

State of the Sovereign Transition 2025



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 preparedness for the transition to a low-carbon economy and supporting efforts to address climate change. More than 155 investors globally, representing approximately US\$87 trillion¹ 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 Asset Management and Adam Matthews at the Church of England Pensions Board. The ASCOR Investor Director is Claire Meier. The ASCOR Advisory Committee is composed of asset owners, asset managers and investor networks. Its members include Allspring Global Investments, Amundi Asset Management, the Asia Investor Group on Climate Change (AIGCC), Ceres, the Church of England Pensions Board, Colchester Global Investors, the Institutional Investors Group on Climate Change (IIGCC), the Investor Group on Climate Change (IGCC), Insight Investment, MFS Investment Management, Ninety One and Principles for Responsible Investment (PRI).

www.ascor.org

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Foreword by ASCOR's co-chairs

As co-chairs of the ASCOR initiative, we are pleased to present the *State of the Sovereign Transition 2025* report.

This year's assessment reveals a complex picture of global climate action. While many countries have strengthened transparency and taken steps to cost their climate plans, gaps remain between long-term pledges and near-term implementation. Encouragingly, progress is most visible in emerging markets, where improvements in disclosure and renewable energy pipelines signal growing momentum. These developments highlight the theme of progress and retreat: even as some countries backtrack, others are advancing and creating opportunities to accelerate the global transition.

This year marks a significant milestone for ASCOR: the tool now covers 85 country assessments, representing approximately 90% of global greenhouse gas emissions and GDP, and achieving full coverage across several major global sovereign bond indices. This breadth of coverage is markedly enhancing ASCOR's visibility and relevance across the financial ecosystem.

Since its launch, ASCOR has gained traction among investors, who are integrating its publicly available data into sovereign debt analysis to better understand climate-related risks and opportunities. By providing a transparent and consistent framework, ASCOR enables sovereigns to align financing strategies with climate goals, while giving investors greater confidence in the integrity and ambition of these instruments.

ASCOR is now entering a new phase of strategic relevance. Growing interest is translating into practical applications, such as the development of investable climate products. Sovereign issuers are referencing or incorporating ASCOR into their sustainable finance frameworks and bond issuances. These examples reflect how ASCOR resonates with both investors and sovereigns – offering a credible platform to assess climate ambition and progress in a way the market recognises. Translating national ambitions into sectoral roadmaps makes NDCs investable and actionable for both countries and investors.

ASCOR has also proven to be a valuable engagement tool – both bilaterally and collaboratively – facilitating constructive and effective dialogue between investors and policymakers. It enables stakeholders to identify gaps, benchmark progress and align on transition priorities, while supporting informed conversations around climate ambition, policy direction and financing needs.

Looking ahead, we remain committed to refining and expanding ASCOR. Our ambition is for ASCOR to become the industry standard for assessing sovereign climate performance – transparent, robust and responsive to evolving scientific and market developments – while helping to avoid a proliferation of reporting frameworks. We are grateful to our partners, contributors and stakeholders for their continued support and engagement. We also want to extend our thanks to all users who have helped raise awareness of ASCOR's mission and put it to the test in practice. Your involvement is instrumental in driving progress, and we look forward to your continued support on this journey.

Claudia Gollmeier, Managing Director (Singapore), Head of Investment Management (APAC & MEA), Colchester Global Investors

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Summary: key findings

The *State of the Sovereign Transition 2025* report reviews the climate change performance of 85 high-, middle- and low-income countries assessed against the Assessing Sovereign Climate-related Opportunities and Risks (ASCOR) framework, up from 70 countries last year. The expanded country universe covers around 90% of global greenhouse gas emissions and GDP, as well as 100% of four major government bond indices. Given the political headwinds against sustained climate action in the public and private sectors, this year we dedicate the 'focus' section of the report to analysing areas of progress and retreat in assessed countries. The United States stands out among high-income peers, its performance declining in multiple areas. Meanwhile, improved climate policies and disclosures in low- and middle-income countries suggest they are catching up with high-income countries.

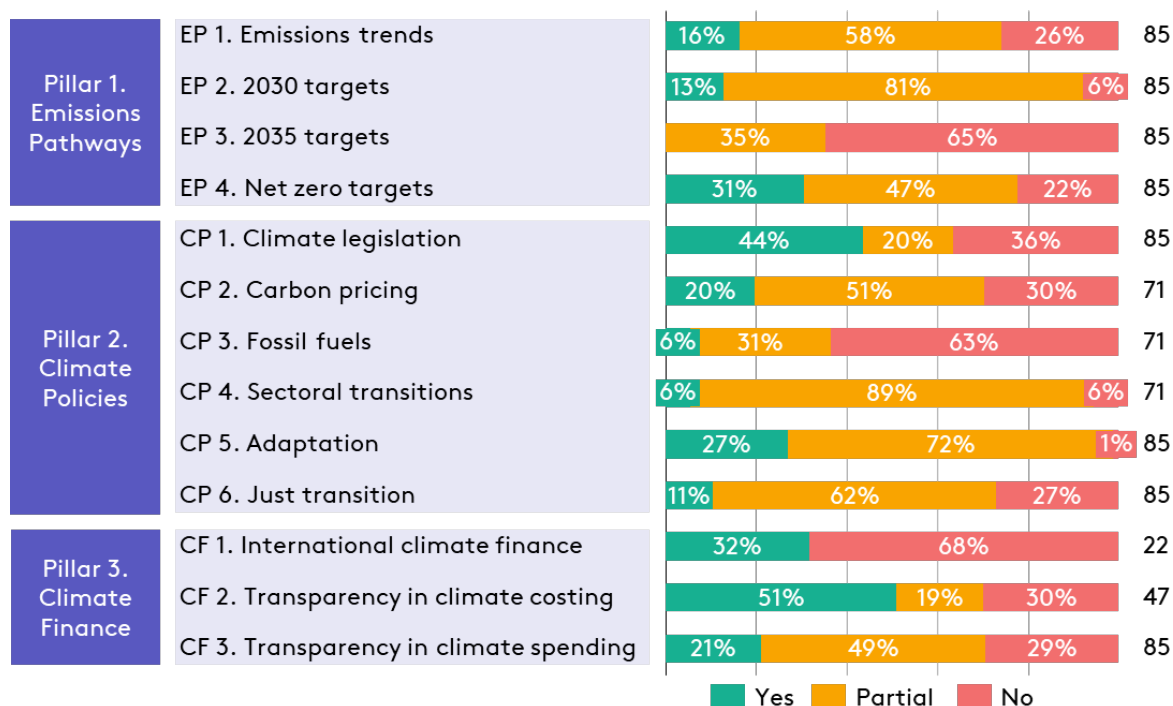
State of the sovereign transition 2025: assessment results

The ASCOR results offer a comprehensive snapshot of the global state of climate ambition and implementation among national governments. Our findings demonstrate how countries perform across three pillars, covering target ambition, policy implementation and the leveraging of climate finance (see Figure S.1).

The results highlight the need to link long-term ambition with concrete action that is regularly

monitored and disclosed. Encouragingly, most countries have taken initial steps to set targets, develop policies and plan their finance needs and allocations. However, many fail to meet additional criteria on ambition, transparency or credibility. These findings echo those presented in another report in this series, *State of the Corporate Transition 2025*, which highlighted a lack of credibility in companies' net zero commitments.

Figure S.1. Overview of assessment results by area



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'. The number of countries assessed on each area is shown to the right-hand side of the bars. The numbers vary because some countries are exempted on specific areas, indicators and metrics depending on their income groups or UNFCCC Annex categories.

Emissions Pathways (EP)

Most countries (78%) have set net zero targets (EP 4), but very few countries reflect this ambition in their historical emissions trends (EP 1) or 2030 targets (EP 2). This disconnect undermines the credibility of long-term pledges. This year, we have assessed countries' 2035 targets (EP 3) for the first time. By September 2025, around one-third of assessed countries had announced updated nationally determined contributions (NDCs) containing new 2035 targets, making this the weakest-performing area across the whole framework.

Climate Policies (CP)

Countries perform relatively well in areas including climate legislation (CP 1), carbon pricing (CP 2), and adaptation (CP 5). Performance is moderate in sectoral transitions (CP 4) and just transition (CP 6), where our assessment requires countries to meet complex criteria on sectoral alignment and stakeholder engagement. Despite promising steps, such as the launch of the Coalition on Phasing out Fossil Fuel Incentives including Subsidies (COFFIS), the fossil fuels area (CP 3) remains the weakest, reflecting our methodology's high bar of requiring commitments to halt new fossil fuel extraction projects.

Progress and retreat

Our findings reveal a mixed picture of the evolution of national climate action over the past year. Global emissions continued to rise in 2024,² resulting in slightly worsening *Emissions Pathways* scores over the last year. Meanwhile, ambition and transparency have increased in many countries, but in others, policies have been weakened or withdrawn altogether. To illustrate these patterns, we present three country case studies examining recent policy developments: Costa Rica, New Zealand and the United States. The withdrawal of climate targets and policies in the United States accounts almost entirely for the declines in the average pillar scores of high-income countries.

Overall, most countries have improved their performance across indicators, with the greatest advances in the disclosure of climate finance needs (CF 2). The submissions of the first Biennial Transparency Reports have significantly

Climate Finance (CF)

One-third of developed countries contribute a proportional share of the US\$100 billion commitment to international climate finance (CF 1). This goal expires in 2025 and will be replaced by the New Collective Quantified Goal of US\$300 billion, which will be reflected in next year's analysis. A growing share of assessed countries have disclosed their climate finance needs (CF 2) and spending (CF 3) towards mitigation and adaptation goals. These forms of disclosure can inform investors on country priorities and help countries to attract climate-related investments.

Pillar scores

To analyse patterns across regions and income groups, we aggregate our findings into two pillar-level scores for (1) *Emissions Pathways* and (2) *Climate Policies and Finance*. We find that European countries remain leaders in the high-income group. Among middle-income countries, Colombia performs notably well on both pillar scores. In the low-income group, Nigeria remains the strongest performer on *Emissions Pathways* and Kenya on *Climate Policies and Finance*.

improved the availability and quality of data on internationally mobilised private finance and domestic climate finance needs.

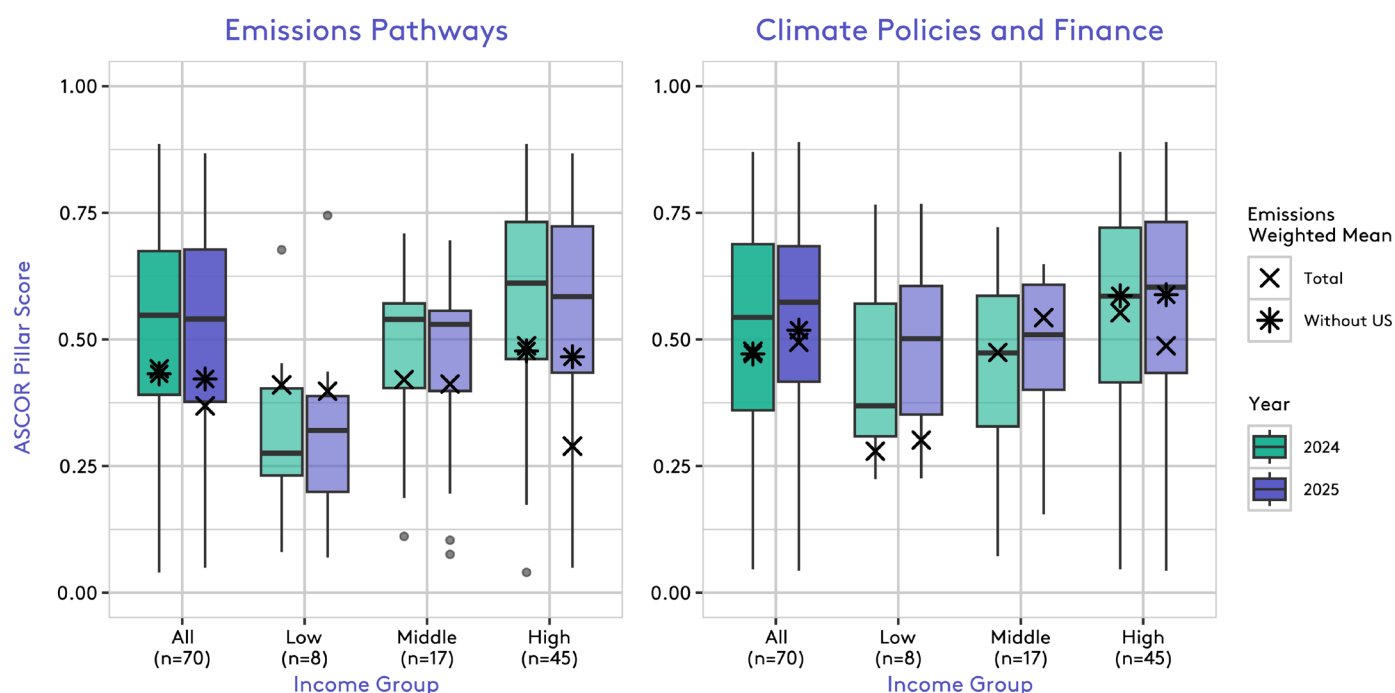
Across the sample of 70 countries assessed over the past two years, low- and middle-income countries have made more progress than their high-income peers in *Climate Policies and Finance* (see Figure S.2). This is driven by important policy developments across emerging market economies in climate legislation (CP 1), carbon pricing (CP 2) and transparency in climate costing (CF 2). In part, this pattern may reflect catch-up dynamics as low- and middle-income economies close the gap with high-income peers that began their transitions earlier. The ASCOR tool was designed with indicator exemptions for different income groups; this should also be kept in mind when interpreting these results. For example, the largest improvements are observed in transparency in

² International Energy Agency [IEA] (2025) *Global Energy Review 2025*.

climate costing (CF 2) where we currently only assess developing countries. As such, the

observed patterns may also be driven by differences in data coverage.

Figure S.2. Changes in pillar scores by income group across 70 countries (2024–2025)



Note: The 'Total' column includes all 70 countries that were assessed in 2024. Income groups follow World Bank classifications. Each box shows the interquartile range (from the first to the third quartile), with the horizontal line representing the median score for that group. The x is the mean pillar score for that group when each country's score is weighted by its emissions in 2023. The star represents the emissions-weighted mean when the United States is removed from the analysis. Whiskers extend to the lowest and highest values within 1.5 times the interquartile range, and dots represent outliers. The number of countries (n) in each income group is shown in the X-axis labels.

ASCOR data in practice and next steps

Achieving full coverage across major bond indices is markedly enhancing the visibility of the ASCOR tool. It is becoming strategically relevant to both investors and sovereigns that have a growing interest in translating the data into innovative practical applications.

Since the publication of *ASCOR in Practice: Use cases and insights* earlier this year, new examples of its adoption have emerged. The framework of the first sustainability-linked bond issued by a European country referred to the ASCOR assessment.³ In addition, the first exchange-traded fund (ETF) tracking an index constructed using ASCOR data was launched.⁴ These examples illustrate how ASCOR resonates with

both investors and sovereigns by providing a transparent framework to assess sovereign climate performance as well as a platform for countries to demonstrate climate ambition.

As next steps, we intend to continue refining the ASCOR tool to ensure it remains relevant and effective amid growing climate risks and fiscal challenges. We plan to expand outreach further, improve the tool with new data and scientific insights and gather stakeholder feedback through a consultation. In addition, we will continue to integrate our sovereign and corporate analyses to better align climate transition efforts across sectors and regions.

³ See Republic of Slovenia (2025) *Sustainability-linked Bond Framework*.

⁴ See FTSE Russell, ING and Robeco (2025) *Rethinking Sovereign Debt to Finance the Climate Transition Introducing a novel investment solution*.

