

Ocean Protocol Data Challenge

Forecasting Carbon Emissions Across Continents

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Introduction

Climate change is one of the most critical challenges facing our planet today. The consequences of rising carbon emissions and their impact on the environment are undeniable, affecting ecosystems, weather patterns, and overall global sustainability. In this report, I analyze data made open by EDGAR - Emissions Database for Global Atmospheric Research European Commission to determine the causes and prevalence of greenhouse gas and carbon dioxide emissions. The objective of this paper is to present insightful findings that shed light into the current state and provide a foundation for more informed decision making using the data provided.

To begin with, an in depth exploratory data analysis was performed to provide further insights on each countries and continent's statistical measures, patterns and trends. This concludes with a prediction model to forecast future emissions using a linear regression and extreme gradient boosting model.

Exploratory Data Analysis

Data Cleaning

1. **Nan values:** NaN values were present and rows with all NaNs were removed from the dataframe. Subsequently, any rows with NaN values within will be replaced with 0.
2. **Cleaning the commas:** Given that the figures were in strings, we adopted the `replace(‘,’, ”)` function to remove the commas and converted these figures into float type.
3. **Missing GDP values before 1990:** Since GDP figures were only available from 1990, any analysis which requires GDP figures where the years are not available will use a truncated dataframe from 1990. However, for the prediction model, given that the amount of data is essential, we included the whole dataframe and treated GDP as 0.

Outlier Analysis for Exploratory Data Analysis

For the first section on exploratory data analysis, we noticed outliers that were present and charted these residuals beyond the boxplot distribution to visualize these.

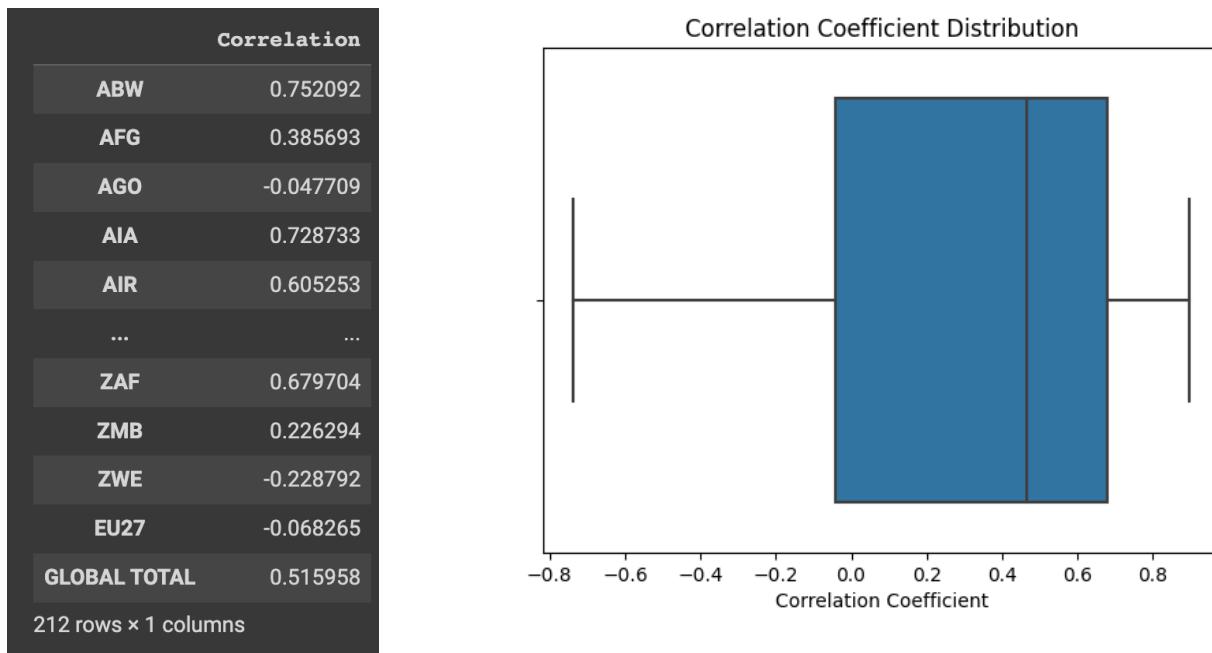
As for the prediction model, we used the MinMax scaler to scale the data and reduce the impact of outliers. The rationale for these are outlined for each methodology - linear regression, XG Boost algorithms in the later sections.

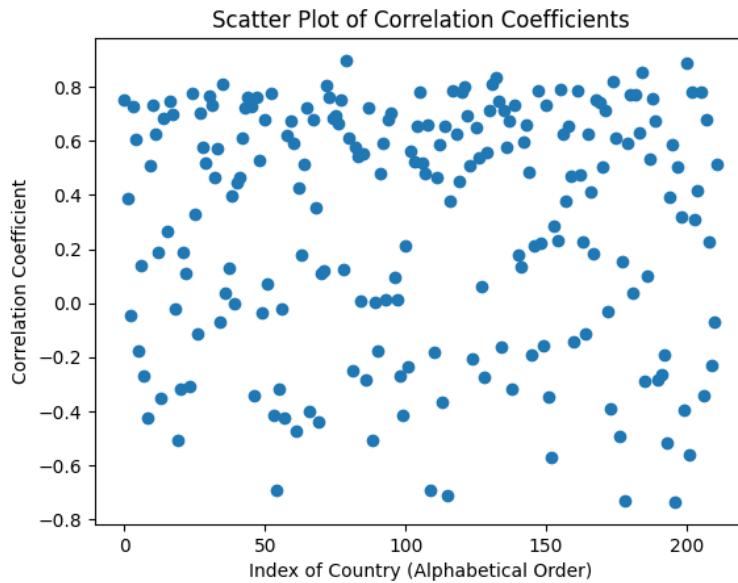
CO2 vs GHG Correlation

After cleaning the data and merging the dataframes for countries-specific total CO2 emissions and total GHG emissions, the correlations were determined using the function from the numpy package:

- `correlation_matrix = np.corrcoef(fossil_country, ghg_country)`
- `correlation_coefficient = correlation_matrix[0, 1]`

This returned the following results and visualizations to understand the distribution of the correlations.





To identify outliers, we used 2 standard deviations from the mean as a base. Should any data point be above this threshold, we will flag them out as outliers. This was done by passing in the `stats.zscore` method on the correlations .

	index	Correlation
54	DOM	-0.690834
109	LBN	-0.690963
115	LTU	-0.711975
178	SWE	-0.729160
196	UKR	-0.735926

- Dominican Republic
- Lebanon
- Lithuania
- Sweden
- Ukraine

These anomalies all highlight an extremely negative correlation which suggests that the higher the total CO2 emissions, the lower the total GHG emissions and vice versa.

- Sweden is known for its high share of renewable energy, particularly hydropower and wind energy. This could lead to lower CO2 emissions from energy production compared to countries heavily reliant on fossil fuels.
- Ukraine has a diverse industrial sector, including heavy industry. If certain industries in Ukraine have a high carbon intensity, it could contribute to higher CO2 emissions even if the overall GHG emissions are not as high.

- Lithuania has made efforts to increase its use of renewable energy sources. If Lithuania has successfully transitioned to cleaner energy, it might experience a negative correlation as CO2 emissions decrease while overall GHG emissions remain relatively stable.
- The Dominican Republic might have significant agricultural activities that contribute to GHG emissions, such as methane from livestock or emissions from changes in land use. This could lead to a situation where overall GHG emissions are high, even if CO2 emissions are comparatively lower.

