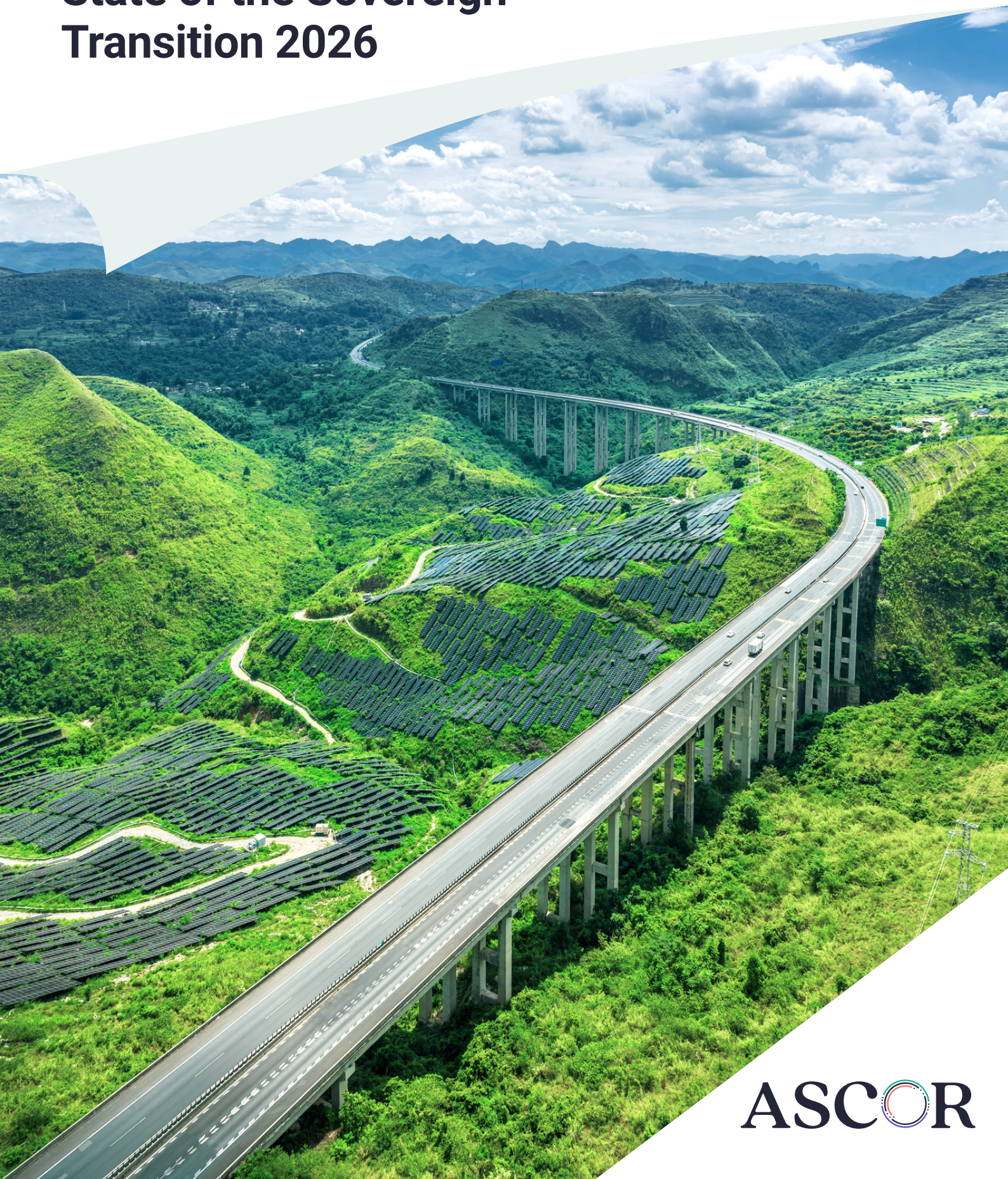
TPI Global Climate Transition Centre
Research and Data at **LSE**

LSE Global School of Sustainability

State of the Sovereign Transition 2026



ASCOR

The TPI Global Climate Transition Centre at LSE

The TPI Global Climate Transition Centre (TPI Centre) is an independent, authoritative source of research and data on the progress of corporate and sovereign entities in transitioning to a low-carbon economy. It is part of the Global School of Sustainability at the London School of Economics and Political Science (LSE). The TPI Centre is the academic partner of the Transition Pathway Initiative (TPI), a global initiative led by asset owners and supported by asset managers, aimed at helping investors and other stakeholders assess company, bank and sovereign progress on the transition to a low-carbon economy and supporting efforts to address climate change. More than 155 investors globally, representing approximately US$80 trillion[1] combined Assets Under Management and Advice, have pledged support for TPI. The TPI Centre is also the academic research expert of Assessing Sovereign Climate-related Opportunities and Risks (ASCOR). www.transitionpathwayinitiative.org/ascor

ASCOR project partners

ASCOR is an investor-led initiative. It is co-chaired by Claudia Gollmeier at Colchester Global Investors, Esther Law at Amundi Investment Solutions and Laura Hillis at the Church of England Pensions Board. The ASCOR Investor Director is Claire Meier. The ASCOR Investor Advisory Committee is composed of asset owners, asset managers and investor networks. Its members include Allspring Global Investments, Amundi Investment Solutions, the Asia Investor Group on Climate Change (AIGCC), Ceres, the Church of England Pensions Board, Colchester Global Investors, Chronos Sustainability, the Institutional Investors Group on Climate Change (IIGCC), the Investor Group on Climate Change (IGCC), Insight Investment, MFS Investment Management, Ninety One, Pictet Asset Management and Principles for Responsible Investment (PRI). www.ascor.org

Report authors

This report was written by Setenay Hizliok, Nour Albrzawi, Camila Cristancho-Duarte, Simon Dietz, Sylvan Lutz, Giorgia Monsignori, Carmen Nuzzo, Adrien Rose, Antonina Scheer and Manickam Valliappan (all TPI Centre staff at the time of writing). The views in this report are those of the authors and do not necessarily represent those of the host institutions or their funders. The authors declare no conflict of interest in preparing this report.

Acknowledgements

The authors would like to thank Laura Hillis, the Church of England Pensions Board; Claudia Gollmeier, Colchester Global Investors; Esther Law, Amundi Investment Solutions and Claire Meier, the ASCOR Investor Director for their review of an earlier draft of this report. The report was edited by Nick Sarson.

Authors' declaration of AI use: the authors used Claude for an initial language screening and making figures. The outputs were reviewed and, where necessary, corrected by the authors, who remain fully responsible for the content of the publication.

This report was first published in November 2026 by the TPI Centre.

© The authors, 2026. Our reports are published under a CC BY-NC 4.0 licence (Attribution-NonCommercial 4.0 International). For uses that fall outside this licence, please contact tpi.centre@lse.ac.uk. If you wish to access the TPI Centre's data, please view our terms of use.

Suggested citation: Hizliok S, Albrzawi N, Cristancho-Duarte C, Dietz S, Lutz S, Monsignori G, Nuzzo C, Rose A, Scheer A and Valliappan M (2026) *State of the Sovereign Transition 2026*. London: TPI Global Climate Transition Centre, London School of Economics and Political Science.

DOI: 10.21953/researchonline.lse.ac.uk.00141482

Cover photo by Dongfang Zhao on Istock.

[1] This figure is subject to market-price and foreign-exchange fluctuations and, as the sum of self-reported data by TPI supporters, may double-count some assets.

Contents

Foreword by ASCOR's co-chairs 4
Summary: key findings 5
1. Introduction 10
Climate mitigation and adaptation 10
ASCOR framework Version 2.0 10
Structure of the report 12
2. State of the Sovereign Transition 13
Snapshot of the 2026 results 13
Year-on-year changes: progress and retreat 15
Emissions alignment with the Paris Agreement 16
A synthesis of climate action: pillar scores 19
3. In focus: sectoral transition planning 21
Sector-specific results 21
Emerging good practice in sector transition planning 23
Powering the transition 24
4. In focus: adaptation policy 26
ASCOR's adaptation assessment 26
Proxy data points to address the adaptation implementation gap 29
5. Conclusions and next steps 31
Appendix 1. Mapping of changes in the ASCOR framework 33
Appendix 2. Country universe 38
Appendix 3. ASCOR pillar scores by income group 39
Disclaimer 40
TPI Centre research team 41

Foreword by ASCOR's co-chairs

As co-chairs of the ASCOR initiative, we are pleased to present the *State of the Sovereign Transition 2026* report.

This year's report is published in an increasingly complex environment. Governments must balance climate objectives with economic growth, energy security, fiscal constraints and social priorities. Recent years have shown that progress is rarely linear, and that geopolitical events, technological change and economic pressures can materially change the weight of such priorities and influence transition pathways.

Against this backdrop, investors need robust and comparable information to understand how countries are managing both the low-carbon transition and physical climate risks. ASCOR was established to support this by improving the transparency of information and fostering informed dialogue between sovereign issuers and investors. Better disclosure of climate-related information benefits both investors and sovereign issuers: it improves transparency and comparability for investors while helping sovereigns to demonstrate their credibility and access sustainable bond markets. As an investor-led initiative, ASCOR does not prescribe policy choices or investment outcomes. Instead, it provides a consistent framework for assessing climate-related ambition, policies and implementation efforts.

This year's report is the first assessment under ASCOR Framework Version 2.0, introducing a Below 2°C benchmark and a new sectoral dimension to better understand how national climate commitments are being implemented. These enhancements reflect investors' growing focus on policy credibility, implementation and real-world outcomes, as well as the increasing emphasis by governments on sector-specific transition pathways and delivery plans.

The findings underscore the importance of looking beyond headline targets. Physical climate risks, including acute events, can affect growth, productivity and public finances, placing significant pressure on government balance sheets. Adapting to these risks therefore plays an important role in strengthening economic resilience and mitigating future fiscal costs. At the same time, when working on mitigation, governments must navigate competing priorities, such as energy security and rising electricity demand associated with electrification, digitalisation and AI-driven data centre expansion. Understanding these trade-offs is essential to assessing sovereign resilience and transition preparedness.

For sovereign investors, climate considerations are one component of a broader assessment taking in macroeconomic fundamentals, fiscal sustainability, institutional strength and valuation. Better climate data does not replace this analysis, but it can improve understanding of long-term risks and opportunities. We hope that this year's report contributes to constructive dialogue between investors and sovereign issuers, as countries navigate differing pathways through the low-carbon transition.

Claudia Gollmeier, Colchester Global Investors
Esther Law, Amundi Investment Solutions
Laura Hillis, The Church of England Pensions Board

ASCOR Co-Chairs

Summary: key findings

The *State of the Sovereign Transition 2026* report reviews the climate change performance of 85 high-, middle- and low-income countries using the new Assessing Sovereign Climate-related Opportunities and Risks (ASCOR) framework Version 2.0 (v2.0). This is the first time countries have been assessed against the new version of the framework, which includes novel elements such as a Below 2°C benchmark and sector-specific indicators. The report presents our key findings on the climate performance of assessed sovereigns and focuses on two increasingly market-relevant themes: sectoral transition planning and adaptation policy.

State of the sovereign transition 2026: assessment result

Our overall assessment of 85 countries demonstrates that policy signals from governments remain too weak to deliver targeted emissions reductions, and recent emissions trends remain insufficient to meet the goals of the Paris Agreement. Our new analysis of sectoral transitions tells the same story: sector-specific policies are broadly in place, but a breakdown of nationally determined contribution (NDC) targets by sector is less common and emissions in the most polluting sectors continue to increase. However, we observe a glimmer of meaningful progress in the electricity sector: many countries have set dedicated pathways and, on average, the sector's emissions trends are falling.

Year-on-year changes: progress and retreat

Over the past year, new climate-related disclosures have led to improvements on several indicators in the ASCOR framework, but expired country commitments have caused performance on other indicators to retreat (see Figure S.1):

- Since our 2025 assessment, 37 more countries have submitted updated NDCs, all after the United Nations Framework Convention on Climate Change's (UNFCCC) extended deadline of 30 September 2025. The new NDC cycle shifts the target year from 2030 to 2035, so these submissions have substantially expanded the number of countries with a 2035 emissions-reduction target (indicator A 2.a).
- Transparency on climate-related costs has improved, with more countries disclosing breakdowns of the financing needed for mitigation (F 2.a) and adaptation (F 2.b). In contrast, transparency on actual climate-related spending (F 3.a) has weakened, with five countries no longer disclosing how much they are allocating to climate expenditure. Barbados and Jamaica have made the greatest overall progress in climate finance disclosure.
- Forward-looking commitments to provide international climate finance have weakened. As pledges running to 2025 have expired without replacement, the number of countries with commitments meeting their proportional share of the international climate finance goal (F 1.b) has fallen from seven to four. This comes as the new collective quantified goal on climate finance (NCQG) calls for developed countries to take the lead in mobilising at least US$300 billion a year for developing countries by 2035.
- The weakest-performing area of the framework is still fossil fuels, which has deteriorated further this year. The 2025 deadline to phase out fossil fuel subsidies expired without replacement, leaving only five of 71 assessed countries with an active phase-out commitment.

The weakening of some climate commitments has coincided with a shift in the political agenda towards energy security, an emphasis shaped by geopolitical tensions and fiscal pressures. This is particularly visible in the G7 countries: the commitment to phase out inefficient fossil fuel subsidies by 2025, repeatedly reaffirmed in G7 statements since 2016, was absent from the main G7 leaders' statements in 2025 and 2026, which placed greater emphasis on energy security and geopolitical and economic risks.

Figure S.1. ASCOR indicators with largest year-on-year net change (total universe and by country)



Note: The figure features the four indicators with the largest net improvement and the four with the largest net decline compared with the previous year, ordered from most positive to most negative (covering the areas of ambition [A], finance [F], policy [P] and sectoral policy [SP]). In the left-hand panel, the percentages in the bars show the share of countries assessed as 'Yes' and 'No' in 2026 out of the total number of countries assessed on that indicator, which varies by indicator and is specified next to the bars. In the right-hand panel, ISO codes show which countries have progressed or retreated since 2025. 'EU26' stands for the EU member states except for Germany, which already qualified in 2025 via its own 2035 target, set before the EU NDC.

Emissions alignment with the Paris Agreement

Across the 85 countries assessed, national targets and recent emissions trends remain well short of Paris-aligned pathways. The countries in our sample account for around 90% of global greenhouse gas emissions. Echoing the findings of the UN Environment Programme's (UNEP) *Limiting Overshoot* report (2026), our results reveal both an *ambition gap*, whereby national targets fall short of Paris-aligned benchmarks, and an *implementation gap*, whereby recent emissions trends fall short even of countries' own targets.

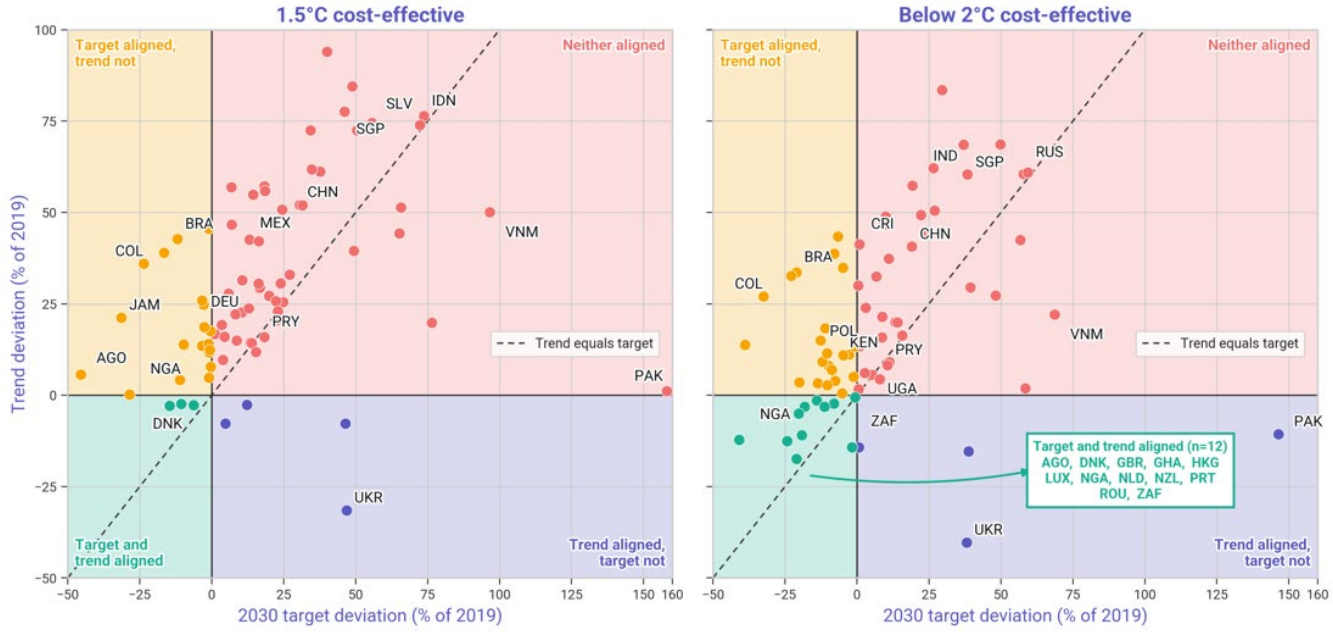
Recent emissions trends are particularly far from Paris alignment. Among 75 countries with a quantified 2030 target and a cost-effective low-carbon benchmark, only seven have an emissions trend consistent with 1.5°C and 16 with Below 2°C (see Figure S.2).

