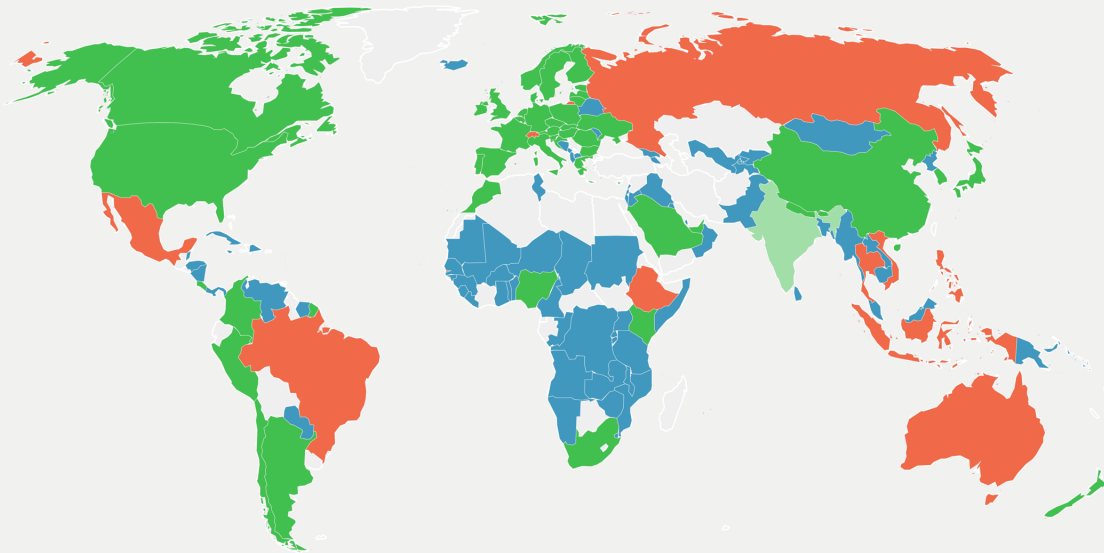
Expectations ahead of COP27

Q & A

STATE OF CLIMATE ACTION POST-GLASGOW

Bill Hare (Climate Analytics)

Majority of countries updated NDCs, yet 2030 targets remain inadequate



Map is for reference only

CLIMATE TARGETS

Status of the NDC update process (as of Dec 2021)

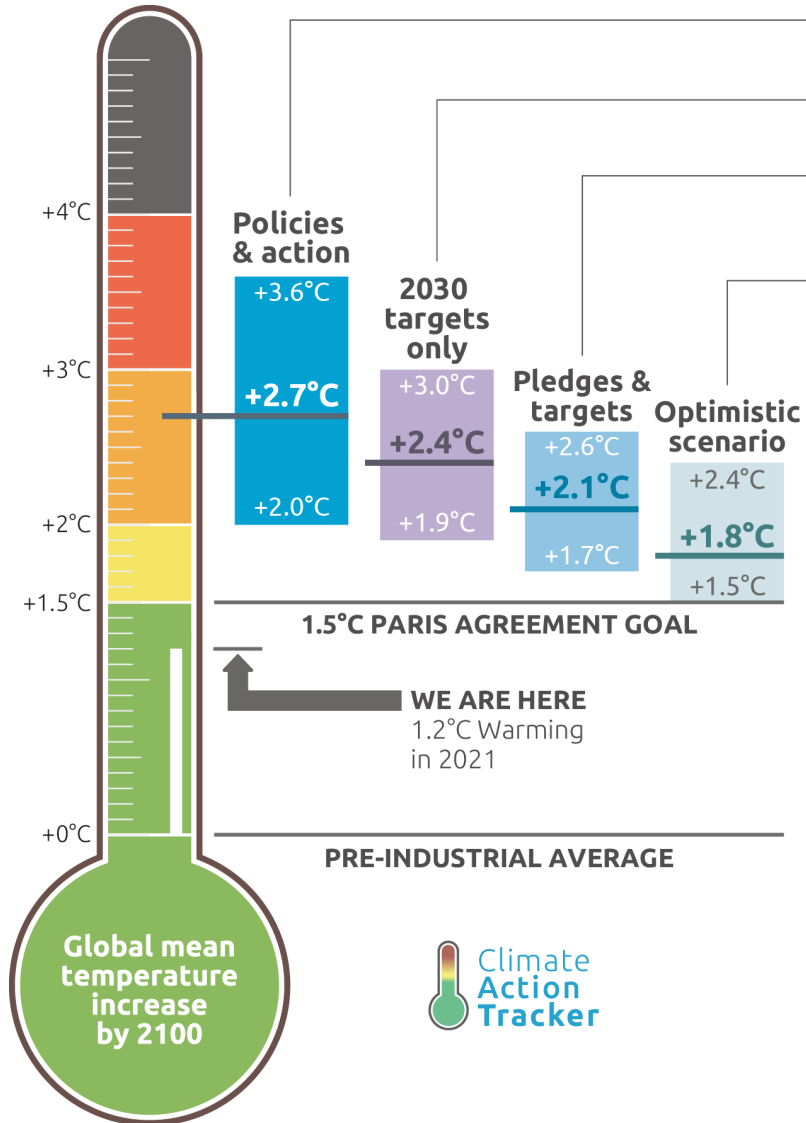
- 128** Countries have **submitted** new NDC targets (127 countries plus the EU)
 - 23** Countries we analyse have **submitted** stronger NDC targets (22 countries plus the EU)
 - 12** Countries we analyse did **not increase ambition**
 - 93** Countries we do not analyse submitted new NDC targets
- 1** Country has **proposed** a new NDC target
 - 1** Country we analyse has **proposed** a stronger NDC target
 - 0** Countries we analyse stated that they **will not** propose a more ambitious target
 - 0** Countries **we do not analyse**
- 36** Countries have not updated targets