Sector Contribution Correlation

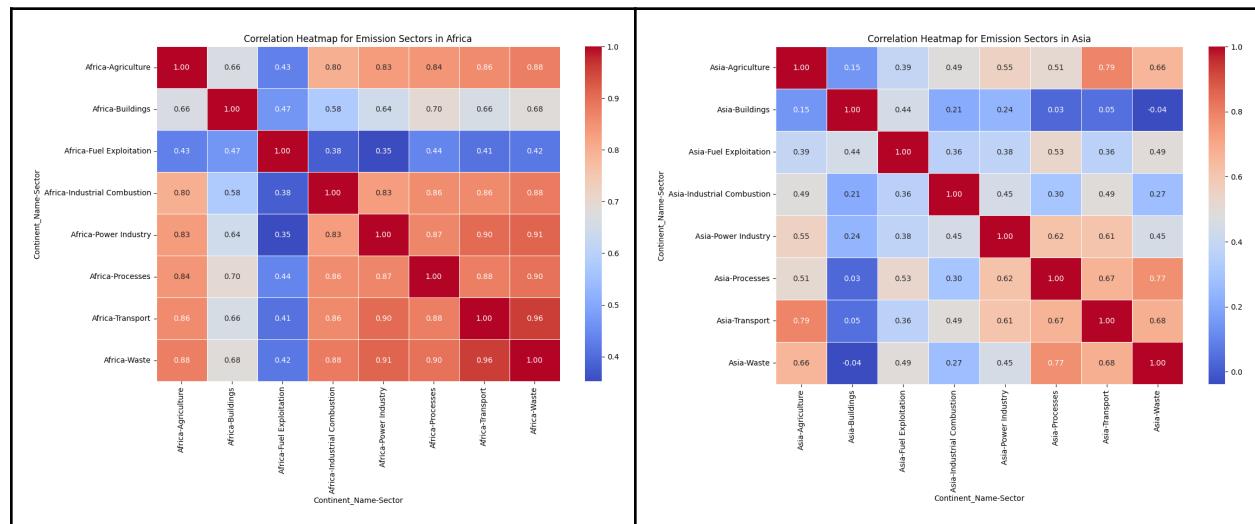
Given that this is organized based on the continent, I used the public dataset

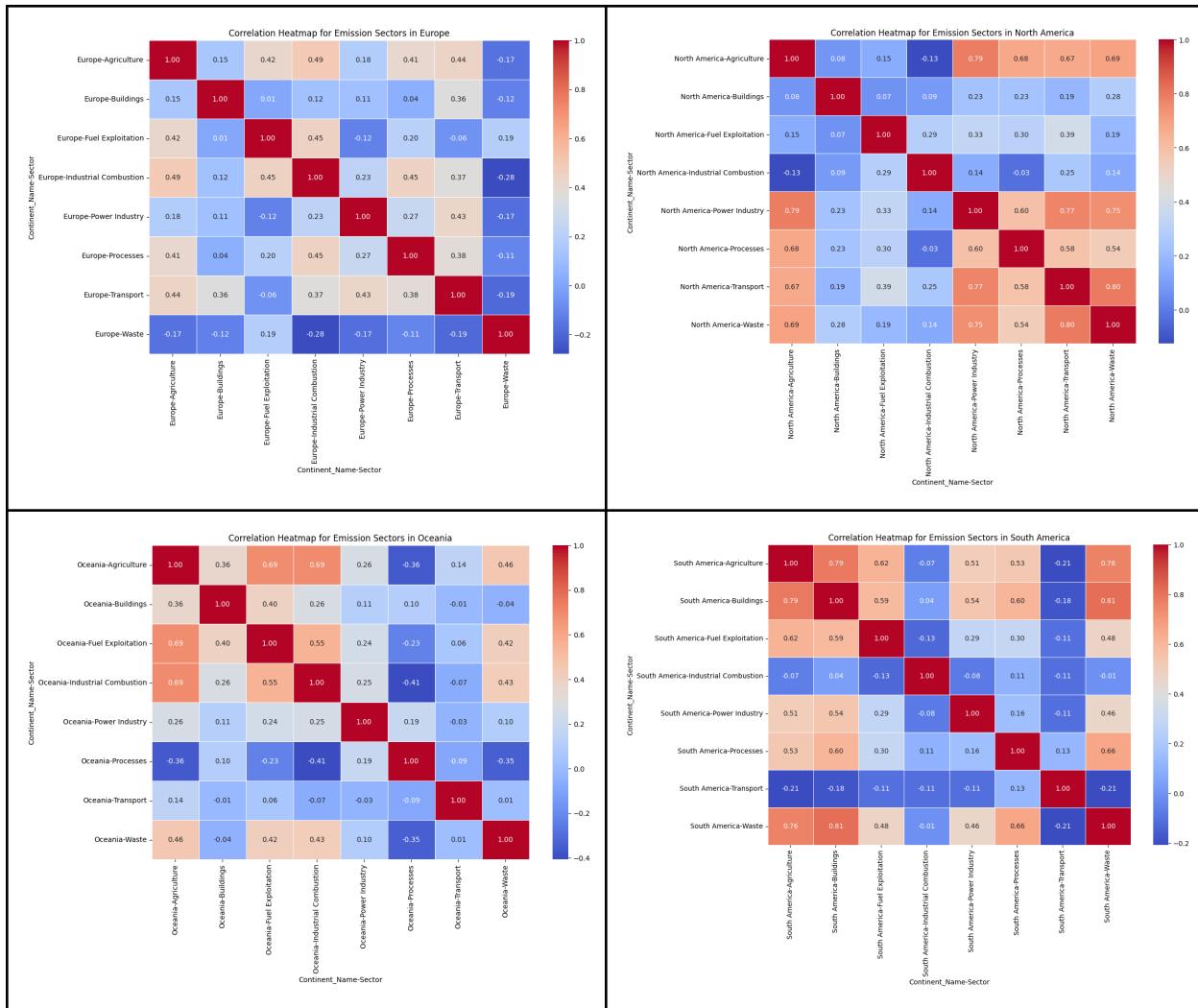
(<https://datahub.io/JohnSnowLabs/country-and-continent-codes-list/r/country-and-continent-codes-list-csv.csv>)

which maps EDGAR country codes to the respective continent. I then merged the dataframes to retrieve the continent for each country and determined the total sum of emissions aggregated by continent, segmented by sector, on a yearly basis for the metrics - Africa, Asia, Europe, North America, Oceania and South America.

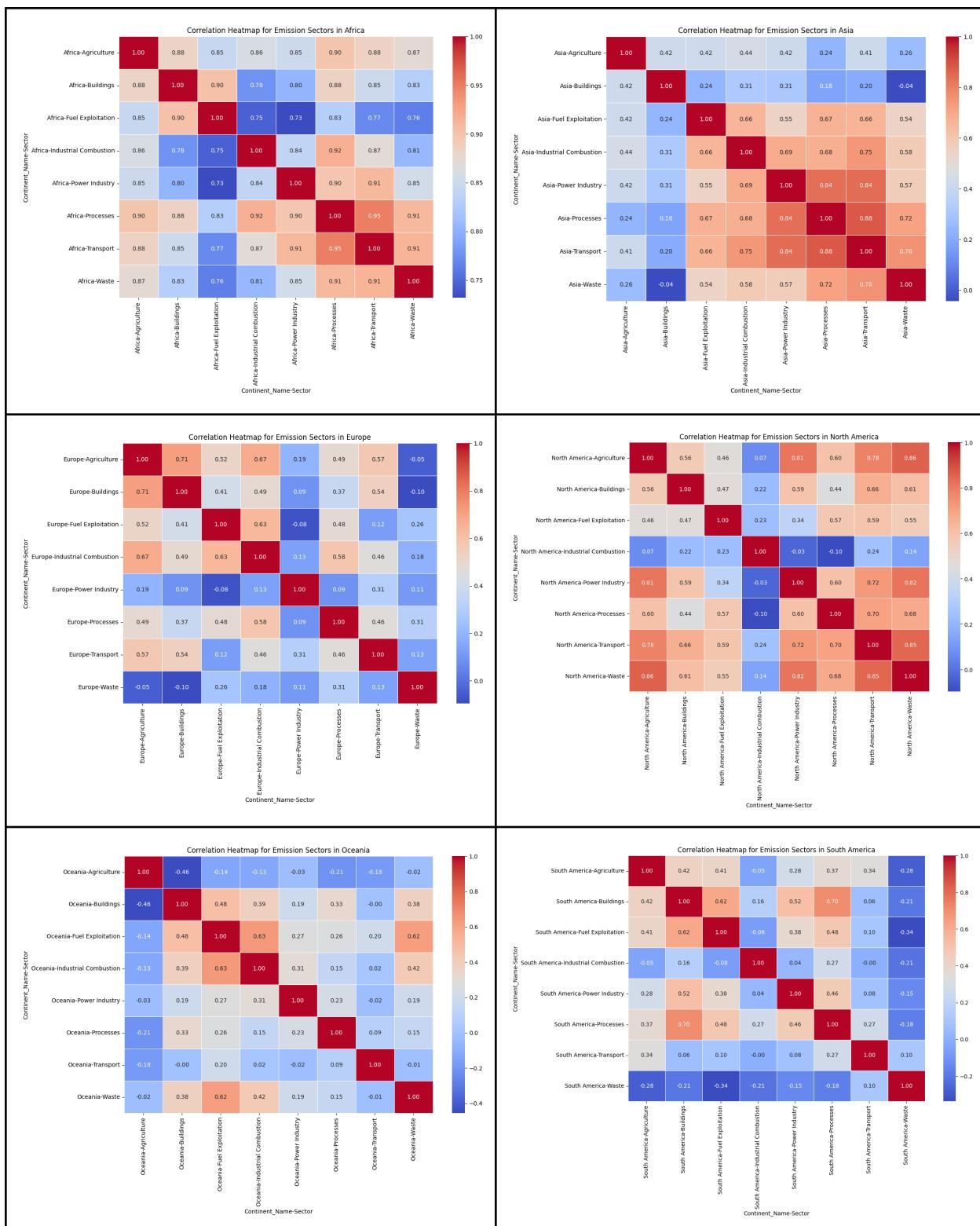
To find the correlation between different sectors, a heatmap was created to visualize the relationship in aggregate emissions between them. This was done based on the continent and type of emissions - CO2, GHG.