The median country with a 2030 target narrowly misses the Below 2°C benchmark, but only 22 of 75 countries are aligned with 1.5°C. This result demonstrates that some Parties to the Paris Agreement have ambitious targets, however they are mostly small emitters.

Most countries are not even on track to meet their own 2030 climate targets. Only 13 of the 75 countries are on course to achieve the targets they have set, and eight of those are on track only because their 2030 targets allow absolute emissions to continue rising.

The new generation of 2035 targets does little to close the gap in ambition. Of the 40 targets that can be quantified, only nine align with 1.5°C and 14 with Below 2°C. Among the 38 countries with quantified targets for both 2030 and 2035, the 2035 targets are generally further from the relevant low-carbon benchmarks: the ambition gap is widening rather than narrowing.

Figure S.2. 2030 emissions target and trend alignment with cost-effective benchmarks



Note: Each graph captures 75 countries with emissions trend data, a quantified 2030 target and a cost-effective benchmark. Country emissions data for trend extrapolation and target calculation are sourced from the EDGAR community greenhouse gases database. Land use, land use change and forestry (LULUCF) emissions used for exclusions are sourced from the National Greenhouse Gas Inventory. Where available, country-reported emissions are used to estimate targets more accurately. The 1.5°C and Below 2°C cost-effective benchmarks are sourced from the Network for Greening the Financing System (NGFS) Phase 5.1 scenarios. Values are the deviation of the 2030 emissions target (x-axis) and the extrapolated 2030 level based on the latest five-year emissions trend (y-axis) from the cost-effective benchmarks, expressed as a percentage of 2019 emissions. The left-hand panel uses the 1.5°C cost-effective benchmark and the right-hand panel uses the Below 2°C cost-effective benchmark. Values below 0 indicate that the target or trend aligns with the benchmark. Countries above the dashed line have a 2030 trend that is less aligned than their 2030 target; countries below have a trend stronger than their target.

A synthesis of climate action: pillar scores

To synthesise sovereign climate performance, we aggregate the ASCOR results into three summary pillar scores: *Trends*, *Ambition* and *Policy & Finance* (see Figure S.3).

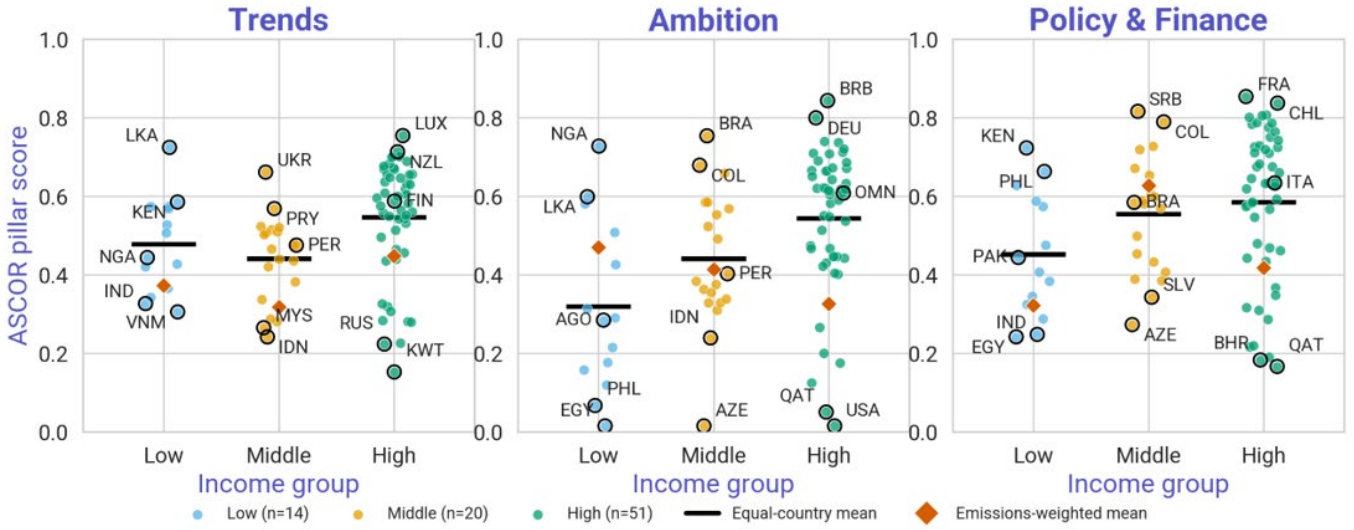
At the top of the pillar scores, few countries perform consistently well across all dimensions. Different countries lead on each pillar, and only four countries – Colombia, France, Portugal and Switzerland – rank in the top quartile of their income group across all pillars. This suggests that strong performance in one aspect of the transition does not necessarily translate into strong performance across the board.

At the bottom of the pillar scores, there is a more consistent concentration of specific countries, notably major fossil fuel producers. Eight countries rank in the bottom quartile of their income group across all three pillar scores, compared with four in the top quartile across all three. Most of these consistently weaker performers are major oil and gas producers, including Bahrain, Kuwait, Qatar, Russia, Saudi Arabia and the United States.

Differences across income groups are more pronounced for *Ambition* and *Policy & Finance* than for *Trends*, although cross-income comparisons should be interpreted cautiously. Lower-income countries are exempt from some indicators, limiting direct comparability. Scores for the *Trends* pillar overlap widely across income groups, whereas higher-income countries tend to score better on *Ambition* and *Policy & Finance*. Partly, this may reflect the higher administrative capacity needed to develop detailed pathways and implement complex climate policies.

Performance is weaker when greater weight is placed on the countries responsible for the largest share of emissions. Across all three scores, the emissions-weighted mean is below the equal-country mean. This pattern is driven by particular large emitters (e.g. the US and Russia in the high-income group), indicating that weaker performance is concentrated in high-emitting countries where emissions reductions matter most.

Figure S.3. ASCOR pillar scores by income group



Note: Each dot represents one of the 85 countries assessed in 2026. The vertical axis shows the area-weighted pillar score (0–1, where a higher number means better performance). Countries are grouped by income level (Low n=14, Middle n=20, High n=51). The black bar represents the country mean. The orange diamond represents the emissions-weighted mean, using 2024 production emissions excluding land use, land use change and forestry (LULUCF). Outlined dots with ISO codes are the two highest scores, the two lowest scores and the country closest to the median in that group.

Sectoral transition planning

The new ASCOR framework introduces a sectoral layer, providing more granular data to respond to growing interest in 'investable NDCs'.[2] Sectoral pathways, consisting of quantified emissions targets or scenario projections for individual sectors, show what contribution each sector is expected to make towards national climate goals. Together with sector-specific policies, they can help investors understand how governments intend to deliver their NDCs and national climate goals, while sectoral emissions trends show whether progress is being made in the country's highest-emitting sectors.

Most countries have decarbonisation policies for their five highest-emitting sectors, but specific sectoral pathways are less common, and in very few cases are emissions actually falling across all of these sectors. This gap is partly expected: policies take time to translate into measurable emissions reductions, and outcomes depend not only on policy design, but also on external factors such as energy prices, technology costs, access to finance and macroeconomic conditions.

While the electricity sector – central to the low-carbon transition – performs best, on average, in our sectoral assessment, no single indicator provides a complete picture of progress. ASCOR's electricity indicators should therefore be considered together. Czechia and Bulgaria, for example, have made significant progress decarbonising electricity generation; however, compared with their fossil fuel fleets, both countries have little new renewable energy capacity in pre-construction or under construction. Greece shows the opposite pattern: its energy grid remains relatively dependent on fossil fuels, but its renewable energy pipeline is larger relative to its fossil fuel fleet, and its green jobs strategy may support a just transition in the sector.

Adaptation policy

Adaptation planning and preparedness tend to be stronger in higher-income countries, with the largest gaps appearing in the more demanding stages of the planning cycle. Most countries have established the basic elements of adaptation planning, but far fewer (33 of 85) regularly monitor

[2] To consider NDCs as 'investable', investors expect to see further details on countries' economic context and sectoral trajectory of their transition. See IIGCC (2024) *Making NDCs investable – the investor perspective*.

and evaluate implementation, with the gap widest among low-income countries. This is consistent with the greater technical capacity, data systems and sustained financing required for these more institutionally demanding activities.

Countries are increasingly putting in place some of the institutional and financial building blocks for adaptation, but evidence on implementation remains limited. Adaptation features relatively commonly in climate laws and climate-costing exercises, while participation in sovereign catastrophe risk pools and transparent reporting of adaptation expenditure are less widespread. Tracking implementation is inherently difficult because adaptation is highly local and takes many forms, and ASCOR does not directly assess whether planned measures have been delivered. However, indicators on costing, risk financing, legislation and budget tagging can provide an initial view of the conditions that support implementation.

Conclusions and next steps

Taken together, these findings show that ASCOR v2.0 offers a more comprehensive picture of how sovereigns are managing the climate transition than the previous version of the framework. By adding greater sectoral detail and a richer assessment of adaptation, the revised framework enables users to look beyond headline targets to examine the policies, pathways and institutional arrangements that underpin them. Next year we plan to expand our analysis to cover 100 countries, providing investors with an even more comprehensive dataset.

Amid this year's challenging financial market and geopolitical environment, the relevance of climate change considerations has not diminished. It may appear secondary, or go unnamed, within pressing economic and fiscal debates, yet many of the concerns currently shaping market sentiment – including rising inflation, the sustainability of sovereign debt levels and energy security – are directly or indirectly linked to climate change. As a result, supporting sovereigns in demonstrating credibility and helping investors identify risk and opportunity, matters more than ever. We intend for this report and the ASCOR tool more broadly to provide all stakeholders with a shared basis for engagement and mutual understanding.

1. Introduction

This is the *State of the Sovereign Transition 2026* report from the TPI Global Climate Transition Centre (TPI Centre). It presents the climate change performance of 85 high-, middle- and low-income countries assessed for the first time against the updated ASCOR framework Version 2.0 (v2.0).

Climate mitigation and adaptation

Evidence of the growing physical impacts of climate change has mounted in 2026. The world has witnessed a near-record global surface air temperature rise, with multiple extreme events occurring including droughts, wildfires and floods. Such events are already severely impacting local communities and livelihoods. They also raise macroeconomic and financial risks.[3]

The United Nations Environment Programme's (UNEP) *Limiting Overshoot* report (2026) concludes that overshooting 1.5°C has become inevitable and emphasises that the magnitude and duration of the overshoot will depend on actions taken now. The report highlights the need to pursue mitigation and adaptation together: even if temperatures subsequently return to 1.5°C, some climate impacts will be irreversible and societies will need to adapt to changed conditions.

Limiting the magnitude and duration of overshoot, while adapting to its impacts, requires scrutinising progress towards the Paris Agreement goals and whether finance flows are aligned with mitigation and adaptation needs. Governments, companies, investors and civil society have distinct roles in responding to climate change. Transparent, independent assessment can help show whether commitments are being translated into credible action and resilience.

We assess how 85 countries are managing the transition to a low-carbon, climate-resilient future. We examine whether emissions trends and targets align with 1.5°C and Below 2°C benchmarks, alongside the policies and finance that support mitigation, adaptation and a just transition. Our aim is to inform investors, governments and other stakeholders, and to support more effective engagement, policymaking and capital allocation.

ASCOR framework Version 2.0

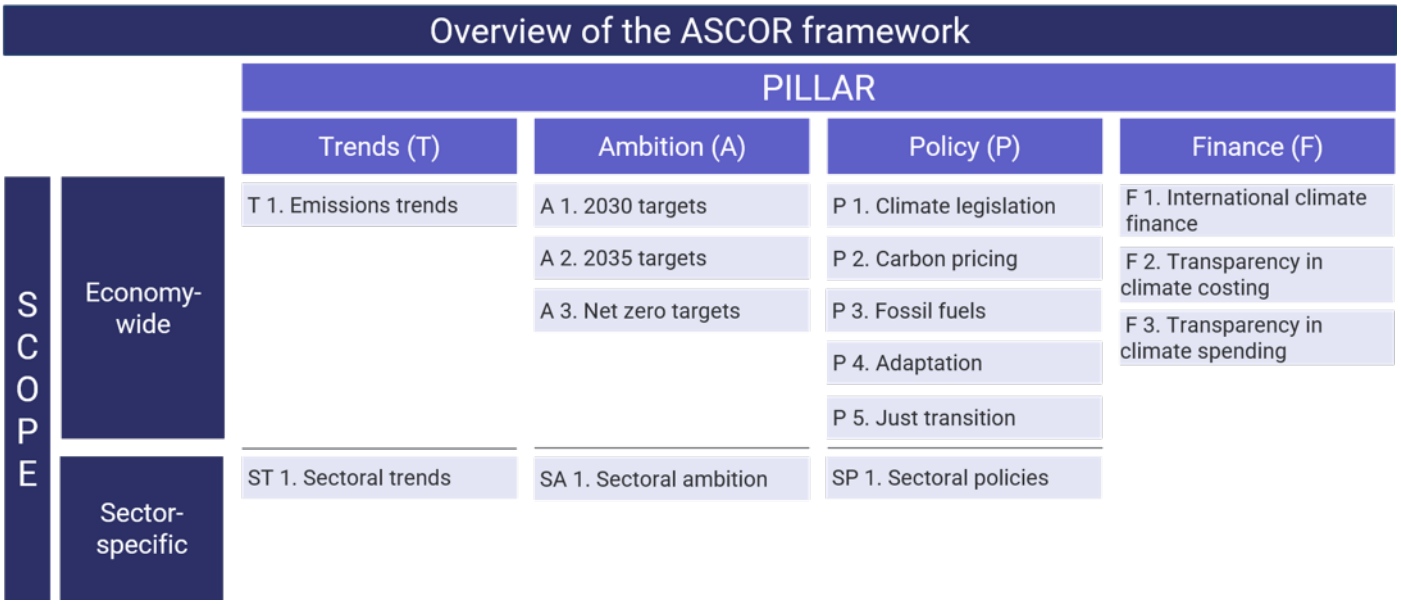
As the academic research expert of the investor-led Assessing Sovereign Climate-related Opportunities and Risks (ASCOR) initiative, the TPI Centre has developed the ASCOR tool, a detailed and publicly available evaluation of countries' climate targets and policies. Since its launch in 2023, the ASCOR tool has supported investors, especially sovereign bondholders, in their portfolio analysis, sovereign engagement and index investing. Sovereign issuers can also use the tool to showcase their progress to investors and conduct peer group comparisons.[4]

In 2026, we launched an updated version of the methodology: ASCOR framework v2.0, drawing on feedback gathered from investors, sovereigns and other stakeholders via a public consultation.[5] As a result, we have restructured the framework and added new elements (see Figure 1.1). To facilitate comparability of data across years, Appendix 1 presents a mapping of v2.0 against the previous version of the framework.

We have restructured the previous three-pillar structure into four pillars to better communicate countries' progress in managing the low-carbon transition. We have split the previous *Emissions Pathways* pillar into two pillars, separating historical performance under *Trends* from forward-looking *Ambition*. The *Policy* and *Finance* pillars have remained largely unchanged.

[3] See Rising J et al. (2026) *The macroeconomic case for investing in climate adaptation*.
[4] See *ASCOR in practice: use cases and insights* and *State of the Sovereign Transition 2025* (Section 4) for further details.
[5] See *ASCOR: research update* for an overview of the consultation responses and how they are reflected in the new framework.

