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TRACKING THE TRANSITION

A MIDYEAR REVIEW OF FOSSIL FUEL PHASEOUT SIGNALS IN NATIONALLY DETERMINED CONTRIBUTIONS (NDCS)

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The Global Stocktake (GST) of progress towards Paris Agreement goals, shared at COP28, **calls on parties to contribute** to the phase-down of unabated coal power, the transition away from fossil fuels and the phaseout of “inefficient” fossil fuel subsidies.

This evaluation, conducted in collaboration with **Zero Carbon Analytics**, examines the **22 Nationally Determined Contributions** submitted so far during the third assessment cycle, known as NDC 3.0s¹. It highlights that while there are increasing calls for a global shift toward fossil fuel phaseout (FFPO), commitments from countries fall short of what is needed to meet Paris targets of limiting warming to 1.5°C.

- > Of 22 countries that have submitted new NDCs, ten have reaffirmed or bolstered their commitment to transitioning away from fossil fuels. This highlights that while progress is being made on fossil fuel phaseout, more momentum is needed to meet global climate targets.

1 Andorra, Brazil, Canada, Cuba, Ecuador, Japan, Kenya, Maldives, Marshall Islands, Moldova, Montenegro, Nepal, New Zealand, Saint Lucia, Singapore, Switzerland, UAE, UK, USA, Zambia, Zimbabwe.



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- > Progress differs among countries. For example, the UK has already phased out coal in 2024, while Japan has backslid on its commitments and continues to provide billions of dollars in funding for fossil fuels.
 - > More than half of the assessed countries are members of coalitions calling for the phase out of fossil fuels. 11 countries have stopped or plan to stop coal expansion, and three have established moratoriums on fossil fuel exploration and drilling in certain regions. However, New Zealand and the US have recently overturned bans.
 - > Looking at divestment, only Canada, the Marshall Islands and Singapore state that they do not have fossil fuel subsidies or make clear commitments to phase them out in their new NDCs. Overall, seven countries include considering removing or having removed fossil fuel subsidies in certain sectors.
 - > Most countries assessed are still not committing to their “fair share” towards phasing out fossil fuels.
 - > With the exception of the UK, major emitters' NDCs fall short, and implementation of NDCs is lagging behind what is needed to keep warming within safe limits.

Fossil fuel phaseout ambitions

Though most of the assessed countries do not explicitly commit to reducing their dependence on coal or other fossil fuels, ten reaffirm their commitments or refer to the need for phasing down coal power, or transitioning away from fossil fuels, in their new NDCs:

- > **Japan, Singapore** and **Moldova's** new NDCs all acknowledge the priorities outlined in the GST of phasing down coal and transitioning away from fossil fuels, which were not mentioned in their previous NDCs. However, this does not necessarily translate into action at the national level – although Japan, alongside other G7 countries, committed to **phasing out unabated coal-fired power by the first half of the 2030s**, its seventh Strategic Energy Plan does not set out plans to phase out unabated coal-fired power and **only mentions phasing out inefficient coal plants**.
- > **Nepal's** new NDC also reiterates these goals – an increase in ambition from their previous NDC, which only included reducing coal consumption in the brick and cement industries.
- > While not mentioning coal explicitly, the UAE's latest NDC writes that it **"integrates the outcomes of the GST."** It has also **removed its previous target of including 12% 'clean coal'** - whereby the emissions from burning regular coal are captured and stored - in its energy mix, signalling a greater commitment to proven sustainable energy sources. However, the UAE is also on track to **expand oil and gas production 34% by 2035 from 2023 levels**.
- > The **UK** achieved the target to phase out coal by 2024, which it set out in its previous NDC, and **Canada** reaffirmed its commitment to phasing out coal, noting that this was achieved in the province of Alberta in 2024.
- > The **Marshall Islands'** new NDC states the country's effort to reach 1.5°C alignment and respond to the GST, "in particular the commitment to transition away from fossil fuels," adding that "the continued exploitation of fossil fuels will put our country at risk for decades to come." It highlights that, as it is almost completely reliant on imported fuel, it does not extract or import coal and does not plan to do so in the future, and that "the transition away from fossil fuels to solar has not only offered **greater energy security and cleaner air, but also new employment opportunities for women.**"
- > The **Maldives** and **Moldova**, which are also heavily reliant on energy imports, state their goal to reduce their reliance on imported fossil fuels. Both countries recognise the benefits, highlighting that this will enhance their



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energy security, as well as enabling **reduced government spending on energy** in the Maldives and “**providing direct economic benefits to end users** by protecting them from volatile international energy markets and improving public health outcomes” in Moldova.

