

ESG

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NDCs 3.0: Enhancing climate action

Summary

- Nationally Determined Contributions (NDCs) encompass national climate action plans by each country under the Paris Agreement, with the aim of limiting global temperature rise to 1.5°C above pre-industrial levels.
- The next round of NDCs is due in February 2025, presenting an opportunity for countries to adopt more ambitious sectoral targets and accelerate implementation.
- The updated NDCs are expected to reaffirm the pledges made at past climate summits, including enhancing renewable energy capacities and transitioning away from fossil fuels. They are also expected to detail stronger sectoral targets and robust climate adaptation measures, among other priorities.

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What are Nationally Determined Contributions (NDCs)?

NDCs embody each country's efforts to reduce national greenhouse gas (GHG) emissions and achieve the long-term goals of the Paris Agreement. They detail countries' efforts to keep global warming well below 2°C above pre-industrial levels, and actively pursue efforts to limit global temperature rise this century to 1.5°C above pre-industrial levels. Exceeding the 1.5°C threshold could bring severe climate change impacts, including increased risk of severe heat, stresses on food production and loss of critical ecosystem services among other threats.

The Paris Agreement requires countries to put forward updated NDCs every five years with increasingly higher ambition i.e. 2020, 2025, 2030. All countries are expected to come forward with the submission of the next round of national climate action plans by the 10 February 2025 deadline. This round of NDCs will be prepared with an implementation timeframe leading up to 2035 and is expected to be more ambitious than the previously submitted NDCs, taking into consideration each country's capacity. The new NDCs should be informed by COP28's Global Stocktake, which was an assessment of global progress on climate action that revealed the gaps in current national climate policies. The NDCs should also reaffirm pledges made at past climate summits, such as pledges to transition away from fossil fuels and triple renewable energy capacity globally by 2030.

Are existing NDCs enough to limit global warming?

While countries have made significant strides on climate action, the existing climate commitments are still insufficient to mitigate the scale of the climate crisis. Even with increased efforts by some countries in recent years, existing national climate action plans are unable to limit global temperature rise to 1.5°C. The United Nations Framework Convention on Climate Change Secretariat (UN Climate Change) assessed that global GHG emissions are not demonstrating the downward trend that is necessary to achieve the goals of the Paris Agreement. Based on COP28's Global Stocktake, areas where more progress is required include climate finance,

transitioning away from fossil fuels and addressing loss and damage from extreme climate events.

The 2024 UNEP Emissions Gap Report highlighted that current pledges put us on track for best-case global warming of 2.6°C this century. However, a continuation of mitigation efforts implemented via current policies is estimated to limit global warming to a maximum of 3.1°C over the course of this century. Nonetheless, it remains technically possible to achieve a 1.5°C pathway if countries ratchet up climate actions and commit to adopting and implementing more stringent policies across various sectors.

Updated NDCs announced at COP29

Recognising the urgency of increased climate action, some countries announced the update to their NDCs in Nov 2024 at COP29 ahead of the February deadline. This set the expectations for other countries that are updating their NDCs to deliver on the goals of the Paris Agreement aligned with a 1.5°C pathway. For example, the UK announced that its 2035 NDC would reduce all GHG emissions by at least 81% on 1990 levels. Brazil's 2035 NDC aims to reduce emissions by 59% to 67% by 2035, compared to 2005 levels.

A joint conference on NDCs was convened by the European Commissioner for Climate Action at COP29, where representatives from several countries underscored their commitment to delivering updated NDCs that are aligned with a 1.5°C trajectory. These countries, including Canada, Chile, Norway and Switzerland, committed to setting updated NDCs that are:

- Consistent with the Intergovernmental Panel on Climate Change (IPCC)'s emissions trajectories and the Global Stocktake's call for deep, rapid and sustained GHG emissions reduction in line with a 1.5°C trajectory;
- Absolute, economy-wide reduction targets covering all GHGs, sectors and categories; and
- Aligned with steep and credible emissions reduction towards their respective net-zero goals, consistent with a linear or steeper trajectory.

Expectations for NDCs 3.0

To pave the way for accelerated climate action, the next round of NDCs presents an opportunity for countries to adopt more ambitious targets and accelerate the implementation of mitigation measures. The updated NDCs are expected to reflect key priorities including the following:

- 1. Ambitious emissions reduction targets aligned with latest science:** Countries are expected to demonstrate more rapid emissions reductions by 2035, in line with net-zero goals to achieve a 1.5°C pathway. This may include more ambitious net-zero timelines, as well as committing to more significant reductions in potent greenhouse gas emissions such as methane in line with the latest IPCC report.
- 2. Stronger sectoral targets and government support:** As there is strong emphasis on deep and sustained GHG emissions reduction across sectors, countries are expected to ramp up sectoral emissions reduction targets. Countries may provide more detailed and time-bound targets for their roadmaps to reduce emissions in key emissions-intensive sectors such as energy and chemicals. This may be coupled with enhanced government incentives to support industries' decarbonisation efforts, especially in hard-to-abate sectors, such as incentives to implement low-carbon technologies and increase renewable energy capacities.
- 3. Climate finance to spur implementation:** The next round of NDCs is expected to outline policies to stimulate investments in climate action and align climate finance from both public and private sources. It is important that developing countries detail climate finance needs, to work towards the COP29 agreement to triple finance to developing countries from the previous goal of US\$100bn annually to US\$300bn annually by 2035. This can drive greater investments in clean energy and climate-resilient infrastructure, as well as accelerate the transition away from fossil fuels.
- 4. Robust climate adaptation measures:** Alongside mitigation measures, countries' adaptation strategies are important to build resilience against climate change impacts. Countries are updating their NDCs against the backdrop of escalating climate risks and prolonged impact from extreme weather events like droughts and floods. The NDCs are expected to outline enhanced climate resilience and address loss and damage, especially for communities that are more vulnerable to climate change impacts.
- 5. Enhanced international cooperation:** There has been strong positive momentum behind bilateral and multilateral cooperation in areas such as carbon credits, low-carbon cross-border electricity trade and low-carbon technologies e.g. carbon capture and storage (CCS) and hydrogen. For example, Singapore is working with Malaysia and Indonesia on cross-border CCS efforts to enable the decarbonisation of hard-to-abate sectors in Southeast Asia. Increased international cooperation is expected moving forward, as countries continue to share knowledge and expertise in tackling climate challenges.

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