Figure 1.1. Overview of the ASCOR framework Version 2.0



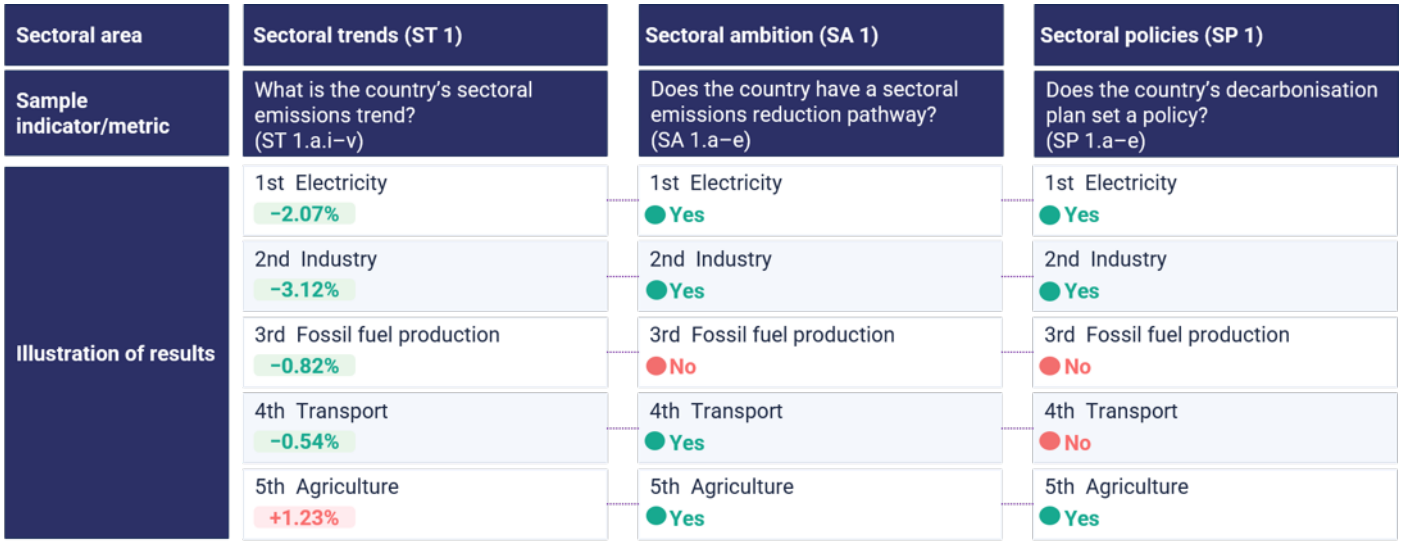
We have added a new sector-specific scope to provide a more granular view of how the climate transition is unfolding across the economy. The analysis is able to show which sectors are expected to deliver emissions reductions, how governments intend to support those reductions through policy and whether progress is already visible in sectoral emissions. By tailoring the assessment to each country's emissions profile, our analysis also highlights which sectors matter most to the national transition and provides useful context for assessing corporate decarbonisation.

Figure 1.2 summarises the core components of the sector-specific scope:

- We first identify the five highest-emitting sectors in each country, focusing the assessment on those most material to the national decarbonisation challenge.[6]
- For each sector, we assess recent emissions trends and the presence of sector-specific decarbonisation pathways (quantified emissions targets or projections) and policies. Five quantitative metrics (ST 1.a.i–v) assess emissions trends over the past five years, while 10 indicators assess sectoral ambition and policy (SA 1.a–e and SP 1.a–e).
- By disaggregating sectoral ambition and policy into separate sector-specific indicators, this approach builds on the previous assessment of multi-sector decarbonisation strategies.

[6] We use sectoral emissions from the Emissions Database for Global Atmospheric Research (EDGAR) dataset. EDGAR's sectoral taxonomy does not align directly with economic sectors, so we have made minor adjustments to the classification. These adjustments and the scope of emissions captured under each sector we assess is set out in the ASCOR methodology note v2.0.

Figure 1.2. Illustrative assessment of trends, ambition and policy at the sectoral level



Note: This figure showcases the assessment of the five highest-emitting sectors of a hypothetical country. Sectors are ranked by emissions level. These results are for illustrative purposes only.

ASCOR v2.0 also integrates a Below 2°C benchmark alongside the existing 1.5°C benchmark, aligning with the TPI Centre's corporate assessments and allowing further differentiation of country ambition.

- Each alignment indicator in emissions trends (T1) and 2030 and 2035 targets (A1, A2) is now scored against both benchmarks, with a new metric recording which benchmark is met. Misalignment with Below 2°C should be read as also implying misalignment with 1.5°C.
- To incorporate the Below 2°C benchmark, we have changed data sources and now use the Network for Greening the Financing System (NGFS) Phase 5.1 scenarios.
- Because these new scenarios permit overshoot, the 1.5°C benchmark is less stringent than the pathways previously used in ASCOR v1.2. As such, the results are not directly comparable across years.

The 2026 ASCOR universe includes 85 countries (see Appendix 2). Between them, these countries produce 90% of global greenhouse gas emissions, 94% of global gross domestic product (GDP) (in international US$, adjusted for purchasing power parity) and constitute 100% of four major government bond indices. [7] The cut-off date for the 2026 assessment cycle was 14 August 2026. Any announcements, documents or laws published after this date will be considered in the next assessment cycle.

Structure of the report

Section 2 presents the main ASCOR results, covering current climate performance, year-on-year progress and retreat, the alignment of emissions trends and targets with 1.5°C and Below 2°C, and a synthesis of the pillar scores. Section 3 examines sectoral transition planning, highlighting emerging good practices and illustrating how ASCOR data can be used to track progress in the electricity sector. Section 4 focuses on adaptation planning and implementation, showcasing relevant data from the ASCOR tool and outlining how they can contribute to wider adaptation research and practice. Section 5 outlines our conclusions and next steps.

This report is the second in the TPI Centre's flagship trilogy of reports:

1. State of the Banking Transition 2026 (October 2026)
2. *State of the Sovereign Transition 2026* (November 2026)
3. *State of the Corporate Transition 2026* (forthcoming, spring 2027)

[7] Estimated based on country weights in August 2026.

2. State of the Sovereign Transition

This section assesses national climate performance in 2026 based on 85 countries evaluated against v2.0 of the ASCOR methodology. We begin with an overview of the area-level results and then examine year-on-year progress and retreat. We next assess the alignment of emissions trends and targets with 1.5°C and Below 2°C benchmarks. Finally, we synthesise performance across the *Trends*, *Ambition* and *Policy & Finance* scores, examining patterns across income groups and the performance of major emitters.

Snapshot of the 2026 results

Our 2026 analysis shows that current national climate targets, policies and finance remain insufficient to put most countries on a path aligned with the goals of the Paris Agreement (Table 2.1). Countries have taken action across many areas of the ASCOR framework, but their performance is uneven and mostly partial. The gap is clearly visible in relation to emissions outcomes (T 1): in most countries recent trends remain inconsistent even with Below 2°C.

Climate targets are widespread, but their strength and alignment are uneven. Most countries have set 2030 targets (A 1) and net zero targets (A 3), while the latest NDC cycle has substantially increased the number of countries with 2035 targets (A 2). However, many 2035 targets cannot yet be quantified against the country-specific 1.5°C and Below 2°C benchmarks. Among the 2035 targets that can be quantified against these country-specific benchmarks, alignment is weak. Recent emissions trends (T 1) fall short of Paris-aligned pathways and, in many cases, countries' own targets.

Performance in policy and finance is mixed, with clear strengths in some areas and substantial gaps in others. Climate framework laws (P 1) and adaptation planning (P 4) are relatively widespread. However, fossil fuels (P 3) remains the weakest-performing policy area and institutionalised approaches to a just transition (P 5) are uncommon. On finance, disclosure of climate financing needs (F 2) is comparatively strong, but transparency on actual climate spending (F 3) is weaker and forward-looking international climate finance commitments (F 1) are limited.

The sectoral results reinforce this overall picture: policy activity is more common than quantified pathways or observed reductions in emissions. Sector-specific policies (SP 1) are relatively widespread across countries' highest-emitting sectors, but quantified sectoral pathways (SA 1) are less common and downward emissions trends (ST 1) are rarer still. Electricity performs strongest overall, while substantial gaps remain in industry, transport and fossil fuel production.

Table 2.1. Assessment results by area

Pillar	Area	Result	Key findings
Economy-wide scope			
Trends (T)	T 1. Emissions trends	8% / 72% / 20%	47 of 85 countries have improved their emissions profile across nine absolute and intensity metrics, but global emissions keep rising. On current trends most countries are not on track to limit warming to 1.5°C or even below 2°C.
Ambition (A)	A 1. 2030 targets	13% / 80% / 7%	Almost all countries (79 of 85) have a 2030 target. Our assessment shows that the median 2030 target is nearly sufficient to hold warming below 2°C, but not 1.5°C.
	A 2. 2035 targets	0% / 79% / 21%	Most countries (67 of 85) have a 2035 target. However, only 40 of these targets can be quantified against their benchmarks, while none of them meet all the indicators in this area.
	A 3. Net zero targets	28% / 48% / 24%	Most countries (65 of 85) have a net zero target, almost all clustered in 2050, aligning with a global 1.5°C scenario. Nine of 51 high-income countries aim for 2045 or sooner.
Policy (P)	P 1. Climate legislation	45% / 20% / 35%	Two-thirds of countries (55 of 85) have a climate framework law, but only 37 have clear accountability mechanisms. China and Latvia have passed their first climate framework laws.
	P 2. Carbon pricing	24% / 48% / 28%	51 of 71 countries have a carbon tax or emissions trading system in place, but less than half of these cover at least 50% of national emissions. Serbia introduced its first carbon price: a carbon tax covering 55% of emissions.
	P 3. Fossil fuels	1% / 31% / 68%	Pledges to phase out fossil fuel subsidies were already scarce, and most expired in 2025 without being replaced. Only a few countries (5 of 71) have deadlines to phase out fossil fuel subsidies.
	P 4. Adaptation	28% / 69% / 2%	Nearly all countries have at least one of two initial components of adaptation policy, national adaptation plans and risk assessments. But only 33 of 85 have begun to monitor and evaluate progress against their plans.
	P 5. Just transition	8% / 65% / 27%	Only 15 of 85 countries have an institutionalised approach to just transition that meets all the criteria: lack of ongoing social dialogue with workers and of a government-led body overseeing just transition are equally common barriers.
Finance (F)	F 1. International climate finance	18% / 14% / 68%	Out of 22 countries, only Denmark, the Netherlands, Sweden and Norway have met both indicators: contributing their proportional share towards the collective goal and maintaining an adequate forward-looking commitment.
	F 2. Transparency in climate costing	60% / 19% / 21%	Two-thirds of assessed countries (37 of 47) disclose a cost breakdown of finance needs for either mitigation or adaptation, signalling potential transition investment opportunities.
	F 3. Transparency in climate spending	22% / 46% / 32%	Two-thirds of countries (58 of 85) disclose climate spending. Most shortfalls occur because climate is not separated from broader environmental expenditures.
Sector-specific scope			
Trends (ST)	ST 1. Sectoral trends	15% / 67% / 18%	54 of 71 have reduced emissions in at least three of their highest-emitting sectors. On average, electricity is the fastest decarbonising sector whereas transport and industry are growing their emissions.
Ambition (SA)	SA 1. Sectoral ambition	4% / 80% / 15%	26 of 71 countries have decarbonisation pathways for all five key sectors, with electricity the most common sector to have one. However, net zero electricity sector targets aligned with 1.5°C only exist in nine of 51 high-income countries.
Policy (SP)	SP 1. Sectoral policy	41% / 58% / 1%	More than half of countries (48 of 71) have a relevant sectoral policy across all five highest-emitting sectors. The weakest sector is fossil fuel production, with 53% (17 of 32 relevant countries) disclosing a policy for this sector.

Yes Partial No

Note: The area-level result is 'Yes' if all indicators within the area are assessed as 'Yes'; 'Partial' if some of the indicators are assessed as 'Yes'; and 'No' if all the indicators are assessed as 'No'. 'Partial' results indicate that countries have taken some level of action, but they have not yet met all relevant criteria within an area. Percentages denote the share of countries meeting each area result, out of the total number of countries assessed in that area. The total number of countries varies because some countries are exempted on specific areas, indicators and metrics depending on their income groups or UNFCCC Annex categories. For details on how each area is assessed and a full list of country exemptions, see the ASCOR methodology note.

Year-on-year changes: progress and retreat

Country performance has been broadly stable over the past year, but new disclosures and faltering commitments have produced substantial changes in a small number of indicators (see Figure 2.1).

The largest improvement comes from the new generation of NDCs, which has substantially expanded the number of countries with a 2035 emissions-reduction target (A 2.a). Since the 2025 ASCOR assessment, which included all NDCs submitted until the UNFCCC's extended deadline of 30 September 2025, 37 more countries have set a 2035 target through an updated NDC. This represents progress in target-setting, but not necessarily in ambition: as the next sub-section shows, the new targets are generally no better aligned with the 1.5°C and Below 2°C benchmarks.

Transparency on adaptation costs (F 2.b) has also improved, followed by mandatory corporate climate disclosure (SP 1.g) and transparency on NDC costs (F 2.a). Five countries have progressed on adaptation costing. Four countries have progressed on mandatory climate disclosure: Panama and the Republic of Korea have introduced mandatory corporate climate-disclosure requirements, while Austria and Malta have transposed the EU Corporate Sustainability Reporting Directive (CSRD) into domestic law. NDC costing has also improved on net, with five countries progressing and two retreating. Across the two costing indicators, eight countries have disclosed new breakdowns of their mitigation or adaptation financing needs, with Barbados and Jamaica among those making the strongest progress in climate finance disclosure.

Figure 2.1. ASCOR indicators with largest year-on-year net change (total universe and by country)



Note: The figure features the four indicators with the largest net improvement and the four with the largest net decline compared with the previous year, ordered from most positive to most negative (covering the areas of ambition [A], finance [F], policy [P] and sectoral policy [SP]). In the left-hand panel, the percentages in the bars show the share of countries assessed as 'Yes' and 'No' in 2026 out of the total number of countries assessed on that indicator, which varies by indicator and is specified next to the bars. In the right-hand panel, ISO codes show which countries have progressed or retreated since 2025. 'EU26' stands for the EU member states except for Germany, which already qualified in 2025 via its own 2035 target, set before the EU NDC.

By contrast, transparency on actual climate-related spending (F 3.a) has weakened on balance. Barbados, Switzerland and Saudi Arabia have disclosed climate-related spending for the first time since entering the ASCOR assessment, but five other countries no longer specify how much they allocate to climate-related expenditure. This missing information makes it harder to assess the priority governments are giving to climate objectives through their budgets.

Social dialogue mechanisms with workers, which underpin an inclusive and institutionalised approach to just transition (P 5.b), have weakened overall. The Netherlands, Germany and Finland have either shut down their existing mechanisms or concluded their work without successor mechanisms. By contrast, the Republic of Korea has progressed on this indicator, as its Economic, Social and Labour Council provides an ongoing forum for dialogue among workers, employers and government representatives.

Forward-looking international climate finance commitments (F 1.b) have weakened as pledges extending only to 2025 have expired. Under the New Collective Quantified Goal (NCQG), developed countries are expected to take the lead in mobilising at least US$300 billion per year for developing countries by 2035.[8] However, the number of assessed countries meeting ASCOR's forward-looking finance-commitment criterion has fallen from seven to four as earlier pledges expired without replacement.

Commitments to phase out fossil fuel subsidies (P 3.a) have also retreated and remain the weakest-performing indicator shown in Figure 2.1. Only five of 71 assessed countries retain an active phase-out deadline. Canada, Germany and Italy no longer qualify after the G7's 2025 deadline expired without replacement. Despite this retreat, initiatives such as the Coalition on Phasing Out Fossil Fuel Incentives (COFFIS)[9] and the International Conference on Transitioning Away from Fossil Fuels[10] show that some countries continue to pursue coordinated action on phasing out fossil fuels.

The retreat on eliminating fossil fuel subsidies and on international climate finance commitments has coincided with a broader shift in government priorities towards energy security, geopolitical risks and fiscal pressures. The G7 provides one illustration of this changing context. In 2016, G7 leaders committed to eliminate inefficient fossil fuel subsidies by 2025, a commitment that was repeatedly reaffirmed and remained in place in the 2024 Leaders' Communiqué. Since the deadline passed, however, the commitment has not been renewed in the main G7 leaders' statements, which in 2025 and 2026 placed greater emphasis on addressing economic and energy security and geopolitical risks.

Emissions alignment with the Paris Agreement

UNEP's *Limiting Overshoot* report (2026) highlights that the world is entering a period in which warming will exceed 1.5°C. The report distinguishes between an *ambition gap* and an *implementation gap*. Even if countries fully delivered their national climate plans and long-term net zero targets, peak warming would still reach about 1.8°C, above the 1.5°C goal. Current policies fall further short, leaving the world on course for around 2.6°C of warming by 2100.

