NET ZERO
PARTNERSHIP

Setting More Ambitious Industry-specific Targets in your NDC

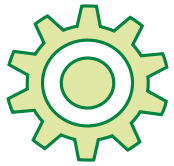
A QUICK GUIDE

UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

THE NDC ENHANCEMENT AREAS

Nationally Determined Contributions (NDCs) are a cornerstone of global climate action under the Paris Agreement. By involving industries, countries can create more ambitious NDCs, attract investment, and generate future opportunities in a thriving low-carbon industrial sector. Countries can enhance their NDCs in three key areas: strengthening institutional mechanisms, improving data accuracy, and increasing the ambition of targets.

This quick guide is one of a series focusing on key areas related to involving industries in the NDCs. This guide focuses on **setting more ambitious targets.** For a deeper dive into this topic and more, please refer to our comprehensive NDC 3.0 Guidebook for Industrial Decarbonization.



PROCESS

Strengthening Institutional Mechanisms for Design, Implementation and Tracking

Enhancing institutional mechanisms for the design, implementation and tracking of NDCs.

DATA

Improving Data Accuracy and Consistency

Enhancing data quality allows for more accurate assessments and supports informed decision-making.

TARGETS

Increasing the Ambition of Targets

Raising the ambition of NDC targets drives more impactful climate action within the industry sector.

Increasing the ambition of targets

Raising the ambition of targets related to industry presents a significant opportunity to improve upon previous NDCs.

As countries update their NDCs, they can set more ambitious targets that better reflect their growing capabilities and climate goals. This includes enhancing the scope of industry in NDC targets, defining more ambitious greenhouse gas (GHG) emission reductions for industry, setting a more ambitious timeline, and updating target types or indicators to improve tracking and reporting on NDC progress.

NDCs should cover all emitting sectors, sinks, and gases, with clear, measurable targets tied to a reference point and specific timeframes. Transparency is essential, requiring clarity on included sectors and gases.

These are the core elements of meaningful targets.

TARGET METRICS

Clear indicators for consistent progress tracking and reporting.

TARGET INTENSITY

The extent of emissions reductions compared to a baseline, reflect ambition level.

SCOPE AND COVERAGE

The sectors, gases, or specific activities covered by the target.

TIMELINE

Clear implementation timeframes and milestones.

Setting the NDC industrial sectoral target

The Paris Agreement underscores that Parties should strive to **set economy-wide, absolute emission reduction targets.** Furthermore, establishing a sectoral target can support and prioritize national mitigation efforts.

An **industrial sectoral target** is a target aggregating industrial activities within a unified, sector-wide goal, contributing to the country's mitigation objectives. To set this commitment, countries should aim for absolute emission reduction target.

ABSOLUTE EMISSION REDUCTION:

Can be economy-wide or sector-specific and generally aim for a decrease or limit GHG emissions compared to a base-year level.

Example: a 10 per cent reduction in CO_2 emissions from the industrial sector by 2035, relative to 2020 levels.

In the light of different national circumstances, countries can set other types of targets, representing specific mitigation efforts.

While these types of targets may not achieve absolute emissions reductions, they still play a valuable role in shaping a clear transition pathway.

Emission reduction below a projected 'business as usual' (BAU) level:

Refers to reducing emissions compared to a projected emission trajectory without mitigation measures.

Example: a 10 per cent reduction in GHG emissions from cement production by 2035, compared to BAU emission levels.

Intensity targets:

Sets limits on emissions relative to unit of output such as per GDP unit, per capita or unit of value added. Useful to drive efficiency improvements.

Example: a 20 per cent reduction in emission intensity in the IPPU sector (measured by the total value added to the industry) by 2035, compared to 2005 levels.

Peaking targets:

Allows for emissions to reach a defined peak in the target year, from which it will start declining.

Example: achieving peak emissions for the industrial sector by 2030.

Setting industrial sub-sectoral targets within NDCs

Countries can also choose to set industrial sub-sectoral targets to encourage industry's commitments and actions to drive emission reduction.

Examples:

- a 10 per cent reduction in CO2 emissions from the steel sector by 2035, relative to 2020 levels.
- achieving peak emissions for aluminium production by 2030.
- a 10 per cent reduction in GHG emissions from cement production by 2035, compared to BAU emissions level.

Best practices to follow when setting industrial sector targets:

1. **INDUSTRY ENGAGEMENT** Discuss current and planned policies, identifying key measures by subsector.

2. **GHG IMPACT MODELING** Assess the emissions reduction potential of policies and measures against projected or absolute emissions.

3. **TARGET SETTING DISCUSSIONS** Engage with industry to establish feasible sectoral targets.

4. **DEFINING TARGETS** Determine the targets, ensuring clear methodology and emissions scope.

5. **NDC IMPLEMENTATION PLAN** Outline specific policies and measures, responsible institutions, and implementation pathways.

6. **TRACKING PROGRESS** Monitor implementation using indicators (e.g., percentage emissions reduction by specific years) within the Biennial Transparency Report.

SUMMARY

What's possible for enhancing industry-specific targets

Raising ambition with industry is more achievable than ever. Since 2020, advancements in technology, global policy commitments, clean energy development, and more have created new opportunities for industrial decarbonization, enabling the enhancement of NDC targets in a number of ways.

YOU CAN ENHANCE THE INDUSTRIAL SECTOR'S SCOPE in NDC targets by expanding the sectors and subsectors considered and/or the gases taken into account in industrial targets.

You can also share NDC targets between GHG sectors; or transition the current target to an economy-wide one.