CO2 Emissions





GHG Emissions

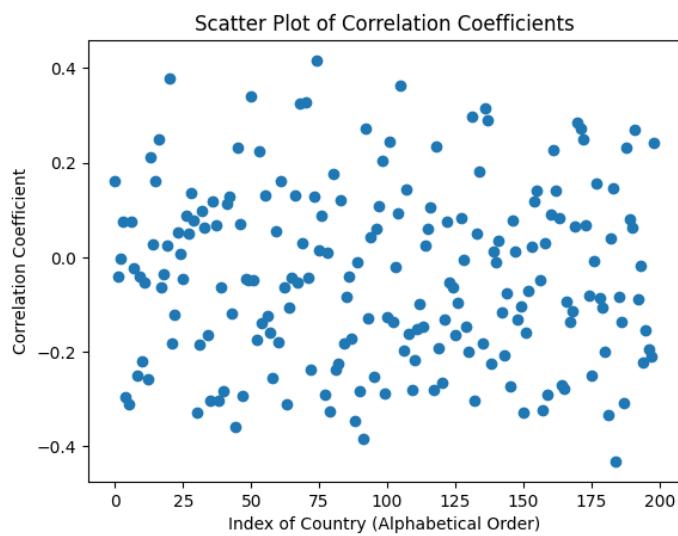
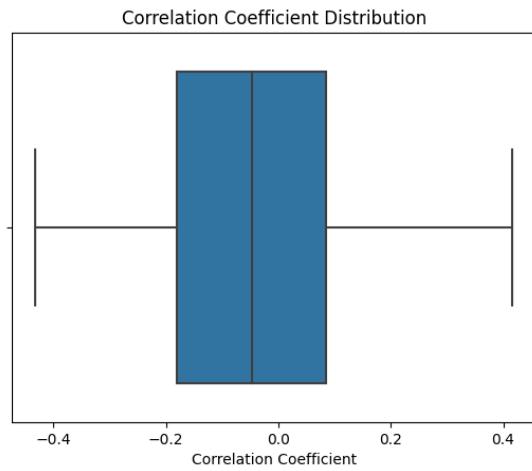


Emissions vs GDP Correlation

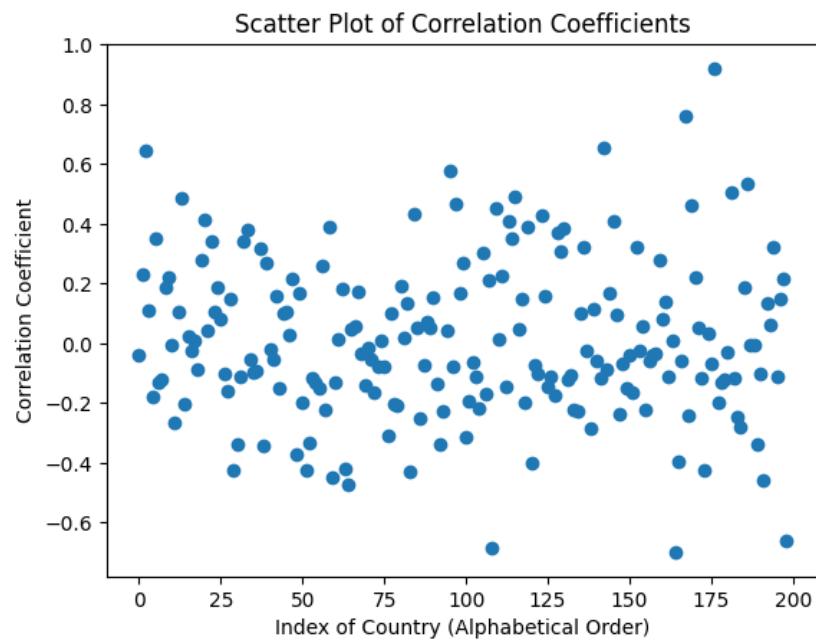
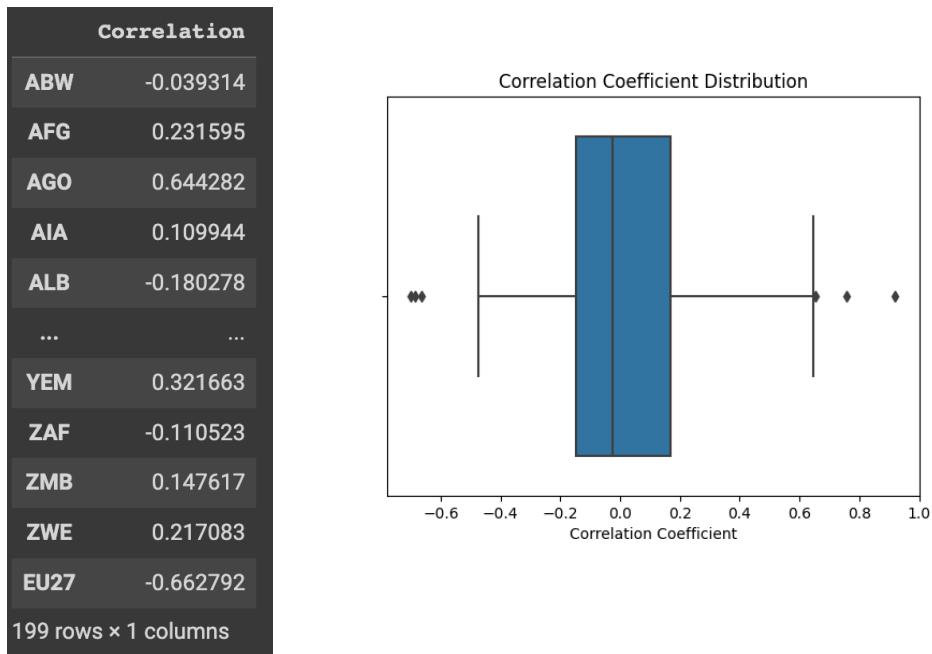
CO2 Emissions vs GDP

Correlation	
ABW	0.162023
AFG	-0.041652
AGO	-0.001594
AIA	0.074558
ALB	-0.296689
...	...
YEM	-0.222692
ZAF	-0.153741
ZMB	-0.195202
ZWE	-0.208954
EU27	0.242851

199 rows × 1 columns



Greenhouse Gas Emissions vs GDP



To identify outliers, we used 2 standard deviations from the mean as a base. Should any data point be above this threshold, we will flag them out as outliers. This was done by passing in the stats.zscore method on the correlations .

index	Correlation
2	AGO 0.644282
95	KGZ 0.578015
108	LTU -0.685599
142	PNG 0.653077
164	SVK -0.698678
167	SWZ 0.758982
176	TLS 0.919969
198	EU27 -0.662792

- Angola
- Kyrgyzstan
- Lithuania
- Papau New Guinea
- Slovakia
- Eswantini
- Timor-Leste