1. Introduction

This is the State of the Sovereign Transition 2025 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 against the ASCOR framework, up from 70 countries last year.

Background and purpose

Overshooting the 1.5°C temperature limit set in the Paris Agreement will present climate risks more severe than those the world will experience if it succeeds in meeting this target, heightening the importance of mitigating and adapting to climate risks today.⁵ The scientific consensus is clear: without drastic emissions cuts this decade, the world is almost certain to overshoot 1.5°C.⁶ Global average temperature temporarily exceeded 1.5°C above pre-industrial levels in 2024.⁷ Even if this limit is exceeded, the case for reducing emissions as much as possible remains overwhelming. Ambitious Paris-aligned trajectories should continue to guide the efforts of countries, companies and other actors.

Nation states are key players in planning, implementing and facilitating the transition to a low-carbon future. As the consequences of insufficient action become clearer, mechanisms of accountability are also being strengthened. A recent landmark opinion of the International Court of Justice underscores states' obligations under international law to prevent climate change, including preventing adverse activities in their jurisdictions.⁸ The opinion shows that states may be held accountable for inaction, such as continuing fossil fuel exploration, production and subsidisation, and is expected to increase litigation risk for governments that fail to act.

Further delay will make the Paris temperature goals costlier and more disruptive to achieve. The scale of physical climate impacts depends on the cumulative volume of greenhouse gases emitted, not only on whether net zero is reached by a certain date. While long-term targets are

necessary, they must be underpinned by ambitious, credible and achievable medium-term goals and by immediate, sustained emissions cuts.

Credible commitments and policies send the market signals required for investors and businesses to decarbonise. Investors are increasingly integrating climate risk considerations into their analysis. To do so, they need robust and comparable data on sovereign climate performance.⁹ Information on how countries manage the risks and opportunities arising from their transition to a low-carbon economy can reduce market uncertainty and may improve the cost of borrowing.

The TPI Centre, as the academic research expert of the investor-led ASCOR initiative, has developed a publicly available and independent tool to assess countries on climate change: the [ASCOR tool](#). Investors can use the tool to inform their decision-making, especially on sovereign bonds and enable a more explicit consideration of climate change. The tool can facilitate engagement and dialogue between issuers and investors and drive financing for climate change mitigation and adaptation.

The ASCOR tool aims to be a one-stop shop for investors to understand national climate performance. Rather than aggregating country assessment results into a single score, we provide a transparent and granular picture of country performance. ASCOR shares common characteristics with similar tools¹⁰ in the sovereign climate data landscape but, through

⁵ See Schleussner et al. (2024) [Overconfidence in climate overshoot](#).

⁶ See Reisinger et al. (2025) [Overshoot: A Conceptual Review of Exceeding and Returning to Global Warming of 1.5°C](#).

⁷ See World Meteorological Organization (2024) [State of the Global Climate 2024](#).

⁸ See International Court of Justice (2025) [Obligations of States in respect of Climate Change](#).

⁹ See Principles for Responsible Investment (2023) [Considering Climate Change in Sovereign Debt](#).

¹⁰ For a comparison, see the [State of Transition in Sovereigns 2024](#) (Figure 1.2), and [ASCOR in Practice: Use cases and insights](#) (Table 1.2).

its development process, it is uniquely designed to align with investor priorities.

The tool provides a detailed evaluation of countries’ targets and policies to manage transition and physical risk.

Structure and principles of the assessment

The ASCOR framework comprises three pillars, Emissions Pathways, Climate Policies and Climate Finance, divided into 14 thematic areas which contain binary performance indicators and quantitative metrics (see Table 1.1). Each pillar of the ASCOR framework evaluates a distinct

component of sovereign action on climate change. Alignment with this framework requires a whole-of-government approach. The [ASCOR Methodology Note](#) provides further details on the design principles and a full explanation of how each indicator and metric is assessed.

Table 1.1. Overview of the ASCOR framework

Overview of the ASCOR framework		
Pillar 1. Emissions Pathways (EP)	Pillar 2. Climate Policies (CP)	Pillar 3. Climate Finance (CF)
EP 1. Emissions trends	CP 1. Climate legislation	CF 1. International climate finance
EP 2. 2030 targets	CP 2. Carbon pricing	CF 2. Transparency of climate costing
EP 3. 2035 targets	CP 3. Fossil fuels	CF 3. Transparency of climate spending
EP 4. Net zero targets	CP 4. Sectoral transitions	CF 4. Renewable energy opportunities
	CP 5. Adaptation	
	CP 6. Just transition	

Note: All indicators included in the ASCOR framework are presented in Section 2 at the beginning of each pillar sub-section. The full framework is provided in Appendix 1.

Seven principles have informed the design of the ASCOR framework. Indicators are:

1. Assessable using publicly available data
2. Accessible to investors, prioritising clearly interpretable binary questions
3. Evaluated using a transparent methodology
4. Chosen to avoid unnecessary additions to the reporting burden of sovereign entities
5. Analysed at the national level
6. Aligned with the principle of common but differentiated responsibilities and respective capabilities, as enshrined in the United Nations Framework Convention on Climate Change (UNFCCC)

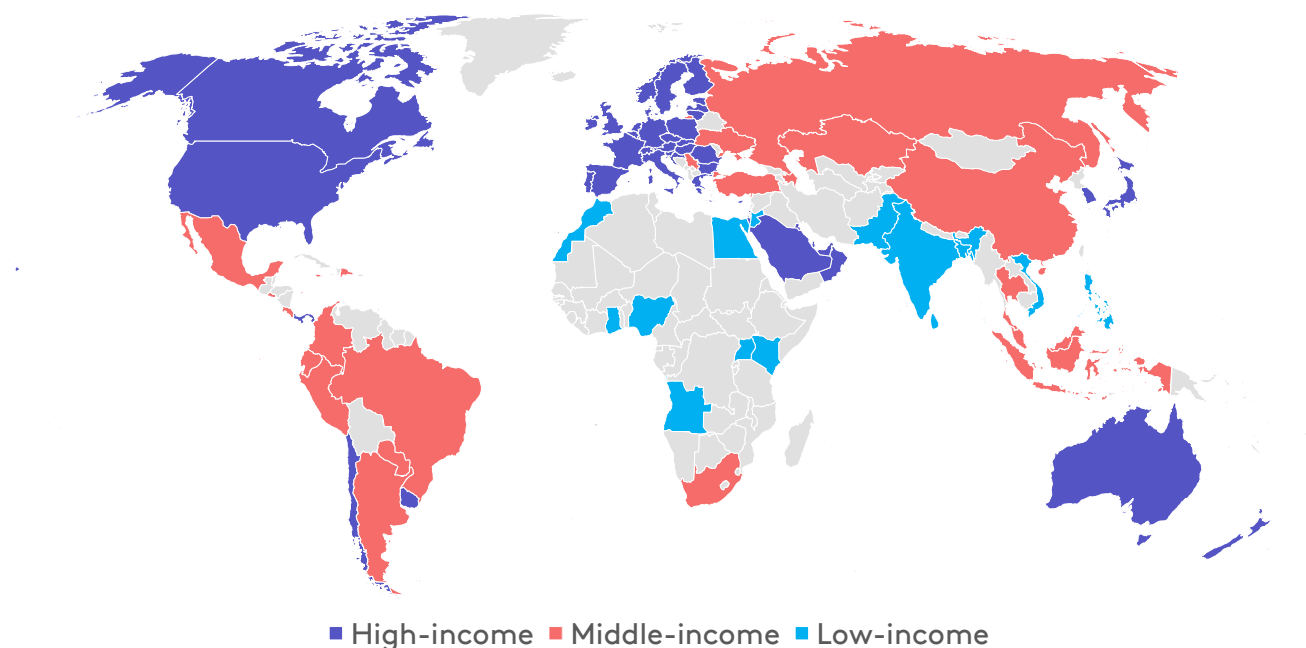
7. Focused on evaluating how sovereigns are proactively managing climate risks and opportunities rather than on measuring risk exposure.

In 2025, the ASCOR country universe has expanded to include 85 countries from different geographical regions, income groups, climate risk levels and policymaking systems (see Figure 1.1). These countries cover 90% of global greenhouse gas emissions, 92% of global GDP and 100% of four major government bond indices.¹¹ The cut-off date for the 2025 assessment cycle was 18 August 2025. Any announcements, documents or laws published after this date will be considered in the next assessment cycle.¹²

¹¹ See [ASCOR Progress Note 2025](#).

¹² As an exception, NDCs disclosing new 2035 targets were included in this assessment cycle if they were published by the UNFCCC’s extended deadline of 30 September 2025.

Figure 1.1. Map of countries assessed in the ASCOR tool in 2025, by income group



Note: We group countries primarily based on the [World Bank country classification by income level](#) as follows: i) high-income (HI) countries: World Bank group 'high income'; ii) middle-income (MI) countries: World Bank group 'upper-middle income'; iii) low-income (LI) countries: World Bank groups 'lower-middle income' and 'low income'. See Appendix 2 for the full list of countries covered.

Structure of the report

[Section 2](#) captures a snapshot of the state of transition among national governments through a discussion of area-level assessment results and pillar scores in 2025. Where relevant, we also discuss examples of countries taking steps forwards or backwards. [Section 3](#) focuses on progress and retreat in more depth, taking a holistic view of the results across thematic areas. We analyse trends among the 70 countries assessed over 2024–2025. [Section 4](#) summarises the practical use cases of the ASCOR data for investors and sovereign bond issuers.

This report completes the TPI Centre's flagship trilogy of annual reports for 2025:

- I. [State of the Corporate Transition 2025](#) (September 2025)
- II. [State of the Banking Transition 2025](#) (October 2025)
- III. [State of the Sovereign Transition 2025](#) (November 2025)

2. State of the sovereign transition: snapshot results and discussion

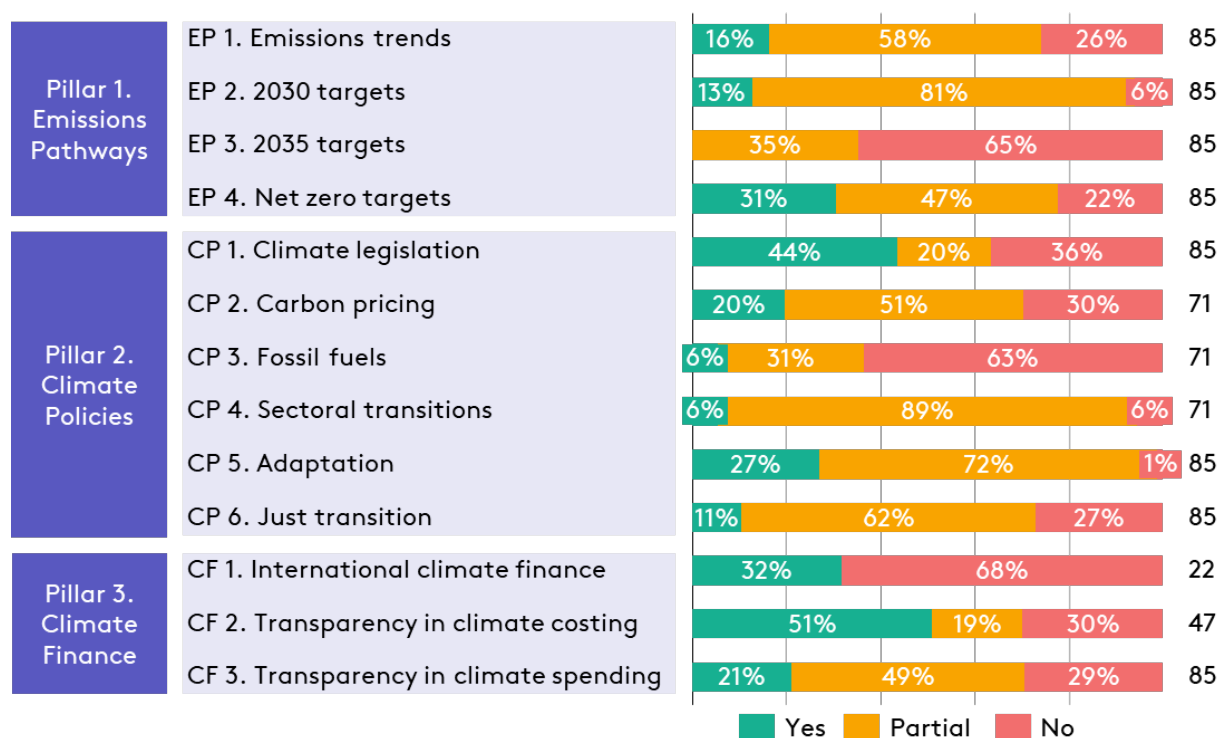
This section presents the assessment made this year of 85 countries. It builds on previous analysis of the initial 25 countries assessed in 2023 and the 70 countries assessed in 2024. We provide an overview of the results followed by a discussion of each of the three ASCOR pillars. These results offer a comprehensive snapshot of the global state of climate ambition and implementation among national governments.

Middle- and low-income countries are exempted from selected areas, indicators and metrics to reflect countries' common but differentiated responsibilities for climate action. Some exemptions are based on other country characteristics or groupings, e.g. the UNFCCC Annex categories (see the [ASCOR Methodology Note](#)). The total number of countries assessed on

each area is specified in the numbers to the right of the charts.

Many countries have taken the initial steps of setting targets, developing policies and allocating funds, but few of these steps are sufficiently ambitious, credible or transparent (see Figure 2.1).

Figure 2.1. Overview of assessment results by area



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'. The number of countries assessed on each area is shown to the right-hand side of the bars. The numbers vary because some countries are exempted on specific areas, indicators and metrics depending on their income group or UNFCCC Annex category.

Most countries (78%) have a long-term vision for net zero (EP 4) but the majority do not align with 1.5°C in their emissions trends (EP 1), medium-term targets (EP 2 and EP 3) or sectoral policymaking (CP 3 and CP 4). Despite positive steps on climate legislation, adaptation and just transition, the gaps in accountability and monitoring suggest that more robust governance structures and mandates are needed. Most

assessed countries have disclosed their climate finance needs (CF 2) and some information on spending (CF 3), providing an indication of investment gaps.