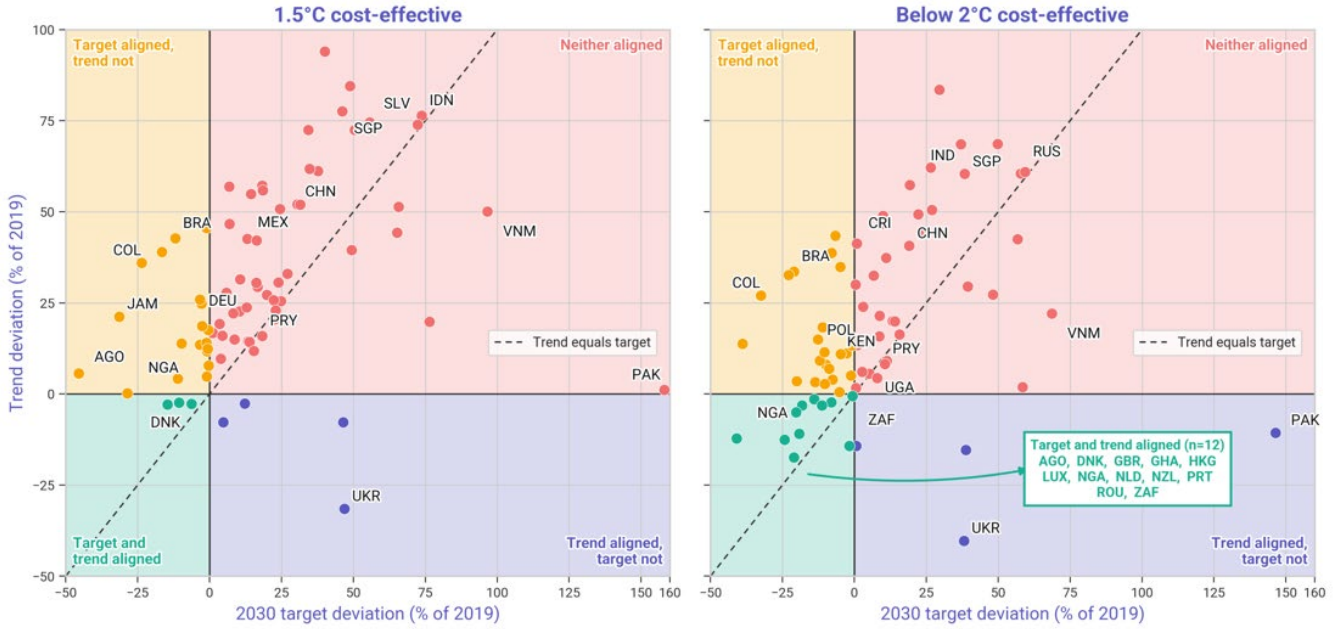
We apply a similar distinction at the country level by comparing 2030 targets and recent emissions trends with country-specific 1.5°C and Below 2°C cost-effective benchmarks.[11] The *ambition gap* is the distance between a country's target and its benchmark. The *emissions gap* is the distance between its extrapolated 2030 emissions level and the benchmark. The difference between these two – the gap between the extrapolated trend and the country's own target – provides a measure of the *implementation gap*. Unlike UNEP's policy-based estimate, this measure is based on an extrapolation

[8] NCQG was formally adopted at COP29 in 2024 with developed countries taking the lead to mobilise at least US$300 billion of international climate finance per year by 2035 for developing countries.
[9] COFFIS is an alliance of 17 countries aiming to accelerate the phaseout of fossil fuel subsidies by increasing transparency, removing barriers and encouraging coordinated action.
[10] The First International Conference on Transitioning Away from Fossil Fuels, held in Santa Marta, Colombia, in April 2026, brought together governments, industry representatives, international financing partners and civil society to enable international cooperation on delivering a just and orderly transition away from fossil fuels. The second Conference will be co-hosted by Tuvalu and Ireland in 2027 to move to discussions around concrete action for a just transition away from fossil fuels.
[11] This analysis covers the 85 countries assessed in ASCOR, which account for about 90% of global greenhouse gas emissions excluding LULUCF as well as international aviation and shipping (88% if international aviation and shipping are included).

of recent emissions trends rather than a forecast of the effects of current policy.

Most countries' recent emissions trends are inconsistent even with a Below 2°C benchmark, let alone 1.5°C. Among the 75 countries with a quantified 2030 target and a cost-effective benchmark shown in Figure 2.2, only seven have an extrapolated trend consistent with 1.5°C and 16 with Below 2°C. [12] Figure 2.2 maps the three gaps directly: the horizontal axis shows the ambition gap, the vertical axis shows the emissions gap and the dashed line identifies where the extrapolated trend exactly matches the country's target.

Figure 2.2. 2030 emissions target and trend alignment with cost-effective benchmarks



Note: Each graph captures 75 countries with emissions trend data, a quantified 2030 target and a cost-effective benchmark. Country emissions data for trend extrapolation and target calculation are sourced from EDGAR community greenhouse gases database. Land use, land use change and forestry (LULUCF) emissions used for exclusions are sourced from the National Greenhouse Gas Inventory. Where available, country-reported emissions are used to estimate targets more accurately. The 1.5°C and 2°C cost-effective benchmarks are sourced from the NGFS Phase 5.1 scenarios. Values are the deviation of the 2030 emissions target (x-axis) and the extrapolated 2030 level based on the latest five-year emissions trend (y-axis) from the cost-effective benchmarks, expressed as a percentage of 2019 emissions. The left-hand panel uses the 1.5°C cost-effective benchmark and the right-hand panel uses the Below 2°C cost-effective benchmark. Values below 0 indicate that the target or trend aligns with the benchmark. Countries above the dashed line have a 2030 trend that is less aligned than their 2030 target; countries below have a trend stronger than their target.

The median country with a 2030 target only narrowly misses the Below 2°C benchmark, demonstrating a notable level of ambition among some parties to the Paris Agreement, although the countries that align are mostly small emitters. In total, 34 countries are aligned with Below 2°C, 22 with 1.5°C and nine countries have no quantifiable target. Targets aligned with Below 2°C and with 1.5°C cover only 14.9% and 9.6% of emissions in the ASCOR universe, respectively.

Even where 2030 targets are aligned, recent emissions trends usually are not. Of the 34 countries with a target aligned with Below 2°C, only 12 also have an aligned trend. Of the 22 with a 1.5°C-aligned target, only Denmark, New Zealand and Romania also have a 1.5°C-aligned trend in emissions.

On the basis of recent emissions trends, most countries are not on track to meet even their own 2030 targets. Only 13 of the 75 countries lie below the dashed line in Figure 2.2, meaning that

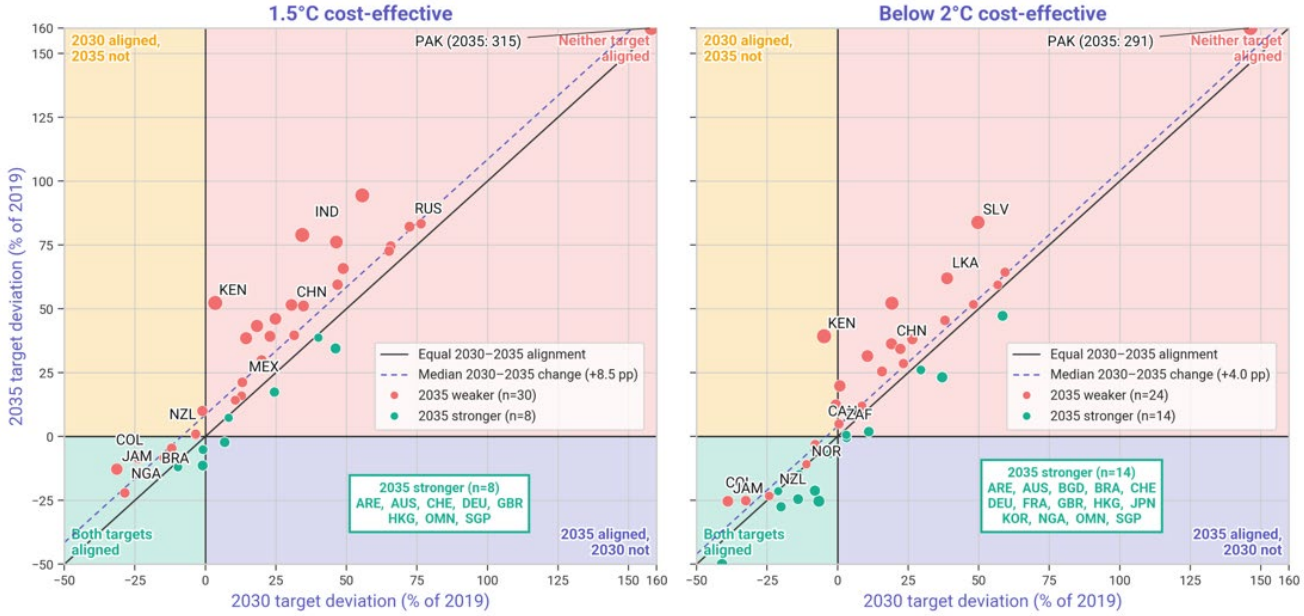
[12] Below 2°C is a separately calculated benchmark: the added emissions allowance differs from country to country and does not scale every budget by the same factor. The two benchmarks come from separate least-cost runs of integrated assessment models (IAMs) on two different scenarios. Each solves the carbon price endogenously, so a looser target redistributes abatement across regions and sectors by marginal cost (NGFS, 2024). The downscaling to the country level is itself scenario-specific, converging national trajectories to the regional least-cost path faster under 1.5°C than under Below 2°C (Sferra et al., 2026).

extrapolating their recent emissions trend produces a 2030 emissions level at or below their stated target. Of those 13, eight are on track only because their targets allow absolute emissions to continue rising.

The increase in 2035 target-setting has not been matched by strong alignment with the low-carbon benchmarks. Of the 40 quantified 2035 targets that can be assessed, only nine align with 1.5°C and 14 with Below 2°C. A major reason why only 40 targets can be quantified is that the EU's collective 2035 target is not allocated among member states; Germany and France are the only EU countries with separate quantified national 2035 targets.

For countries with quantified targets in both years, ambition generally falls further behind the benchmarks between 2030 and 2035. Figure 2.3 compares the 38 countries with quantified targets in both years. Measured against the 1.5°C benchmark, 30 of 38 countries have a larger shortfall in their 2035 target than their 2030 target, and the median ambition gap widens from 19 to 37 percentage points of 2019 emissions. Measured against the Below 2°C benchmark, this is true for 24 of 38 countries, and the median gap widens from six to 16 percentage points of 2019 emissions.

Figure 2.3. Comparing 2030 and 2035 target alignment with cost-effective benchmarks

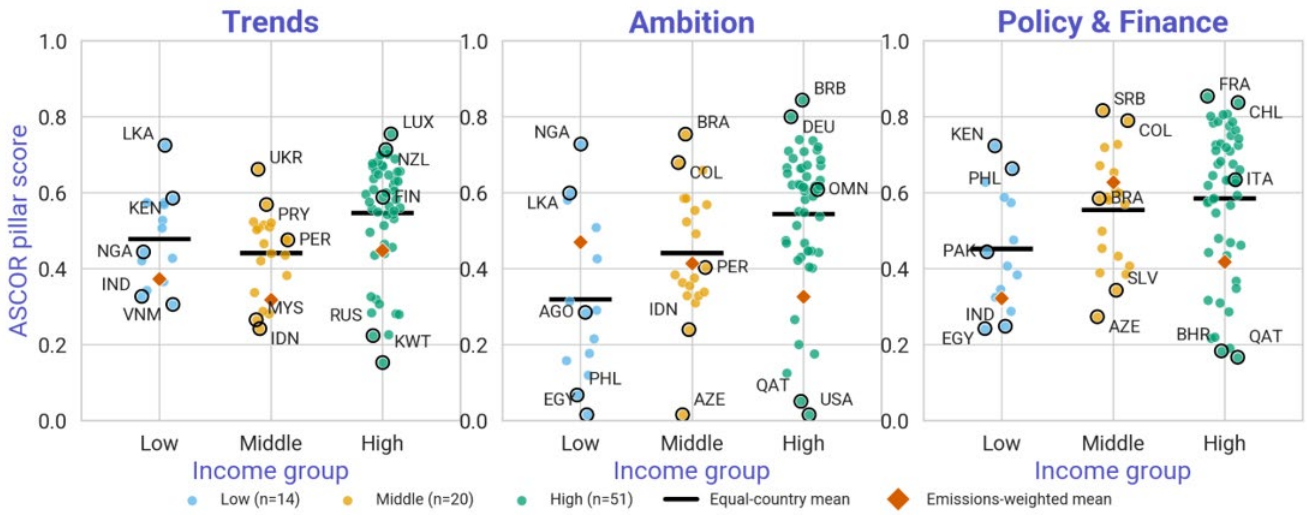


Note: Values are the deviation of the 2030 target (x-axis) and the 2035 target (y-axis) from the cost-effective benchmarks, expressed as a percentage of 2019 emissions. The left-hand panel uses 1.5°C and the right-hand panel uses Below 2°C benchmarks. Both benchmarks are sourced from the NGFS Phase 5.1 scenarios. Values below 0 indicate that the target aligns with the relevant benchmark. Points above the 45° line have a 2035 target that is weaker relative to the benchmark than the 2030 target. This graph includes only the 38 countries that have both a quantified 2030 and 2035 target as well as a cost-effective benchmark. Pakistan is clipped at the axis limit; its 2035 deviation is 315% of 2019 emissions against the 1.5°C benchmark and 291% against Below 2°C.

A synthesis of climate action: pillar scores

To synthesise sovereign climate performance, we aggregate the ASCOR results into three summary pillar scores: *Trends*, *Ambition* and *Policy & Finance*[13] (Figure 2.4). Each provides a relative measure of a different aspect of the transition, with *Policy & Finance* combined for this analysis. The summary pillar scores are most informative for comparing countries within the same income group and within a given score. Because the three scores aggregate different underlying measures, their absolute levels should not be compared directly; instead, a country's rank or quartile relative to its peers can be compared across the three dimensions.

Figure 2.4. ASCOR pillar scores by income group



Note: Each dot represents one of the 85 countries assessed in 2026. The vertical axis is the area-weighted pillar score (0–1, where a higher number means better performance). Countries are grouped by income level (Low n=14, Middle n=20, High n=51). The black bar represents the country mean. The orange diamond represents the emissions-weighted mean, using 2024 production emissions excluding LULUCF. Outlined dots with ISO codes are the two highest scores, two lowest scores and the country closest to the median in that group.

At the top of the pillar scores, few countries perform consistently well across all dimensions. Luxembourg, Ukraine and Sri Lanka lead *Trends* in the high-, middle- and low-income groups, respectively; Barbados, Brazil and Nigeria lead *Ambition*;[14] and France, Serbia and Kenya lead *Policy & Finance*. Only four countries (Colombia, France, Portugal and Switzerland) rank in the top quartile of their income group across all three pillar scores. Appendix 3 presents countries' scores by quartile and income group.

At the bottom of the pillar scores, there is a more consistent concentration of specific countries, notably major fossil fuel producers. Eight countries rank in the bottom quartile of their income group across all three scores (compared with four in the top quartile across all three): Bahrain, Kuwait, Qatar, Russia, Saudi Arabia and the US among high-income countries, El Salvador among middle-income countries and Egypt among low-income countries. Most of these consistently weaker performers are major oil and gas producers.

[13] *Trends* combines economy-wide and sectoral emissions trends; *Ambition* combines 2030, 2035 and net zero targets with sectoral ambition, and *Policy & Finance* covers policy and finance areas. Continuous metrics are peer-normalised with the formula used in 2024 and 2025: a z-score across the 2026 sample is passed through the cumulative distribution function of the standard normal (an average value near 0.5 is partly by construction). For series where a lower number represents a better performance, the data are reversed. The result 'No or unsuitable disclosure' is treated as zero. Indicators and metrics are averaged with equal weight in each area. Areas are averaged with equal weight in each pillar. Emissions metrics (T1ai, T1aii and ST1ai-v) are scored by z-scoring each category series and averaging (includes six intensity series for emissions levels, nine series for trends and five series for sectoral trends). Exemptions are applied by removing exempted indicators from both the numerator and denominator of the area-level score (e.g. low-income countries are not assessed on some mitigation-focused policy indicators).

[14] Barbados has no available cost-effective benchmark; its score reflects targets within its fair share allocation and a net zero target for 2045 or earlier.

Differences across income groups are more pronounced for *Ambition* and *Policy & Finance* than for *Trends*; although cross-income comparisons should be interpreted cautiously. Middle- and low-income countries are exempt from some indicators, reflecting the principle of common but differentiated responsibilities and limiting direct comparability across income groups. Trends scores overlap widely, with group averages ranging from 0.45 for middle-income countries to 0.55 for high-income countries. In contrast, average *Ambition* and *Policy & Finance* scores tend to rise with income. This may partly reflect the greater administrative capacity required to develop detailed pathways and implement complex climate policies, although differences in indicator coverage and national circumstances also contribute to the pattern.