For example: Albania set a target of a 11.5 per cent reduction in CO2 emissions by 2030 compared to the BAU in the energy sector. In its updated NDC, Albania enhanced the scope of its target by adding the Industrial Processes and Product Use (IPPU) sector to the inventory and moved from CO2 to all GHGs.

YOU CAN DEFINE MORE AMBITIOUS GHG EMISSION REDUCTIONS FOR THE INDUSTRIAL SECTOR by defining a more stringent level of GHG emissions reductions. Or by setting sector-specific targets that collectively boost the overall impact. Another option is setting industrial targets across decarbonization pillars (energy efficiency, industry electrification, etc.).

Meanwhile, transitioning from conditional targets to unconditional ones is also an option; or changing the target type to increase GHG emission reductions.

For example: Barbados committed to an unconditional economy-wide reduction in GHG emissions of 35 per cent (relative to its BAU scenario) by 2030. This represents an enhancement in ambition compared to the conditional target set in its INDC, which aimed for a 44 per cent reduction by 2030.

YOU CAN DEFINE MORE AMBITIOUS TIMELINES by advancing the schedule for peak emissions, industry-specific targets, and reaching carbon neutrality.

For example: For countries with rapidly growing economies, this enhancement can mean peaking emissions earlier than previously anticipated, or for countries already near their peak, it can mean achieving net-zero emissions well before mid-century..

YOU CAN IMPROVE NDC TRACKING AND REPORTING by updating the indicator used for tracking and reporting each NDC target.

For example: Countries updating their NDC targets may consider changing the reference inventory year. Some countries use 1990 as a baseline, but transitioning to a more recent year, such as 2005, 2010, or 2020, can further reduce uncertainties associated with older data. This approach ensures the targets are based on more relevant and reliable inventory data, aligning closely with current emissions levels and trends.

Common misconceptions and issues

Not communicating on targets

Many countries struggle with reporting commitments under the Paris Agreement, leading to vague or unrealistic targets that are hard to track or implement.

Including policies and measures (PAMs) as targets

Defining PAMs as targets blurs the line between objectives and tools, complicating progress tracking and clarity of effort. PAMs should remain tools for achieving emission reductions.

Over-defining targets

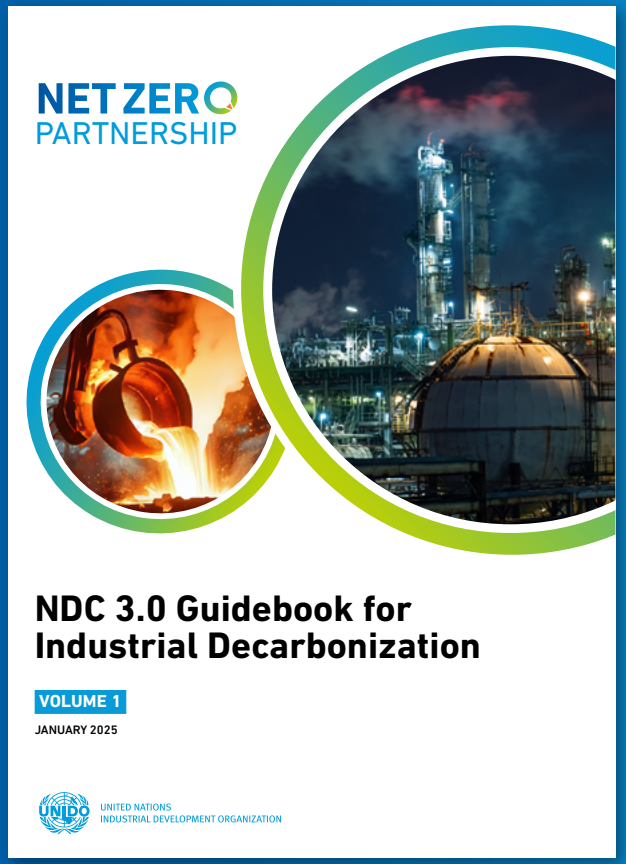
Adding too many targets does not necessarily enhance ambition and can lead to unnecessary complexity and reporting burdens. Simple and focused targets are more effective and manageable, ensuring that countries can channel their efforts into meaningful emissions reductions.

Confusing mitigation co-benefits and co-benefits from mitigation actions

Countries often confuse these concepts, creating reporting challenges. The Paris Agreement allows mitigation co-benefits from adaptation actions but this is different from the co-benefits that result from implementing mitigation actions. Adaptation can be addressed separately through an adaptation communication for clearer focus on both priorities.

RESOURCES

For more information see our NDC 3.0 Guidebook for Industrial Decarbonization.



Other useful resources:

- Insights for Designing Mitigation Elements in the Next Round of NDCs (OECD)
- UNFCCC Reference Manual for the Enhanced Transparency Framework under the Paris Agreement
- GHG Protocol: Mitigation Goal Standard (World Resources Institute)
- Enhancing NDCs: Opportunities in the Power Sector
- Transformational Change Methodology
- NDC Portal from the UNFCCC
- NDC Synthesis Reports
- Enhancing NDCs by 2020: Resources for Strengthening National Climate Action
- Pathways to a Low-Carbon Future: Best Practices for NDC Implementation (UNDP)

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NET ZERO PARTNERSHIP

This guide and the NDC 3.0 Guidebook for Industrial Decarbonization was developed by The Net Zero Partnership for Industrial Decarbonization.

This is a global initiative led by UNIDO that supports lower-income countries with transitioning towards low-carbon steel, cement and concrete. The project offers tailored policy support, promotes decarbonization solutions, and encourages international collaboration to achieve net zero emissions by 2050.

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Learn more about UNIDO´s Net Zero Partnership:

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on the basis of a decision by the German Bundestag