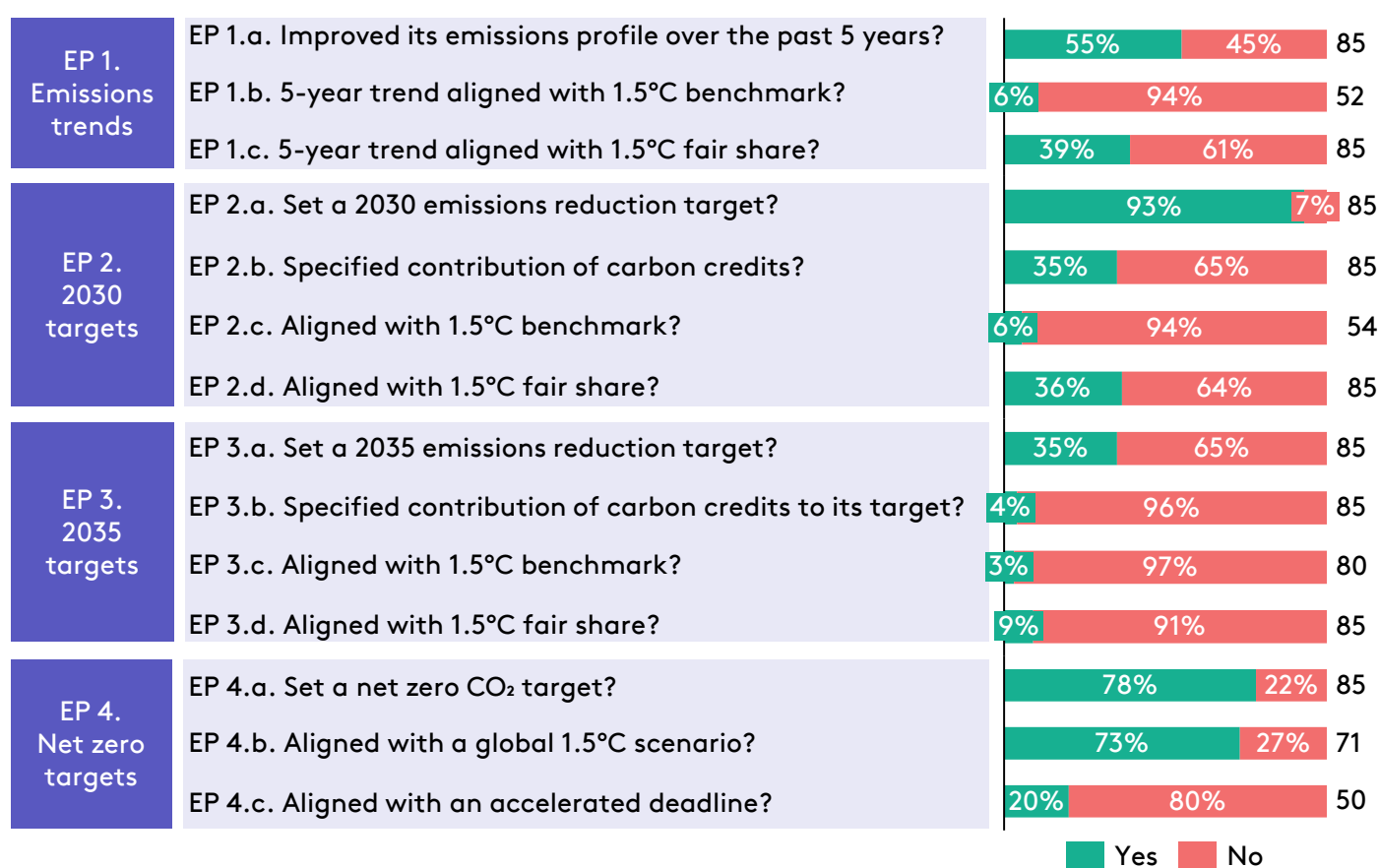
We discuss these findings in further detail in this section and present pillar-level scores to synthesise the assessment results and enable comparisons across regions.

Pillar 1. Emissions Pathways

The Emissions Pathways pillar examines the historical and future decarbonisation trajectories of countries. First, recent emissions trends reveal where countries stand today, showing whether past actions are delivering reductions in absolute and intensity terms. Second, medium-term NDC targets for 2030 and 2035 set out the ambition level of a country. Finally, net zero commitments establish the long-term destination of countries'

low-carbon transitions. Together, these elements provide insights into the current pace of decarbonisation and the ambition of interim and end goals. Figure 2.2 provides an overview of the results for this pillar, which we discuss in further detail by area below. Box 2.1 summarises our approach to assessing the 1.5°C alignment of trends and targets.

Figure 2.2. Assessment results for Pillar 1 on Emissions Pathways (EP)



Note: Countries for which there is no available cost-effective 1.5°C benchmark are assessed as 'No data' on EP 1.b, EP 2.c and EP 3.c. Low-income countries are exempt on EP 4.b and EP 4.c. Middle-income countries are exempt on EP 4.c.

Box 2.1. Overview of methodology for assessing the 1.5°C alignment of trends and targets

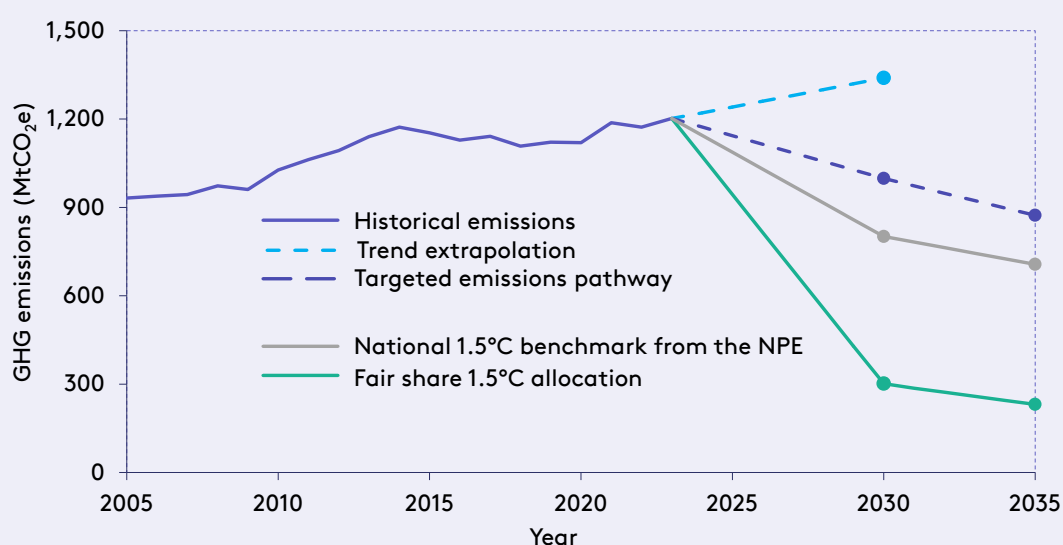
For emissions trends (EP 1), 2030 targets (EP 2) and 2035 targets (EP 3), we assess countries' alignment with the Paris Agreement using two 1.5°C benchmarks. **Cost-effective benchmarks** are taken from the [1.5°C National Pathway Explorer](#) (NPE), which downscales a global emissions budget to the country level on the basis of cost optimisation. **Fair share benchmarks** allocate the 2030 global budget between countries based on population, GDP per capita and historical emissions. In addition to scoring alignment 'Yes' or 'No', this year we have added two new metrics (EP 1.b.i and EP 1.c.i) to show the degree of alignment or misalignment. These metrics quantify in percentage terms how far countries' extrapolated emissions trends are from aligning with their country-specific 1.5°C benchmarks.

In the graph below, the purple solid line shows historical emissions and the dashed blue line shows the linear extrapolation of these trends to 2030. The dashed purple line marks the NDC targets for 2030 and 2035. Grey and green lines are the country's cost-effective and fair share benchmarks, respectively. All alignment assessments use production-based emissions excluding land use, land use change and forestry (LULUCF), although we consider other emissions metrics in our analysis of trends (see Appendix 3). In the example below, the extrapolated trend and targeted pathway are above both benchmarks, meaning that neither the country's trends nor its targets are aligned with any 1.5°C benchmark.

The results of the alignment analysis should be interpreted with caution. Both types of benchmarks represent hypothetical future scenarios that are model-based and driven by their underlying assumptions. Cost-effective benchmarks assume emissions reductions take place where they are cheapest, in turn implicitly assuming significant financial transfers between countries that are not currently forthcoming. To address equity concerns, fair share emissions allocations were developed to complement the cost-effective benchmarks. However, they assign very limited remaining budgets to many high-income countries. This results in extremely steep near-term emissions reduction requirements that may be deemed practically unrealistic. As such, fair share benchmarks highlight equity considerations but may overestimate the scale of the ambition gap for high-income countries, relative to international commitments.

Note that methodological changes in our benchmarking analysis in 2025 (see [ASCOR Methodology Note v.1.2](#)) mean that the 2025 results are not directly comparable with those published in 2024.

Emissions pathway of an example country against its country-specific benchmarks



EP 1. Emissions trends

Emissions continue to increase globally and within the ASCOR universe. Between 2023 and 2024 the total emissions (excluding LULUCF) of the 85 assessed countries increased from 44.9 to 45.4 gigatonnes of CO₂-equivalent (Gt CO₂e), representing the fastest rate of increase, since the post-pandemic rebound in 2021, following the significant decline caused by the COVID-19 pandemic.

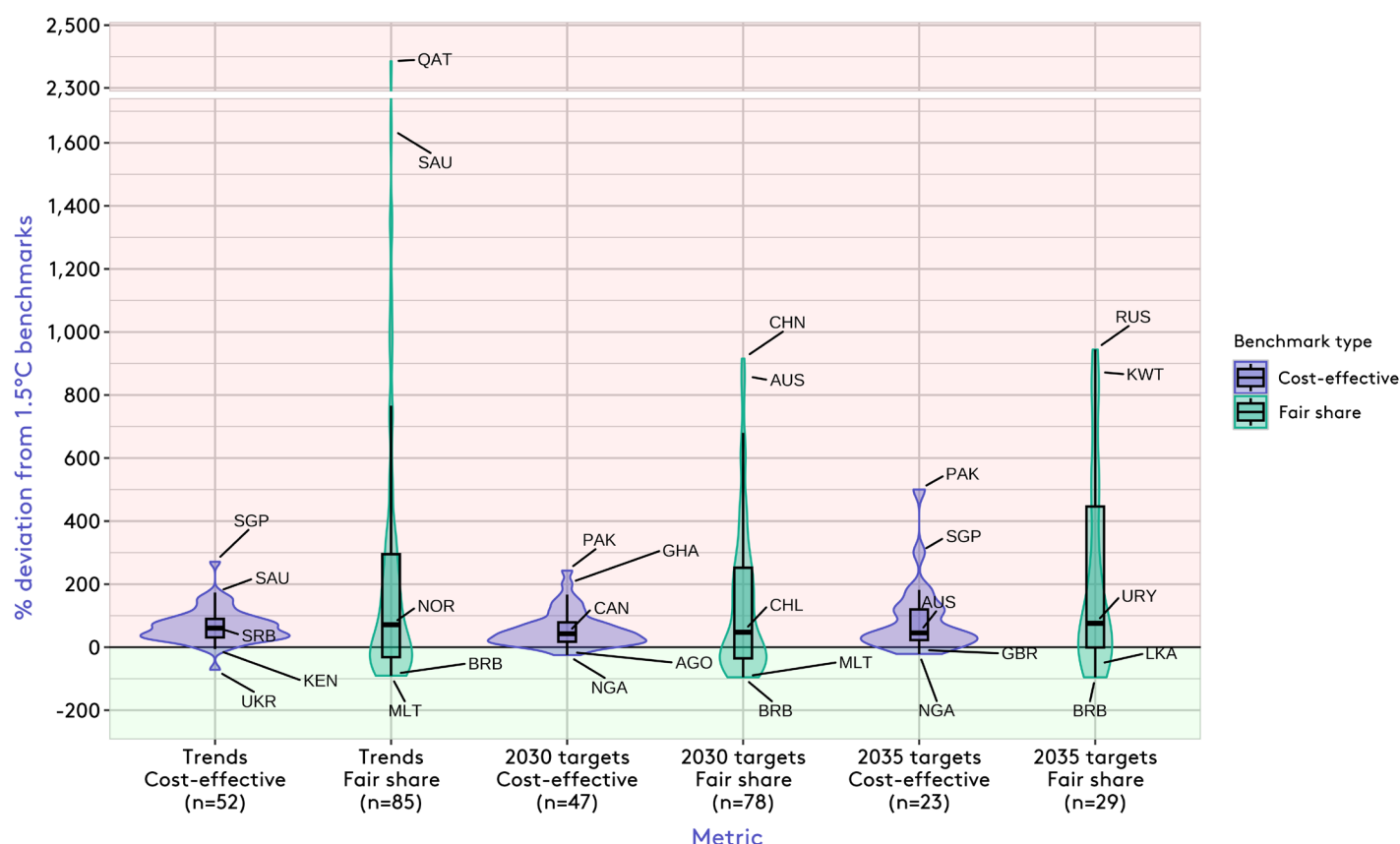
Nevertheless, over 55% of assessed countries (47 of 85) broadly improved their emissions profile in the five years to 2025. Such improvement is defined as declines in at least two-thirds of the emissions categories we track, which combine different boundaries (production versus consumption emissions, including or excluding LULUCF with different normalisation methods (absolute, per capita and per unit of GDP). Given

data limitations and uncertainties, this approach ensures that progress is not judged on a single metric (see Appendix 3 for further details).

Emissions trends are rarely aligned with cost-effective or fair share 1.5°C benchmarks, underlining the gap between current decarbonisation rates and the pace required to limit warming to 1.5°C. Figure 2.3 shows the degree of alignment and misalignment of trends, as well as 2030 and 2035 targets. Only Ukraine, Kenya and Nigeria have trends that are on track to meet their cost-effective benchmarks, while more than one-third of countries' trends (39%) are aligned with their fair shares.

Trend alignment results reflect the benchmark design: fair shares allocate larger budgets to countries with lower historical emissions, lower GDP per capita and larger populations, whereas

Figure 2.3. Percentage alignment of trend and targets with 1.5°C benchmarks



Note: Each 'violin' shows the distribution of how far countries are above or below their benchmarks for the metric listed on the X-axis. The width of the violin shows how many countries fall into that range and the tails indicate outliers. Values at or below zero (green area) indicate alignment with the benchmark while positive values (red area) mean emissions are projected to exceed it. The country ISO codes shown on the graph present the two most misaligned, the median, and the two most aligned countries. The boxes in the violin indicate the range from the first to the third quartile and the line in the middle of the box represents the median divergence from the benchmark. The number of observations (n) for each metric is shown in the X-axis label. A sample smaller than 85 indicates that some countries either have no target or no available data for their cost-effective benchmark. The Y-axis is truncated to improve the visibility of other countries, as Qatar is an extreme outlier which skews the scale.

cost-effective benchmarks are shaped by current economic structures and assume emissions reductions take place where they are theoretically cheapest. Low-income countries are most likely to align with their fair shares, and stronger regional performance is seen in Sub-Saharan Africa, Latin America and the Caribbean and South Asia. Several high-emitting economies, particularly fossil fuel producers, overshoot dramatically. For example, Qatar overshoots its fair share by more than 2,300%. High-income countries perform slightly better under cost-effective benchmarks, though the difference is not statistically significant. The alignment of targets is discussed below.

EP 2. 2030 targets

Almost all of the assessed countries (93%) now have unconditional 2030 targets, but only about one-third disclose how much they intend to rely on carbon credits to meet these targets.

Medium-term targets are a critical bridge between current emissions trends and long-term net zero goals. We assess whether countries have an unconditional target (usually in their NDC), whether they disclose their intended reliance on carbon credits, and whether the target aligns with national cost-effective and fair share 1.5°C benchmarks (see Box 2.1). The countries that disclose how much they intend to rely on carbon credits are mostly EU members who share an NDC that rules out the use of credits. Japan and Singapore intend to rely on credits to meet their targets and quantify this expected reliance.

Alignment remains low for 2030 targets: only Angola, Nigeria and Costa Rica have targets consistent with their cost-effective benchmark.

As illustrated in Figure 2.3, about one-third of countries (36%) align with their fair share allocation. These countries are concentrated in Africa, Latin America and Eastern Europe, reflecting their lower historical emissions and income levels which result in more generous fair share emissions allocations, as discussed above.

EP 3. 2035 targets

Under the Paris Agreement, countries are now expected to include both 2030 and 2035 targets in their NDC updates, establishing a common five-year cycle for climate commitments.

Countries were originally expected to publish 2035 targets by February 2025 but were granted an extension until September. Our new 2035 target assessments apply the same approach

used for 2030 targets, evaluating the reliance on carbon credits and alignment with 1.5°C.

Progress is limited: as of September 2025, only 30 of the 85 assessed countries have an unconditional 2035 target. This delay undermines the policy signals needed to align investment and infrastructure decisions with 1.5°C. Three of the 2035 targets we assess – for Germany, Hong Kong and Kuwait – were set in previously published documents rather than as part of the latest round of updates. A further 29 countries submitted updated NDCs by the September 2025 deadline but two of these have no clear target and one has since announced its withdrawal from the Paris Agreement. Two more countries, China and Türkiye, clearly communicated their 2035 targets in public statements. Only two countries, Japan and Australia, clearly disclose whether or how much they would rely on carbon credits to meet their 2035 targets.