- Updated NDCs represent vast majority of global emissions & population
- **All** governments need to reconsider their targets in 2022

84.9% GLOBAL EMISSIONS COVERED BY UPDATED NDC SUBMISSIONS

74.0% GLOBAL POPULATION COVERED BY UPDATED NDC SUBMISSIONS

Lack of near-term ambitions is leading us to 2.4°C of warming



Policies & action

Real world action based on current policies

2030 targets only

Full implementation of 2030 NDC targets*

Pledges & targets

Full implementation of submitted and binding long-term targets and 2030 NDC targets*

Optimistic scenario

Best case scenario and assumes full implementation of all **announced** targets including net zero targets, LTSs and NDCs*

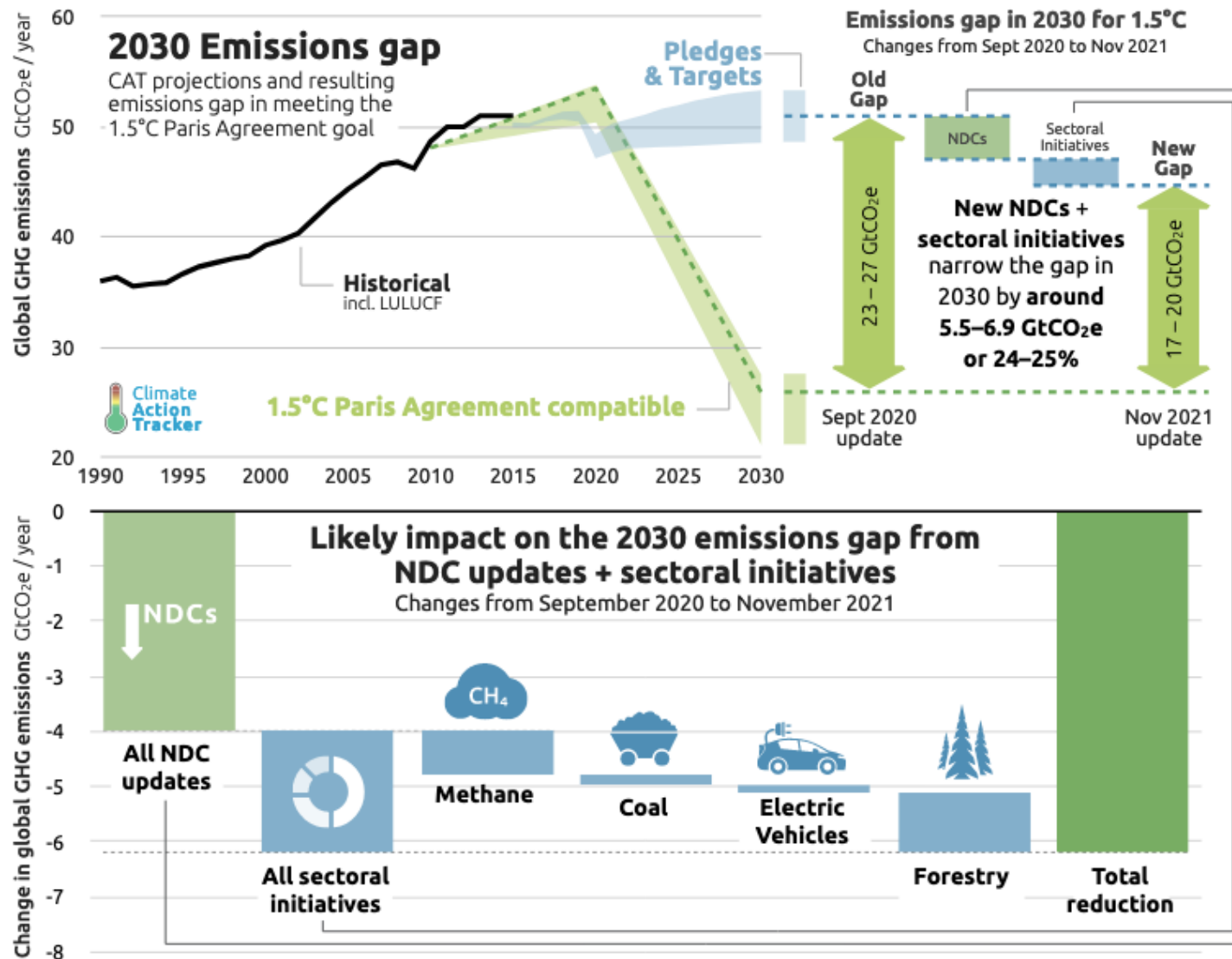
* If 2030 NDC targets are weaker than projected emissions levels under policies & action, we use levels from policy & action