Performance is weaker when greater weight is placed on the countries responsible for the largest share of emissions. Across all three summary pillar scores, the emissions-weighted mean is below the equal-country mean. This pattern is driven by several large emitters that perform poorly. Among high-income countries, for example, the US and Russia pull the emissions-weighted mean below the equal-country mean across all three scores. The pattern is reversed in some other groups: in the *Ambition* pillar, India raises the emissions-weighted mean among low-income countries, while in *Policy & Finance,* China raises the emissions-weighted mean among middle-income countries.

3. In focus: sectoral transition planning

In this section, we explore sectoral transition planning, an emerging focus in climate policy. We explain how the ASCOR framework incorporates a new sectoral layer into its assessment of sovereign climate performance and highlights emerging good practices.

NDCs are useful for assessing countries' climate ambition but they often lack the detail on policy implementation needed to shape corporate strategies and inform investor decision-making. There is growing interest in making NDCs credible, investable and implementable.[15] A country's pathway to net zero is shaped by its historical emissions, socioeconomic context and the sectoral composition of its economy. The low-carbon transition creates different risks and opportunities across sectors and countries. Government plans for decarbonising high-emitting sectors can strengthen the credibility of NDC implementation and provide useful information for investors.[16]

Sector-specific pathways, backed by supporting policies, can inform corporate transition plans and improve market participants' understanding of a country's investment risks and opportunities. Sectoral pathways (quantified sector-specific emissions targets or scenario projections) and policies can help businesses and investors more accurately understand how the policy environment they operate in will evolve. Some countries have gone further by developing dedicated sectoral transition plans (STPs): forward-looking strategies for a sector's transition that include medium- and long-term targets alongside details on technology levers, financing needs and policy support.[17]

The ASCOR framework v2.0 now assesses whether countries are decarbonising their highest-emitting sectors and whether they have set sectoral pathways and policies. Our new analysis combines backward-looking emissions trends with forward-looking targets and policies in the sectors most material to each country. Building on ASCOR's economy-wide indicators, this deeper analysis aims to reveal variations in how countries are managing the transition across their highest-emitting sectors. For an overview of how we assess the framework's sectoral areas, see Section 1.

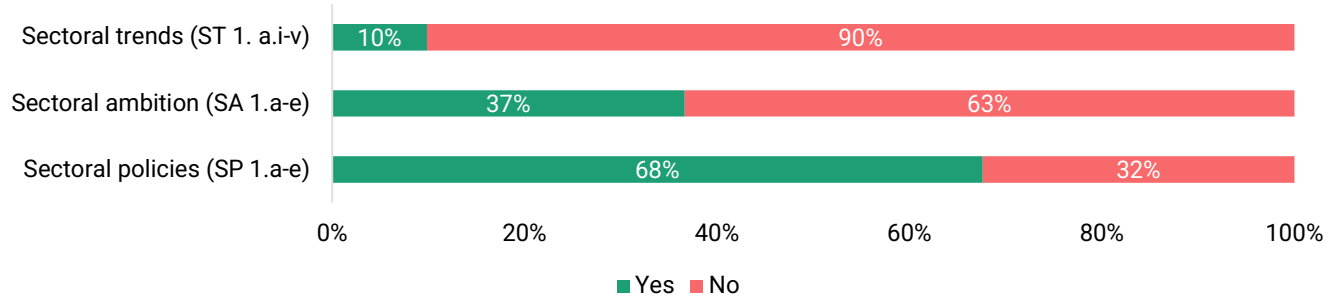
Sector-specific results

Although it is not a requirement under the UNFCCC, sectoral transition planning is an increasingly common part of national climate strategies. Many countries assessed on ASCOR adopt some elements of sectoral transition planning, often in their long-term strategies, NDCs or sector-specific roadmaps. The ASCOR framework's new sector-specific indicators assess some of the key elements of STPs (ambition and policy), regardless of whether a country has published a standalone STP.

The overall snapshot of sectoral transitions shows that policy-setting (SP 1.a–e) is widespread, while sectoral pathways (SA 1.a–e) are less common and decreasing emissions trends (ST 1.a.i–v) across all five high-emitting sectors are rare (see Figure 3.1). This sequence follows a predictable logic: targets and policies can be established relatively quickly, while changes in sectoral emissions typically emerge only over time. A gap between stated ambition and observed emissions trends may persist depending on policy design, implementation and external factors. Below, we look at these areas individually and unpack patterns in the assessment to draw out sector-specific insights.

[15] See Organisation for Economic Co-operation and Development (OECD) / UN Development Programme (2025) Investing in Climate for Growth and Development: The Case for Enhanced NDCs.
[16] See IIGCC (2024) Making NDCs investable – the investor perspective.
[17] See Transition Finance Council (TFC) (2025) Sector Transition Plans: The Finance Playbook.

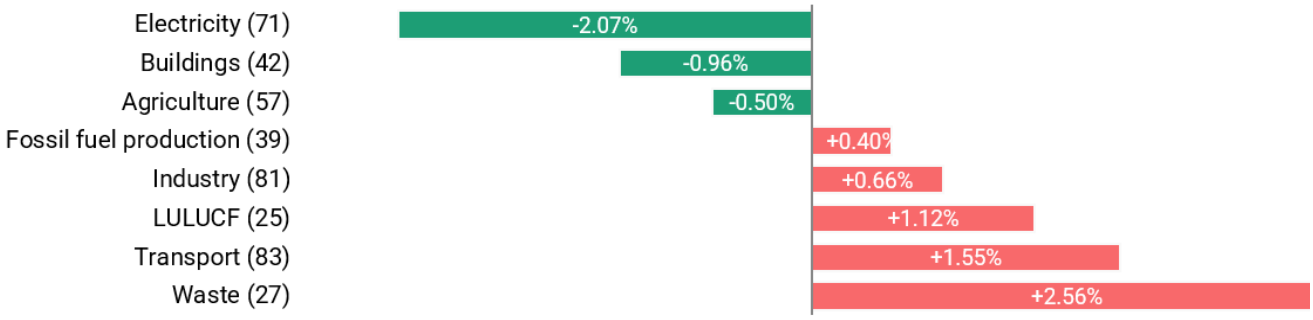
Figure 3.1. Sectoral transition performance across all five sectors



Note: The percentages show the share of assessed countries meeting ('Yes') or not meeting ('No') the relevant criterion across all five of their highest-emitting sectors. All the results here apply to 71 high- and middle-income countries. Low-income countries are assessed on quantitative sectoral trends metrics, displaying the emissions trends in their highest-emitting sectors without an evaluation of whether these sectors have a downward trend, a decarbonisation pathway or policy.

The sectoral trends area shows that the decarbonisation performance of the highest-emitting sectors, as well as their national relevance, varies by country (see Figure 3.2). Very few countries (10%) have reduced emissions across all five of their highest-emitting sectors, but 54% have reduced emissions in at least three. Among the high-emitting sectors that most commonly appear in countries' top five, electricity has had the steepest average decline of any sector, while emissions have risen in the transport sector. This divergence is consistent with the relative maturity of low-carbon alternatives. Electricity systems already have deployable clean substitutes, whereas comparable low-carbon options are less mature in parts of the transport sector, including aviation, shipping and heavy road transport.[18]

Figure 3.2. Average emission trends by sector



Note: For each sector, the number of countries where the sector appears in the top five highest-emitting sectors is noted in parentheses. The average emissions trend for each sector is the mean of each country's five-year trend for that sector. All 85 countries are assessed on the quantitative emissions trends metrics in their highest-emitting sectors.

In the sectoral ambition area, 37% of assessed countries (26 of 71) have quantified sector-specific decarbonisation pathways for all five of their highest-emitting sectors. Electricity is the sector most likely to have dedicated decarbonisation commitments, while the fossil fuel production sector lags furthest behind with only six of 32 relevant countries (Australia, Canada, Ecuador, Mexico, Norway and Oman) committing to reduce emissions in this sector.

Sectoral policies are widespread, with 68% of assessed countries (48 of 71) having at least one policy in each of their five highest-emitting sectors. However, as explained, setting a policy measure is, by nature, easier than decarbonising the sector. Adoption of a carbon price or a renewable energy support scheme requires political and regulatory

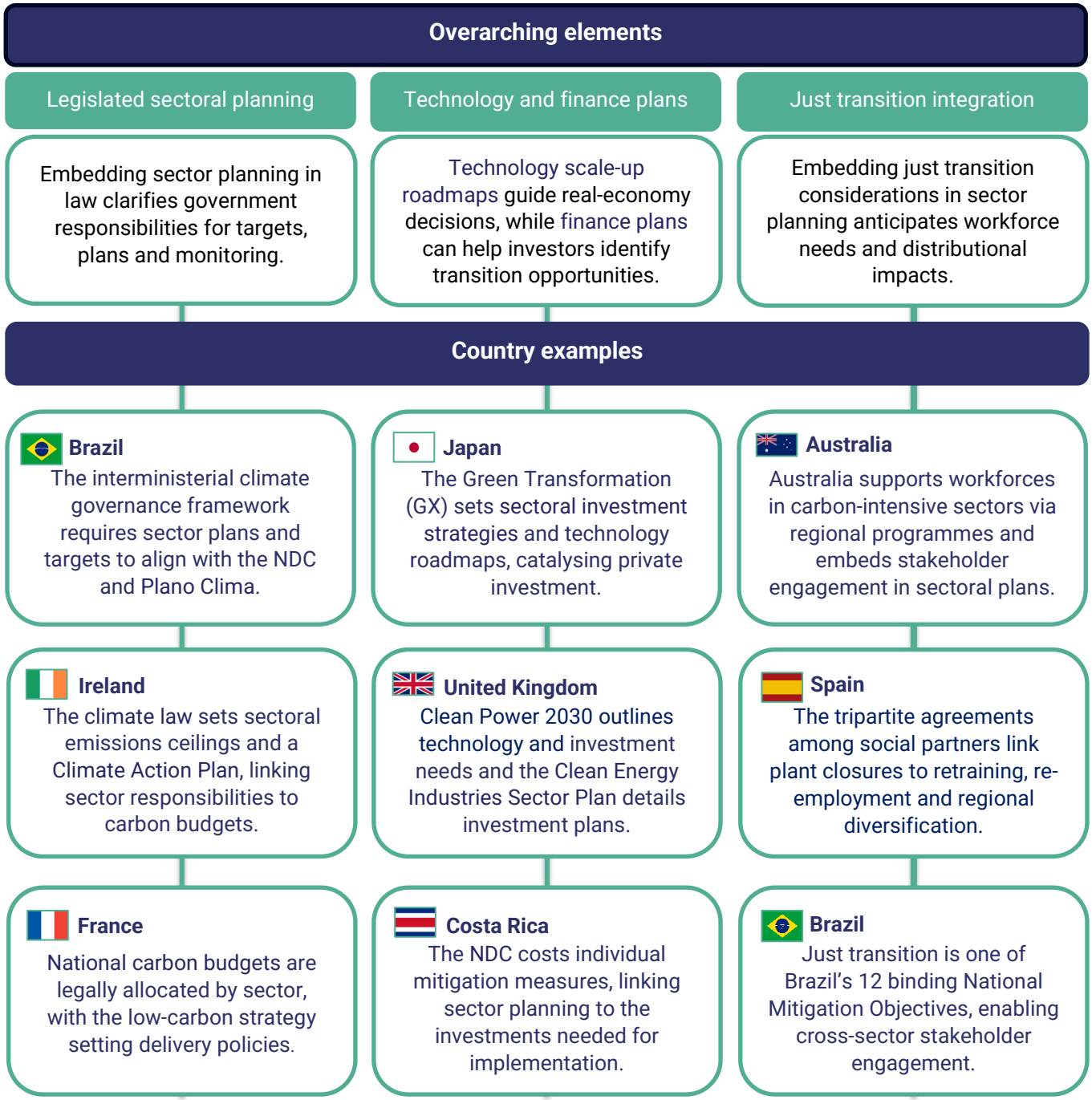
[18] See International Energy Agency (IEA) (2023) *Tracking Clean Energy Progress 2023*.

commitment, while actual emissions reductions depend on policy design and on external factors such as energy prices, technology costs and access to finance.

Emerging good practice in sector transition planning

Sector transition planning that moves beyond targets and policies to incorporate technology and finance roadmaps can reinforce market signals to businesses and investors. There is no one-size-fits-all approach to sectoral transition planning; its design will depend on national circumstances and existing planning frameworks. The emerging practices outlined in Figure 3.3 can help governments identify priorities for translating overarching NDCs into sector-level implementation. The examples include countries with dedicated STPs and those that have only adopted some elements of sectoral transition planning.

Figure 3.3. Elements of emerging good practice on sectoral transition planning

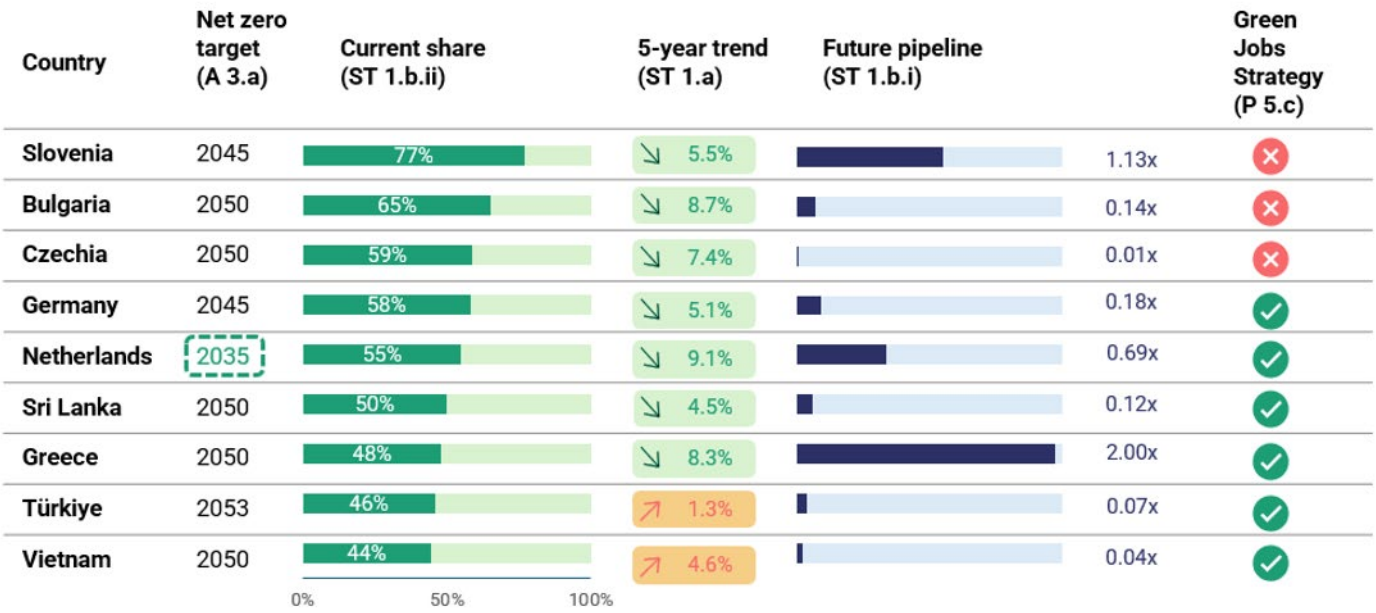


Powering the transition

Decarbonisation of the electricity sector is a cornerstone of the low-carbon transition and warrants particular attention. Electricity is the largest source of energy-related emissions, while decarbonisation of other sectors increasingly depends on electrification and a low-carbon grid. At the same time, electricity demand is expected to grow rapidly, reinforcing the need for continued investment in low-carbon generation, grids and storage.[19]

The ASCOR indicators capture different dimensions of the electricity sector's transition. Figure 3.4 shows how a selection of countries performs across these different indicators. The selected countries are those with the highest current share of low-carbon sources (ST 1.b.ii) in electricity generation and where electricity is the first or second highest-emitting sector. The five-year trend (ST 1.a) shows how the sector has performed historically, while the future pipeline (ST 1.b.i) compares the expected generation potential of renewable capacity in pre-construction (i.e. projects that are actively moving forward in seeking governmental approvals, land rights or financing) or construction (i.e. site preparation and equipment installation are underway) with that of the country's expected fossil fuel fleet.[20] The green jobs strategy indicator (P 5.c) indicates whether a country has published an economy-wide or sectoral green jobs strategy that identifies the employment-related opportunities and risks of the transition and sets measures to address these.

Figure 3.4. Electricity sector performance across different ASCOR indicators in selected countries



Note: This figure draws on several ASCOR indicators: a country's net zero target, current share of low-carbon generation, five-year emissions trend, the size of its renewable energy capacity pipeline relative to its expected fossil fuel-based fleet and green jobs strategy. The net zero target column displays the economy-wide net zero deadline for each country except the Netherlands, which has an earlier net zero deadline for its electricity sector, highlighted in green because it is aligned with a 1.5°C scenario.