Many of the assessed countries fail to align with their 1.5°C benchmarks in 2035. Only the UK and Nigeria have a 2035 target aligned with their cost-effective benchmarks, while eight countries including Nigeria align with their fair share benchmarks. The rest fall well short, with several fossil-fuel-producing countries like Canada positioned far above both benchmarks.

Many updated NDCs exhibit little to no increase in ambition relative to 2030 targets. For example, the Russian Federation's 2035 target is less ambitious than its 2030 target and New Zealand increased its ambition by only 1%.

EP 4. Net zero targets

Long-term net zero commitments define where countries aim to be by mid-century or beyond: nearly 80% of assessed countries have a net zero target. Our assessment records whether net zero targets are set for 2050, the benchmark year required by global 1.5°C scenarios, or for 2045 as a more stringent pathway for high-income countries. In rapidly developing countries such as Nigeria and India, which have net zero targets for 2070, this ambition implies a shorter window between peak emissions and net zero than in many high-income countries.

Among the 71 high- and middle-income countries assessed, 52 have net zero targets set for 2050, which makes them consistent with 1.5°C. Two low-income countries, Sri Lanka and Vietnam, also have a net zero target for 2050. Ten high-income countries have net zero targets

for 2045 or earlier, with two countries, Portugal and Slovenia, officially bringing forward their net zero targets from 2050 over the last year. Panama is the only country assessed as already

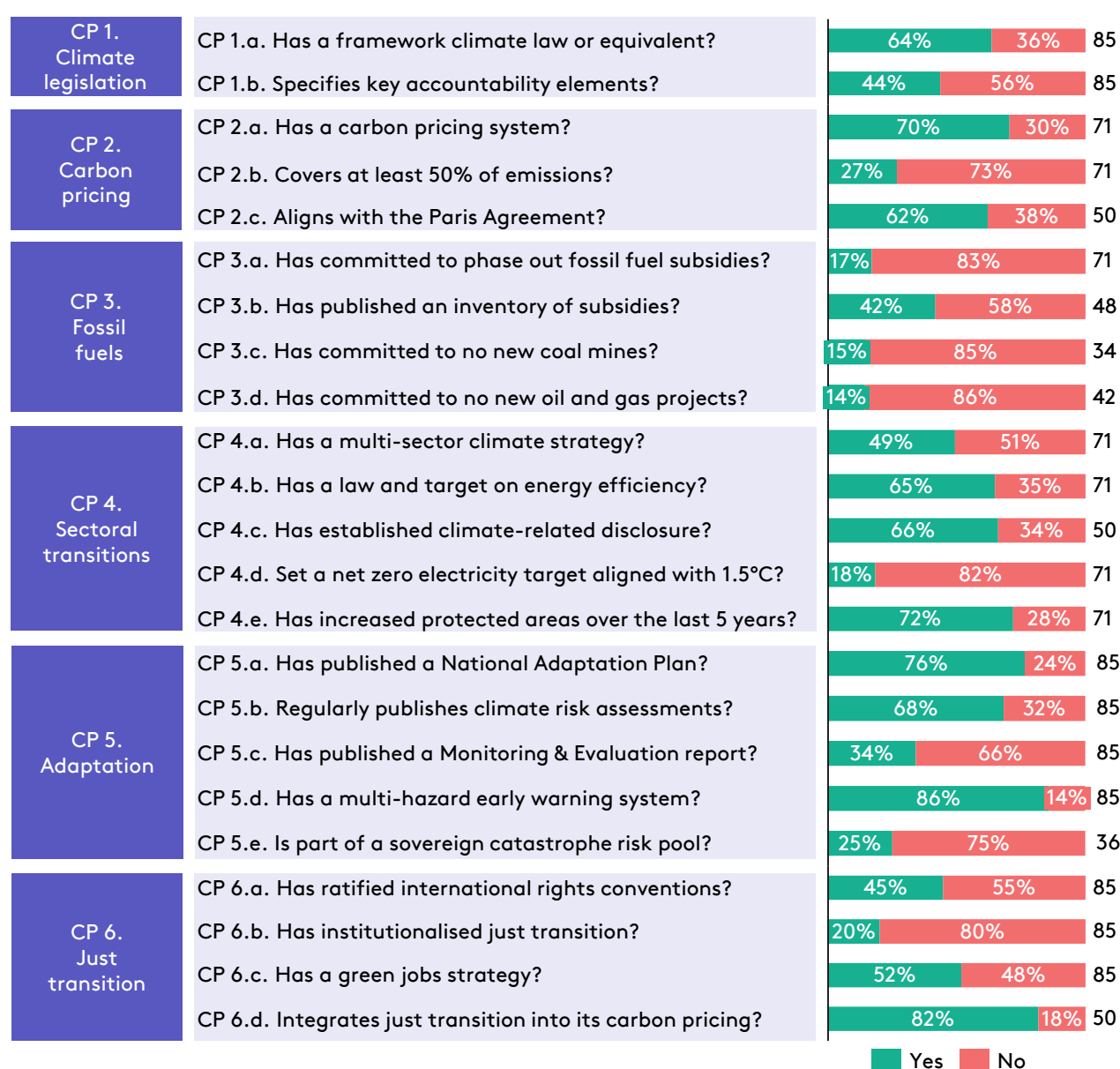
achieving net zero according to its emissions inventory: it is currently carbon negative and has committed to keeping national greenhouse gas emissions below zero in its [NDC](#).

Pillar 2. Climate policies

The Climate Policies pillar assesses countries on whether they have adopted laws and instruments that will drive mitigation, adaptation and just transition outcomes. Robust legal, regulatory and institutional frameworks can demonstrate how well a country is managing its transition to a low-carbon economy and its exposure to physical climate

risks. We assess policies against the criteria of transparency, credibility, scope and accountability. This pillar can help investors evaluate the credibility of targets by outlining the strategies and mechanisms for their implementation. Figure 2.4 provides an overview of the assessment results for this pillar, which we discuss in detail below.

Figure 2.4. Assessment results for Pillar 2 on Climate Policies (CP)



Note: Low-income countries are exempt on areas CP 2, CP 3 and CP 4. Middle-income countries are exempt on selected indicators: CP 2.c, CP 3.b, CP 3.d, CP 4.c and CP 6.d. High-income countries are exempt on CP 5.e.

CP 1. Climate legislation

Climate framework laws define a country's strategic direction on mitigation and adaptation and the responsibilities of domestic actors. These laws enhance the credibility of climate commitments and often embed accountability of public and private parties through mechanisms such as parliamentary intervention and judicial orders.¹³

The majority of assessed countries (54 of 85) have a climate framework law (see Figure 2.5). Among the most recent, Croatia, Ghana and Türkiye passed their laws in 2025, and the United Arab Emirates passed its law in 2024 after hosting COP28. Many climate framework laws (37 of 54) define the accountability of parties for climate-related obligations.

A recent opinion of the International Court of Justice confirms states' climate-related obligations, making them accountable to act on climate change under international law.¹⁴ While not binding on governments, this opinion signals the direction of international law and the

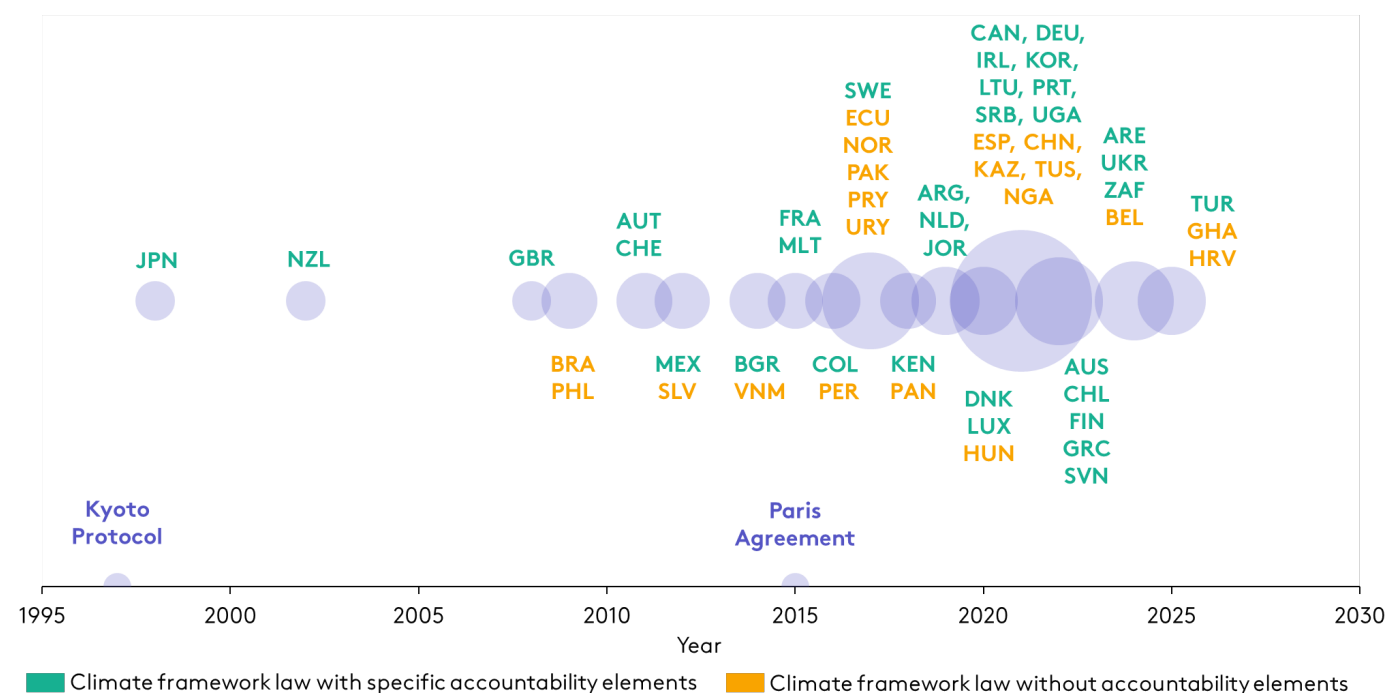
importance of defining accountability in national legislation.

CP 2. Carbon pricing

Carbon taxes and emissions trading systems (ETSs), which incentivise emissions reductions, are widely applied in assessed countries (50 of 71). Some of these countries have multiple carbon prices implemented by different jurisdictions. For example, the US has state-level ETSs while Germany, Luxembourg and Norway apply national carbon prices in addition to the supranational EU ETS.

In most of the countries that implement carbon pricing (31 of 50), the price instrument(s) cover less than half of national greenhouse gas emissions, implying a somewhat limited scope and effectiveness of the price signal. While the emissions coverage of a carbon price can fluctuate and naturally declines over time as sectors included in the instrument decarbonise, countries may also adjust the emissions coverage of their carbon price depending on socioeconomic and political factors.

Figure 2.5. Climate framework laws adopted between 1998 and 2025



Note: The timeline shows climate framework laws and equivalents identified in 54 countries. Bubbles are sized based on the number of countries that passed a climate framework law in each year.

¹³ See Averchenkova et al. (2024) *Impacts of Climate Framework Laws: lessons from Germany, Ireland and New Zealand*.

¹⁴ See International Court of Justice (2025) *Obligations of States in respect of Climate Change*.

Over the past year, the carbon pricing systems in most countries have had a stable level of emissions coverage, keeping the year-on-year change within a 5% band (see Figure 2.6).

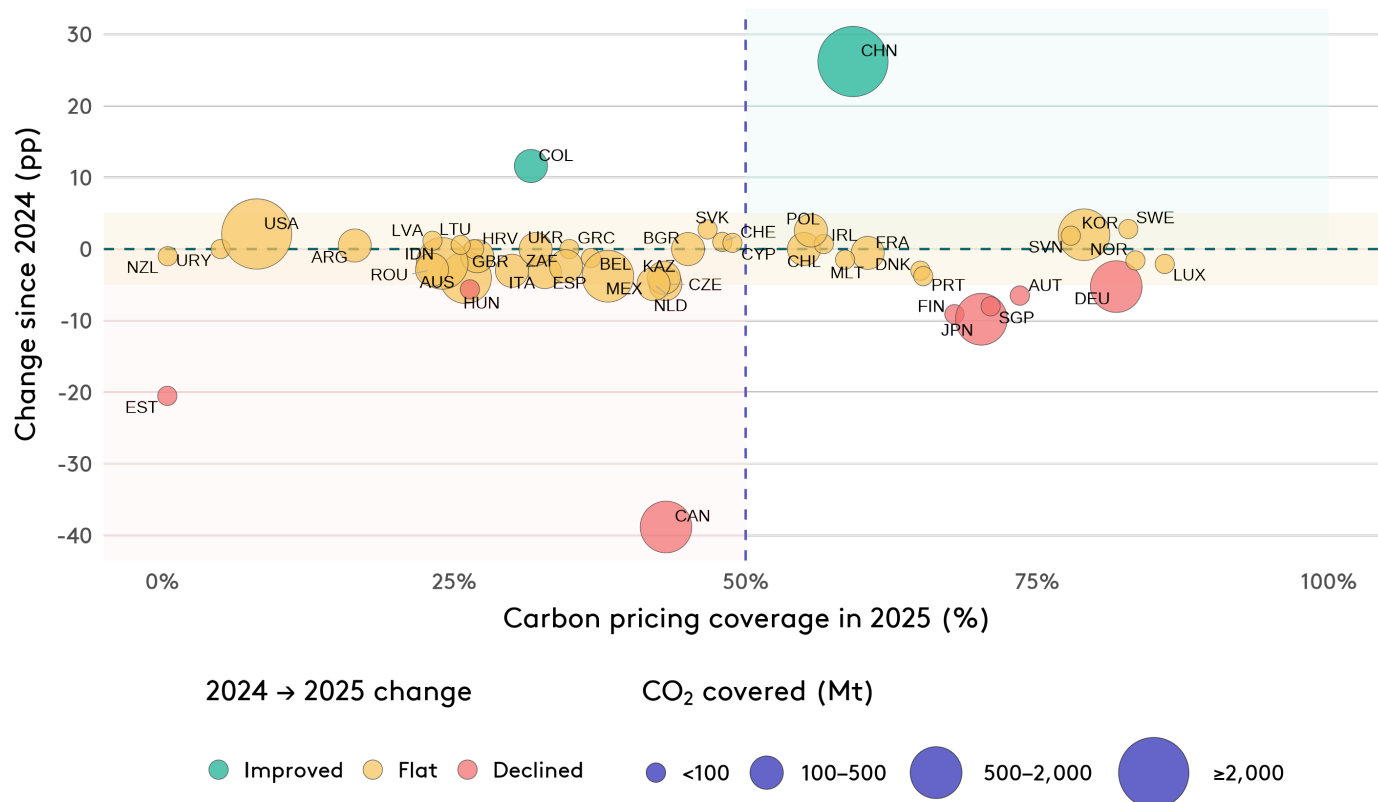
However, in Canada, the share of emissions covered by a carbon price has dropped from 82% to 43% with the withdrawal of the [federal fuel charge](#). China has expanded its ETS to the cement, steel and aluminium sectors, increasing the share of emissions covered from 33% to 59%. This expansion aligns with the sectoral coverage of the upcoming EU Carbon Border Adjustment Mechanism (CBAM), which will act as a levy on

carbon-intensive goods from other jurisdictions that lack a carbon price.¹⁵ We expect an increase in the emissions coverage of carbon pricing in EU countries once [EU ETS-2](#) becomes fully operational in 2027.

The majority (62%) of carbon pricing systems are aligned with the Paris Agreement goals, driven largely by the 27 EU member states and Norway, who share one ETS. We now assess the alignment of ETSs and carbon taxes differently (see Box 2.2).

