ENVIRONMENT DIRECTORATE

Climate mitigation and net-zero transition
5 February 2025

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BETTER POLICIES FOR BETTER LIVES

CONTRIBUTING TO GLOBAL ACTION ON CLIMATE CHANGE

Supporting effective mitigation policy

Data and indicators to measure progress

Inclusive Forum on Carbon Mitigation Approaches (IFCMA)

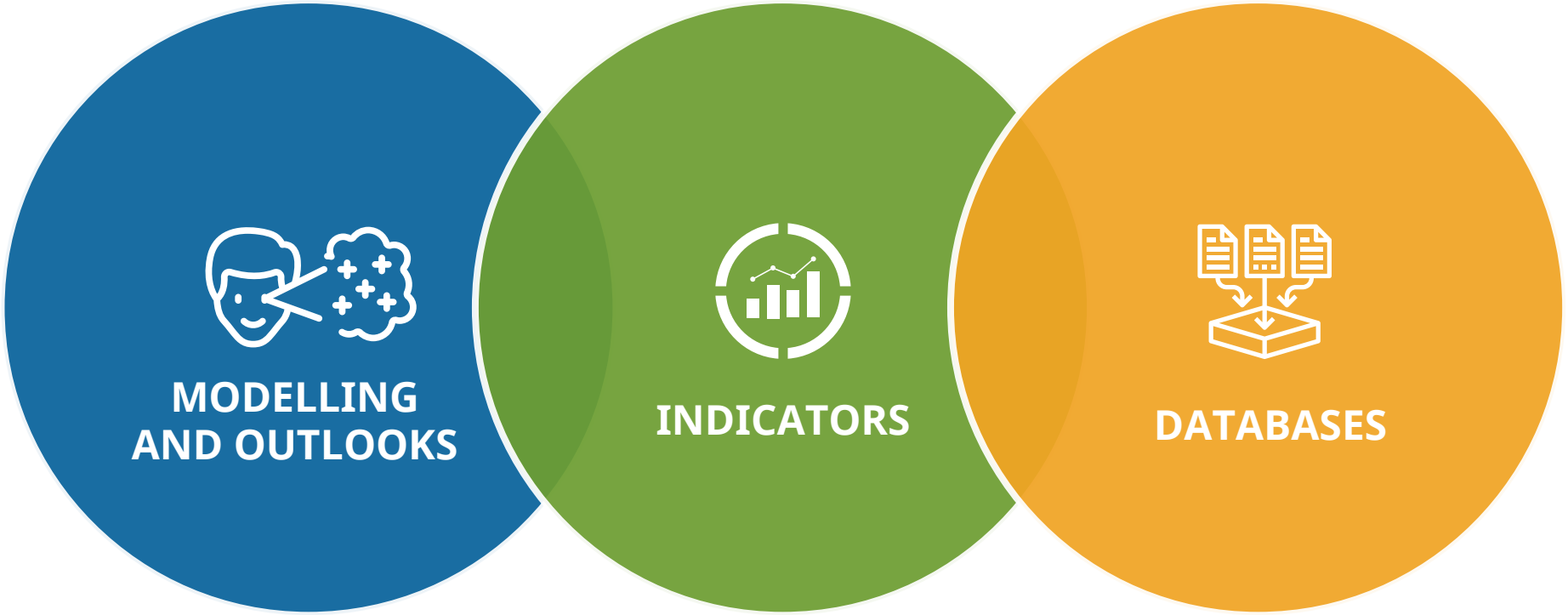
Climate Change Expert Group (CCXG)