[19] See IEA (2026) *Electricity 2026: Analysis and forecast to 2030.*

[20] The ratio is calculated as the capacity-factor-weighted renewable pipeline divided by the capacity-factor-weighted expected fossil fleet. A ratio above 1 indicates that the country's renewable pipeline has greater capacity than its expected fossil fleet.

These indicators together allow investors to look beyond any single metric and identify where the gaps and opportunities lie: countries may have strong current trends in low-carbon energy generation but a small renewable energy pipeline, or a stronger future pipeline despite ongoing reliance on fossil fuels today. For example, Czechia and Bulgaria have high shares of low-carbon generation, but relatively small renewable pipelines compared with their expected fossil fuel fleets. Greece, by contrast, has a lower current share of low-carbon generation but by far the largest renewable pipeline relative to its expected fossil fuel fleet, indicating substantial potential for further renewables expansion. The Netherlands is the only country in this illustrative sample with an electricity-specific net zero target aligned with the IEA's 1.5°C scenario, which requires advanced economies to reach net zero electricity emissions by 2035. [21]

A smaller renewable energy pipeline does not necessarily indicate weak transition ambition, so the metric should be considered alongside other indicators and country-specific circumstances. Countries may already have relatively low-carbon electricity systems or may plan to expand other forms of low-carbon generation not captured by the renewable pipeline measure. These factors can form part of investors' engagement with sovereigns.

As the power sector decarbonises, ensuring a just transition is essential on two fronts. First, support is needed for workers currently dependent on fossil fuel-linked employment to manage the risks of displacement. Second, the workforce must be trained so that it can step into new employment opportunities generated by the transition. The ASCOR indicator on green jobs strategies provides insight on country planning for workforce preparedness in transitioning sectors, including electricity. For example, Slovenia's electricity sector is well-positioned for the low-carbon transition, but it does not have a green jobs strategy. In contrast, some countries with higher reliance on fossil fuel electricity have green jobs strategies that can support a just transition in the sector. For example, Greece has a dedicated National Skills Council that has published a strategy for upskilling in relation to the transition.

[21] Based on the IEA's Net Zero Emissions by 2050 scenario, electricity sector emissions are considered aligned with 1.5°C if they reach net zero by 2035 in advanced economies, by 2040 in China and by 2045 in the rest of the world. Apart from the sample selected for the purposes of this section, only nine of 71 (including the Netherlands) countries assessed on indicator SA 1.f have set net zero electricity sector targets aligned with 1.5°C.

4. In focus: adaptation policy

In this section, we focus on how the ASCOR framework assesses sovereign adaptation and share key insights from this year's assessment. We also consider how the implementation of adaptation plans can be assessed, an area where the evaluation of progress at the national level remains embryonic.

Physical climate risks can have material financial consequences for sovereigns. Sustained higher temperatures can reduce labour productivity in heat-exposed sectors, potentially slowing growth and narrowing the tax base over time.[22] Acute climate events can damage public infrastructure and trigger relief and reconstruction spending, with a larger share of these costs falling on the state where private insurance coverage is low.[23]

Modelling of climate impacts on government revenues and expenditures suggests that physical climate risks could lower sovereign credit ratings by several notches over the coming decades,[24] but adaptation can reduce these effects on sovereign creditworthiness.[25] Adaptation is therefore important to sovereign fiscal resilience and to investors in sovereign debt. Improving a sovereign's adaptive capacity can bring economic opportunities, reduce losses and enable a faster recovery from disasters. Where physical exposure and vulnerability are reduced in advance, or where risk is transferred when a shock arrives, the same external physical hazard produces a smaller fiscal impact.

ASCOR's adaptation assessment

The ASCOR framework assesses country planning and preparedness for climate adaptation. The adaptation indicators draw on guidance from UNEP's Adaptation Gap Report series and the academic literature.[26] Table 4.1 groups these indicators by theme, showing which aspect of adaptation each assesses. Strong performance indicates that a country has taken relevant steps to manage physical climate risks, but not necessarily that it has already reduced its vulnerability (see the next sub-section).

Table 4.1. ASCOR's adaptation indicators by theme

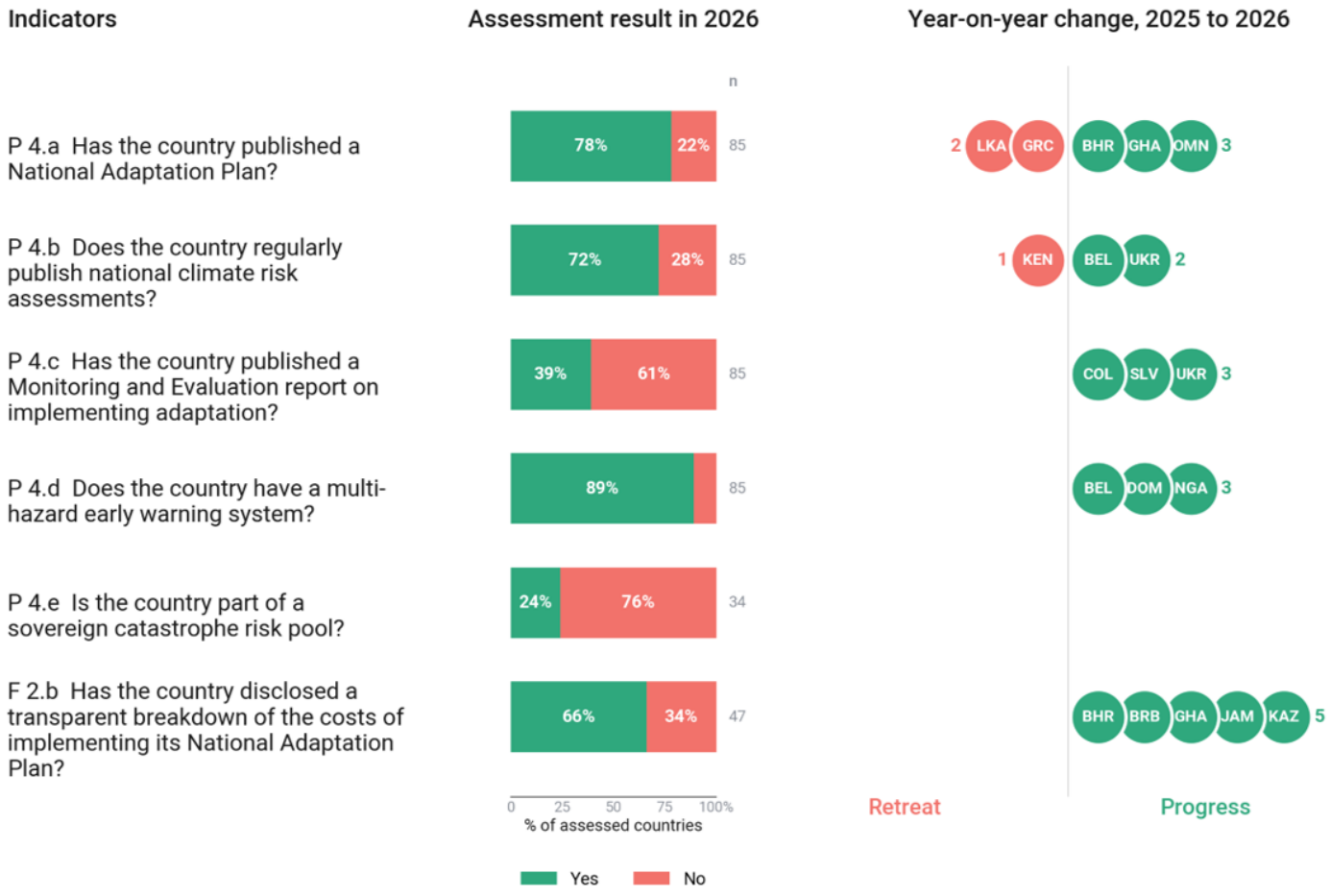
Theme	Indicator
Adaptation planning cycle	**P 4.a** Has the country published a National Adaptation Plan? **P 4.b** Does the country regularly publish national climate risk assessments? **P 4.c** Has the country published a Monitoring and Evaluation report on implementing adaptation?
Disaster risk management	**P 4.d** Does the country have a multi-hazard early warning system?
Finance	**P 4.e** Is the country part of a sovereign catastrophe risk pool? **F 2.b** Has the country disclosed a transparent breakdown of the costs of implementing its National Adaptation Plan?

[22] See Kahn et al.(2021) *Long-term macroeconomic effects of climate change: A cross-country analysis*
[23] See Volz et al. (2020) *Climate Change and Sovereign Risk* and Von Peter G, von Dahlen S and Saxena S (2024) *Unmitigated disasters? Risk sharing and macroeconomic recovery in a large international panel*
[24] See Klusak et al. (2023) *Rising Temperatures, Falling Ratings: The Effect of Climate Change on Sovereign Creditworthiness*
[25] See Bernhofen et al. (2024) *The Impact of Physical Climate Risks on Sovereign Credit Ratings: Implications for financial resilience and fiscal policy at the sovereign-bank nexus*
[26] See Leiter T (2021) *Do governments track the implementation of national climate change adaptation plans? An evidence-based global stocktake of monitoring and evaluation systems*

Most countries have established the basic elements of adaptation planning, but monitoring its implementation and putting financial protection mechanisms in place is less common (see Figure 4.1, left-hand panel). Most countries (66 of 85) have an up-to-date National Adaptation Plan (P 4.a) and 61 of these regularly publish national climate risk assessments (P 4.b). Far fewer (33 of 85) publish a monitoring and evaluation report on how they have begun to implement their adaptation plan (P 4.c). On the finance side, fewer assessed countries (8 of 34) are members of a regional sovereign catastrophe risk pool (P 4.e). We exempt high-income countries on this indicator given the absence of risk pools in their associated regions. Such risk-transfer mechanisms can reduce the share of disaster costs that must be met directly from government budgets by providing pre-arranged finance.[27]

Over the past year, several countries have strengthened their adaptation planning, while others have fallen back in the assessment as previously qualifying documents have become outdated (see Figure 4.1, right-hand panel). Since our last assessment, Belgium has published its first risk assessment, Australia has released both its first National Climate Risk Assessment and its first NAP, and Ghana has published its first NAP. By contrast, Sri Lanka and Greece's NAPs and Kenya's risk assessment no longer qualify because ASCOR requires the most recent plan or assessment to have been published within the past ten years.

Figure 4.1. Adaptation policy and finance indicators: assessment results and country year-on-year change



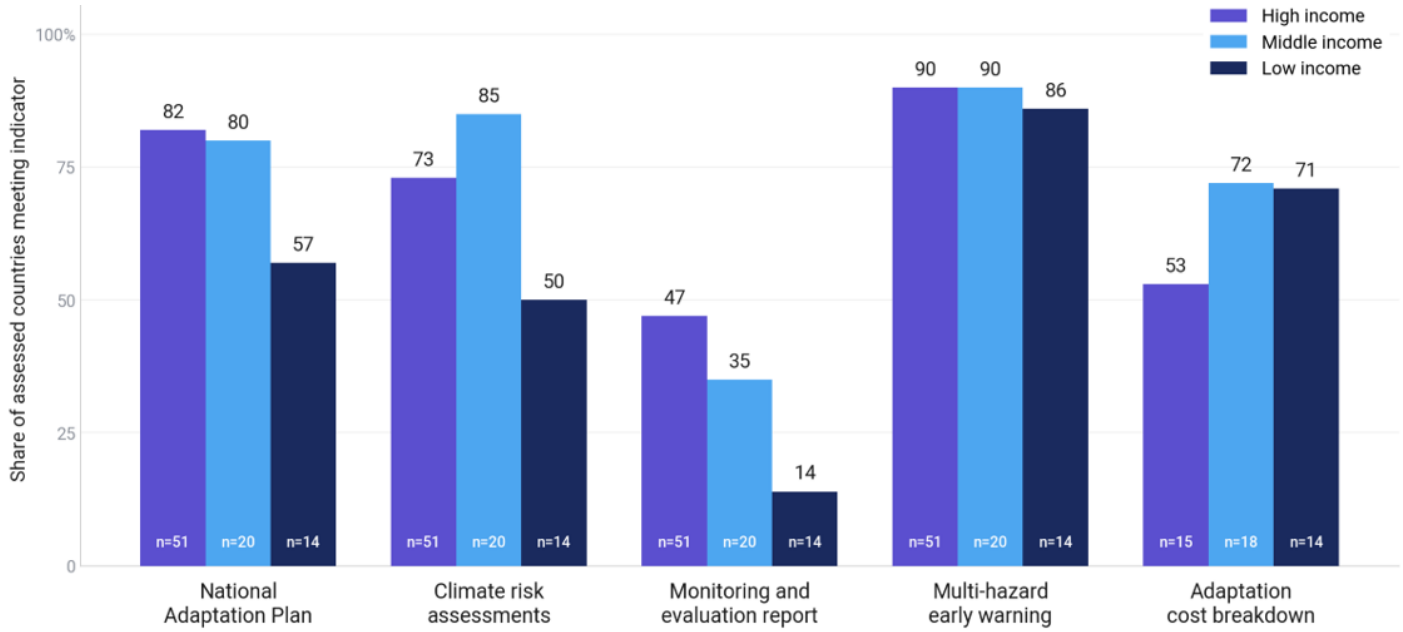
Note: The share of assessed countries that meet each indicator is shown as a percentage of the total number of countries assessed for that indicator, shown to the right of the bars (n). These percentages should be interpreted alongside the number of countries assessed and the year-on-year change, since the sample varies by indicator.

[27] See Volz U et al. (2020) *Climate Change and Sovereign Risk*.

The largest net improvements are in monitoring and evaluation, disaster risk management and transparency in adaptation costing. Colombia, El Salvador and Ukraine have published monitoring and evaluation reports (P 4.c) for the first time. The number of countries with a multi-hazard early warning system (P 4.d) has increased from 73 to 76, consistent with the objectives of the UN Early Warning Initiative, which targets universal coverage by 2027.[28] Moreover, five countries have progressed in their adaptation costing (F 2.b). The improvements in adaptation costing reflect new cost disclosures across a range of documents: new NDC submissions, NAPs, long-term strategies and investment plans. This reflects a growing practice of embedding cost estimates in flagship climate documents. Most low- and middle-income countries (31 of 47) provide a more detailed cost analysis by disclosing a sectoral breakdown of financing needs to implement their NAPs (F 2.b).

Adaptation results are uneven across income groups, with the gap widening for more demanding indicators (see Figure 4.2). Planning and risk assessment are relatively common across all income groups, although less so among low-income countries. Differences are larger for monitoring and evaluation, which requires greater institutional capacity, data systems and sustained financing. In lower-income countries, it also often depends on external support.

Figure 4.2. Performance on adaptation indicators by income group



Note: Each bar shows the share of assessed countries in an income group meeting the indicator, as a percentage of the total assessed in that group (n shown at the base of each bar). Sample sizes vary by indicator, as not all indicators are assessed for all countries. F 2.b (adaptation cost breakdown) is assessed only for UNFCCC Non-Annex I countries, so its high-income sample is much smaller (n = 15).

While adaptation performance tends to rise with income, there are notable exceptions that do not simply reflect differences in physical climate exposure. The Philippines and Ghana meet all but one adaptation indicator (cost breakdown and monitoring and evaluation, respectively), despite having lower biophysical exposure to projected climate change than several high-income countries in the sample, according to ND-GAIN. Conversely, Qatar, the United Arab Emirates and Saudi Arabia are among the weaker performers in the high-income sample despite relatively high levels of physical climate exposure according to ND-GAIN.[29]

[28] See UN (n.d.) *Early Warnings for All*.
[29] University of Notre Dame (2026) Global Adaptation Initiative ND-Gain.