- > Brazil writes that “in the medium and long term, it will seek to **gradually replace the use of fossil fuels** with electrification solutions and advanced biofuels.” At the same time, Brazil’s **National Energy Plan 2050** puts policies in place to expand oil production, with oil and gas production **projected to increase by 36% from 2023 levels by 2035**.

Ambitions to phase down fossil fuels are also reflected in national policies and engagement with international coalitions:

- > Eleven countries that have submitted NDC 3.0 are members of coalitions focused on the phaseout of fossil fuels, including the **Fossil Fuel Non-Proliferation Treaty, Powering Past Coal Alliance** and the **Beyond Oil and Gas Alliance**.²
- > Ten countries aim to phase out unabated coal power generation as part of the **Powering Past Coal Alliance**. The Marshall Islands, Switzerland, the UAE, the UK and Uruguay are already coal-free. Of the **countries with commitments** to phase out unabated coal power, Singapore aims to do so after 2025, Canada, New Zealand and the US by 2030, and Montenegro by 2040.
- > Kenya’s national Energy Transition and Investment Plan outlines its **goal to phase out unabated fossil fuels by 2040**, contingent on **international support and funding**.
- > The Maldives, Saint Lucia and the Marshall Islands are part of the Alliance of Small Island States (AOSIS) negotiating bloc, which **has called for countries to phase out fossil fuels**.
- > During COP26 in 2021, the UK launched the **Clean Energy Transition Partnership (CETP)** to “**transition international public support** from the unabated fossil fuel energy sector to the clean energy transition.” Seven of the countries that have submitted updated NDCs – Canada, the Marshall Islands, Moldova, Switzerland, New Zealand, the UK and Zambia – are **members of the CETP**.

² Canada, Kenya, Marshall Islands, Montenegro, New Zealand, Singapore, Switzerland, Uruguay, UAE, UK and the US.



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- > At the same time, no countries have introduced country-wide moratoriums on fossil fuel exploration and drilling. A few have introduced partial bans – **Ecuador** has banned oil drilling in the Yasuní national park in the Amazon, **Canada** has a moratorium on arctic gas and oil exploration, and the **UK** recently announced bans on new drilling licenses in the North Sea. **New Zealand** and the **US** have both recently overturned bans on offshore oil and gas exploration.

However, implementation is not necessarily aligned with these intentions. In 2022, G7 countries committed “**to end new direct public support for the international unabated fossil fuel energy sector by the end of 2022.**” Despite this, financing institutions in Switzerland, the US and Japan have collectively approved billions of dollars for new fossil fuel projects since the end of 2022.

- > Japan is one of the largest public financiers of oil and gas production. Between 2013 and 2024, Japanese public financiers **invested USD 93 billion** in overseas oil and gas projects, and at least **USD 5 billion** in finance was provided since 2022.
- > Between the end of 2022 and the end of 2024, the **US provided USD 3.7 billion for 12 projects**. The country has backslid on its commitments to end fossil fuel finance and left the **Clean Energy Transition Partnership** in February 2025.
- > Policy aimed at ending fossil fuel financing was **watered down in Switzerland**, enabling almost **USD 1.4 billion to be provided for six fossil fuel projects** since the end of 2022.

“More countries are starting to see fossil fuel phaseout not only as a climate imperative, but as a pathway to cleaner air, lower costs, and greater energy security,” said Dido Gompertz, Policy Advisor in E3G’s Global Clean Power Diplomacy team. “That shift is real—but without serious near-term action from major emitters like China, the EU, and India, we won’t get far enough, fast enough. These plans are more than pledges—they’re signals of intent. And right now, the world’s biggest players are too quiet.”

Divestment from fossil fuel assets

Most countries do not explicitly pledge to divest from fossil fuel assets in their new NDC. Only three countries, Canada, the Marshall Islands and Singapore, state that they do not have fossil fuel subsidies or make clear commitments to phase them out. Four countries, Switzerland, Moldova, the UAE and the UK, mention the consideration or past removal of fossil fuel subsidies in limited sectors.