Scaling up finance for climate and environmental goals

Carbon Market Platform

NET ZERO+: The OECD Horizontal Project on Climate and Economic Resilience

TRACKING COMMITMENTS



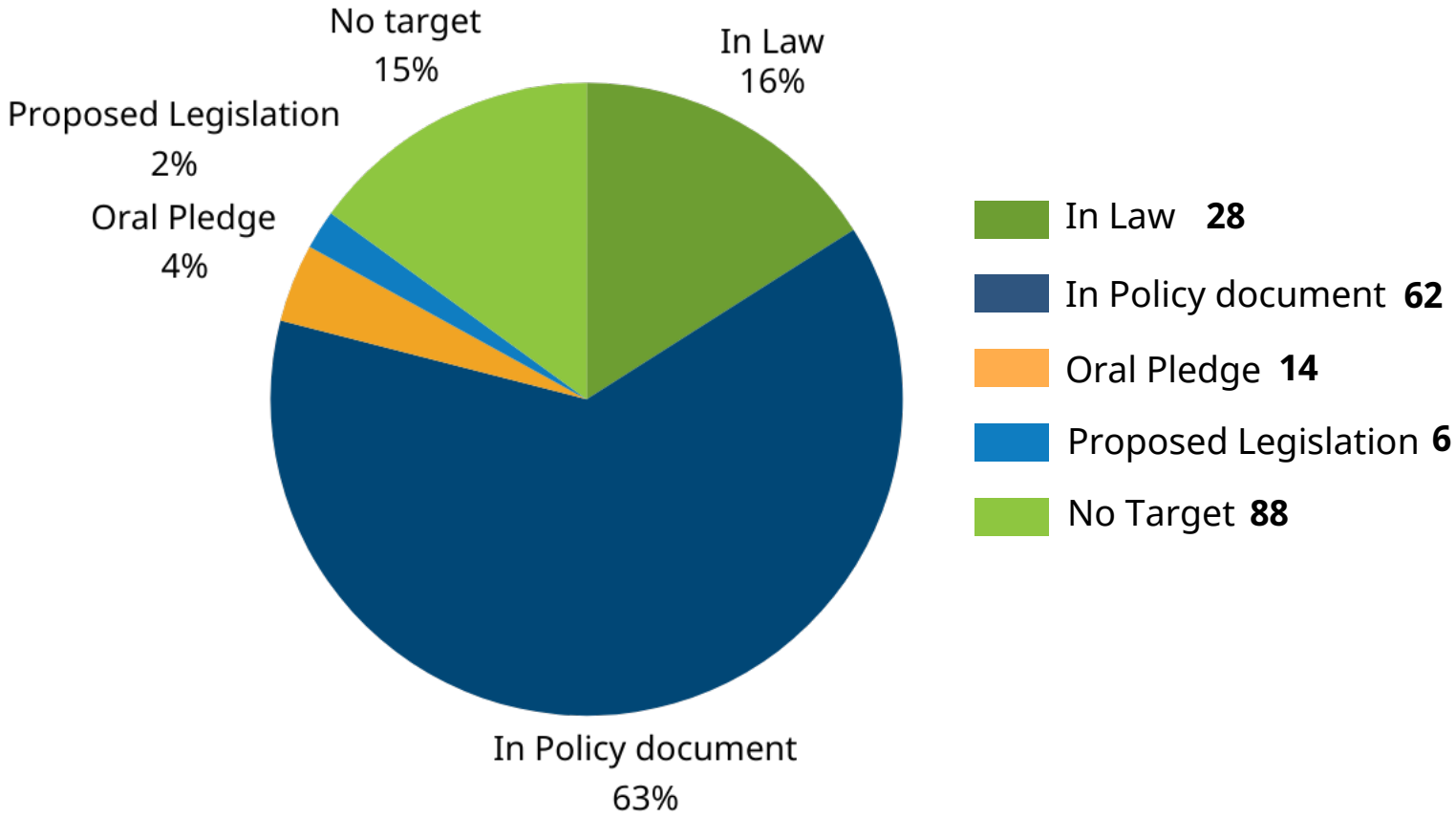
INTERNATIONAL PROGRAMME FOR ACTION ON CLIMATE (IPAC)

109 countries and the EU have or have proposed net-zero pledges, covering about 88% of global GHG emissions.

Only 27 countries and the EU, representing 16% of global GHG emissions have these commitments in law.