CAT warming projections
Global temperature increase by 2100

November 2021 Update

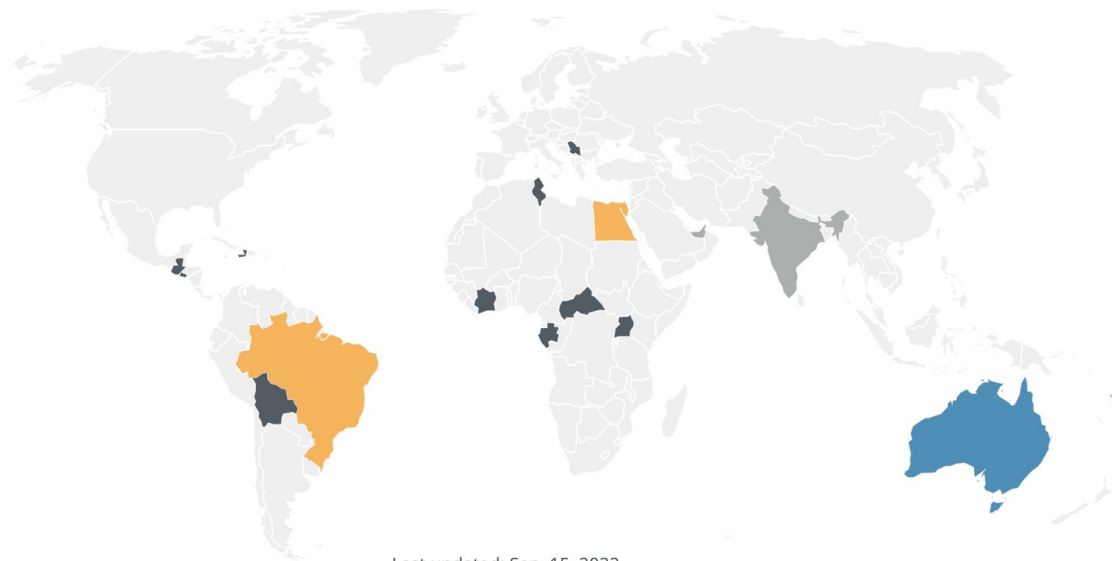
- **2030 targets** alone lead to end of century warming of 2.4°C
- Under **current policies**, end of century warming will be 2.7°C
- Our **most optimistic scenario** (1.8°C) also includes all announced net zero. This looks like progress, but **1.5°C would still be pushed well out of reach.**
- **Policy** implementation is too slow. We urgently need faster emissions cuts to 2030

We have begun to narrow the gap, but only just



- To keep 1.5°C alive, we need to **halve** emissions from current levels by 2030
- Updated NDCs as of November 2021 only reduced 2030 emissions gap by **15-17%**

There has been barely any progress since COP26



Last updated: Sep. 15, 2022

Map is for reference only

CLIMATE TARGETS

2022 NDC updates

17 Submitted an update

- **1** Stronger NDC target
- **2** Did not increase ambition*
- **12** Countries we do not analyse submitted new NDC
- **2** Submitted new NDC - analysis pending

0 Proposed an update

- **0** Proposed stronger NDC targets
- **0** Stated will not propose more ambitious target
- **0** Countries we do not analyse proposed new target
- **0** Proposed new target - analysis pending

● **176** Countries have not updated target

- Country pledges at COP26 would have limited warming to 2.4°C
- Countries agreed to “revisit and strengthen” their NDCs, but little progress has been made so far