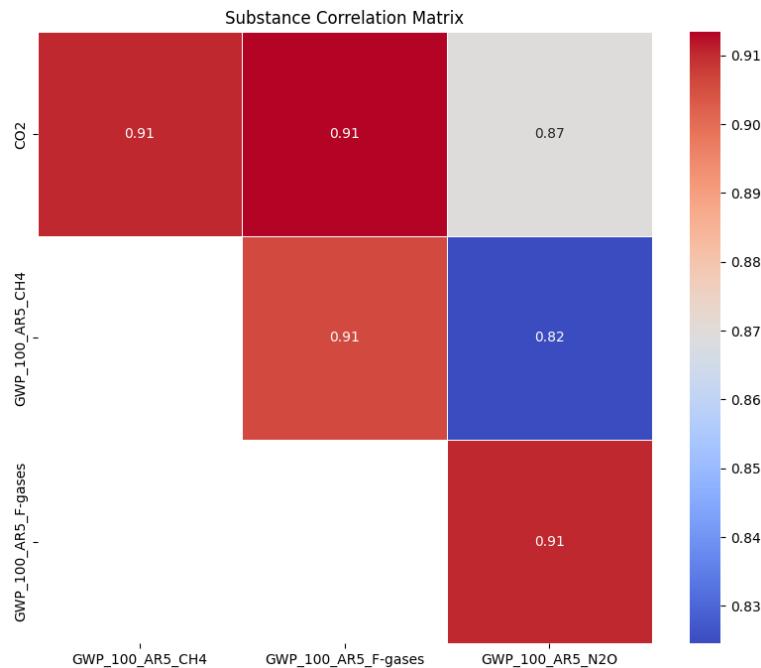
** EU27 refers to the European Union and was thus not classified as a country.

These anomalies all highlight a more positive or negative correlation which suggests both direct and inverse relationships respectively - positive correlation which suggests that the higher the GDP, the greater the level of GHG emissions, vice versa, negative correlation which suggests that the higher the GDP, the lower the level of GHG emissions.

- Timor Leste shows a visibly high correlation of 0.920 which could be possibly explained by the economy's dependence on oil and gas revenues. According to the [China Dialogue in 2022](#), the Bayu Undan field in the Timor Sea finances about 85% of the government spending and the government is looking to develop the untapped reserves in the future. As a result, this cyclical dependence could have resulted in this high correlation.
- On the contrary, Slovakia shows the most negative correlation which is aligned with the general observation and policies within the country. According to [Eurostat](#), there has been a "clear decoupling of GHG emissions from economic performance". This is due to the government's efforts to increase its renewable energy share and sectoral policies to enhance 'the carbon sink function' of the land-use change and forestry sector.

Emissions by Substances Correlation

Average Greenhouse Gas Emissions by Substances



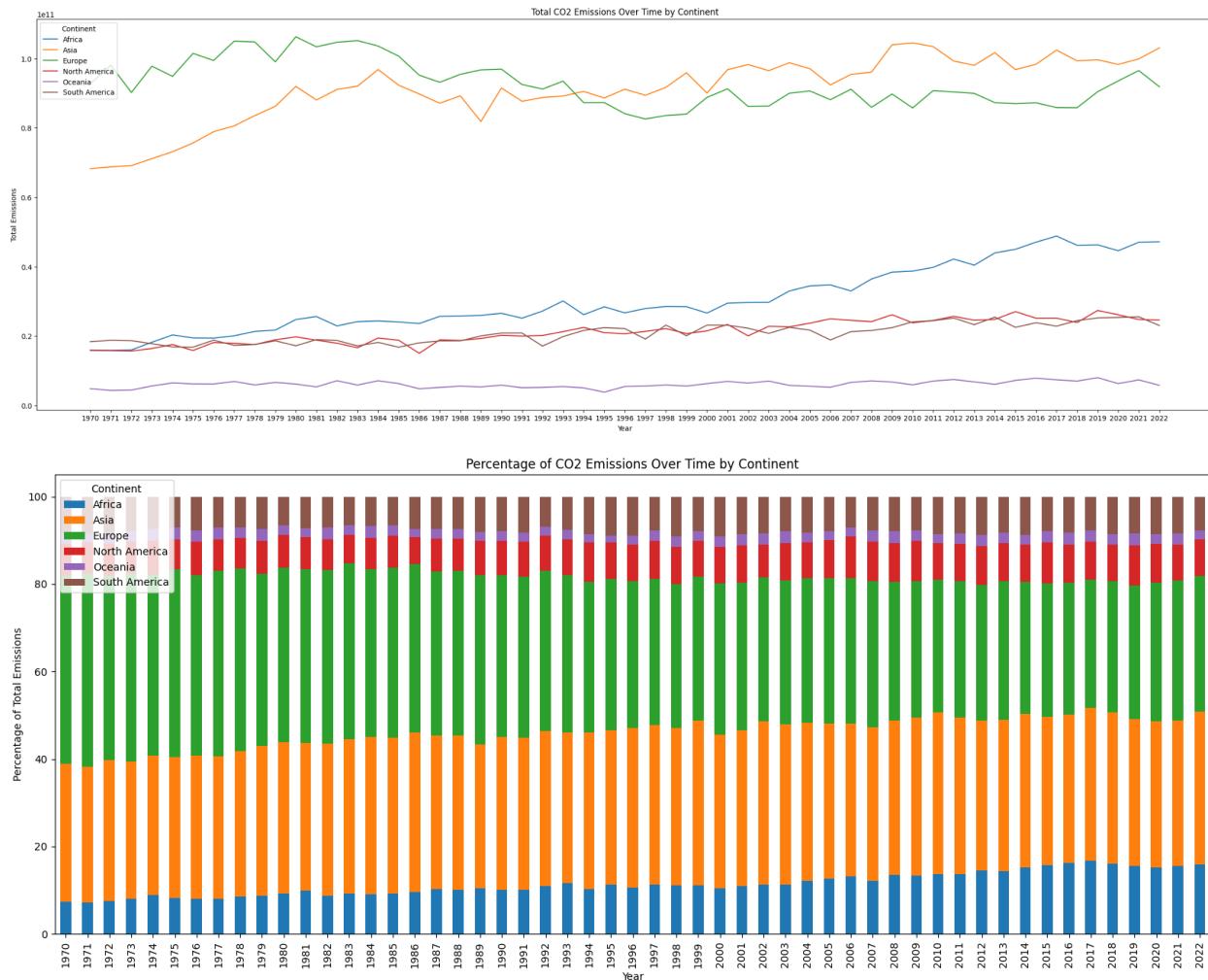
This correlation attempts to unravel the relationships and provide insights into how emissions of different substances interact. A positive correlation means that the higher the emission of substance A, the greater the emission of substance B as well. These can possibly indicate shared sources or similar factors influencing the emissions of both substances.

Based on the heatmap, we note a high positive correlation across the substances but most notably for CO₂ and GWP_100_AR5_CH4 (methane) / _F-gases (fluorinated gases) at 0.91 and between the GWP substances. Interestingly, Nitrogen monoxide does not share a strong correlation with the other substances as expected.

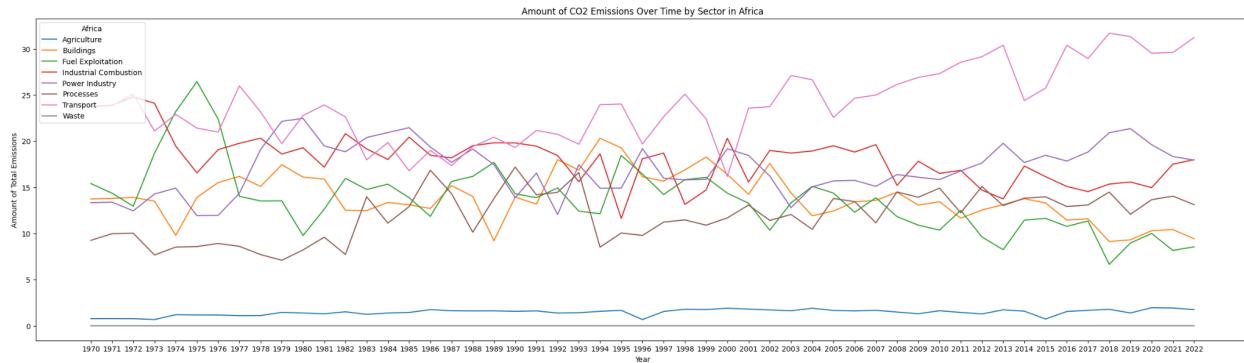
As such, the next correlation will be to group by sectors and identify the common sources of emissions for the substances. This will provide a more granular perspective on the emission sources contributing to the releases of the substances.