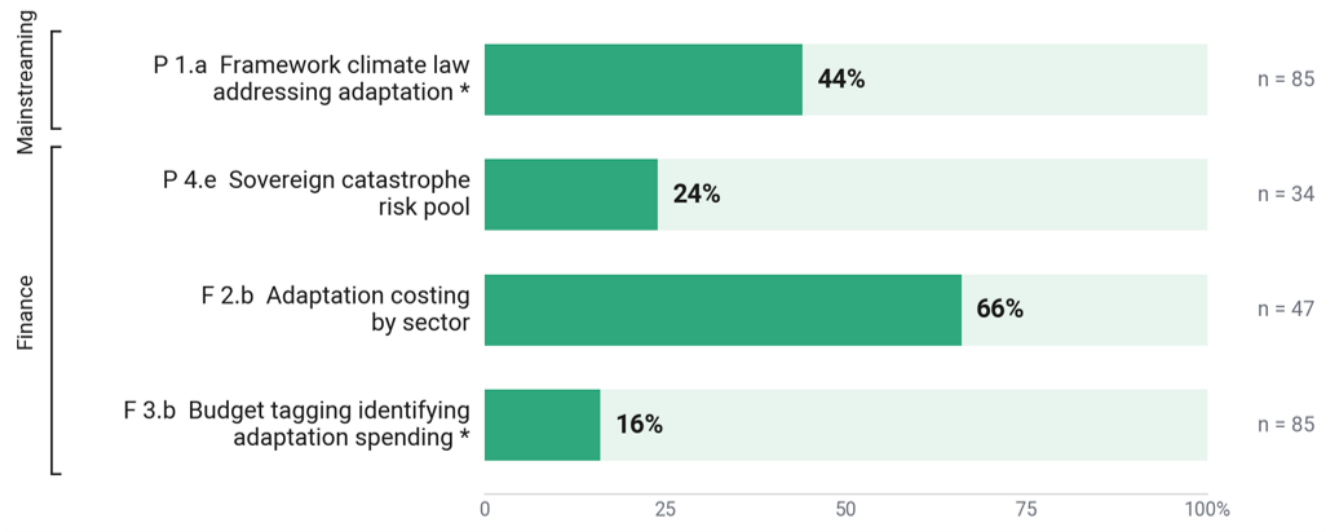
Proxy data points to address the adaptation implementation gap

Expanding the assessment of adaptation was a key priority for respondents to the ASCOR consultation held in early 2026. Recent UN processes are placing greater emphasis on tracking global progress in adaptation and implementation of NAPs. The growing literature on adaptation implementation identifies several ways to track progress, including adaptation finance, links between identified risks and adaptation measures, and the mainstreaming of adaptation into development planning, budgeting and sectoral policy.

The ASCOR adaptation indicators capture some of the institutional and financial conditions that can support resilience to physical climate impacts, but they do not directly evaluate whether planned measures have been implemented or whether the required finance has been delivered and spent. Given that tracking adaptation implementation is an evolving field, this section explores whether some underlying criteria in the methodology can serve as proxies for the enabling conditions for adaptation implementation.

We identify four criteria that can provide an initial view of the conditions supporting adaptation implementation, drawn from ASCOR indicators and supplementary information (see Figure 4.3). Each of these four criteria captures a condition relevant to the delivery of adaptation plans and can be consistently tracked through published documents. Two of these are existing ASCOR adaptation indicators discussed above: adaptation costing (F 2.b) and membership in sovereign catastrophe risk pools (P 4.e). Two other criteria draw on additional data gathered for other indicators during the ASCOR assessment cycle: as part of our assessment of framework climate laws (P 1.a) and climate budget tagging (F 3.b), we track whether identified laws and tagging practices include adaptation.[30] For the purpose of this analysis, the countries that meet these additional adaptation criteria are included in Figure 4.3.

Figure 4.3. Performance across indicators proxying adaptation implementation



Note: The share of assessed countries that meet each indicator is shown as a percentage of the total number of countries assessed for that criterion. The number of countries assessed is shown on the right-hand side of the bars. The indicators P 1.a and F 3.b are marked with an asterisk to indicate that the estimates here do not refer to the overall assessment result of the indicator but the share of countries that meet the relevant criterion specifically for adaptation.

[30] Climate budget tagging is an established instrument for tracing climate-related expenditure through the budget cycle, without which adaptation spending cannot be distinguished from other public expenditures. See World Bank (2021) *Climate Change Budget Tagging: A Review of International Experience*.

Emerging good practices combine granular costing with high levels of transparency. Argentina's 2023 National Adaptation Plan provides cost estimates for individual adaptation measures, grouped into six strategic lines or thematic areas (biodiversity conservation, sustainable food systems and forests, sustainable mobility, resilient territories, energy transition and productive transition). On climate adaptation spending, Costa Rica's budget tagging distinguishes adaptation, mitigation and cross-cutting expenditures and publishes the underlying data in accompanying spreadsheets, making it possible to establish how much is actually being spent on adaptation.

Jamaica illustrates how risk pooling can provide rapid liquidity after major climate-related shocks and support fiscal resilience. Jamaica's membership of the Caribbean Catastrophe Risk Insurance Facility delivered payouts following Hurricanes Beryl (July 2024) and Melissa (October 2025), providing liquidity within weeks of each event rather than requiring the government to absorb the immediate cost. Following Melissa, which caused damage equivalent to 40% of GDP, Moody's Ratings upgraded Jamaica's sovereign credit standing to Ba3 from B1, while Fitch Ratings and S&P Global Ratings affirmed their assessments with stable outlooks. Fitch explicitly cited the country's layered disaster risk financing framework in its assessment.

Emerging good practices combine granular costing with high levels of transparency. Argentina's 2023 National Adaptation Plan provides cost estimates for individual adaptation measures, grouped into six strategic lines or thematic areas (biodiversity conservation, sustainable food systems and forests, sustainable mobility, resilient territories, energy transition and productive transition). On climate adaptation spending, Costa Rica's budget tagging distinguishes adaptation, mitigation and cross-cutting expenditures and publishes the underlying data in accompanying spreadsheets, making it possible to establish how much is actually being spent on adaptation.

Jamaica illustrates how risk pooling can provide rapid liquidity after major climate-related shocks and support fiscal resilience. Jamaica's membership of the Caribbean Catastrophe Risk Insurance Facility delivered payouts following Hurricanes Beryl (July 2024) and Melissa (October 2025), providing liquidity within weeks of each event rather than requiring the government to absorb the immediate cost. Following Melissa, which caused damage equivalent to 40% of GDP, Moody's Ratings upgraded Jamaica's sovereign credit standing to Ba3 from B1, while Fitch Ratings and S&P Global Ratings affirmed their assessments with stable outlooks. Fitch explicitly cited the country's layered disaster risk financing framework in its assessment.

5. Conclusions and next steps

The evolution of the ASCOR framework reflects changing investor needs and market practice. The TPI Centre reviews all its methodologies on a periodic basis, drawing on analytical insights gained through the application of the framework, as well as feedback from investors, issuers and academics, including through public consultation where proposed changes are material. This process ensures that methodologies remain robust and relevant. The latest v2.0 of the ASCOR framework is intended to enhance its practical applicability.

Since ASCOR's conception at the start of this decade, climate change has become a more prominent feature of public and market debate. This shift reflects both its growing recognition as a material economic issue and its increasing politicisation in certain jurisdictions. What was a relatively niche consideration in investment analysis a few years ago has increasingly become a factor that markets recognise needs to be assessed, both at the investor and issuer levels, whether corporate or sovereign. ASCOR v2.0 responds to this evolving context by moving beyond an emphasis on ambition towards a closer examination of climate action.

ASCOR v2.0 also broadens the framework's practical applications. The expanded framework enables new applications: the sectoral layer can better inform corporate investment decisions, since it speaks more directly to the specific regulatory environment of companies in high-emitting sectors. For example, power companies' emissions targets often diverge from the decarbonisation pathways implied by their national climate plans, underlining the value of reading corporate and national assessments together.[31]

Many of the issues shaping market sentiment this year also have climate-related dimensions, even where these are not always framed explicitly in climate terms. Debates among market participants about inflation, sovereign debt sustainability, and the energy and water demands associated with the expansion of AI hyperscalers are driven by a combination of economic, technological and geopolitical factors, but climate-related considerations increasingly intersect with each. Climate therefore forms part of the wider context in which these issues are assessed. In practice, the challenge is often one of framing and communication, with the terminology used to describe these connections varying across audiences and forums.

The contribution of this report lies not only in its findings, but in the extent to which these go on to inform decisions and practice. The TPI Centre has previously highlighted emerging applications of ASCOR, both in the *ASCOR in practice: use cases and insights* report, including how it maps with the Net Zero Investment Framework,[32] and in earlier *State of the Sovereign Transition* reports. New use cases continue to emerge and institutional recognition of the framework has grown. For example:

- **Investors:** ASCOR data now informs the Anthropocene Fixed Income Institute's (AFII) Co2liseum platform, which provides transition analytics for sovereign portfolios. Furthermore, a Euro area sovereign bond index and exchange-traded fund (ETF) which leverage ASCOR data are now in their second year.[33] Some investors we engage with also use the ASCOR framework as an independent reference point when considering whether sustainability-labelled sovereign bonds are aligned with a government's climate commitments, policies and implementation. Where material misalignments are identified, ASCOR can help investors assess credibility risks, verify that sustainability-related labels are backed by substantive climate action and prioritise engagement with sovereign issuers on areas requiring further progress or disclosure.
- **Sovereigns:** The ASCOR framework has been referenced as part of a wider set of tools supporting sovereign climate analysis. The *Sovereign Transition: Unlocking the Investment*

[31] See Rose et al. (2025) *Assessing Corporate Emissions Reduction Targets Against National Transition Plans.*
[32] See IIGCC (2024) *Net Zero Investment Framework 2.0.*
[33] See FTSE Russell, ING and Robeco (2025) *Rethinking Sovereign Debt to Finance the Climate Transition Introducing a novel investment solution.*

Opportunity report by the Climate Bonds Initiative (2025) identifies ASCOR, alongside tools such as the OECD's Climate Action Dashboard and the European Commission's National Energy and Climate Plans guidance, as reference points available to governments strengthening their transition planning. The Bank of Spain has also cited the ASCOR tool among the sovereign climate metrics it recently reviewed.[34] Furthermore, our increasing interaction with sovereigns through consultation, roundtables and the annual feedback cycle also suggests that peer comparison within income groups can support learning and the exchange of good practice. Some elements of the ASCOR framework may also prove useful to sub-sovereign entities, particularly in jurisdictions where local governments hold responsibilities for climate policy.

The data and insights in this report are intended primarily to support engagement with sovereign issuers, while the new sectoral analysis can also provide useful context for corporate engagement. Sovereign engagement on climate topics remains at a relatively early stage compared with corporate engagement. Relevant guidance has emerged in recent years, including the Principles for Responsible Investment's guidance on environmental, social and governance engagement for sovereign debt investors as well as its Collaborative Sovereign Engagement on Climate Change initiative, which has used ASCOR to inform dialogue between investors and government representatives. The sectoral enhancements introduced in ASCOR v2.0 broaden and add nuance to the topics available for engagement with sovereigns, while also extending the potential for engagement to the corporate level, putting a spotlight on industrial policy and sector-specific transition planning. More broadly, this new data contributes to making it easier to connect sovereign-level climate performance to the corporate actors operating within specific economies.

Several areas emerging from this year's assessment offer a constructive basis for such engagement. The development of transparent monitoring mechanisms, including country-specific key performance indicators of the kind being explored by Australia and the European Commission, offers scope for engagement on how climate progress is tracked and communicated. The expiry of fossil fuel subsidy and international climate finance commitments without replacement also provides a clear topic for engagement on governments' forward-looking intentions. Finally, as countries advance in sectoral transition planning, the financing dimension of these plans represents an area where further detail could help investors identify investment gaps and corresponding opportunities.

Looking ahead, the TPI Centre intends to expand the ASCOR country universe from 85 to 100 countries in 2027. This will extend coverage beyond countries included in major global sovereign bond indices to a broader range of emerging markets. Additional work is also planned on adaptation policy implementation, data aggregation and climate investment planning, reflecting further feedback received through the consultation process.

The TPI Centre will continue to organise outreach activities with investors, sovereigns and other stakeholders. Recent examples include the webinar co-hosted with the Coalition of Finance Ministers for Climate Action, which was intended to improve understanding of ASCOR's methodology and results, while raising awareness of the Coalition's resources. Another example is the new 'Rewarding resilience' project that aims to establish a community of practice focussed on financing sovereign adaptation and is being led in collaboration with the Grantham Research Institute on Climate Change and the Environment at LSE. Together, these and future activities aim to support ongoing dialogue on climate-related issues among sovereigns, investors, credit rating agencies and other stakeholders.

[34] See Bank of Spain (2025) *Sovereign assets and sustainable and responsible investment: the importance of climate metrics*.

Appendix 1. Mapping of changes in the ASCOR framework

The table below provides a list of the pillars, areas, indicators and metrics of the ASCOR framework Version 2.0 and maps these against the previous alphanumerical codes for equivalent elements in Version 1.2. We specify the type of change made to each of these components. Note that all codes have been adjusted compared to the previous version following the structural changes described in Section 1 of this report. The types of changes are explained below. The changes in green indicate that the current and previous indicators are methodologically equivalent and can be directly compared for tracking performance over time. The changes in red indicate a methodological change that would not allow direct comparisons between the current and previous indicators.

- No change: The methodology and data are fully comparable with the previous version and only the code has changed. For the areas marked with this type of change, note that there may be at least one indicator or metric that is archived or added this year, while the rest of the area is still comparable with the previous version.
- Reallocation: The methodology and data are fully comparable with the previous version. The code has changed and the indicator has been moved to a different area and/or pillar of the framework.
- New addition: The data point is novel and therefore any associated data will only be available in 2026 onwards.
- Methodology change: An existing indicator or metric is assessed in a different way and therefore no longer comparable with the previous version. Such changes are made to ensure the robustness of the ASCOR framework.
- Structural change: The pillar has been renamed or split, or its coverage has changed. As there are no pillar-level results on the ASCOR tool, these changes do not have direct implications for data comparability over time.

Pillar/Area/Indicator/Metric in Version 2.0	Equivalent code in Version 1.2	Change compared to Version 1.2
Economy-wide scope		
Pillar 1. Trends	Not applicable	Structural change
T 1. Emissions trends	EP 1	Methodology change
T 1.a Has the country improved its emissions profile over the past 5 years?	EP 1.a	
T 1.a.i What is the country's most recent emissions level?	EP 1.a.i	
T 1.a.ii What is the country's most recent emissions trend?	EP 1.a.ii	
T 1.b Is the country's emissions trend aligned with the 1.5°C or Below 2°C cost-effective benchmark?	EP 1.b	
T 1.b.i Which cost-effective benchmark is the country's emissions trend aligned with?	Not applicable	New addition
T 1.b.ii How far is the country's emissions trend from meeting its 1.5°C cost-effective benchmark?	EP 1.b.i	Methodology change
T 1.c Is the country's emissions trend aligned with the country's 1.5°C or Below 2°C fair share benchmark?	EP 1.c	

T 1.c.i Which fair share benchmark is the country's emissions trend aligned with?	Not applicable	New addition
T 1.c.ii How far is the country's emissions trend from meeting its 1.5°C fair share?	EP 1.c.i	Methodology change
Pillar 2. Ambition	Pillar 1. Emissions pathways	Structural change
A 1/2. 2030/2035 targets	EP 2/3	Methodology change
A 1/2.a Has the country set a 2030/2035 emissions reduction target?	EP 2/3.a	No change
A 1/2.a.i What is the targeted reduction relative to 2019 emissions?	EP 2/3.a.i	
A 1/2.b Does the country specify whether and by how much carbon credits may contribute to its 2030/2035 target?	EP 2/3.b	
A 1/2.b.i What percentage of the 2030/2035 target will be met using carbon credits?	EP 2/3.b.i	
A 1/2.c Is the country's 2030/2035 target aligned with the 1.5°C or Below 2°C cost-effective benchmark?	EP 2/3.c	Methodology change
A 1/2.c.i Which cost-effective benchmark is the country's 2030/2035 target aligned with?	Not applicable	New addition
A 1/2.c.ii How far is the country's 2030/2035 target from meeting its 1.5°C cost-effective benchmark?	EP 2/3.c.i	Methodology change
A 1/2.d Is the country's 2030/2035 target aligned with the 1.5°C or Below 2°C fair share benchmark?	EP 2/3.d	
A 1/2.d.i Which fair share benchmark is the country's 2030/2035 target aligned with?	Not applicable	New addition
A 1/2.d.ii How far is the country's 2030 target from meeting its 1.5°C fair share benchmark?	EP 2/3.di	Methodology change
A 3. Net zero targets	EP 4	No change
A 3.a Has the country set a net zero CO_2 target?	EP 4.a	
A 3.a.i In what year is the net zero CO_2 target set?	EP 4.a.i	
A 3.b Is the country's net zero CO_2 target aligned with a global 1.5°C scenario?	EP 4.b	
A 3.c Is the country's net zero CO_2 target aligned with an accelerated deadline for high-income countries?	EP 4.c	
Pillar 3. Policy	Pillar 2. Climate Policy	Structural change
P 1. Climate legislation	CP 1	No change
P 1.a Does the country have a climate framework law or equivalent?	CP 1.a	
P 1.b Does the country's climate framework law specify key accountability elements?	CP 1.b	
P 2. Carbon pricing	CP 2	
P 2.a Does the country have a carbon pricing system?	CP 2.a	
P 2.b Does the country's carbon pricing system cover at least 50% of national greenhouse gas emissions?	CP 2.b	