12% GLOBAL EMISSIONS COVERED BY NEW NDC SUBMISSIONS

24.1% GLOBAL POPULATION COVERED BY NEW NDC SUBMISSIONS

How about the USA? Insufficient, but heading in the right direction



UNITED STATES



Overall rating

INSUFFICIENT

Policies & action
INSUFFICIENT
< 3°C WORLD

Domestic target
ALMOST SUFFICIENT
< 2°C World

Fair Share target
INSUFFICIENT
< 3°C WORLD

Climate finance
CRITICALLY INSUFFICIENT

Net zero target year
2050

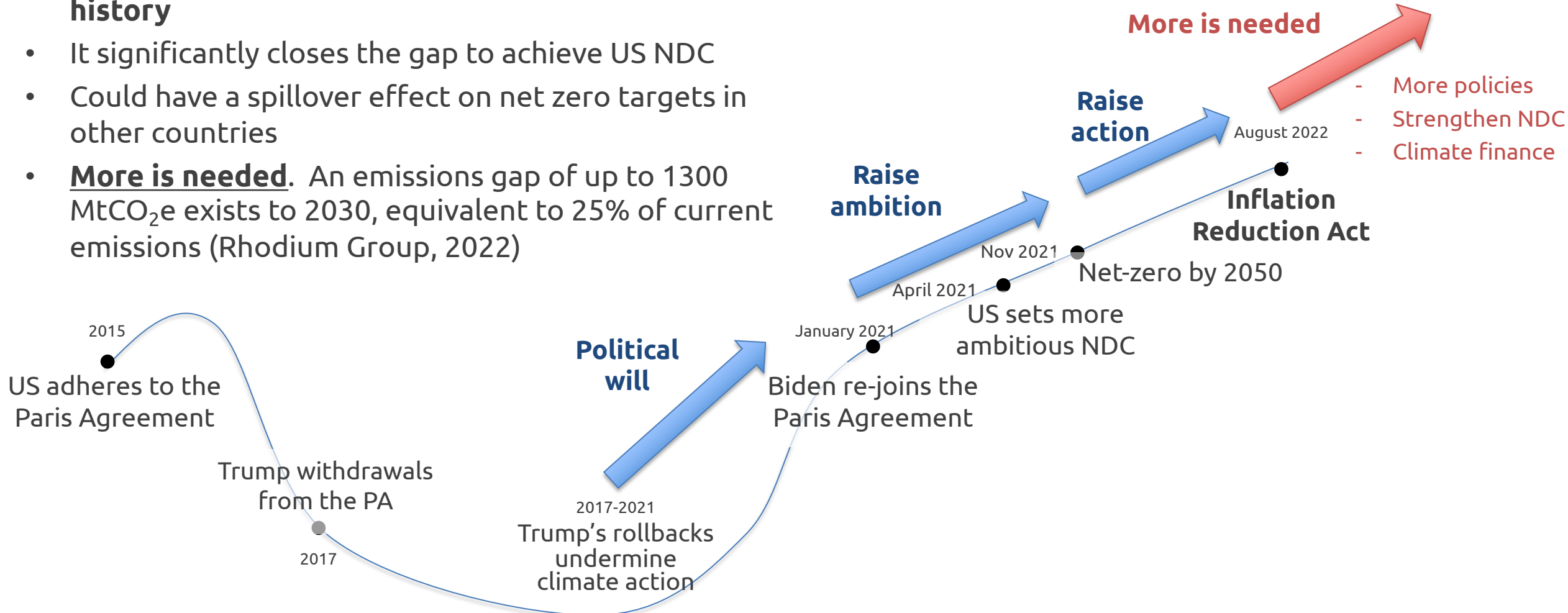
comprehensiveness rated as
AVERAGE

Land use & forestry

NOT SIGNIFICANT

How about the USA? Insufficient, but heading in the right direction

- US climate action has gone through ups and down
- **The IRA is the most ambitious climate policy in US history**
- It significantly closes the gap to achieve US NDC
- Could have a spillover effect on net zero targets in other countries
- **More is needed.** An emissions gap of up to 1300 MtCO₂e exists to 2030, equivalent to 25% of current emissions (Rhodium Group, 2022)



STATE OF NET ZERO TARGETS

Aman Majid (Climate Analytics)

Net zero targets are increasing

19

Countries have net zero targets enshrined in law

(incl. EU27, Japan, UK and New Zealand)

53

Countries with a net zero target pledged or in a policy document

(incl. USA, Saudi Arabia, Brazil and India)

67

Countries have net zero targets “under discussion”

(incl. Ethiopia, Bangladesh and Pakistan)

57

Countries do not have a net zero target

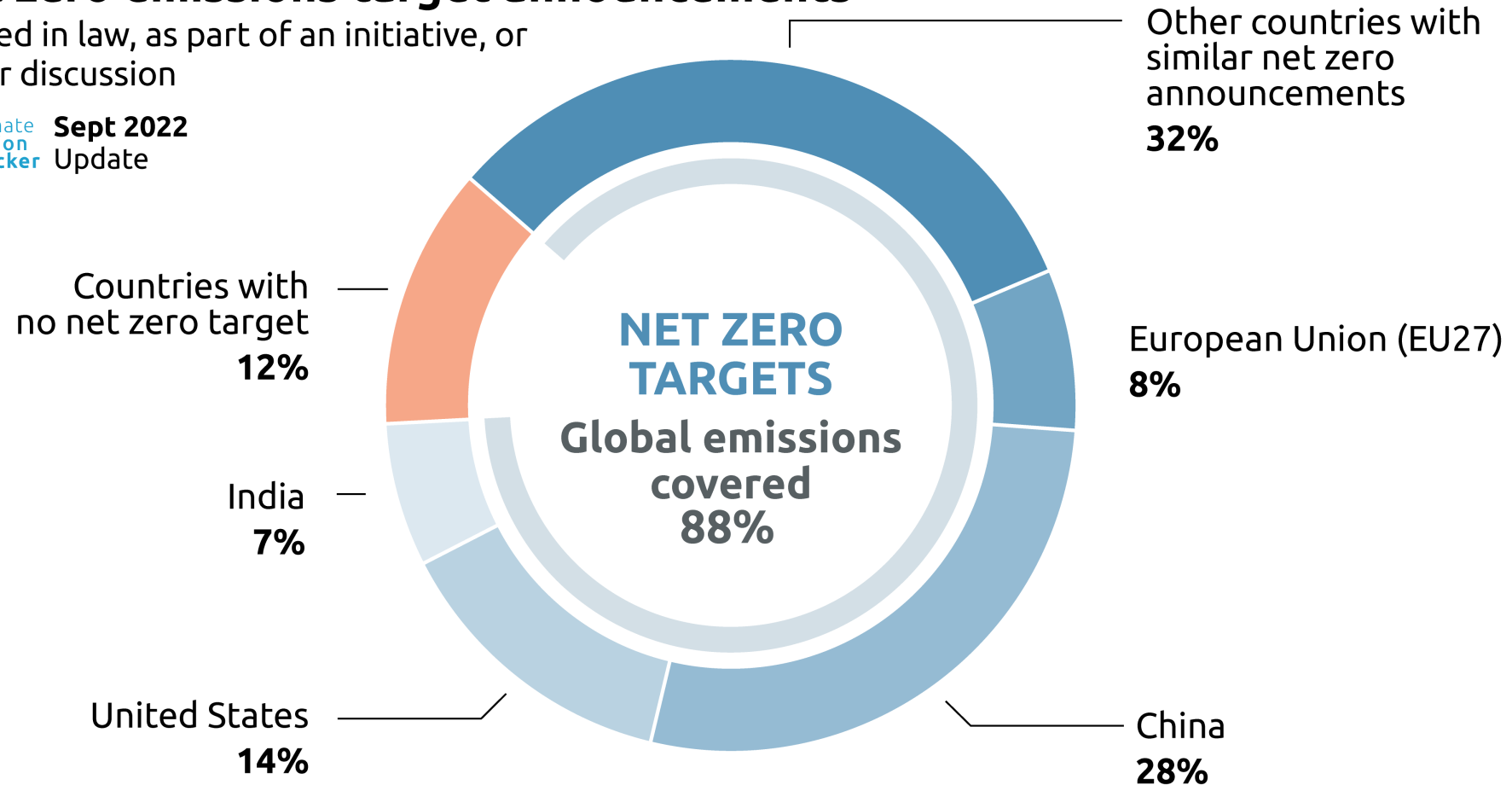
(incl. Egypt, Iran and Mexico)

