

Degree of Urgency: Accelerating Actions to Keep 1.5°C on the Table

Summary & Key Messages

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Despite positive momentum at COP26, current country pledges and commitments do not yet put the world on a 1.5°C trajectory – even under full implementation. **If the world is to have a 50% chance of limiting global warming to 1.5°C, COP27 and subsequent COPs, as well as national actions, must prioritise:**

- a) **Closing the ‘ambition gap’** via more ambitious country targets, with strengthened NDCs (Nationally Determined Contributions) which reflect both country specific actions and the potential impact of sectoral commitments agreed at Glasgow and subsequently.
- b) **Closing the ‘implementation gap’** via targeted policies and company actions to drive further real-world progress across six critical sectors (methane, deforestation, power, road transport, heavy industry, and energy efficiency).
- c) **Closing the ‘financing gap’** in particular to support middle and low-income countries to peak and then reduce emissions as soon as possible; in total at least \$300 billion per annum could be required to support early coal phase-out, and end deforestation, and carbon dioxide removals in a scenario where sufficient action from policy and industry isn't taken. This funding should come from corporates in voluntary carbon markets, philanthropic capital, hybrid payment and investment instruments, and intergovernmental transfers of climate-related funding from developed to developing countries.

Key Messages

Despite positive momentum at COP26, an ‘ambition gap’ remains - current country pledges and commitments do not yet put the world on a 1.5°C trajectory.

- a. Formal country pledges (NDCs) and Net Zero targets coming out of COP26 put the world on a pathway to above 2°C of warming, with an emissions gap of around 20 GtCO₂ in 2030. Though 24 countries have submitted updated NDCs since COP26, only Australia's makes a material impact on closing the emissions gap in 2030.
- b. COP26 also produced a series of sector agreements by countries and private participants that, if fully realised, could close the emissions gap by a further 6 GtCO₂, and put us on a pathway towards 1.8°C. However, the vast majority are yet to translate into formal country commitments.

Despite encouraging developments in policy and technology, the world is also facing an ‘implementation gap’ between pledged targets and on-the-ground progress.

- c. Substantial policy action in the EU, US and China this year is starting to bridge the implementation gap, with ambitious targets set out in the REPowerEU package, the US Inflation Reduction Act, and in China's 14th Five-Year-Plan.

- d. The good news is that the clean energy transition is in progress, and key energy transition investments (e.g. renewables, green H2, EVs) remain economic despite challenges of a looming global recession, supply chain issues and high energy prices.
- e. Yet, while progress in renewables (over 90% of new capacity additions), harder-to-abate sectors (industry-supported roadmaps for 2030 and 2050) and road transport (over 13% of EV sales) is positive, coal phase-out, reducing methane emissions and deforestation are not progressing fast enough.

Time to act is running out - the world has a dwindling carbon budget for 1.5°C (500 Gt from 2020, 420 Gt from the beginning of 2022).

- a. Despite good news on developed country and China commitments and implementation, the numbers don't add up to 1.5°C – under a full implementation trajectory, developed countries, China and India alone would likely overshoot the carbon budget needed to “keep 1.5°C alive”.
- b. To square the objectives of global emissions reductions and economic development needs in emerging and developing economies, it will be necessary that all countries – but in particular the developed economies and China – at very least achieve, and ideally overachieve or increase, emissions reduction commitments. This will drive the technological progress which will reduce mitigation costs across the world.
- c. Whilst both high-income and developing countries can do more to accelerate their own emissions reductions, two further options exist that can accelerate progress:
 - a. Flows of funding in the form of investments and payments from public and private sector to enable lower income countries to move faster than technology & policy sharing alone would enable.
 - b. Faster scaling and increased contribution of negative emissions solutions, as discussed in ETC report on [Carbon Dioxide Removals](#).

To ensure that we can keep 1.5°C on the table, there are therefore three overarching priorities:

- a) **Closing the ‘ambition gap’** via more ambitious country targets, with strengthened NDCs (Nationally Determined Contributions) which reflect both country specific actions and the potential impact of sectoral commitments agreed at Glasgow and subsequently.
- b) **Closing the ‘implementation gap’** via targeted policies and company actions to drive further real-world progress across six critical sectors (methane, deforestation, power, road transport, heavy industry, and energy efficiency).
- c) **Closing the ‘financing gap’** in particular to support middle and low-income countries to peak and then reduce emissions as soon as possible; in total at least \$300 billion per annum could be required to support early coal phase-out, and end deforestation, and carbon dioxide removals in a scenario where sufficient action from policy and industry isn't taken. This funding should come from corporates in voluntary carbon markets, philanthropic capital, hybrid

payment and investment instruments, and intergovernmental transfers of climate-related funding from developed to developing countries.