Temporal Analysis

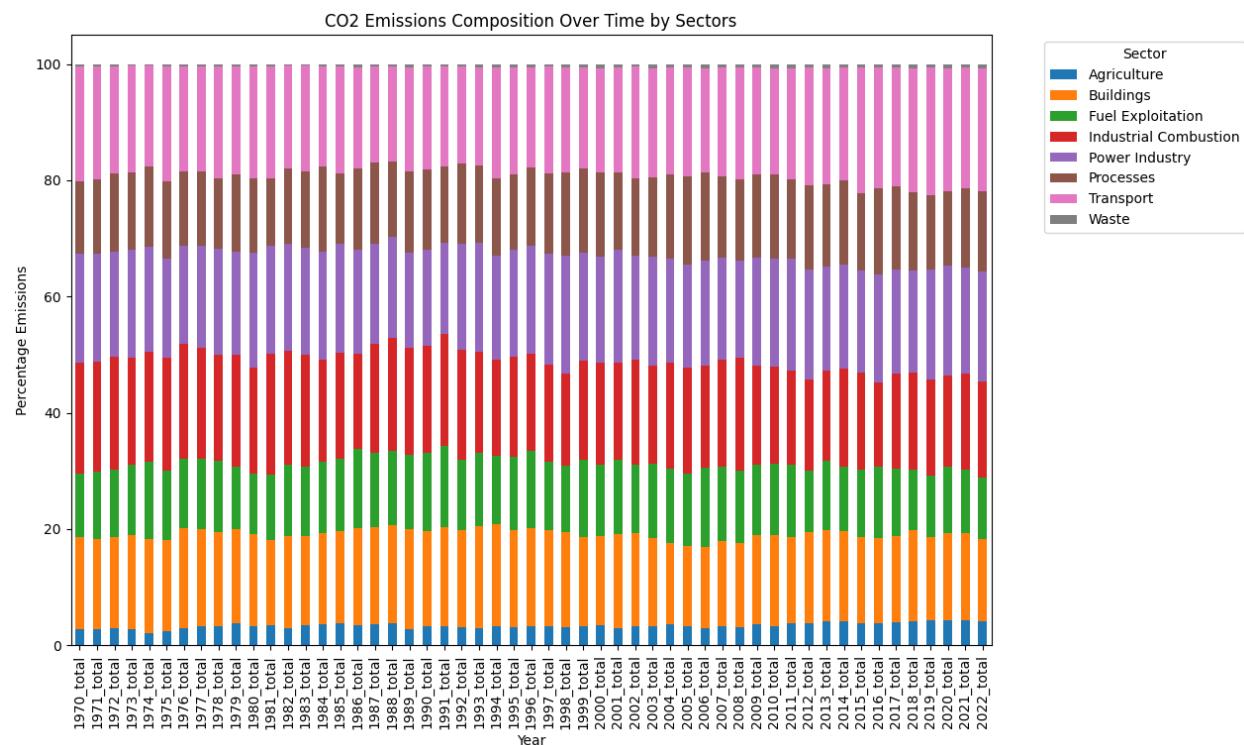
CO2 Emissions



Over time, all continents recorded a rise in CO2 emissions with the exception of Europe. In the meanwhile, Africa led the pack with the greatest surge in CO2 emissions, nearly tripling throughout the time period. This can be possibly explained by the industrialization of Africa as the amount of CO2 emissions from transport rose dramatically in the continent. These include railways, buses and ferries as the countries experience urbanization and population growth, increasing the demand for transportation services. These signs of economic development often go in tandem with trade and business activities, necessitating transportation services to move goods and people. Furthermore, as Africa's GDP gradually increases, this enhances the affordability of citizens in the region to purchase vehicles, leading to elevated emissions. However, with the lack of government policies and public awareness, it fails to sufficiently curb these emission activities and promote sustainable emissions.

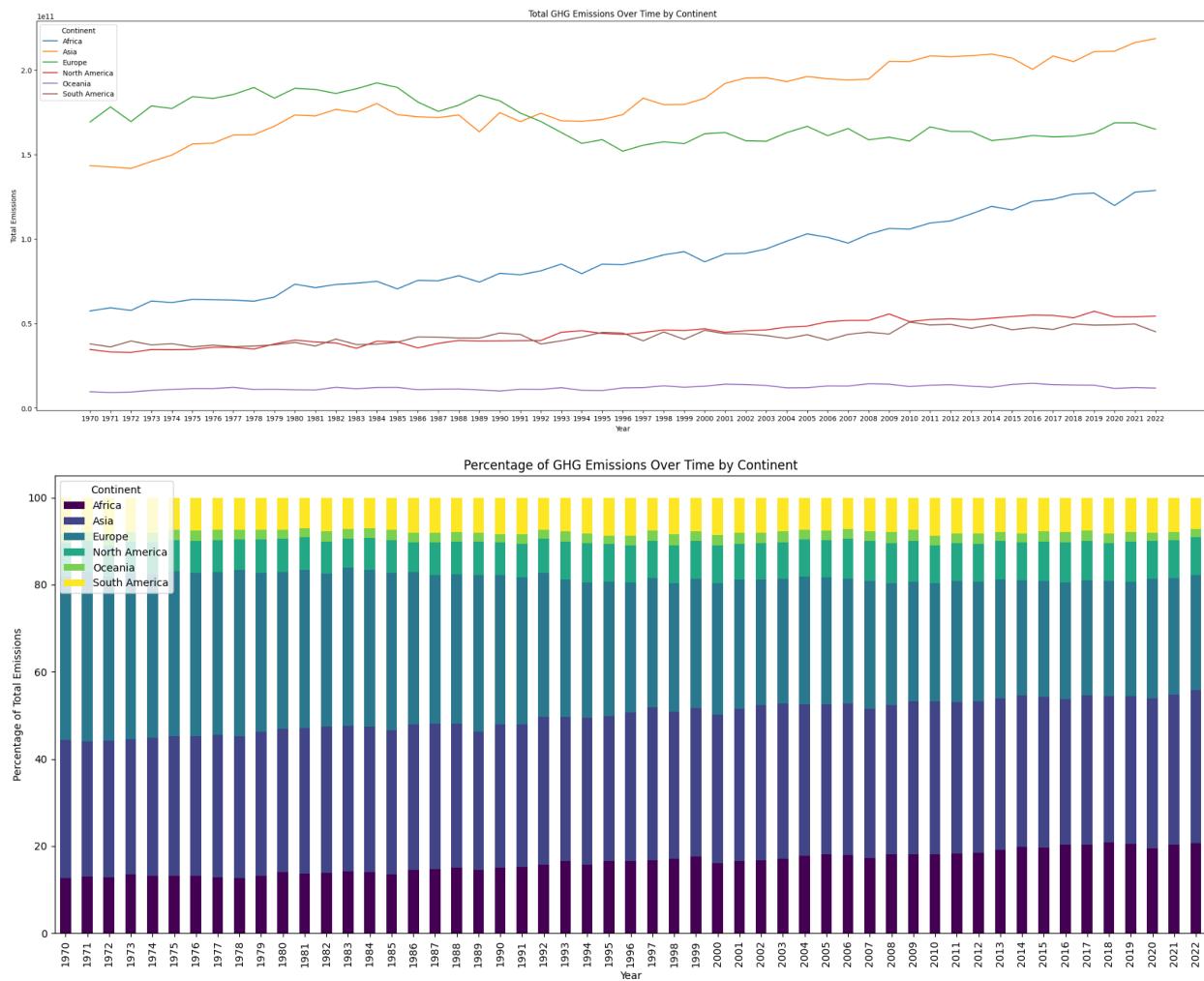


As for Europe which recorded a decrease in CO2 emissions, due to renewable energy investments, active government regulations and a carbon pricing market. Many European countries have made significant investments in renewable energy sources such as wind, solar, and hydropower. The increased share of clean and renewable energy in the energy mix helps reduce carbon emissions. In addition, strict environmental regulations and policies at the national and European Union levels have played a crucial role in reducing emissions. These policies include emission standards for industries, renewable energy targets, and commitments to international climate agreements. Finally, the [European Union Emissions Trading System \(EU ETS\)](#) is one of the world's largest carbon markets. It sets a cap on total emissions and allows companies to buy and sell emission allowances. This market-based approach provides economic incentives for companies to reduce their emissions and is a cornerstone of the EU's policy to combat greenhouse gas emissions cost-effectively.