- > Canada has developed a **framework to phase out inefficient fossil fuel subsidies**, which it includes in its updated NDC. This makes it the only country in the dataset with a binding framework for such a phaseout. It is also working towards phasing out domestic public financing of the fossil fuel sector.
- > In its new NDC, the Marshall Islands also states its aim to phase out fossil fuel subsidies “**not directed towards supporting people in need**”.
- > Singapore **taxes the use of fossil fuels and does not subsidise fossil fuels**, which it mentions in its latest NDC.
- > The UK’s new NDC includes its plans to **publish a fossil fuel subsidy inventory**.
- > Switzerland updated NDC states that it is **reviewing its fossil fuel subsidies**.
- > Moldova highlights the need to reform fossil fuel subsidies in its NDC, but writes that “**establishing a strong social protection framework**” is essential before doing so to avoid negative consequences.
- > In the UAE, diesel and gasoline subsidies **have been phased out in the transport sector**, although subsidies remain in other sectors.

However, an additional seven of the countries assessed have indicated a shift away from financing fossil fuels in national policy measures, or through strategic commitments. This means that, in total, more than half of the countries assessed (14) have, in some form, indicated a move towards divestment.

- > The UK, **New Zealand and Canada all have** existing or new policies that halt investments in new oil and gas extraction and liquified natural gas (LNG) infrastructure. For example, the UK released its **guidance on “Aligning UK international support for the clean energy transition” in 2021**, under which the government will no longer provide support for fossil fuel energy overseas.



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- > Cuba has **reduced fossil fuel subsidies** for economic reasons, though its NDC does not explicitly outline a broader divestment strategy.
- > The **Maldives' Road Map for the Energy sector 2024-2033** suggests reforming subsidies that have a “distorting effect on electricity pricing and financial viability of the utilities.”
- > Brazil has set a target in its **Agenda for a More Sustainable Brazil** to reform inefficient fossil fuel subsidies and phase out harmful subsidies, but lacks a deadline.
- > In Zambia, **recent cuts to fossil fuel subsidies** have helped cut fossil fuel use and have been relocated to other areas, such as social welfare, but have economic consequences for those reliant on fuel use, such as taxi drivers.
- > Canada, New Zealand, Switzerland and the UK are all members of the **Coalition on Phasing Out Fossil Fuel Incentives Including Subsidies (COFFIS)**, which is “working to remove fossil fuel subsidies both collectively and through domestic action.” The Marshall Islands also announced in its NDC that **it will join the coalition**.
- > Canada, the Marshall Islands, Moldova, New Zealand, the UK, the US and Uruguay are members of the **Friends of Fossil Fuel Subsidy Reform group**.

Emissions pricing to incentivise the phase-out of fossil fuels

Seven countries that have submitted revised NDCs have implemented or plan to implement carbon pricing systems and cap-and-trade policies to incentivise the phaseout of fossil fuels and reach targets set out in NDCs:

- > The **UK, Switzerland, Canada, Japan, Singapore** and **New Zealand** have established national carbon pricing systems or carbon taxes, or participate in emissions trading schemes (ETS).
- > In its NDC, **Moldova** mentions it will develop a carbon pricing mechanism as part of its integration into the EU.

Ensuring a fair and just fossil fuel phaseout

Some countries emphasise in their NDCs that they face tensions between phasing out fossil fuels and meeting energy security or development objectives:



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- > In its latest NDC, Kenya writes that forgoing the benefits of using the fossil fuel resources it has available and ensuring a socially inclusive, just energy transition will require **“significant compensatory international support.”**
- > Zimbabwe’s NDC includes its intention to **refurbish old coal-powered generating units and build a coal plant**, as the country is currently failing to meet its power demand.
- > In its new NDC, Brazil includes that it would welcome the launching of international work to define timelines for “transitioning away from fossil fuels in energy systems, in a just, orderly and equitable manner, **with developed countries taking the lead**”.

Climate Action Tracker (CAT) evaluates **countries' ambition in their NDCs against what would be their “fair share”** to contribute to climate action globally, and their ambition against modelled domestic pathways. Of the new NDCs CAT has assessed as of June 2025, it finds that, **except for the UK**, none of them are compatible with 1.5°C against modelled domestic pathways.³

Countries must step up ambition in their NDC 3.0s

As emissions continue to rise, there is more pressure to phase out fossil fuels as soon as possible to maintain the chances of keeping warming within safe limits. The Intergovernmental Panel on Climate Change (IPCC) has stated that for warming to be limited to 1.5°C degrees, **global greenhouse gas emissions need to peak by this year and be reduced by 43% by 2030**. Future CO2 emissions from existing fossil fuel infrastructure alone are projected to **exceed the remaining 1.5°C carbon budget**, unless they are abated.