Nearing global emissions coverage in net zero targets

Net zero emissions target announcements

Agreed in law, as part of an initiative, or under discussion

 **Sept 2022**
Update

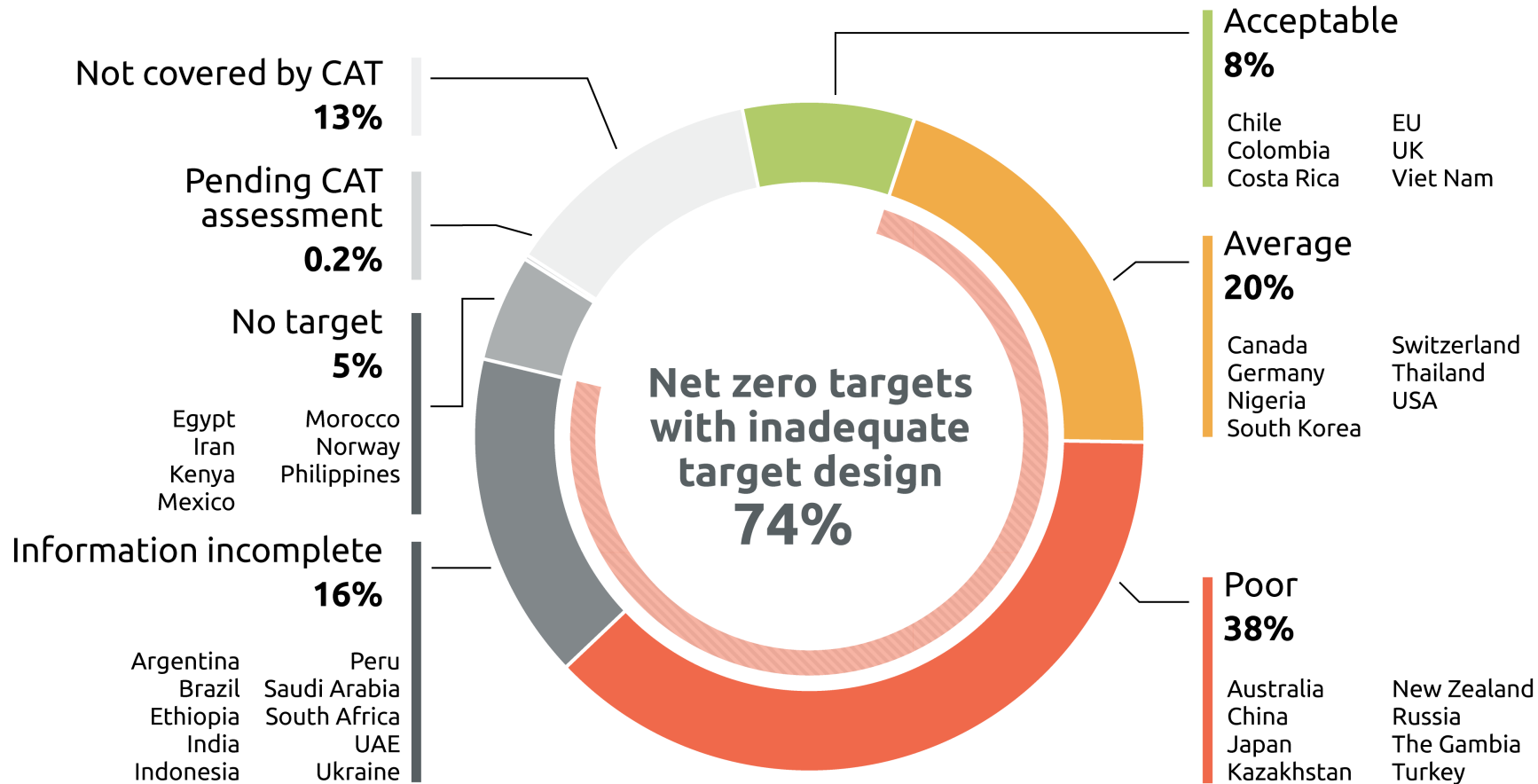


Current net zero targets are inadequate

Net zero target design - mostly inadequate to date

Evaluation of the quality of net zero targets using the CAT's design blueprint for transparent, comprehensive, and robust national net zero targets

Climate Action Tracker
Sept 2022 Update



Neither net zero targets nor actions align with Paris Agreement 1.5°C limit

6

CAT Countries have net zero targets rated as **ACCEPTABLE**

The number of net zero targets is growing, but they are poorly defined.

We are far away from getting targets implemented.

Neither net zero targets nor actions align with Paris Agreement 1.5°C limit

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We are far away from getting targets implemented.

2.7°C

Assuming all current policies and actions are implemented fully.

Current policies and actions fall short of 2030 targets and net-zero targets.

We need an increase real world action, especially in the short-term.

Neither net zero targets nor actions align with Paris Agreement 1.5°C limit

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1.8-2.1°C

Is the best-case scenario: assuming all NDCs, policies and net zero goals are fully implemented

Taken together, all policies and targets still fall short of what is needed for the Paris Agreement.