P 2.b.i What percentage of national greenhouse gas emissions is covered by an explicit carbon price?	CP 2.b.i	Methodology change
P 2.c Does the country's carbon pricing system align with the Paris Agreement?	CP 2.c	
P 2.c.i What is the country's most recent explicit carbon price?	CP 2.c.i	No change
P 3. Fossil fuels	CP 3	Methodology change
P 3.a Has the country committed to a deadline by which to phase out fossil fuel subsidies?	CP 3.a	
P 3.a.i By what year has the country committed to phase out fossil fuel subsidies?	CP 3.a.i	
P 3.b Does the country publish an inventory of explicit fossil fuel subsidies?	CP 3.b	No change
P 3.b.i How much is spent annually on explicit fossil fuel subsidies as a percentage of GDP?	CP 3.b.i	
P 3.c Has the country committed not to approve new coal mines?	CP 3.c	
P 3.c.i What is the level of coal rents in the country as a percentage of GDP?	CP 3.c.i	
P 3.d Has the country committed not to approve new long-lead-time upstream oil and gas projects?	CP 3.d	
P 3.d.i What is the level of oil rents in the country as a percentage of GDP?	CP 3.d.i	
P 3.d.ii What is the level of natural gas rents in the country as a percentage of GDP?	CP 3.d.ii	
P 4. Adaptation	CP 5	
P 4.a Has the country published a National Adaptation Plan?	CP 5.a	
P 4.b Does the country regularly publish national climate risk assessments?	CP 5.b	
P 4.c Has the country published a Monitoring and Evaluation report on implementing adaptation?	CP 5.c	
P 4.d Does the country have a multi-hazard early warning system?	CP 5.d	
P 4.e Is the country part of a sovereign catastrophe risk pool?	CP 5.e	
P 5. Just transition	CP 6	
P 5.a Has the country ratified fundamental human, labour and Indigenous rights conventions?	CP 6.a	
P 5.a.i What share of relevant fundamental rights conventions has the country ratified?	Not applicable	New addition
P 5.b Does the country have an inclusive and institutionalised approach on the just transition?	CP 6.b	No change
P 5.c Does the country have a green jobs strategy?	CP 6.c	
P 5.d Does the country integrate just transition into its carbon pricing?	CP 6.d	
Pillar 4. Finance	Pillar 3. Climate Finance	Structural change

F 1. International climate finance	CF 1	No change
F 1.a Does the country contribute at least a proportional share of the international climate finance commitment?	CF 1.a	
F 1.a.i What is the country's 3-year average climate finance contribution as a % of GDP?	CF 1.a.i	
F 1.b Does the country's targeted climate finance contribution represent at least a proportional share of the international climate finance commitment?	CF 1.b	
F 1.b.i What is the country's targeted level of international climate finance contribution as a % of GDP?	CF 1.b.i	
F 2. Transparency in climate costing	CF 2	
F 2.a Has the country disclosed a transparent breakdown of the costs of implementing its Nationally Determined Contribution?	CF 2.a	
F 2.b Has the country disclosed a transparent breakdown of the costs of implementing its National Adaptation Plan?	CF 2.b	
F 3. Transparency in climate spending	CF 3	
F 3.a Has the country disclosed its climate-related expenditure?	CF 3.a	
F 3.b Does the country apply climate budget tagging?	CF 3.b	
Sector-specific scope		
ST 1. Sectoral trends	Not applicable	New addition
ST 1.a Has the country improved its sectoral emissions profile over the past 5 years?		
ST 1.a.i What is the emissions trend in the country's highest-emitting sector?		
ST 1.a.ii What is the emissions trend in the country's second highest-emitting sector?		
ST 1.a.iii What is the emissions trend in the country's third highest-emitting sector?		
ST 1.a.iv What is the emissions trend in the country's fourth highest-emitting sector?		
ST 1.a.v What is the emissions trend in the country's fifth highest-emitting sector?		
ST 1.b Is the country's renewable energy pipeline greater than its expected fossil fuel fleet?	Not applicable	New addition
ST 1.b.i What is the country's renewable energy pipeline compared with its expected fossil fuel generation?	Not applicable	New addition replacing previous CF4 metrics
ST 1.b.ii What percentage of the country's electricity generation is from low-carbon sources?	CP 4.d.i	Reallocation
ST 1.b.iii What is the country's energy intensity of primary energy?	CP 4.b.i	
ST 1.c Has the country increased its protected areas as a percentage of total land area over the last 5 years?	CP 4.e	

ST 1.c.i What is the amount of protected area in the country as a percentage of total land area?	CP 4.e.i	
SA 1. Sectoral ambition	Not applicable	New addition replacing the sectoral target assessments in the previous indicator CP4a
SA 1.a Does the country have an emissions reduction pathway for its highest-emitting sector?		
SA 1.b Does the country have an emissions reduction pathway for its second highest-emitting sector?		
SA 1.c Does the country have an emissions reduction pathway for its third highest-emitting sector?		
SA 1.d Does the country have an emissions reduction pathway for its fourth highest-emitting sector?		
SA 1.e Does the country have an emissions reduction pathway for its fifth highest-emitting sector?		
SA 1.f Has the country set a net zero electricity target aligned with 1.5°C?	CP 4.d	Reallocation
SP 1. Sectoral policy	Not applicable	New addition replacing the sectoral policy assessments in the previous indicator CP4a
SP 1.a Does the country's decarbonisation strategy set a policy for its highest-emitting sector?		
SP 1.b Does the country's decarbonisation strategy set a policy for its second highest-emitting sector?		
SP 1.c Does the country's decarbonisation strategy set a policy for its third highest-emitting sector?		
SP 1.d Does the country's decarbonisation strategy set a policy for its fourth highest-emitting sector?		
SP 1.e Does the country's decarbonisation strategy set a policy for its fifth highest-emitting sector?		
SP 1.f Does the country have a law and target on energy efficiency?	CP 4.b	Reallocation
SP 1.g Has the country established mandatory climate-related disclosure?	CP 4.c	

Appendix 2. Country universe

ASCOR income group	Country	Region
High-income	Australia	East Asia and Pacific
	Austria	Europe and Central Asia
	Bahrain	Middle East and North Africa
	Barbados	Latin America and Caribbean
	Belgium	Europe and Central Asia
	Bulgaria	Europe and Central Asia
	Canada	North America
	Chile	Latin America and Caribbean
	Costa Rica	Latin America and Caribbean
	Croatia	Europe and Central Asia
	Cyprus	Europe and Central Asia
	Czechia	Europe and Central Asia
	Denmark	Europe and Central Asia
	Estonia	Europe and Central Asia
	Finland	Europe and Central Asia
	France	Europe and Central Asia
	Germany	Europe and Central Asia
	Greece	Europe and Central Asia
	Hong Kong	East Asia and Pacific
	Hungary	Europe and Central Asia
	Ireland	Europe and Central Asia
	Israel	Middle East and North Africa
	Italy	Europe and Central Asia
	Japan	East Asia and Pacific
	Kuwait	Middle East and North Africa
	Latvia	Europe and Central Asia
	Lithuania	Europe and Central Asia
	Luxembourg	Europe and Central Asia
	Malta	Middle East and North Africa
	Netherlands	Europe and Central Asia
	New Zealand	East Asia and Pacific
	Norway	Europe and Central Asia
	Oman	Middle East and North Africa
	Panama	Latin America and Caribbean
	Poland	Europe and Central Asia
	Portugal	Europe and Central Asia
	Qatar	Middle East and North Africa
	Republic of Korea	East Asia and Pacific
	Romania	Europe and Central Asia
	Saudi Arabia	Middle East and North Africa
	Singapore	East Asia and Pacific
	Slovak Republic	Europe and Central Asia
	Slovenia	Europe and Central Asia
	Spain	Europe and Central Asia
	Sweden	Europe and Central Asia
	Switzerland	Europe and Central Asia
	UAE	Middle East and North Africa
	UK	Europe and Central Asia
	US	North America
	Uruguay	Latin America and Caribbean
Middle-income	Argentina	Latin America and Caribbean
	Azerbaijan	Europe and Central Asia
	Brazil	Latin America and Caribbean
	China	East Asia and Pacific
	Colombia	Latin America and Caribbean
	Dominican Republic	Latin America and Caribbean
	Ecuador	Latin America and Caribbean
	El Salvador	Latin America and Caribbean
	Indonesia	East Asia and Pacific
	Jamaica	Latin America and Caribbean
	Kazakhstan	Europe and Central Asia
	Malaysia	East Asia and Pacific
	Mexico	Latin America and Caribbean
	Paraguay	Latin America and Caribbean
	Peru	Latin America and Caribbean
	Russia	Europe and Central Asia
	Serbia	Europe and Central Asia
	South Africa	Sub-Saharan Africa
	Thailand	East Asia and Pacific
	Türkiye	Europe and Central Asia
	Ukraine	Europe and Central Asia
Low-income	Angola	Sub-Saharan Africa
	Bangladesh	South Asia
	Egypt	Middle East and North Africa
	Ghana	Sub-Saharan Africa
	India	South Asia
	Jordan	Middle East and North Africa
	Kenya	Sub-Saharan Africa
	Morocco	Middle East and North Africa
	Nigeria	Sub-Saharan Africa
	Pakistan	South Asia
	Philippines	East Asia and Pacific
	Sri Lanka	South Asia
	Uganda	Sub-Saharan Africa
	Vietnam	East Asia and Pacific

Note: Jordan, Philippines, Sri Lanka and Vietnam have been assessed in the ASCOR tool as low-income countries, with all applicable exemptions, based on the World Bank income group assigned to them at the beginning of this research cycle (i.e. lower-middle-income country). Their income group has since been re-categorised as upper-middle-income by the World Bank. They will be assessed as middle-income countries in the next ASCOR assessment cycle.

Further details on the countries assessed can be downloaded on the ASCOR tool.

Appendix 3. ASCOR pillar scores by income group

Income group	Quartile	Trends			Ambition			Policy & Finance		
High	First	Austria	Bulgaria	France	Australia	Barbados	Canada	Austria	Chile	Finland
		Greece	Hong Kong	Lithuania	Denmark	Finland	France	France	Germany	Ireland
		Luxembourg	Netherlands	New Zealand	Germany	Japan	New Zealand	Latvia	Lithuania	Portugal
		Portugal	Romania	Slovak Republic	Portugal	Slovenia	Switzerland	Republic of Korea	Spain	Sweden
		Switzerland			United Kingdom			Switzerland		
	Second	Belgium	Chile	Denmark	Austria	Costa Rica	Ireland	Australia	Belgium	Bulgaria
		Estonia	Germany	Hungary	Latvia	Lithuania	Netherlands	Canada	Denmark	Luxembourg
		Japan	Latvia	Norway	Panama	Republic of Korea	Romania	Netherlands	Norway	Romania
		Poland	Slovenia	United Kingdom	Spain	Sweden	United Arab Emirates	Slovenia	United Kingdom	Uruguay
	Third	Barbados	Croatia	Cyprus	Belgium	Chile	Czechia	Costa Rica	Croatia	Cyprus
		Czechia	Finland	Ireland	Estonia	Greece	Hong Kong	Czechia	Estonia	Greece
		Israel	Italy	Malta	Hungary	Israel	Luxembourg	Hungary	Italy	Japan
		Panama	Republic of Korea	Spain	Norway	Oman	Singapore	Malta	New Zealand	Panama
		Sweden			Uruguay			Poland		
	Fourth	Australia	Bahrain	Canada	Bahrain	Bulgaria	Croatia	Bahrain	Barbados	Hong Kong
		Costa Rica	Kuwait	Oman	Cyprus	Italy	Kuwait	Israel	Kuwait	Oman
		Qatar	Russian Federation	Saudi Arabia	Malta	Poland	Qatar	Qatar	Russian Federation	Saudi Arabia
		Singapore	United Arab Emirates	United States	Russian Federation	Saudi Arabia	Slovak Republic	Singapore	Slovak Republic	United Arab Emirates
		Uruguay			United States			United States		
Middle	First	Azerbaijan	Colombia	Jamaica	Brazil	Colombia	Jamaica	Argentina	Colombia	Mexico
		Paraguay	Ukraine		Mexico	South Africa		Serbia	South Africa	
	Second	Argentina	Brazil	Ecuador	Dominican Republic	Malaysia	Peru	Brazil	China	Ecuador
		Peru	Serbia		Thailand	Ukraine		Kazakhstan	Türkiye	
	Third	Dominican Republic	Mexico	South Africa	Argentina	China	Kazakhstan	Dominican Republic	Indonesia	Paraguay
		Thailand	Türkiye		Paraguay	Türkiye		Peru	Ukraine	
	Fourth	China	El Salvador	Indonesia	Azerbaijan	Ecuador	El Salvador	Azerbaijan	El Salvador	Jamaica
		Kazakhstan	Malaysia		Indonesia	Serbia		Malaysia	Thailand	
Low	First	Angola	Kenya	Pakistan	Ghana	India	Nigeria	Jordan	Kenya	Nigeria
		Sri Lanka			Sri Lanka			Philippines		
	Second	Ghana	Philippines	Uganda	Kenya	Morocco	Vietnam	Bangladesh	Pakistan	Uganda
	Third	Bangladesh	Morocco	Nigeria	Angola	Bangladesh	Pakistan	Angola	Ghana	Sri Lanka
	Fourth	Egypt	India	Jordan	Egypt	Jordan	Philippines	Egypt	India	Morocco
		Vietnam			Uganda			Vietnam		

Note: ASCOR pillar scores are presented by quartile of relative performance in each income group. First quartile is the highest-scoring 25% within that income group on that pillar; fourth quartile is the lowest. Countries in each cell are listed alphabetically, not by rank.

Disclaimer

Assessing Sovereign Climate-related Opportunities and Risks (hereinafter referred to as 'ASCOR') is an investor-led project to develop a publicly available, independent tool that assesses countries on climate change. The TPI Global Climate Transition Centre ('TPI Centre') at the London School of Economics and Political Science ('LSE') is the ASCOR academic expert.

The ASCOR framework is for illustrative non-commercial research and educational purposes. The ASCOR or any related material hosted on the TPI Centre website does not constitute any advice (including investment, legal, accounting or tax advice) or an investment instrument. The TPI Centre and ASCOR supporting partners are not responsible for the content of the website and information resources that may be referenced herein, including any third-party sources. The access provided to these sites and the provision of such resources do not constitute an endorsement by LSE, the TPI Centre, ASCOR or its partners of the information contained therein and of the resulting sovereign assessments. Unauthorised use of the materials published herein is strictly prohibited. LSE, the TPI Centre and ASCOR do not accept any responsibility for any prohibited, restricted or unauthorised use of the materials published herein. All liability in this respect is excluded. Additionally, ASCOR, the TPI Centre, LSE and its partners are not responsible for any errors or omissions, for any decision made or action taken based on information on the website or for any loss or damage arising from or caused by such decision or action. All information is provided 'as-is' with no guarantee of completeness, accuracy or timeliness, or of the results obtained from the use of this information, and without warranty of any kind, expressed or implied.

ASCOR and its partners do not require or seek collective decision-making or action with respect to acquiring, holding and/or selling sovereign debt instruments. Any such decision shall be at the sole investor's discretion and made in their individual organisation's capacities. This means that users of the information provided by ASCOR are responsible for their own investment analysis and decisions and must always act completely independently to set their own strategies, policies and practices based on their own best interests and commercial interests.

Furthermore, the use of ASCOR information for engagement tools and tactics with sovereigns (whether bi-laterally or collaboratively) is at the discretion of individual investors. Even the exchange of information in the context of collaboration can give the appearance of a potentially unlawful agreement; it is important to avoid exchanging information which might result in, or appear to result in, a breach of corporate or competition law. Investors must avoid coordination of strategic behaviour between competitors that impacts or is likely to impact competition.

During such engagements, investors may not claim to represent ASCOR or its partners, including the TPI Centre that, in consultation with ASCOR investor partners, curated the development of the ASCOR framework and of the indicators to transparently assess the progress made by governments in managing the low-carbon transition and the impacts of climate change.

The ASCOR data and information may not be used in any way other than as permitted above. If you would like to use any such data or information in a manner that is not permitted above, including for commercial purposes, you will need the TPI Centre's written permission. In this regard, please email all inquiries to tpi.centre.ascor@lse.ac.uk

TPI Centre research team



TPI Global Climate Transition Centre
London School of Economics and Political Science
Houghton Street
London WC2A 2AE, UK

T +44 (0)20 7107 5027
E tpi.centre@lse.ac.uk

Transition Pathway Initiative
5th Floor Halo, Counterslip
Bristol BS1 6AJ, UK

T +44 (0)20 3714 3141
E mailto:Info@transitionpathwayinitiative.org
@tp_initiative

www.transitionpathwayinitiative.org