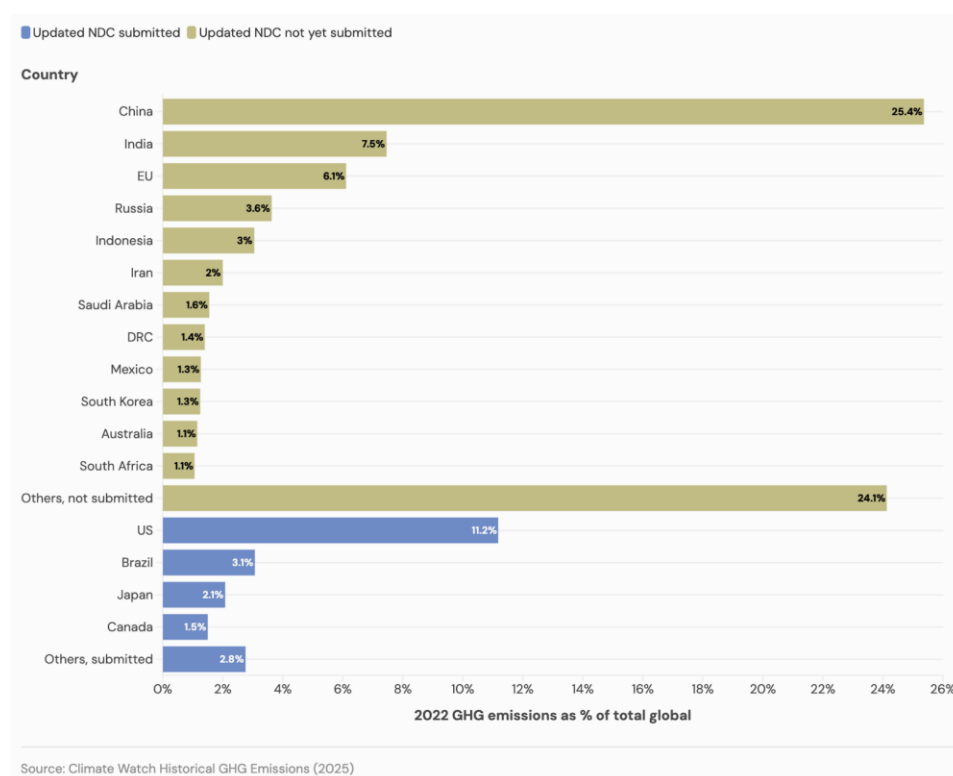
The International Energy Agency’s net zero by 2050 pathway - which limits warming to 1.5°C - reiterates that **“no new long lead-time conventional oil and gas projects are required, and no new coalmines or coal mine lifetime extensions”** are needed to meet energy demand. By 2035, **95% of total energy investment** needs to be in clean energy. Delaying a managed decline of fossil fuel production will increase the costs of achieving a just and equitable transition for countries.

“In its latest letter, the COP Presidency finally named what’s at stake: phasing out fossil fuels and tripling renewables,” said Leo

³ UAE, Brazil, Canada, UK, Japan, Switzerland and the US.

Roberts, Programme Lead in E3G's Global Clean Power Diplomacy team. "Now the pressure's on. With the September NDC deadline fast approaching, Brazil has a critical chance to turn that signal into substance. As COP30 host, it can rally countries to submit climate plans with real timelines, clear targets, and credible strategies to move beyond fossil fuels."

Fig. 1: Countries yet to submit new NDCs are responsible for 79% of emissions



Source: Climate Watch Historical GHG Emissions (2025)

In the lead up to COP30 in Brazil, countries must strengthen their commitments and help spur progress on implementing a fossil fuel phase out. Big emitters must increase their ambition on fossil fuel phase-out, and do more to match science-based commitments with action. The 173 countries that have not yet submitted updated NDCs - responsible for **79% of global emissions** - have the opportunity to step up as leaders and fill this ambition gap.

Given the scale of their emissions and global influence, leadership from the EU, China and India will be essential to influence global trajectories. Countries such



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as Indonesia, Mexico and South Africa can demonstrate that development priorities can align with climate objectives, adopting pathways for fossil fuel phase-out that are inclusive, economically beneficial, and 1.5°C-aligned.

About E3G

E3G is an independent think tank working to deliver a safe climate for all.

We drive systemic action on climate by identifying barriers and constructing coalitions to advance the solutions needed. We create spaces for honest dialogue, and help guide governments, businesses and the public on how to deliver change at the pace the planet demands.

More information is available at www.e3g.org

About Zero Carbon Analytics

Zero Carbon Analytics is an international research group providing insights and analysis about climate change and the energy transition. Our researchers and analysts specialise in understanding and synthesising the developments in energy systems, land use, climate science, just transitions and other important topics in the climate debate.

More information is available at www.zerocarbon-analytics.org

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