Figure 2.6. Carbon pricing coverage in 2025 versus year-on-year change since 2024

Yellow band = $\pm 5\%$



Note: The horizontal axis indicates the percentage share of national greenhouse gas emissions covered by a carbon price in 2025, while the vertical axis shows the percentage point (pp) change in coverage compared with 2024. Bubble size indicates the volume of CO₂ emissions covered by a carbon pricing system (Mt). Colours denote year-on-year changes: improved (increase in coverage above +5 pp), flat (change within ± 5 pp), and declined (decrease in coverage below –5 pp).

¹⁵ See World Bank (2025) [State and Trends of Carbon Pricing](#).

Box 2.2. Which carbon pricing systems align with the Paris Agreement goals?

We have developed a new approach to assessing the alignment of carbon pricing mechanisms with the Paris Agreement, differentiated by instrument type. This approach recognises that emissions trading schemes operate differently from carbon prices: they are quantity-based with volatile permit prices rather than a fixed tax rate.

- A. A **carbon tax** is aligned with the goals of Paris Agreement if it meets a global price floor of US\$105/tCO_{2e} in 2025. This floor is set using estimates from the [Carbon Pricing Leadership Report](#) and the [State and Trends of Carbon Pricing 2024 report](#). Uruguay and Switzerland meet this threshold by setting a price level of US\$160/tCO₂ and US\$140/tCO₂, respectively. The three other countries that meet this threshold are Denmark, Norway and Sweden, which implement a carbon tax in addition to the EU ETS operating in their jurisdiction.
- B. An **ETS** is aligned if the system's emissions cap is set to reduce at a rate that aligns with the reduction rate implied by the country's **1.5°C benchmark** over the same period. Only the EU ETS (-62% from 2005 to 2030) and the UK's ETS (-68% from 2021 to 2030) are Paris-aligned based on the rate of reduction of their respective emissions caps.

For further details on the assessment approach, see the [ASCOR Methodology Note v.1.2](#).

CP 3. Fossil fuels

Reducing fossil fuel use is essential to the transition and can be accelerated through phasing out subsidies and halting the expansion of fossil fuel extraction. These actions signal to investors that a country is prioritising low-carbon energy and minimising the risk of financing what may become stranded assets. This is an area where performance is weak compared with other ASCOR areas, and since last year has changed relatively little.

Despite international pledges made by the G7, G20 and Asia-Pacific Economic Cooperation (APEC), firm deadlines to phase out explicit fossil fuel subsidies remain limited. The G7 set a deadline of 2025, but further information tracking this pledge is lacking. Recent initiatives to eliminate fossil fuel subsidies have, however, improved transparency (see Box 2.3). Among the high-income countries assessed, 42%, most of them European, have published comprehensive fossil fuel subsidy inventories.

We observe both advances and backtracking on fossil fuel extraction bans. [Colombia](#) has drafted legislation to amend the Mining Law in order to

prohibit the exploration and exploitation of new coal mines. In parallel, the [government](#) has stated it will not license new oil and gas exploration projects. Conversely, [Canada](#) had previously stated that it would not allow new thermal coal mines due to their unacceptable environmental impacts. However, the [Impact Assessment Agency of Canada](#) appears now to allow projects if the increase in mining operations area falls below a threshold of 50%.

CP 4. Sectoral transitions

Translating national ambitions into sectoral roadmaps can make NDCs investable and actionable for both companies and investors. Sector-specific policies, which could take the form of [sector transition plans](#), can enhance investor confidence in the credibility of economy-wide targets while also providing much needed guidance for companies and coordination across value chains. We assess a range of indicators that direct the transition of specific sectors and economic activities. Assessments in this area cover multi-sector climate strategies, energy efficiency, mandatory climate-related disclosure, the electricity sector and protected areas.

Box 2.3. Progress in international cooperation towards phasing out fossil fuel subsidies

The [Coalition on Phasing out Fossil Fuel Incentives including Subsidies](#) (COFFIS) is an alliance of 17 countries, most of which are part of the ASCOR universe. The alliance includes Austria, Belgium, France, Ireland and the Netherlands, all of which have performed well on transparency on fossil fuel subsidies. The Coalition's mission is to accelerate the phaseout of fossil fuel subsidies by increasing transparency, removing barriers and encouraging coordinated action. Members are required to publish [subsidy inventories](#) and to develop national action plans to phase out subsidies within two years of joining. EU countries already comply with mandated disclosures through their [National Energy and Climate Plans](#). COFFIS has encouraged new disclosures: Switzerland published an [inventory](#) after joining the Coalition.

In 2024, Iceland and three COFFIS members, Costa Rica, New Zealand and Switzerland, signed the [Agreement on Climate Change, Trade and Sustainability](#) (ACCTS) to eliminate harmful fossil fuel subsidies. They published their scheduled subsidies as an annex to the Agreement and committed to periodically review these and evaluate their potential elimination.

Both COFFIS and ACCTS represent promising developments in this policy area. If countries meet their commitments under these initiatives, meaningful progress would be made on the phaseout of fossil fuel subsidies. [PRI](#) recommends investor engagement as a tool for strengthening transparency and accountability in line with existing international commitments. It also highlights that disclosure initiatives available to sovereigns remain limited. In this context, COFFIS fills a gap by providing a structured approach to fossil fuel subsidy disclosure and phaseout. Investor engagement can encourage Coalition members to implement their commitments and incentivise other countries to join.

Just under half of the 71 assessed countries (49%) have a multi-sector climate strategy that sets targets and policies for five key sectors: electricity, transport, industry, LULUCF and a fifth sector with significant contributions to the country's emissions profile. Most (50) have targets and policies for the electricity sector, but there is often a gap in planning for the industrial sector. Energy efficiency can provide the most cost-effective mitigation options across all sectors, lowering social costs by reducing energy bills and strengthening national energy security. As in the 2024 assessment, we find 65% of countries have an energy efficiency law and target.

We observe both negative and positive shifts in decarbonisation of the electricity sector. While New Zealand and the US have withdrawn their net zero electricity targets, Lithuania has set a new target for 100% renewable electricity consumption by 2030. Most countries (61%) have increased the share of low-carbon sources in their electricity generation. Some fossil fuel-reliant economies such as Qatar, Bahrain and the United Arab Emirates are among the top improvers, yet their overall performance remains among the weakest.

CP 5. Adaptation

Effective adaptation planning and disaster risk reduction are essential to managing the physical risks posed by climate change. We assess the adaptation policy cycle drawing on guidance from the United Nations Environment Programme's [Adaptation Gap Reports](#). Our analysis evaluates how countries are planning to manage future physical risks stemming from climate change, an important input for the risk analysis of sovereign and corporate investors.

The basic steps of adaptation planning are often in place: 76% of the 85 assessed countries have a National Adaptation Plan (NAP) and more than half have published detailed and up-to-date national risk assessments. As physical risks evolve, regular updates to NAPs are essential. However, many NAPs are increasingly outdated: the average assessed NAP was published six years ago. Six countries, including Panama, Malaysia and Bahrain, have recently conducted their first physical climate risk assessments, addressing different types of hazards.

Monitoring and evaluation (M&E) reports that evaluate progress in implementing adaptation policies remain relatively scarce, with only 29 of

the 85 countries having published one.¹⁶ Spain provides a good example, publishing progress reports every three years since 2008. Azerbaijan has shown the most progress on adaptation policy, publishing its first NAP and risk assessment in late 2024.

In addition to adaptation planning, we also assess disaster risk reduction: 73 of the 85 countries have a multi-hazard early warning system (MHEWS), but participation in catastrophe risk pools remains limited. Only 9 of 36 countries are currently members of a sovereign catastrophe risk pool, a small increase from the previous assessment cycle that is driven by four newly assessed countries – Ghana, Uganda, Vietnam and Jamaica.

CP 6. Just transition

Just transition policies demonstrate whether and how a country is managing the social risks and opportunities associated with the low-carbon transition. These policies include measures to support workers and communities affected by the transition, promote more equitable living and working conditions, and ensure their participation in decision-making processes. Just transition as a theme is gradually being integrated into the design of sovereign green, social and sustainability bonds.¹⁷

Countries have taken legal and regulatory action to integrate just transition into their

employment and carbon pricing policies. Around half of the countries have strategies to leverage green and decent job opportunities. Most countries that apply a carbon price (41 of 50) have recognised or addressed potential disproportionate impacts of the carbon price on lower-income households, through, for example, a redistribution of carbon price revenues. EU member states qualify for this indicator: a portion of auction revenues from the EU ETS-2 will be used to support vulnerable citizens.

Establishing a national institutional framework to proactively plan a just transition with the involvement of affected stakeholders is still rare.

Only 20% of countries have such a framework and none of the low-income countries assessed do, even though they may be most in need of justice-aligned decarbonisation strategies. These countries may be constrained by a lack of financial and technical capacity as well as more complex economic development priorities. Among affected stakeholders, Indigenous Peoples are a key group to engage with when developing just transition policies in many countries. Australia, Canada, Finland, France and South Africa demonstrate some of the strongest just transition practices but have not yet ratified the [Indigenous and Tribal Peoples Convention](#).

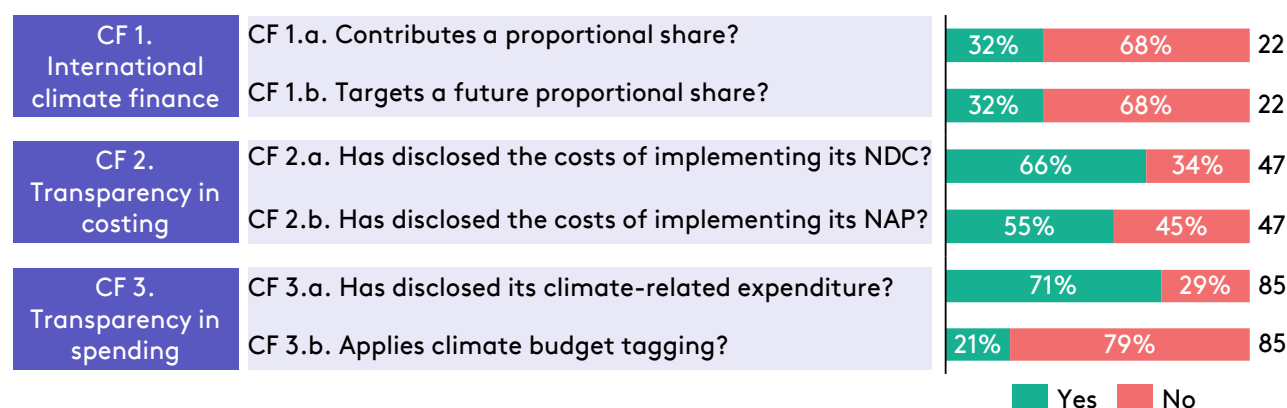
Pillar 3. Climate Finance

Finance is a crucial enabler of mitigation and adaptation: this pillar provides a holistic, backward- and forward-looking perspective on climate finance at the international and domestic levels. Comparing historical and targeted international climate finance contributions helps evaluate whether high-income countries are delivering on their Paris Agreement obligations. Current government

priorities are identified in yearly budgets, and the impact of allocations is measured in climate budget-tagging reports. Information on financing needs, costs and renewable energy deployment can help identify future investment opportunities. Figure 2.7 provides an overview of the assessment results for this pillar, which we discuss in detail below.

¹⁶ See Leiter (2021) [Do governments track the implementation of national climate change adaptation plans? An evidence-based global stocktake of monitoring and evaluation systems](#).

¹⁷ See Scheer et al. (2025) [Mobilising bonds for the just transition](#).

Figure 2.7. Assessment results for Pillar 3 on Climate Finance (CF)

Note: Non-Annex II countries are exempt on area CF 1 and Annex I countries are exempt on area CF 2. Area CF 4 on renewable energy opportunities has quantitative metrics but no binary indicators, so is not reflected in this chart.

CF 1. International climate finance

Assessing how much developed countries individually contribute to international climate finance commitments can help investors and other stakeholders hold them accountable. We assess if Annex II (i.e. developed) countries have met their proportional share of the US\$100 billion goal in international climate finance and if their future commitments will meet it. This threshold is 0.18% of GDP, calculated by taking the ratio of the \$100 billion goal and the sum of the GDP of all Annex II countries (averaged over three years). For targets beyond 2025, which is when the \$100 billion goal expires, we take into account the New Collective Quantified Goal (NCQG) agreed at COP29, which aims to deliver \$300 billion in international climate finance by 2035. We now include data reported by countries on mobilised private finance thanks to better disclosure in the Biennial Transparency Reports (BTRs) published in 2024 (see Box 2.4). This information helps track not only direct public finance contributions but also private finance in recipient countries that is mobilised by public finance from developed countries.

Between 2021 and 2023, 7 of the 22 assessed countries contributed their proportional share of international climate finance goals. France, Germany and Denmark contributed the highest amounts as a share of their GDP (0.35%, 0.28% and 0.27%, respectively). The same seven countries additionally pledged at least 0.18% of GDP to international climate finance going forward. Among these, Denmark (0.33%), Japan (0.32%) and Sweden (0.27%) have set the highest commitments.

Future commitments are often unclear or insufficient. About one-third (6 of 22) end in 2025 and [Belgium's 2024 pledge](#) has lapsed and is being renegotiated under a burden-sharing deal between the federal and regional governments. Eight countries have set open-ended commitments beginning in 2025 or 2026 (Portugal's begins in 2030). [The US BTR](#) published in 2024 by the Biden administration, reaffirmed a pledge to contribute \$11.4 billion in international climate finance, but the ['Putting America First in International Environmental Agreements' Executive Order](#) revoked this pledge in January 2025.

CF 2. Transparency in climate costing

Disclosing costed information on the actions identified in NDCs and NAPs can help countries to attract climate-related investment. Private investors can use disclosure of costed mitigation measures to identify opportunities to finance the low-carbon transition. Additionally, such disclosure may help countries to deploy climate-related funding to specific projects and measures prioritised in governments' national mitigation and adaptation plans.

Over half of assessed developing countries (51%) publish some form of cost breakdown for mitigation and adaptation investment needs. More countries disclose costed measures to meet mitigation goals (31 of 47) than adaptation goals (26 of 47). Sixteen countries are assessed on the basis of recent BTR disclosures but many

Box 2.4. Improvements in disclosure for tracking climate finance

The [Enhanced Transparency Framework](#) under the Paris Agreement, which requires countries to submit BTRs every two years using a standardised format, has been fully operationalised. The deadline for the first BTR submissions was December 2024. At COP29, countries also agreed on the NCQG. These changes in disclosure and ambition are reflected in our assessments.

In assessing the past three years of international climate finance, we now include private mobilised finance thanks to improved data quality. Developed country submissions to the BTR system allow the tracking of international climate finance trends across both public and private finance. Data show which sectors and projects are being funded, on what terms, and in which recipient countries. India, the Philippines and Brazil are the top three recipient countries of private finance mobilised from donor countries we assess. The energy sector remains the dominant destination of private finance, but transport and agriculture are also commonly represented.

The disclosures on financing needs identified in the BTRs have made new data available in a broadly consistent format. However, differences remain: some provide only mitigation costs, the sectors used to classify required investments are not always consistent, and some countries present past finance received with no mention of future investment needs. Most costed mitigation measures in this group are in energy and transport. For adaptation, costed measures are concentrated in agriculture, water and sanitation. Agriculture is one of the sectors cutting across mitigation and adaptation, owing to its high greenhouse gas emissions and vulnerability to climate change.

others have not yet submitted a BTR to the UNFCCC. Compared with the previous assessment cycle, eight countries have improved their performance in this area through their BTR, highlighting the value of international guidance and standardisation (see Box 2.4). Only the Philippines and South Africa have published cost breakdowns in other documentation. The Philippines has released an [NDC Implementation Plan](#) that itemises mitigation costs across energy, agriculture, industrial processes, transport and waste.