We need an increase in ambition

WHAT MAKES A GOOD NET ZERO TARGET?

Frederic Hans (NewClimate Institute)


















Good Practice: Ten key elements

CAT evaluates net zero target design in terms of scope, architecture and transparency

Scope
Architecture
Transparency



Good Practice: Ten key elements

Scope	 Target year		
	 Emissions coverage  All sectors and gases covered	 International aviation and shipping  The net zero target fully covers emissions from international aviation and shipping	 Reductions or removals outside of own borders  Reaching net zero within own borders
Architecture	 Legal status  Legally binding target	 Separate reduction & removal targets  Separate targets for emission reductions and removals	 Review process  Legally binding review of target and progress against it at regular intervals
	 Carbon dioxide removal  Transparent & scientifically robust assumptions on LULUCF and carbon removals & storage	 Comprehensive planning  Transparent and scientifically robust pathway / intermediate targets with clear measures for achieving net zero	 Clarity on fairness of target  Clear statement on why the target is fair

- CAT identifies ten key elements
- CAT evaluation system does **not (!)** assess sufficiency or Paris compatibility
- We further explore **three** of these elements

Scope	Target year	International aviation and shipping	Reductions or removals outside of own borders
	Emissions coverage		
Architecture	Legal status	Separate reduction & removal targets	Review process
	Carbon dioxide removal	Comprehensive planning	Clarity on fairness of target
Transparency			

- Good** practice includes ...
- Targets cover all greenhouse gases (GHG) and all economic sectors
 - Transparency on emissions coverage and targets



15 of 41 CAT countries are evaluated **acceptable** (for example, USA, Chile, UK, EU27 or Turkey)



8 of 41 CAT countries are evaluated **poor** (for example, New Zealand, China, UAE or Saudi Arabia)



6 of 41 CAT countries **could not be evaluated** (for example, Brazil or India)

- Poor** practice includes ...
- Exclusion of key GHGs (e.g., methane)
 - GHG coverage is vague or unclear
 - Total GHG coverage is less than 95% of total GHG emissions

Scope	Target year Emissions coverage All sectors and gases covered	International aviation and shipping The net zero target fully covers emissions from international aviation and shipping	Reductions or removals outside of own borders Reaching net zero within own borders
	Legal status Legally binding target	Separate reduction & removal targets Separate targets for emission reductions and removals	Review process Legally binding review of target and progress against it at regular intervals
Transparency	Carbon dioxide removal Transparent & scientifically robust assumptions on LULUCF and carbon removals & storage	Comprehensive planning Transparent and scientifically robust pathway / intermediate targets with clear measures for achieving net zero	Clarity on fairness of target Clear statement on why the target is fair

Good practice includes ...

- Review process is legally binding
- Includes tracking of progress and readjustment measures in regular intervals

Bad practice includes ...

- No review cycle defined
- No progress assessment against target
- No process to update targets in line with technological breakthroughs or latest science



9 of 41 CAT countries have a **legally binding** review process (for example, Canada, New Zealand, UK or the EU27)



9 of 41 CAT countries have a review process (for example, Australia, Chile, or Costa Rica)



2 of 41 CAT countries **do not have** a review process (for example, Switzerland or Turkey)



10 of 41 CAT countries could not be evaluated (for example, Saudi Arabia, Brazil, or Argentina)

Scope	Target year	International aviation and shipping	Reductions or removals outside of own borders
	Emissions coverage		
Architecture	Legal status	Separate reduction & removal targets	Review process
	Carbon dioxide removal	Comprehensive planning	Clarity on fairness of target
Transparency			

Good practice includes ...

- Pathway analysis and identification of key measures for reaching net zero
- Actionable short- and medium-term measures
- Sector-specific targets and policies



8 of 41 CAT countries have a detailed pathway to net zero (for example, EU27, Costa Rica or Colombia)



12 of 41 CAT countries have a pathway, but lacking detail (for example, Germany, New Zealand or China)



4 of 41 CAT countries do not have a detailed plan (for example, Australia or Saudi Arabia)



7 of 41 CAT countries **could not be rated** (for example, Brazil or India)

Bad practice includes ...

- No analysis on the anticipated pathway to reach net zero
- No consideration of short and medium-term action, delaying actions into the future

How do countries compare?



6 of 42 CAT countries are evaluated **acceptable**
(including UK, EU27, Chile, Costa Rica, Colombia, and Viet Nam)

An **acceptable** net zero target ...

- Considers all GHG emissions
- Makes underlying assumptions transparent (especially on CDR and offsets)
- Prioritises reductions within borders
- Enshrines net zero to legal processes
- Allows for periodical update to targets in line with science and technological development



8 of 42 CAT countries are evaluated **poor**
(including Australia, China, Japan, Kazakhstan, and New Zealand)

A **poor** net zero target ...