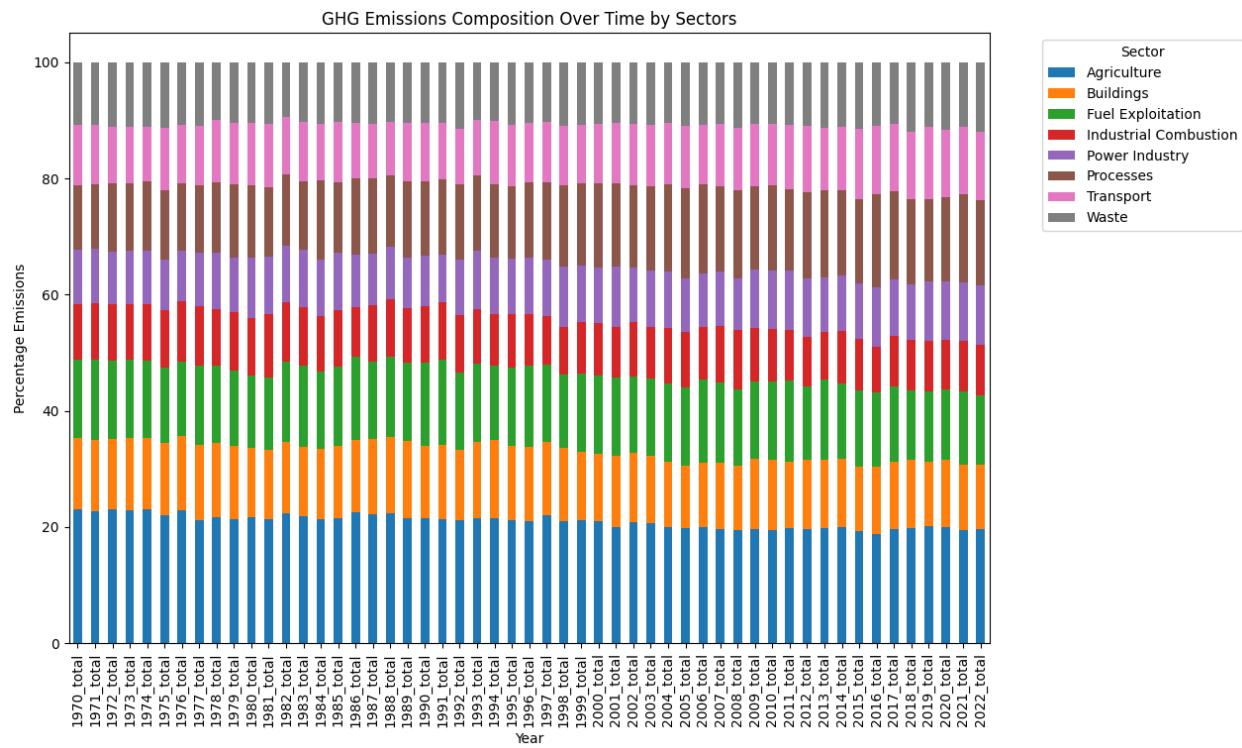
On a global scale, the amount of emissions contributed by industrial combustion, fuel exploitation and buildings have decreased which are likely a result of the paradigm shift to embrace energy efficiency and alternative sources of energy. Technological advancements, such as the use of more efficient and cleaner technologies in industrial processes, contribute to emissions reduction. For example, the adoption of combined heat and power (CHP) systems and advanced manufacturing processes can improve energy efficiency and decrease emissions. Elsewhere, Green building standards and certifications, such as [LEED \(Leadership in Energy and Environmental Design\)](#), promote the construction of energy-efficient buildings. These buildings often incorporate features like better insulation, energy-efficient HVAC systems, and renewable energy installations, reducing emissions associated with heating, cooling, and electricity use.

Greenhouse Gas Emissions



The same phenomenon is reflected for GHG emissions with Europe improving in its environmental efforts while the rest of the world continues to increase its emissions as Africa

leads the rise. In fact, Europe contributed 26.44% of total GHG emissions in 2022, down from 37.40% in 1970. On the other hand, Africa's contribution rose from 12.70% in 1970 to 20.65%. This dichotomy is largely reflected and expected based on the aforementioned analysis of CO₂ emissions.



As for sectoral composition, agriculture led the greatest fall (23.10% to 19.59%) in contributions to total GHG emissions while Processes contributed the largest rise (10.94% to 14.64%). Livestock, especially cattle, contribute significantly to methane emissions. The implementation of improved livestock management practices, such as dietary changes and [methane capture technologies](#), could contribute to lower emissions from the agriculture sector. As for processes, this could be plausibly explained by the changes in consumer demand and trade patterns which shifted to more energy intensive manufacturing techniques such as computer parts and electronic equipment, due to the rise in income per capita.

Prediction Model

Using the public dataset

(<https://datahub.io/JohnSnowLabs/country-and-continent-codes-list/r/country-and-continent-codes-list-csv.csv>) which maps EDGAR country codes to the respective continent, we merged the dataframes to

retrieve the continent for each country and determined the mean aggregated by continent on a yearly basis for the metrics - Africa, Asia, Europe, North America, Oceania and South America.

These functions have been packaged into a general function and the model can be easily generalized across continents for testing using both methodologies - Linear Regression and XGBoost algorithms. To test the accuracy of our model, for the XGBoost methodology, we introduced RMSE and MAPE errors to determine the error rate; for both methodologies, we have compared the predicted values against the actual values to calculate the percentage difference. These were charted alongside the scatter plots for each continent in the tables below:

Methodology: Linear Regression

Data Cleaning / Preparation

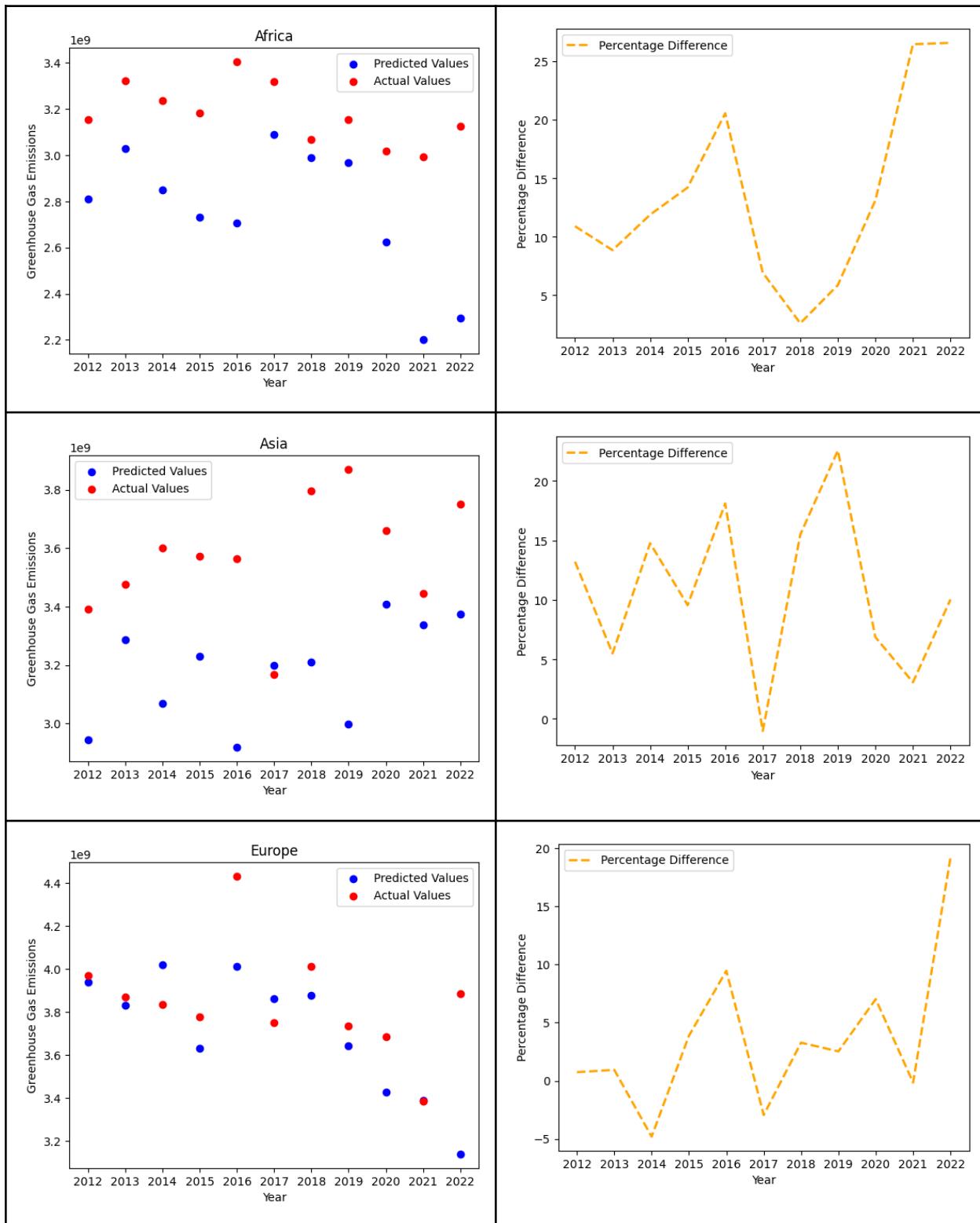
- The dataset was split into the following: Training Data (80%),and Test Data (20%). These different datasets were split and ordered by time to avoid the look-ahead bias which could lead to inaccurate results
- Finally, I performed feature scaling through the MinMax Scalar. This involves rescaling and shrinking the data of the features into a given range.