The methodologies used by countries to estimate the costs of specific measures vary, as does the level of granularity of those disclosures. Our assessment requires costs to be broken down to some degree, for example into sectoral or thematic categories. Some countries present costs at the sectoral level, whereas others give more detailed information on specific measures or projects. When costs are estimated for specific measures, countries tend to break these costs down by means of implementation such as capacity-building and technological support.

CF 3. Transparency in climate spending

Budget transparency on fiscal expenditures that support climate action can inform stakeholders about current government priorities in relation to NDCs and net zero targets. Tracking, quantifying and disclosing climate-related fiscal measures

enables taxpayers and investors to verify whether governments are allocating public funds in line with their climate commitments.

Most of the assessed countries (71%) provide a basic level of transparency on their recent climate-related expenditures. Many others that have not done so for climate-related spending do present budget expenditures for environmental protection more broadly. However, these do not specify climate spending and therefore do not qualify for this indicator.

A growing number of countries (18 of 85) go beyond the basic level of transparency and apply a more sophisticated climate budget tagging (CBT) methodology. Serbia and Costa Rica have recently applied new methodologies to tag budget items and have disclosed the results of this process. The difference between a basic level of budgetary transparency and undertaking CBT highlights potential capacity constraints in conducting this type of analysis. Serbia received cooperation aid from the [Agence Française de Développement](#) to develop and publish the results of applying CBT, while Costa Rica's CBT methodology relies on a [framework](#) provided by the Inter-American Development Bank and technical support from Germany's [International Climate Initiative](#).

CF 4. Renewable energy opportunities

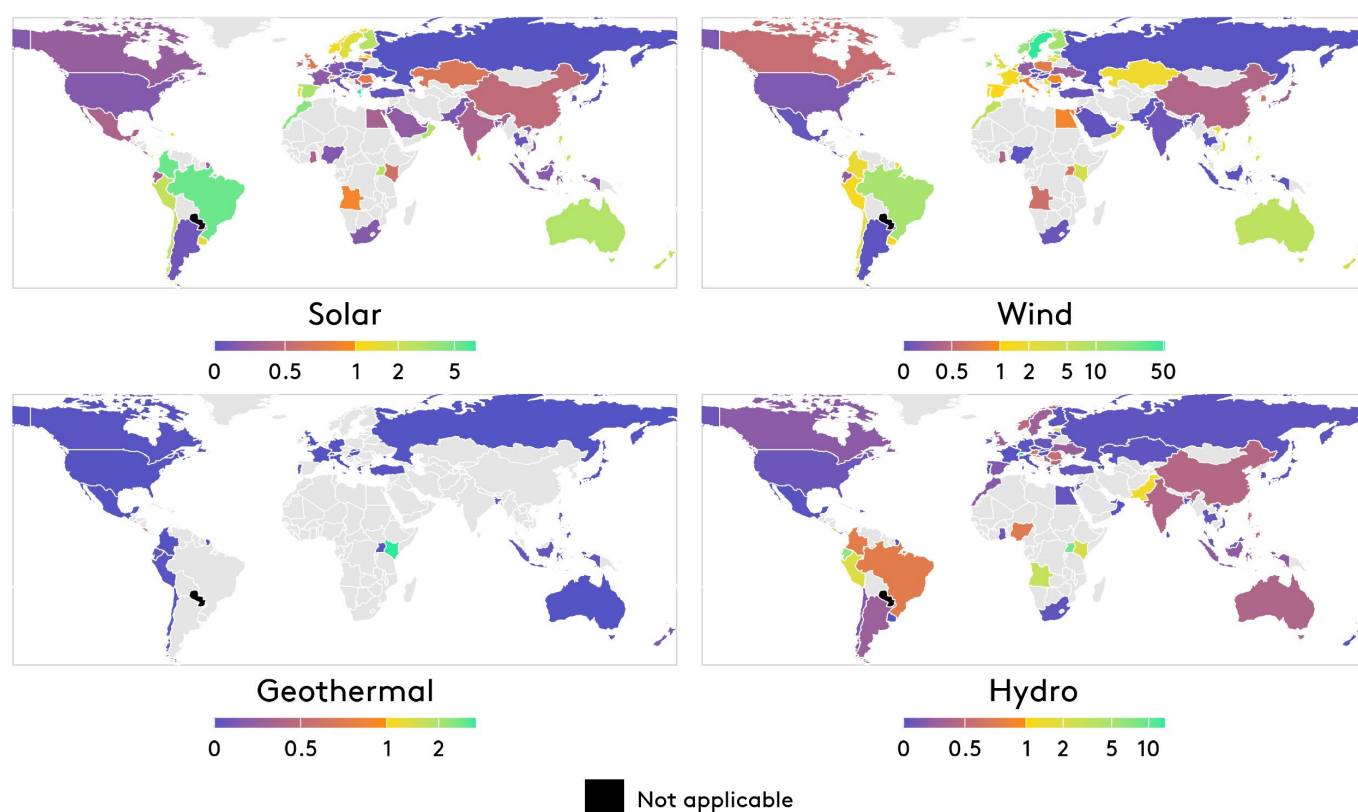
This area evaluates where renewable energy expansion is being actively pursued as an indication of potential transition investment opportunities. We assess renewable energy pipelines, defined as the sum of capacity in megawatts (MW) of projects that have either been announced (i.e. described in corporate or government plans), are in pre-construction (i.e. projects that are actively moving forward in seeking governmental approvals or financing) or are under construction (i.e. site preparation and equipment installation are underway). The renewable energy pipeline is normalised by the country's existing fossil electricity generation capacity in MW (the sum of coal, oil and gas capacity) and presented as a ratio. Rather than focusing on the physical (and fully hypothetical) potential of renewable energy in the country,

these metrics quantify the *existing pipeline* of new renewable energy projects being pursued.

Half of the assessed countries (44 of 85) have a total renewable energy pipeline (combined solar, wind, geothermal and hydro) that exceeds their existing fossil fuel capacity. This concretely demonstrates the momentum of the low-carbon transition, despite headwinds and retreat in other policy areas. Luxembourg and Paraguay have no operating fossil fuel capacity, having domestically transitioned to renewable sources. Sweden and Estonia have the highest total planned renewable energy capacity relative to operating fossil fuel capacity.

Taking the prospective pipeline of each energy source separately, the following countries stand out: Greece and Colombia for solar, Sweden and Estonia for wind, Kenya and Costa Rica for geothermal, and Switzerland and Uganda for hydro (see Figure 2.8).

Figure 2.8. Renewable energy pipelines relative to currently operating fossil fuel-based electricity capacity



Note: A value above 1 means that the new renewable energy pipeline is greater than the existing fossil fuel capacity currently operating. 1 indicates parity between these two metrics. A value below 1 means the fossil fuel capacity remains higher than the renewable energy pipeline. Luxembourg and Paraguay have no fossil energy capacity domestically and therefore are reflected as 'Not applicable' on the map in black. The data for Uruguay's solar and wind prospective energy capacity were adjusted before normalisation to reflect announced projects not yet included in the Global Energy Monitor (GEM) database.

These results may be used by investors to identify countries with greater relative opportunities in particular renewable energy types. However, country-specific factors, such as economic development or the energy intensity of the economy, are important when interpreting these metrics. Moreover, physical geography matters too, since not all countries have the natural conditions needed for certain types of renewable energy. In all cases, the transition requires both

an increase in renewable energy projects but also a halt to the expansion of fossil fuel use. Illustrating these dual components of grid decarbonisation, China and Brazil have the largest prospective renewable energy pipelines in absolute MW terms; but, when normalised by existing fossil fuel capacity, China's ratio (1.3) indicates a much higher reliance on fossil fuels relative to its renewable energy pipeline compared with Brazil's (16.7).

A synthesis of ASCOR results across pillars

The ASCOR framework provides a multi-dimensional view of sovereign climate performance, covering 14 areas, 38 binary indicators and 24 quantitative metrics. While this level of detail is useful for investors seeking to interrogate different elements of national climate action, it can be difficult to form an overall picture of country performance. To support cross-country analysis, we therefore synthesise the assessment into **two composite pillar scores**:¹⁸

- **Pillar 1: Emissions Pathways** reflects recent mitigation efforts and the ambition of future targets.
- **Pillars 2 and 3: Climate Policies and Finance** reflect the policies, systems and financial commitments intended to implement a country's transition and manage climate risks.

The resulting pillar scores are relative measures of climate performance between countries rather than an attempt to measure overall Paris alignment. A higher score denotes stronger relative climate performance but does not imply that a country is on track to limit warming to 1.5°C.

The pillar scores are a useful analytical tool to analyse patterns across regions or income groups. However, when assessing the performance of individual countries, scores should be interpreted primarily in comparison

with others in the same region or income group. Governance mechanisms, geographical characteristics and geopolitical dynamics can shape country performance in climate action. Similarly, institutional capacity, access to finance and technology and historical responsibility for emissions vary systematically across income groups. These structural factors mean that meaningful comparisons require situating countries within comparable contexts. This is consistent with standard practice in sovereign debt analysis, where developed and emerging markets are generally considered separately.

Comparing average pillar scores across regions reveals that the EU and Latin America continue to lead, while the Middle East and North Africa (MENA) achieve the lowest average scores. The underperformance of the MENA region reflects its continued dependence on fossil fuel rents and limited climate policy development (see Figure 2.9). These regional patterns remain broadly consistent with those observed in 2024.

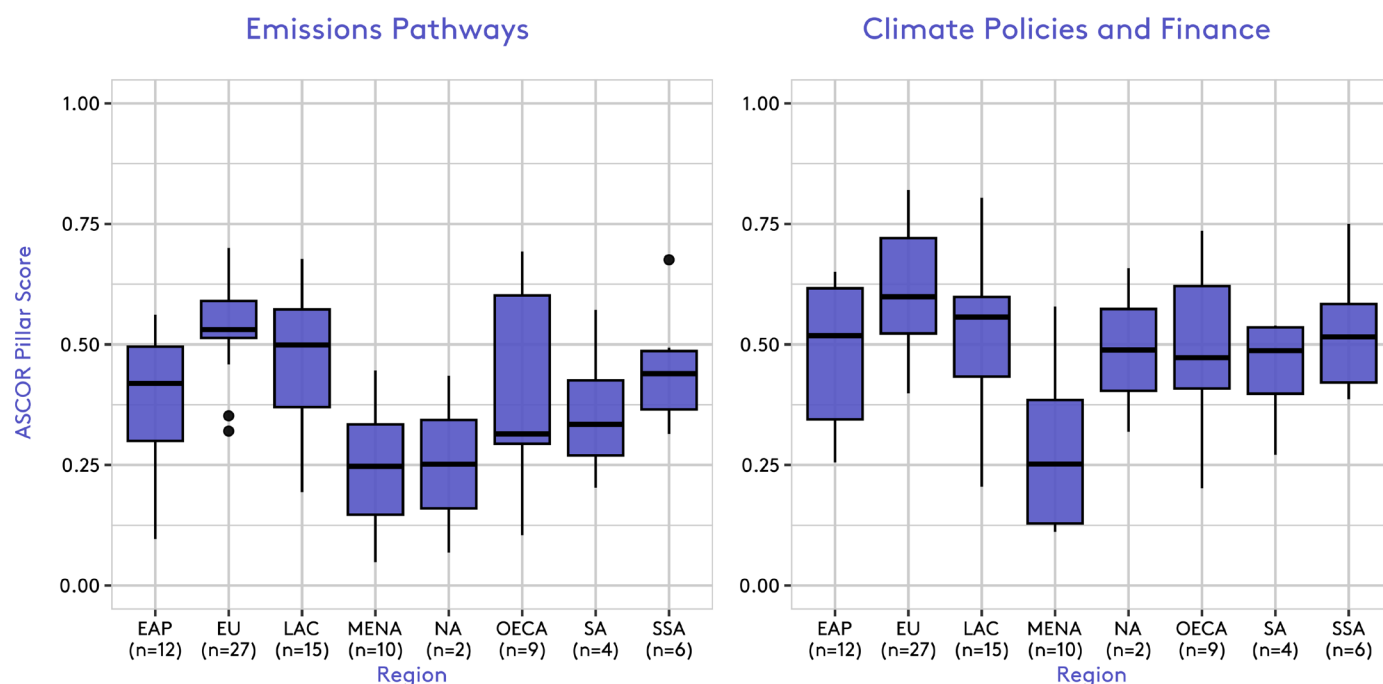
On average, both pillar scores correlate positively with income, especially the *Emissions Pathways* pillar, where high-income countries achieve higher scores mainly due to their declining emissions and net zero targets. By contrast, performance on the *Climate Policies and Finance* pillar is more even across income groups, partially due to the greater number of exemptions for middle- and low-income countries. This underscores the importance of

¹⁸ Pillar scores are derived by first converting binary indicators and quantitative metrics into a 0–1 scale, then averaging at the area level and subsequently at the pillar level. The approach gives equal weight to each area. Different country groups are exempted from some indicators and metrics. Exempted results are excluded from the analysis. We combine Climate Policies with Climate Finance (Pillars 2 and 3) because thematically they both assess actions taken to implement emissions targets and manage physical or transition risks. The Climate Finance pillar cannot be meaningfully aggregated because this pillar's areas have non-overlapping exemptions, making the results across donor and recipient countries difficult to interpret. Full details of the pillar scoring methodology can be found in the 2024 *State of the Transition in Sovereigns* report (p.39–40).

peer-group comparisons when analysing a specific country. While lower-income countries may face structural constraints, many are

deploying innovative policy frameworks that strengthen their relative position within their cohort.

Figure 2.9. ASCOR pillar scores by region (2025)



Note: Regions are based on World Bank definitions. Due to policy coordination at the EU level, we separate countries in the EU from other European countries and Central Asia. This results in the following regions: East Asia and Pacific (EAP), European Union (EU), Latin America and the Caribbean (LAC), Middle East and North Africa (MENA), North America (NA), Other Europe and Central Asia (OECA), South Asia (SA), and Sub-Saharan Africa (SSA). Each box shows the interquartile range (from the first to the third quartile), with the horizontal line inside representing the median score for that group. Whiskers extend to the lowest and highest values within 1.5 times the interquartile range, and dots represent outliers. The number of countries (n) in each regional group is shown in the X-axis labels.

To illustrate relative performance within income cohorts, we present countries grouped by quartiles of pillar performance in Table 2.1. This approach highlights relative leaders and laggards within each income group, enabling investors to identify where sovereigns are making credible progress and where engagement may be most impactful. As in last year's results, strong performance on one pillar score rarely corresponds with strong performance on the other, with some exceptions, mostly European countries such as Sweden, Germany and Denmark.

- **High-income group:** European countries (plus two in Latin America and the Caribbean) continue to dominate the top quartile across both pillar scores; Germany, Norway and Barbados lead on *Emissions Pathways* and France, Chile and Sweden rank as the top three performers on *Climate Policies and Finance*.
- **Middle-income group:** Colombia, Brazil and Costa Rica perform best on *Emissions Pathways*, while Colombia, Argentina and Serbia lead on *Climate Policies and Finance*.
- **Low-income group:** Nigeria and Kenya remain the best performers on *Emissions Pathways* and *Climate Policies and Finance*, respectively.

Table 2.1. ASCOR pillar scores by income group (2025)

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

Note: ASCOR pillar scores are presented by quartile of relative performance in each income group. Results in each quartile are presented by alphabetical order rather than rank.