Global GHG emissions, by legal status

(for all parties with a net zero target)



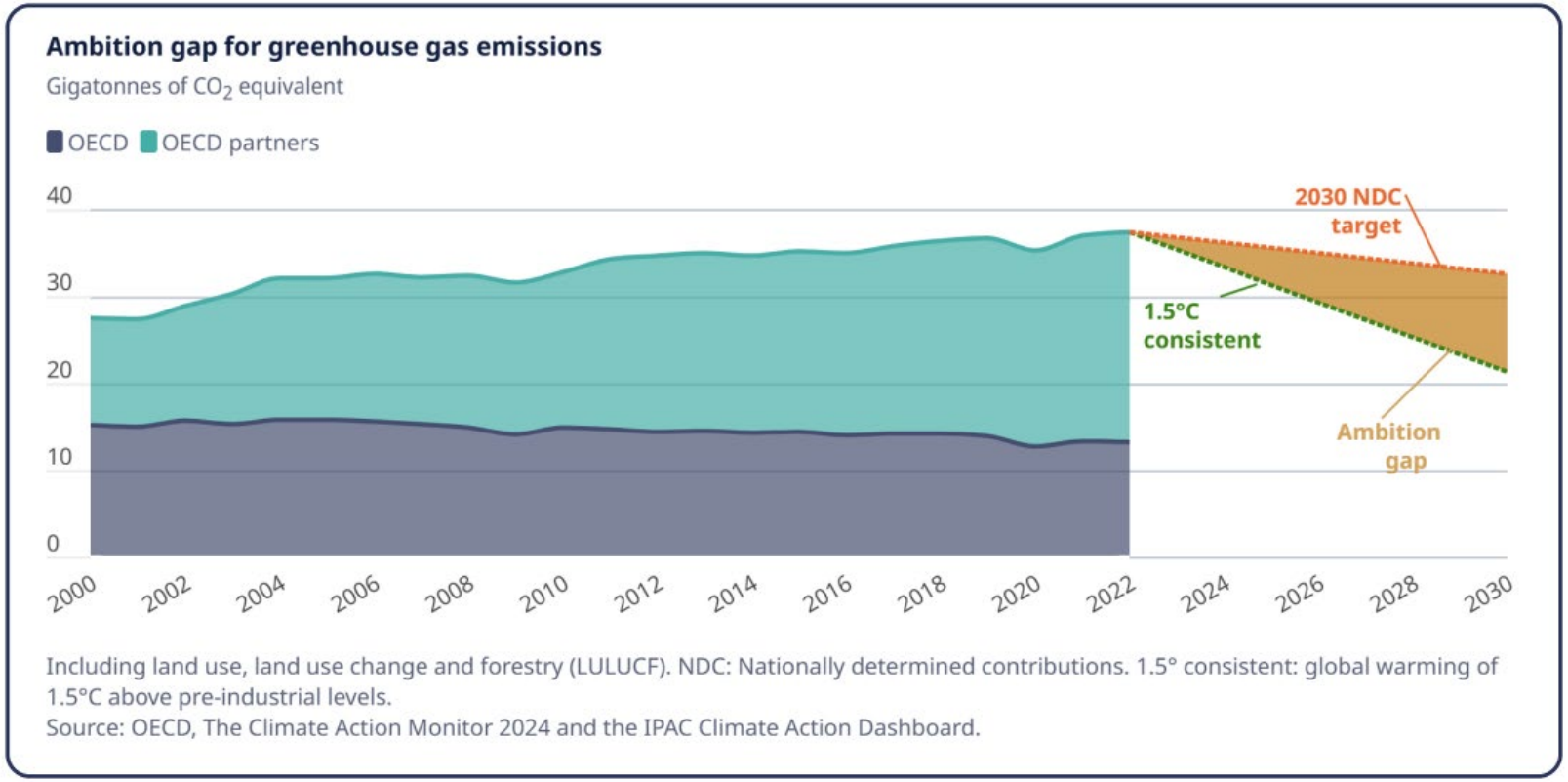
Source: OECD (2024), The Climate Action Monitor 2024: Providing Information to Monitor Progress Towards Net-Zero, OECD Publishing, Paris

INTERNATIONAL PROGRAMME FOR ACTION ON CLIMATE (IPAC)

Ambition gap: Current NDCs project only an 11% reduction in greenhouse gas emissions by 2030, far below the 43% reduction needed to align with the Paris Agreement's 1.5 ºC target. With projected emissions reaching 21 Gt CO2e by 2050, the gap to the required 8 Gt CO2e is alarmingly wide.

Implementation risk: Only 27 countries and the EU, accounting for 16% of global GHG emissions, have legally binding net-zero commitments. This indicates a significant risk that these targets may not be met, as the absence of enforceable commitments raises doubt on the effectiveness of current climate pledges.