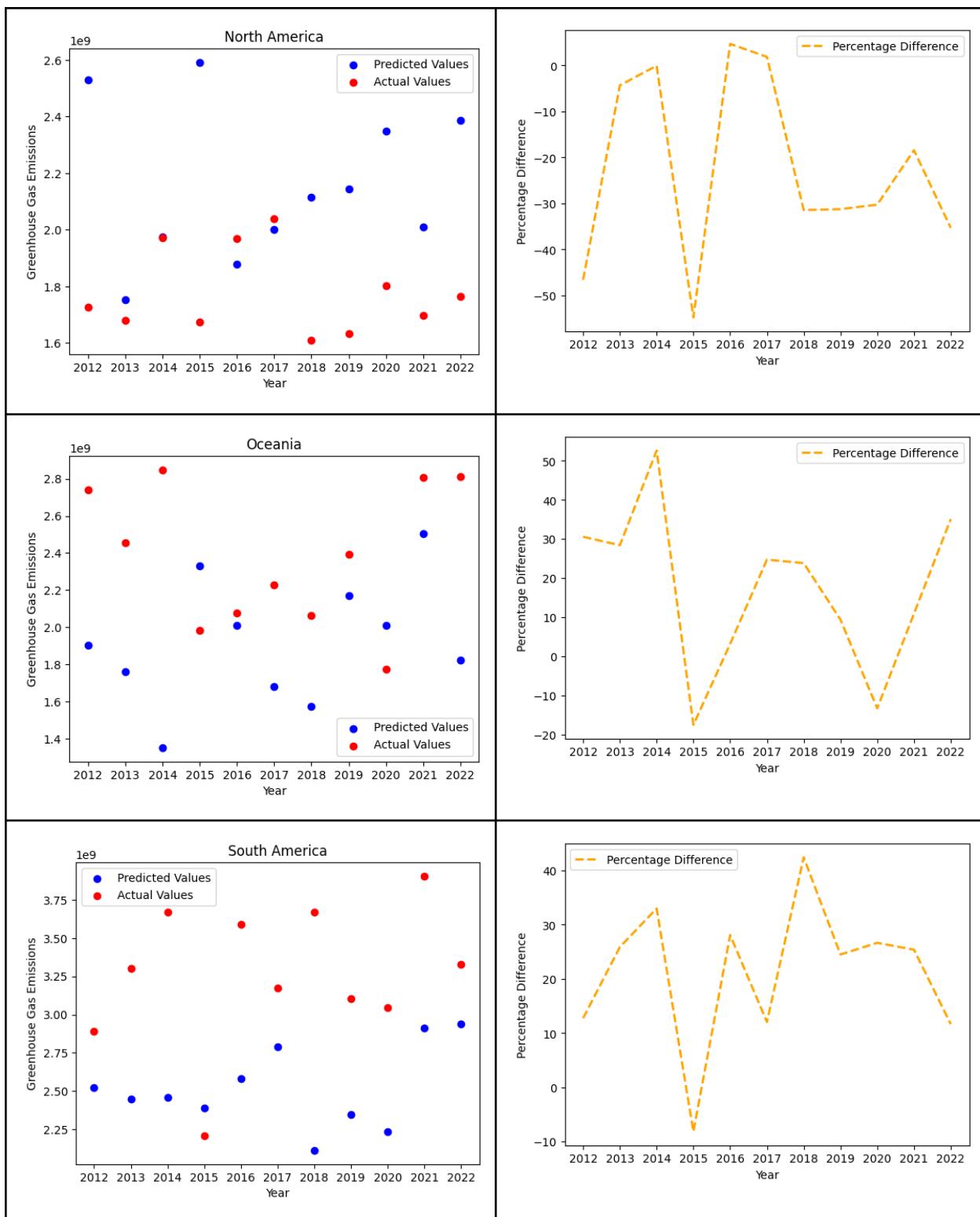
Linear Regression

Linear regression is used to predict the value of an independent variable based on a series of dependent variables. It estimates the coefficients of the linear equations and fits a straight line that minimizes the discrepancies between predicted and actual output values using the least squares method.

Results (Test Data Prediction)