3. In focus: progress and retreat

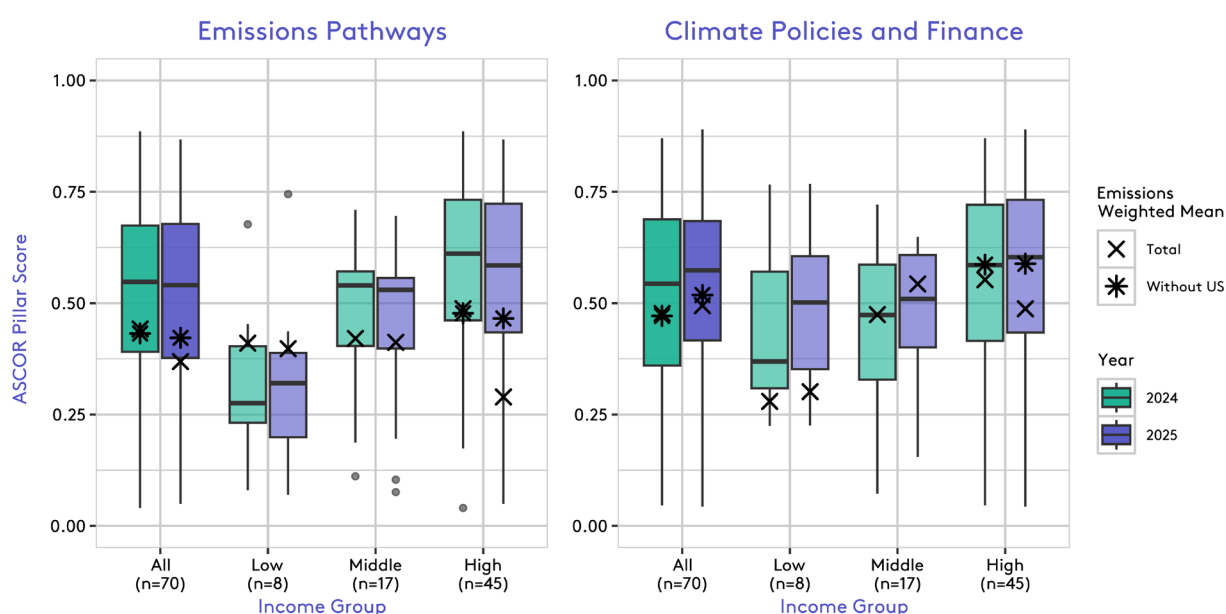
The analysis presents a mixed picture of progress and retreat on climate action, with particular improvements in the climate policies and finance disclosures of low- and middle-income countries but slight declines in emissions pathways across all income groups. In this section we focus on trends in the pillar scores for *Emissions Pathways* and *Climate Policies and Finance* across assessment cycles and investigate area-level changes by income group. Case studies on Costa Rica, New Zealand and the US illustrate divergent policy developments.

Trends in pillar scores

Pillar-level data show mixed trends, including progress, stagnation and retreat over the past year. These patterns are seen in the distribution of pillar scores across the 70 countries assessed in both 2024 and 2025 (see Figure 3.1).¹⁹

Because this sample covers 85% of global emissions, these trends are likely to be a meaningful representation of the global state of the transition.

Figure 3.1. Changes in pillar scores by income group across 70 countries (2024-2025)



Note: The total column includes all 70 countries that were assessed in 2024. Income groups follow World Bank classifications. Each box shows the interquartile range (from the first to the third quartile), with the horizontal line in each box representing the median score for that group. The x is the mean pillar score for that group when each country's score is weighted by its emissions in 2023. The star represents the emissions-weighted mean when the United States is removed from the analysis. Whiskers extend to the lowest and highest values within 1.5 times the interquartile range, and dots represent outliers. The number of countries (n) in each income group is shown in the X-axis labels.

¹⁹ Certain indicators were excluded where methodological changes prevented comparability. The following areas, indicators and metrics are excluded from the analysis in this section due to methodology changes across assessment cycles: EP 3, CP 2.c, CP 2.c.i, CP 4.e, CP 5.b, CF 1 and CF 4. For the pillar scores, updated calculation methods and 1.5°C benchmarks were used to recalculate metrics EP 1.a.i, EP 1.a.ii, EP 1.b, EP 1.c, EP 2.c.i and EP 2.d.i for comparability. Countries that changed income group classification between 2024 and 2025 are placed in their 2024 income group, with the same exemptions applied for the purposes of this comparison.

The *Emissions Pathways* pillar scores, when weighted by the emissions of each country, show a slight downward trend. This picture is explained by the fact that global emissions have not yet peaked and target ambition has not improved over this year's assessment period.²⁰ Among high-income countries, the US's withdrawal of its 2030 and net zero targets largely explain the drop in the emissions-weighted average pillar score of high-income countries.

Improvements are concentrated among low- and middle-income countries on *Climate Policies and Finance*. In this pillar, average scores in high-income countries have stalled, with the average decline largely explained by the US.

Stronger improvements in middle- and low-income countries may reflect catch-up dynamics, as these countries close the gap with high-income economies that began their transitions earlier. However, differences in coverage – such as indicator exemptions – should be considered when interpreting these results. For instance, transparency in climate costing (CF 2), where we currently assess only non-Annex I (i.e. developing) countries, shows the most improvement of any area (see Table 3.1). As such, differences in pillar trends across income groups may partly reflect differences in indicator coverage, rather than performance alone.

Progress in pillar scores differs widely across individual countries within the same income group. Among high-income countries, Hungary has improved its *Emissions Pathway* pillar score through aligning its trends with its fair share

benchmark. In the same pillar, Slovenia and Portugal have improved their scores through more ambitious net zero targets. No middle-income country has made major gains. Serbia has improved the most within its group, albeit from a low baseline. On the *Climate Policies and Finance* pillar score, Chile has improved the most among high-income countries and Türkiye has improved the most overall, due to a new climate law and a scheduled ETS.

Among low-income countries, Kenya and Nigeria, top performers on the 2025 *Climate Policies and Finance* and *Emissions Pathway* pillar scores respectively (see Section 2), have also improved the most. Kenya has recorded the most progress on *Emissions Pathways* by aligning its trends with its cost-effective 1.5°C benchmark. Nigeria has significantly improved its *Climate Policies and Finance* score through stronger disclosure of climate costing.

By contrast, several countries have retreated. The US has seen the steepest declines across both pillars, while other high-income countries such as New Zealand and the UK have also regressed in *Climate Policies and Finance*.

When the US is excluded from the sample, the global picture is one of relative stability in *Emissions Pathways* and modest progress in *Climate Policies and Finance*. When looking at pillar performance, weighted by a country's emissions, the policy reversals in the US drag down the global average trend due to the country's significant emissions.

Trends in area results

Worldwide, the largest advances have been on climate costing, where performance has improved across all income groups. To better understand the areas of progress and retreat, we sum indicator-level changes within each area for all countries (see Table 3.1). We present results separately for each income group and show the US separately given its significant retreat on climate ambition and policy.

Low-income countries have advanced most relative to their sample size, with gains concentrated in emissions trends and climate costing. Middle-income countries have also made advances, notably on climate legislation, carbon pricing and climate costing. High-income countries excluding the US have backtracked on carbon pricing while progressing in almost all the other areas.

²⁰ We have also explored trends among the smaller sample of 25 countries assessed over the past three years, finding similar patterns.

Table 3.1. Net changes in indicator results by area and income group between 2024 and 2025 in 70 countries across 34 indicators in the ASCOR framework

	Low-income countries (n=8)	Middle-income countries (n=17)	High-income countries excluding US (n=44)	US (n=1)	2024 ASCOR universe (n=70)
EP 1. Emission trends	1	-5	1	0	-3
EP 2. 2030 targets	0	0	1	-2	-1
EP 4. Net zero targets	0	0	2	-2	0
CP 1. Climate legislation	0	2	2	0	4
CP 2. Carbon pricing	0	3	-1	0	2
CP 3. Fossil fuels	0	0	1	0	1
CP 4. Sectoral transitions	0	0	1	-1	0
CP 5. Adaptation	0	1	4	-2	3
CP 6. Just transition	0	0	4	-2	2
CF 2. Transparency in climate costing	4	4	5	0	13
CF 3. Transparency in climate spending	0	1	0	0	1
Total	5	6	20	-9	22

Note: This table shows the net number of indicator changes in each *comparable* area of the ASCOR framework between 2024 and 2025 across 70 countries in different income categories. Note that some areas (e.g. 2035 targets) are excluded because no comparison can be made with the 2024 results. The net number of indicator changes is calculated by summing the total number of indicator changes in each area across the countries in each income group. LI, MI and HI stand for Low- Middle- and High-Income, respectively. Note that the number of countries (n) in each income group is different and affects how these relative patterns should be interpreted. 'E' denotes that the income group is entirely exempt from being assessed on an area.

Country case studies of progress, weakening and retreat

Case studies of selected countries highlight the reasons for, and nature of recent changes in performance. We provide three country examples, each showcasing a different type of development: Costa Rica (progress), New Zealand (weakening) and the United States (retreat).

Costa Rica's progress on enhanced transparency

Among middle-income countries, Costa Rica stands out as the most improved on *Climate Policies and Finance*. It has made notable progress by enhancing the transparency of its climate finance needs. The country's [First Biennial Transparency Report](#) discloses the costs of mitigation and adaptation measures. It provides a sectoral breakdown for both disclosures. The costs of mitigation measures are provided for industry, transport, energy, agriculture, urban development and housing. Costs of adaptation are specified for disaster risk management, industry, agriculture, marine management, urban development and housing, cross-cutting, infrastructure, forestry, and water and sanitation.

Costa Rica has also improved its transparency on climate spending by identifying and disclosing its climate expenditures through a tagging methodology. The country has published a methodological guide to identify and quantify budgetary expenditures with an impact on climate change, biodiversity and disaster risk management. According to the guide, public entities will quantify the mitigation and adaptation impacts (both positive and negative) of allocated budget items starting in 2024. Following this guide, the country has started to disclose its tagged expenditures in an open budget portal.

Policy weakening in New Zealand

New Zealand has discontinued some policies and weakened or barely improved others over the past year. This has caused a decline in performance on some indicators, although on others the new, weaker policies still meet our assessment criteria. New Zealand's new NDC sets an unambitious target for 2035 that is an improvement of only 1% relative to the country's existing 2030 target. The country would have become a leader on carbon price emissions coverage if agricultural emissions – which account for almost half of national emissions – had been included in 2025 as previously announced. In addition, New Zealand's First Emissions Reduction Plan was one of the strongest examples of a multisector decarbonisation strategy but the [amended plan](#) and [Second Emissions Reduction Plan](#) are much weaker, even if they still satisfy some ASCOR criteria. The net zero electricity target was not restated in the plan and actions to monitor this target and ban new fossil fuel baseload electricity generation have been discontinued.

Existing or planned initiatives on just transition and transparency on climate spending have been abandoned. In 2024, several programmes that could have strengthened the country's inclusive and institutional approach to just transition (CP 6.b) were discontinued, including an Equitable Transition Strategy, the Just Transition Programme and the Future of Work Tripartite Forum, which had served as a social dialogue channel with workers. On transparency in climate spending (CF 3), earlier initiatives were also terminated, including the [Wellbeing Budget](#), an annual publication that included climate spending, and the [Climate Emergency Respond Fund](#), a dedicated channel for climate spending. As a result, New Zealand's budgetary climate spending is no longer transparently disclosed.

The United States' withdrawal from climate action

The US announced its withdrawal from the Paris Agreement and revoked several climate-related commitments and policies under its new administration in 2025, resulting in significant declines in the country's ASCOR performance. The country will officially withdraw from the Paris Agreement on 27 January 2026. However, the new administration considers this to already be in effect following the submission of a formal notification of withdrawal. The country's [NDC](#), [NAP](#) and Long-Term Strategy ([LTS](#)) submitted to the UNFCCC by the previous administration are still available on the UNFCCC's website but they are not considered in our assessment because the country's government explicitly no longer endorses them. Due to the withdrawal of these policy documents, the US has regressed in several areas including 2030 and net zero targets (EP 2 and 4), sectoral transitions (CP 4) and adaptation (CP 5).

Revoked policies have undermined US commitments not only on mitigation and adaptation, but also on just transition and international climate finance. In our previous assessment, we found evidence of an institutionalised just transition approach (CP 6.b) and a green jobs strategy (CP 6.c). However, all plans, institutional arrangements and policy mechanisms related to just transition and green jobs have now been revoked.

The only area of slight improvement is carbon pricing (CP 2). State-level carbon-pricing mechanisms in California, Massachusetts, Washington and Colorado mean the country still meets the criteria for having carbon pricing systems in place. Over the past year, both the share of national greenhouse gas emissions subject to a carbon price and the average price level have increased, albeit marginally. This shows the value of continued climate policy signals at the subnational level, even amid policy reversals at the national level.

4. ASCOR in practice and next steps

The growing interest in ASCOR is now translating into new practical applications: our future work aims to expand these. This section presents the use cases of ASCOR data for investors and sovereigns through recent examples. It also outlines the planned updates in the methodology and potential integration of ASCOR data with the TPI Centre's corporate assessments.

Implication for investors and sovereigns

The TPI Centre's research and outputs are shaped by the needs of investors, who are at the core of our mission. ASCOR reflects this focus, offering a nuanced approach to assessing sovereigns' climate ambition, tailored to differentiate between countries in different income groups. At the same time, it provides valuable insights for sovereign issuers themselves, supporting transparency, investor dialogue and informed policy development. It also offers countries a credible reference point to strengthen the climate integrity of their financing strategies and the design of sustainable debt instruments.

While corporate investors were among the first to recognise the financial materiality of climate change, sovereign bondholders have also begun to intensify their focus. They are acknowledging the growing relevance of climate risks to sovereign creditworthiness and long-term fiscal resilience.²¹ In both cases, the rising frequency of extreme weather events, evolving regulatory expectations, and, at least initially, demand for sustainability-oriented portfolio objectives have played a significant role.

Despite growing political pushback on sustainability-related issues, it has been encouraging to see increasing uptake and engagement with ASCOR. This steady momentum reflects investors' continued demand for transparent, consistent, decision-useful climate data in sovereign debt markets that can be tracked over time to analyse trends. Long-term climate considerations remain a priority for

many, even in a more challenging policy environment.

Bridging investor analysis and sovereign climate action

ASCOR helps investors frame climate change considerations within sovereign investment decisions. By providing a structured framework to assess climate-related risks and opportunities, ASCOR enables investors to systematically incorporate environmental factors and enables consistent comparison across countries within their income groups. This supports more informed decision-making, helping to identify vulnerabilities and align investments with global climate goals.

The ASCOR tool aligns with the Net Zero Investment Framework (NZIF), which many investors now rely on to guide climate-informed portfolio strategies.²² In our publication [ASCOR in Practice](#), we mapped the ASCOR framework against NZIF's 10 criteria that help investors structure and interpret data on sovereign climate performance. Investors have started integrating ASCOR data into their internal tools and analysis, drawing on the NZIF guidance.

The ASCOR tool's structure helps sovereigns to conduct peer group comparisons and income-level adjusted benchmarking, since countries are assessed on similar indicators. Indeed, the [NDC Partnership's](#) climate toolbox showcases ASCOR among the resources to support countries in developing, financing and achieving their NDCs. ASCOR research and data can support the closing of gaps on technical climate knowledge and improve coordination within governments

²¹ See PRI (2023) [Considering climate change in sovereign debt](#).

²² See IIGCC (2024) [Net Zero Investment Framework 2.0](#).

and across borders. According to a survey conducted by the Coalition of Finance Ministers,²³ public officials highlight the importance of engaging with subject-matter experts in other ministries to analyse the impact of specific policies, as well as exchanging information with other countries.