Action gap: The years 2022 and 2023 saw a drastic slowdown in the implementation of national climate policy action, considering both policy adoption and increased stringency. Climate action only grew by 1% and 2% compared to the average growth rate of 10% from 2010 to 2020.



Source: OECD (2024), The Climate Action Monitor 2024: Providing Information to Monitor Progress Towards Net-Zero, OECD Publishing, Paris

Inclusive Forum on Carbon Mitigation Approaches (IFCMA)

Objective: Strengthen international coordination on mitigation approaches by providing a platform for better data and information sharing, evidence-based mutual learning and inclusive multilateral dialogue.

Stocktaking and mapping of policies

Estimating policies' impact on emissions reductions

Carbon intensity metrics

Towards more accurate, timely, and granular product-level carbon intensity metrics

- Meet the increasing demand for more granular, accurate and timely intensity data by developing better data collection and computation standards.
- Address the spread of different methodologies and reporting regimes for computing carbon intensity metrics by promoting interoperable standards.
- Support firms in developing countries and SMEs as they face greater resource and capacity challenges in computing carbon intensity metrics, which merit targeted support.

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CLIMATE CHANGE EXPERT GROUP (CCXG)

The Climate Change Expert Group works to enhance understanding of specific topics relevant to the UN climate change negotiations and for implementing the Paris Agreement.

Insights from recent publications

Next round of Nationally Determined Contributions (NDCs)

- NDCs must be underpinned by **robust implementation and investment plans** to support the delivery of national climate plans
- Whole-of-government, whole-of-society approaches to the preparation and implementation of NDCs can foster a sense of ownership, increase buy-in and social acceptance, leading to more ambitious NDCs and supporting subsequent implementation

New Collective Quantified Goal on climate finance (NCQG)

- Insights in the elements for consideration to include in the NCQG decision text, including corresponding data sources.

Planned work for 2025

- Biennial transparency reports
- Indicators for measuring progress towards adaptation
- **Next CCXG forum 18-19 March 2025**

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SCALING UP FINANCE FOR CLIMATE AND ENVIRONMENTAL GOALS

FINANCE FOR ENVIRONMENTAL GOALS

- Biodiversity finance
- Water finance

CLIMATE FINANCE

Tracking progress

- Alignment of finance with the Paris Agreement
- USD 100 bn climate finance goal

Scaling up finance

- Mobilising private finance
- New Collective Quantified Goal on climate finance
- Country-specific work (CEFIM, SIPA)
- Transition finance

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CARBON MARKET PLATFORM

The Carbon Market Platform is a G7-led initiative to strengthen international cooperation on carbon pricing.

The interplay between voluntary and compliance carbon markets report maps key implications for the environmental integrity of carbon credit markets**.**

- Address the **commercial challenges** in environmental integrity;
- Set **strategic priorities** to guide engagement with the carbon credit market;
- **Enhance supply, demand, and market integrity** through diverse policies, including governmental crediting mechanisms;
- Give **clear market signals** to facilitate long-term planning.

Forthcoming analysis

Focus on **scaled-up crediting approaches.**

Work on carbon market interplay remains highly relevant with the finalization of Article 6 at COP29.

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NET ZERO+: THE OECD HORIZONTAL PROJECT ON CLIMATE AND ECONOMIC RESILIENCE

Objective: Provide policy analysis and advice to support the delivery of a rapid and just transition to net zero while also building resilience to climate impacts

Enabling transitions

- What can we do now to accelerate a step change in climate action?
- How can we ensure an inclusive and just transition?
- Explores enabling policies spanning multiple sectors

Risk and resilience

- How can we build resilience of the transition and resilience to climate impacts?
- What are the implications of transition pathways for climate tipping points?

Tracking progress
International Programme for Action on Climate (IPAC)

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ISSUES EXPLORED IN PHASE TWO OF THE NET ZERO+ PROJECT

Green industrial policies for the net-zero transition

Zoom into the trade-offs between:

- the **economic justifications for green industrial policies**: reduce dependence on key supply chains, revitalise manufacturing, strengthen national security, accelerate the energy transition.
- their **potential risks and costs**: anti-competitiveness implications, opportunity cost of public funds, green subsidy race.

Strong role of thoughtful policy design and to put policy evaluation at the core of green industrial policy.

THANK YOU

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