- Remains vague or unclear on key elements
- Lacks robust plans to achieve the net zero target and review processes
- Relies excessively on CDR and offsets, often without transparent assumptions

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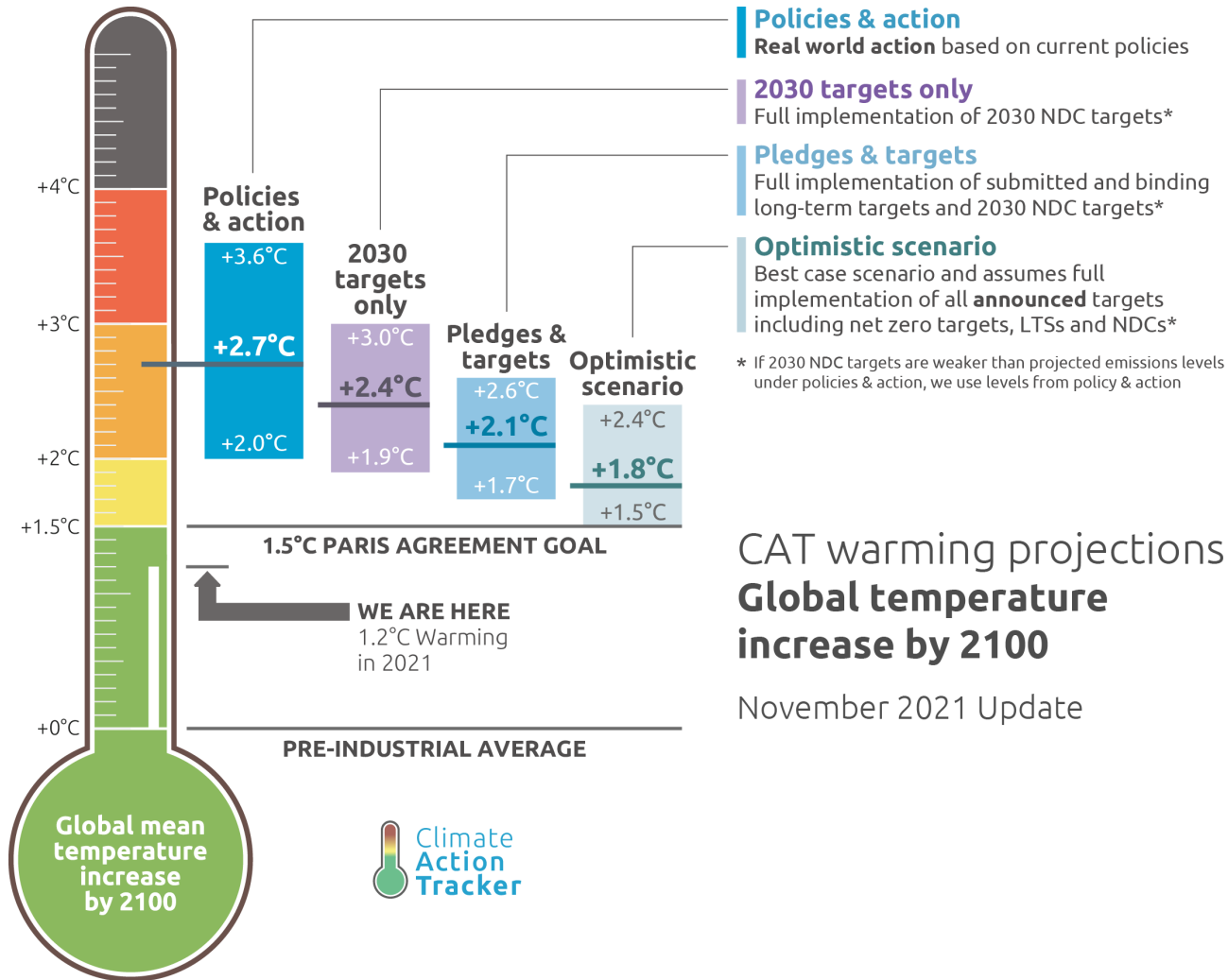
- Remains vague or unclear on key elements
- Lacks robust plans to achieve the net zero target and review processes
- Relies excessively on CDR and offsets, often without transparent assumptions

*This story is very similar at the **corporate level**, where net zero targets are often poorly designed and rely largely on offsets!*

EXPECTATIONS AHEAD OF COP27

Hanna Fekete (NewClimate Institute)

Expectations ahead of COP27



CAT warming projections Global temperature increase by 2100

November 2021 Update

2.7°C

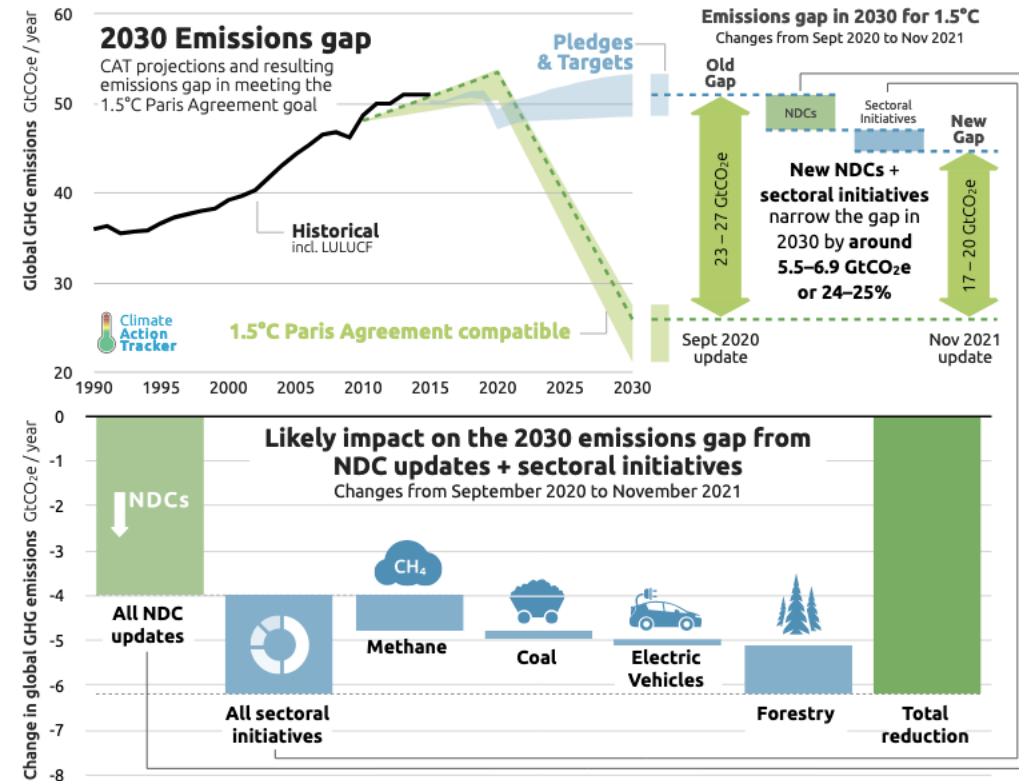
Current policies are way off track and do not match 2030 targets let alone longer-term net-zero goals