Informing investor-sovereign dialogue and engagement

Importantly, ASCOR is intended to foster dialogue between investors and sovereigns, similar to the other TPI Centre outputs designed to support engagement. Engagement allows investors to signal the importance they place on climate change while advocating for effective climate policies. It is mutually beneficial for sovereigns to understand investor perspectives, showcase progress, address misconceptions and build trust that may positively influence their access to capital markets.

Both bilateral and collaborative investor engagement with sovereigns can be effective, bearing in mind that any engagement should respect the complexities of sovereign governance and policymaking. Unlike corporate engagement, sovereign dialogue requires navigating different channels – often involving government officials, ministries and multilateral institutions – and must be conducted with sensitivity due to political considerations.²⁴

Examples of joint investor efforts to engage with sovereigns are beginning to materialise, such as

the PRI Collaborative Sovereign Engagement on Climate Change, which coordinates 41 investors to engage with sovereigns and is expanding to Japan and Canada following its Australian pilot phase.²⁵

Driving transition finance

With this year's expansion, the ASCOR country universe covers 100% of four major global government bond indices (see Table 4.1). This makes ASCOR directly relevant to the full universe of countries represented in key benchmarks, increasing its utility for investors seeking to assess and monitor sovereign climate commitments, as well as tracking implementation. Broader coverage also enhances the tool's impact and consistency, strengthening its role as a global reference point for climate-related sovereign analysis.

The recent launch of the first exchange-traded fund (ETF) tracking an index constructed using ASCOR data represents a compelling practical demonstration of ASCOR's applicability and value in sovereign investment strategies.²⁶ The novel active ETF utilises an index based on ASCOR assessments to select sovereign bonds from euro-area countries demonstrating strong climate commitments and progress. It aims to provide investors with exposure to sovereign debt that aligns with climate-conscious investment criteria, integrating environmental factors into sovereign fixed-income portfolios.

Table 4.1. Sovereign index coverage of the 2025 ASCOR country universe

Sovereign index coverage <i>Estimated based on country weights in February 2025</i>	2023: 25 countries	2024: 70 countries	2025: 85 countries
FTSE World Government Bond Index (WGBI)	90%	100%	100%
Bloomberg Global Treasury Index	85%	100%	100%
JP Morgan Government Bond Index-Emerging Markets (GBI-EM) Global Diversified	65%	100%	100%
FTSE Frontier Emerging Markets Government Bond Index	45%	70%	100%
JP Morgan Emerging Markets Bond Index (EMBI)	40%	85%	93%

²³ See Coalition of Finance Ministers for Climate Action (2025) *A Global Survey of Ministries of Finance: The pressing policy questions Ministries of Finance face in driving green and resilient transitions and their use of analytical tools to address them*.

²⁴ See PRI (2020) *ESG Investment for Sovereign Debt Investors*.

²⁵ See PRI (2025) *Collaborative Sovereign Engagement on Climate Change Progress Report 2025*.

²⁶ See FTSE Russel, ING and Robeco (2025) *Rethinking Sovereign Debt to Finance the Climate Transition Introducing a novel investment solution*.

Beyond its incipient use in index construction and investment products, ASCOR is also proving valuable to sovereign issuers when accessing capital markets through climate-focussed debt instruments. In 2025, Slovenia became the first European country to issue a sustainability-linked bond (SLB). In its SLB framework, Slovenia cites the ASCOR assessment of its 2030 target as

being aligned with its 1.5°C fair share.²⁷ This demonstrates ASCOR's potential to help governments validate the ambition of their climate commitments and strengthen the credibility of their sustainable finance frameworks. Governments that are considering issuing SLBs could also draw on ASCOR indicators to develop performance targets.²⁸

Next steps and future research

The growing physical and transition risks linked to climate inaction make it increasingly important for both investors and sovereigns to **integrate climate considerations into decision-making.** Admittedly, this report comes at a delicate time, as many governments face significant fiscal pressures and with climate change often not being treated as an immediate priority in public policy or budgetary decisions. Now more than ever, there is a clear need for climate ambition to remain visible and actionable, even amid competing policy challenges.

We will continue to broaden our outreach activities, which have significantly expanded over the past year. Many sovereign governments responded to our feedback request, which we offer by design to all assessed entities (including companies and banks) to ensure the factual accuracy of our assessments. We will continue our webinar and lecture series, featuring investor and policymaker speakers, providing further opportunities to deepen engagement with these key stakeholders, promote greater alignment on transition expectations and enhance understanding of the ASCOR analysis.

At the end of 2025, we aim to launch a consultation to receive feedback on potential further developments to the ASCOR tool. To ensure that it remains relevant for sovereigns and investors, we will continue to refine our analysis to respond to advances in scientific knowledge and to address evolving market needs. We aim to investigate new data sources for sectoral emissions trends and 1.5°C benchmarks, while exploring new ways to assess policy advances in CBAMs, fossil fuel subsidy phaseouts, climate costing disclosure and comprehensive green spending programmes.

Finally, we intend to explore ways to integrate ASCOR country assessments into our corporate analysis. Our country analysis is relevant not only for sovereign bondholders but also for corporate investors, particularly to refine assessments using regional benchmarks and country-specific transition contexts.²⁹ This increased regional focus will enable us to respond to the growing recognition in the market that national climate plans must be coordinated with corporate and sectoral transition plans, helping ensure that company-level targets are grounded in their broader policy and economic contexts.³⁰ This alignment is essential to ensure that capital flows to where it is most needed to support an orderly and rapid low-carbon, climate-resilient transition.

²⁷ See Republic of Slovenia (2025) *Sustainability-linked Bond Framework*.

²⁸ See *ASCOR in Practice: Use cases and insights*, Explainer Box 5.

²⁹ See *ASCOR in Practice: Use cases and insights*, Explainer Box 3.

³⁰ See Jahn and Manning (2025) *How can we Coordinate the Low Carbon Transition? Building a Global Information and Engagement Architecture* and The Finance Council (2025) *Sector Transition Plans: The Finance Playbook*.

Appendix 1. ASCOR framework

Pillar 1	Emissions Pathways (EP)	Answer type ³¹	Countries assessed ³²
EP 1	Emissions trends		
EP 1.a	Has the country improved its emissions profile over the past 5 years?	Yes/No	All
EP 1.a.i	What is the country's most recent emissions level?	MtCO ₂ e	All
EP 1.a.ii	What is the country's most recent emissions trend?	%	All
EP 1.b	Is the most recent 5-year trend aligned with meeting the country's 1.5°C benchmark?	Yes/No	All
EP 1.b.i	How far is the most recent emissions trend from meeting the country's 1.5°C benchmark?	%	All
EP 1.c	Is the most recent 5-year trend aligned with meeting the country's 1.5°C fair share?	Yes/No	All
EP 1.c.i	How far is the most recent emissions trend from meeting the country's 1.5°C fair share?	%	All
EP 2	2030 targets		
EP 2.a	Has the country set a 2030 emission reduction target?	Yes/No	All
EP 2.a.i	What is the targeted reduction relative to 2019 emissions?	%	All
EP 2.b	Does the country specify whether and how much carbon credits may contribute to its 2030 target?	Yes/No	All
EP 2.b.i	What percentage of the 2030 target will be met using carbon credits?	%	All
EP 2.c	Is the country's 2030 target aligned with its 1.5°C benchmark?	Yes/No	All
EP 2.c.i	What is the degree of alignment with its 1.5°C benchmark?	%	All
EP 2.d	Is the country's 2030 target aligned with its 1.5°C fair share?	Yes/No	All
EP 2.d.i	What is the degree of alignment with its 1.5°C fair share?	%	All
EP 3	2035 targets		
EP 3.a	Has the country set a 2035 emission reduction target?	Yes/No	All
EP 3.a.i	What is the targeted reduction relative to 2019 emissions?	%	All
EP 3.b	Does the country specify whether and how much carbon credits may contribute to its 2035 target?	Yes/No	All
EP 3.b.i	What percentage of the 2035 target will be met using carbon credits?	%	All
EP 3.c	Is the country's 2035 target aligned with its 1.5°C benchmark?	Yes/No	All
EP 3.c.i	What is the degree of alignment with its 1.5°C benchmark?	%	All
EP 3.d	Is the country's 2035 target aligned with its 1.5°C fair share?	Yes/No	All
EP 3.d.i	What is the degree of alignment with its 1.5°C fair share?	%	All
EP 4	Net zero targets		
EP 4.a	Has the country set a net zero CO ₂ target?	Yes/No	All
EP 4.a.i	In what year is the net zero CO ₂ target set?	Year	All
EP 4.b	Is the country's net zero CO ₂ target aligned with a global 1.5°C scenario?	Yes/No	HI/MI
EP 4.c	Is the country's net zero CO ₂ target aligned with an accelerated deadline for high-income countries?	Yes/No	HI

³¹ The darker shaded rows indicate a binary Yes/No response and the lighter shaded rows indicate a response with a quantitative metric.

³² High-income (HI) countries are assessed on all applicable ASCOR indicators and metrics whereas middle-income (MI) and low-income (LI) countries are exempt on certain indicators and metrics. See the [ASCOR Methodology Note](#) for further details.

Pillar 2	Climate Policies (CP)	Answer type	Countries assessed
CP 1	Climate legislation		
CP 1.a	Does the country have a climate framework law or equivalent?	Yes/No	All
CP 1.b	Does the country's climate framework law specify key accountability elements?	Yes/No	All
CP 2	Carbon pricing		
CP 2.a	Does the country have a carbon pricing system?	Yes/No	HI, MI
CP 2.b	Does the country's carbon pricing system cover at least 50% of national greenhouse gas emissions?	Yes/No	HI, MI
CP 2.b.i	What percentage of national greenhouse gas emissions is covered by an explicit carbon price?	%	HI, MI
CP 2.c	Does the country's carbon pricing system align with the Paris Agreement?	Yes/No	HI
CP 2.c.i	What is the country's most recent explicit carbon price?	US\$/tCO _{2e}	HI
CP 3	Fossil fuels		
CP 3.a	Has the country committed to a deadline by which to phase out fossil fuel subsidies?	Yes/No	HI, MI
CP 3.a.i	By what year has the country committed to phase out fossil fuel subsidies?	Year	HI, MI
CP 3.b	Does the country publish an inventory of direct fossil fuel subsidies?	Yes/No	HI
CP 3.b.i	How much is spent annually on explicit fossil fuel subsidies as a percentage of GDP?	%	HI, MI
CP 3.c	Has the country committed not to approve new coal mines?	Yes/No	HI, MI
CP 3.c.i	What is the level of coal rents in the country as a percentage of GDP?	%	HI, MI
CP 3.d	Has the country committed not to approve new long-lead-time upstream oil and gas projects?	Yes/No	HI
CP 3.d.i	What is the level of oil rents in the country as a percentage of GDP?	%	HI, MI
CP 3.d.ii	What is the level of natural gas rents in the country as a percentage of GDP?	%	HI, MI
CP 4	Sectoral transitions		
CP 4.a	Does the country have a multi-sector climate strategy?	Yes/No	HI, MI
CP 4.b	Does the country have a law and target on energy efficiency?	Yes/No	HI, MI
CP 4.b.i	What is the country's energy intensity of primary energy?	MJ/US\$	HI, MI
CP 4.c	Has the country established mandatory climate-related disclosure?	Yes/No	HI
CP 4.d	Has the country set a net zero electricity target aligned with 1.5°C?	Yes/No	HI, MI
CP 4.d.i	What percentage of the country's electricity generation is from low-carbon sources?	%	HI, MI
CP 4.e	Has the country increased its protected areas as a % of total land area over the last 5 years?	Yes/No	HI, MI
CP 4.e.i	What is the amount of protected area in the country as a % of total land area?	%	HI, MI
CP 5	Adaptation		
CP 5.a	Has the country published a National Adaptation Plan?	Yes/No	All
CP 5.b	Does the country regularly publish national climate risk assessments?	Yes/No	All
CP 5.c	Has the country published a Monitoring and Evaluation report on implementing adaptation?	Yes/No	All
CP 5.d	Does the country have a multi-hazard early warning system?	Yes/No	All
CP 5.e	Is the country part of a sovereign catastrophe risk pool?	Yes/No	MI, LI
CP 6	Just transition		
CP 6.a	Has the country ratified fundamental human, labour and Indigenous rights conventions?	Yes/No	All
CP 6.a.i	At what percentile is the country's Voice and Accountability estimate?	%	All
CP 6.b	Does the country have an inclusive and institutionalised approach on just transition?	Yes/No	All
CP 6.c	Does the country have a green jobs strategy?	Yes/No	All
CP 6.d	Does the country integrate just transition into its carbon pricing?	Yes/No	HI, MI

Pillar 3	Climate Finance (CF)	Answer type	Countries assessed
CF 1	International climate finance		
CF 1.a	Does the country contribute at least a proportional share of the international climate finance commitment?	Yes/No	Annex II
CF 1.a.i	What is the country's 3-year average climate finance contribution as a % of GDP?	%	Annex II
CF 1.b	Does the country's targeted climate finance contribution represent at least a proportional share of the international climate finance commitment?	Yes/No	Annex II
CF 1.b.i	What is the country's targeted level of international climate finance contributions as a % of GDP?	%	Annex II
CF 2	Transparency in climate costing		
CF 2.a	Has the country disclosed a transparent breakdown of the costs of implementing its NDC?	Yes/No	Non-Annex I
CF 2.b	Has the country disclosed a transparent breakdown of the costs of implementing its National Adaptation Plan?	Yes/No	Non-Annex I
CF 3	Transparency in climate spending		
CF 3.a	Has the country disclosed its climate-related expenditure?	Yes/No	All
CF 3.b	Does the country apply climate budget tagging?	Yes/No	All
CF 4	Renewable energy opportunities		
CF 4.i	What is the country's solar energy pipeline compared with its fossil energy capacity?	Ratio	All
CF 4.ii	What is the country's wind energy pipeline compared with its fossil energy capacity?		All
CF 4.iii	What is the country's geothermal energy pipeline compared with its fossil energy capacity?		All
CF 4.iv	What is the country's hydroelectric energy pipeline compared with its fossil energy capacity?		All

Appendix 2. Country universe

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

Note: Costa Rica is assessed in the ASCOR tool as a middle-income country, with all applicable exemptions, based on the World Bank income group assigned to it at the beginning of this research cycle (i.e. upper-middle-income country). Costa Rica has since been recategorised as a high-income country by the World Bank. The country will be assessed as a high-income country in the next ASCOR assessment cycle.

Further details on these countries assessed can be downloaded on the [ASCOR tool](#).

Appendix 3. Methodology to assess emissions trends

In the emissions trends area (EP 1), we assess countries' recent trends using three boundaries:

- **Production-based emissions, excluding LULUCF:** emissions generated within a country.
- **Production-based LULUCF emissions:** emissions generated or sequestered due to changes in carbon sinks related to land management.
- **Consumption-based emissions excluding LULUCF:** emissions associated with the production of goods consumed within a country, regardless of where the emissions occur.

We adjust each of these three emissions boundaries as follows to yield nine separate emissions metrics:

- **Absolute:** total emissions from the relevant emissions boundary.
- **Per capita intensity:** total emissions divided by population.
- **Per GDP intensity:** total emissions divided by GDP adjusted for purchasing power parity (PPP).

If two-thirds of the assessed metrics are negative, a country is assessed as having improved its emissions profile (indicator EP 1.a). To evaluate whether these trends align with 1.5°C, production-based emissions trends are extrapolated linearly to 2030 and compared with our 1.5°C cost-effective and fair share benchmarks (indicators EP 1.b and c). See Box 2.2 for a description of these two benchmarks.

Note that these linear extrapolations are not intended to represent a likely future emissions level of the country as this would require an analysis of current and future policies. Rather, they are only intended to evaluate whether the pace of decarbonisation observed historically is compatible with a trend aligned with 1.5°C.

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