2030

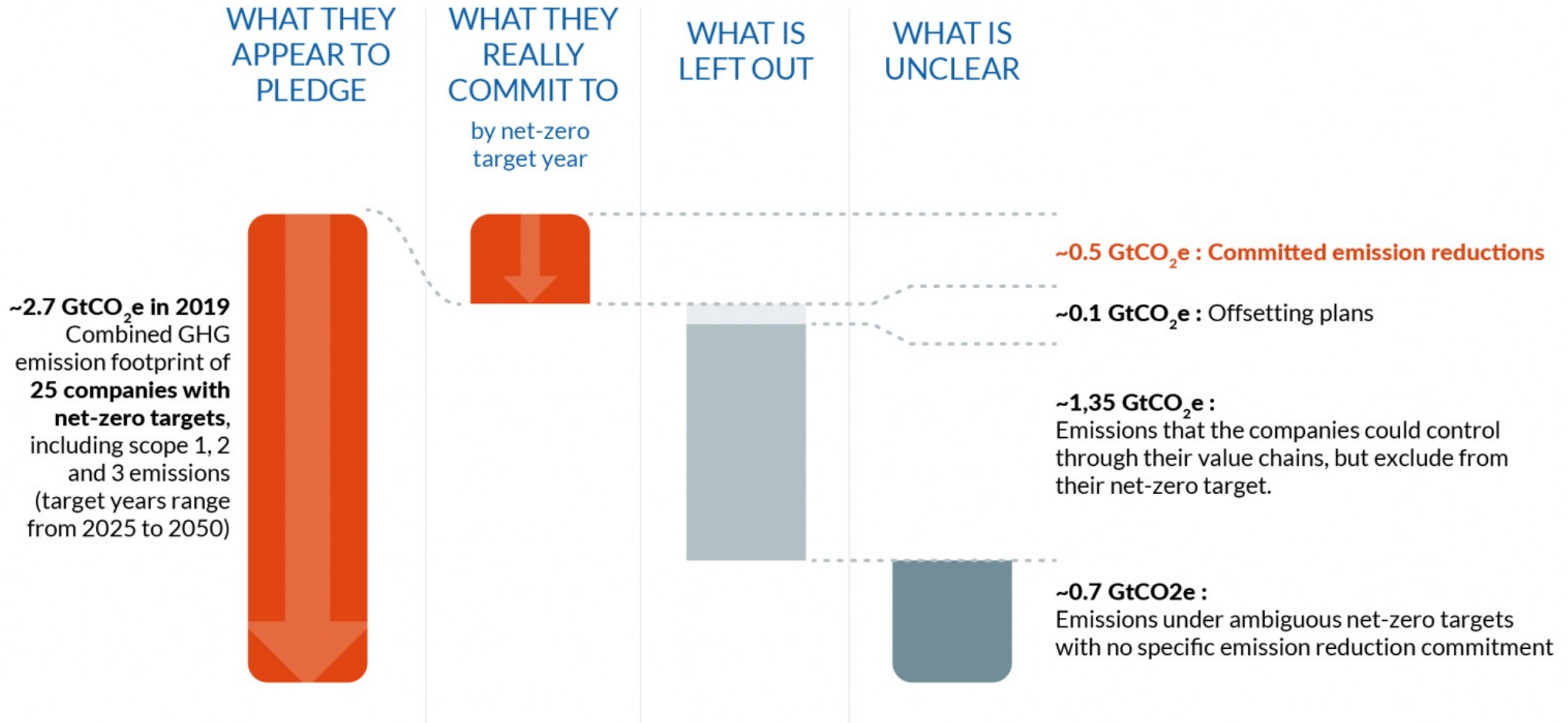
We are in a critical decade. Countries need to scale-up near term targets and actions to align us with 1.5°C compatibility.

Governments need to step up action and ambition

- Closing 2030 emission gap in both action and ambition is essential to the credibility of net zero targets
- Countries that signed up to the Glasgow sectoral initiatives need to
 - consider them in their national target setting
 - report on progress
 - be held to account
- Corporate net-zero targets cannot replace government action



Corporate net zero targets are not stacking up



Rising concern on the scale of greenwashing of net zero targets



702

Forbes 2000 companies
have set net zero targets
as of May 2022

Recent wave of corporate net-zero target setting

40%

Average emissions
reductions across the
whole value chain*

Major shortcomings of existing net-zero targets in terms of actual commitments to reduce *own* emissions across the entire value chain

2/3

of corporations* rely
on nature-based
offsetting

Heavy reliance on offsets from carbon dioxide removals from forestry and other biological-related carbon sequestration (nature-based solutions) to meet their net-zero targets