GHG Emissions

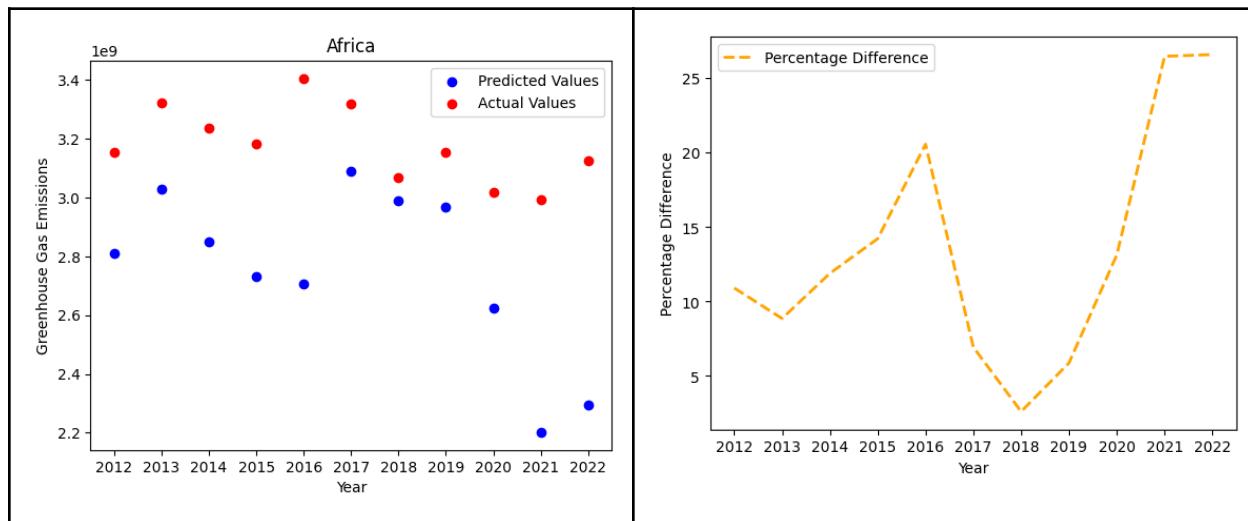


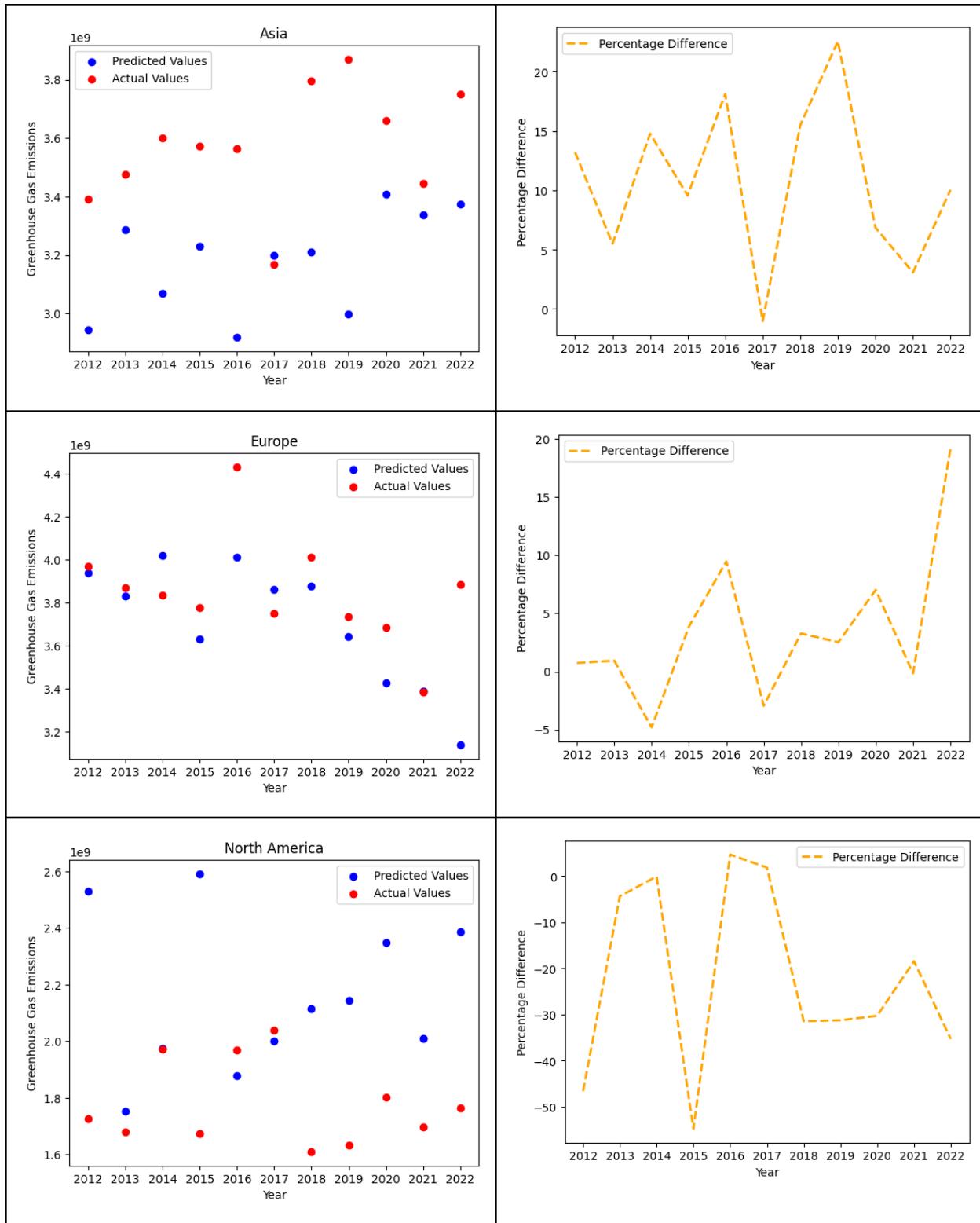


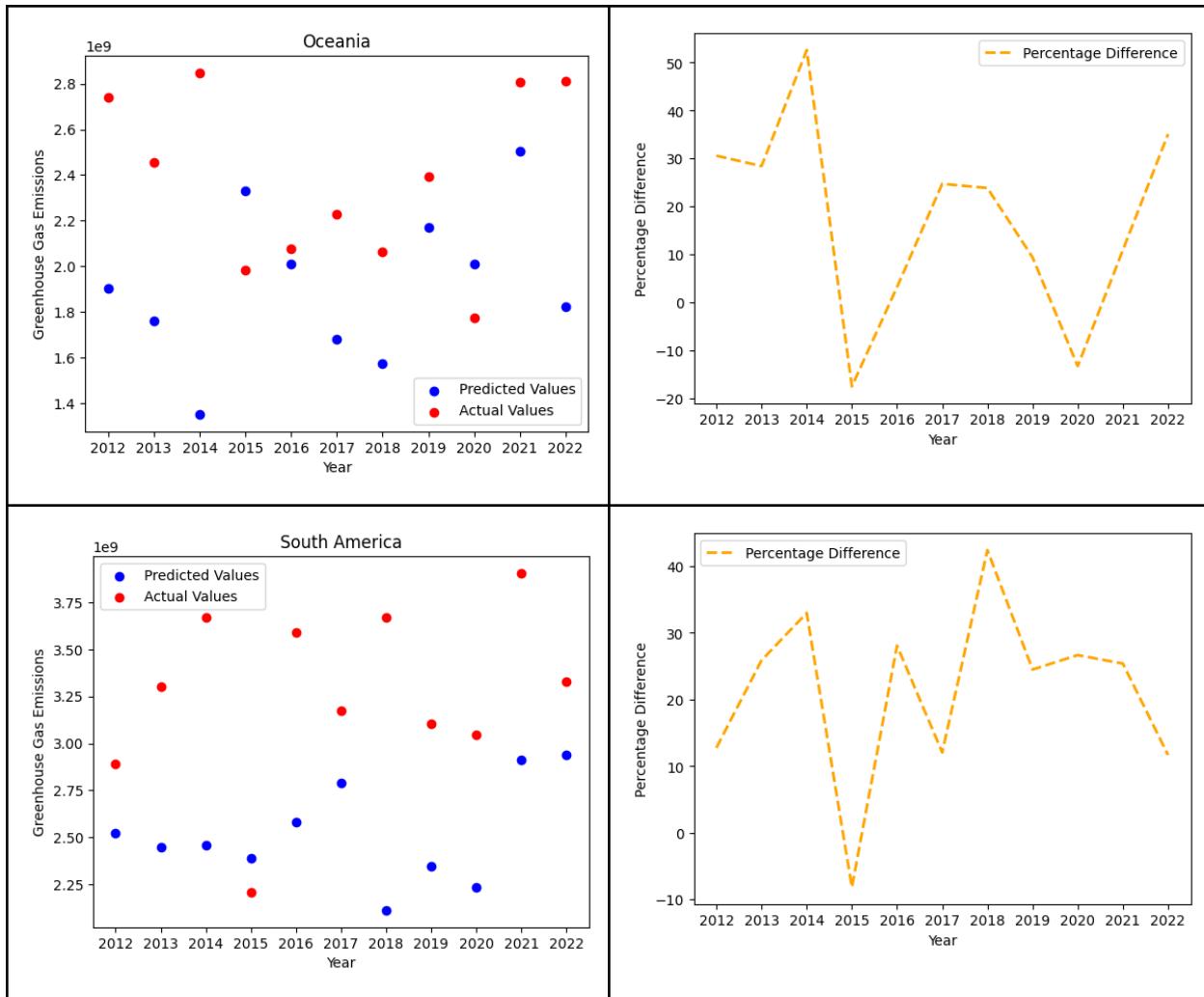
Regression Model Parameters

Feature	Africa	Asia	Europe	North America	Oceania	South America
capita	-2856841 64.79	-281975.2 5	-2283032 35.28	-2655062 45.84	15122998 2.66	-164372534.7 3
Agriculture	57835884 7.18	35000184. 19	-4091705 71.81	24066953 8.58	-4990580 68.44	-100383601.4 9
Buildings	58049210 3.6	-1459630 57.38	-2750143 9.3	-2180294 52.93	-5850600 44.49	285566564.9 6
Fuel Exploitation	-5685682 08.96	69910458. 44	-1242805 36.02	-1719356 07.14	72111077 8.59	255931322.6 7
Industrial Combustion	-25114144 0.46	69281089. 65	79723041 .92	-2088515 84.42	23488489 1.86	-231462364.3 9
Power Industry	29654263 2.02	15321899 7.29	-1271923 16.48	-1973255 8.25	40340165 9.13	-358835908.7 7
Processes	-8435706 82.83	-8171006. 15	-1995405 1.02	11453609 9.51	-5138480 6.26	-347045467.9 5
Transport	37943489 7.3	10124832 4.28	-4472450 68.01	38861525 1.58	24829485 3.58	421224575.1
Waste	32715850 9.81	36076337 1.09	67929575 .44	-3395287 43.97	14748428 7.68	-954080577.3 3
gdp	-2303464 98.31	-2785309 1.06	25941781 7.01	-6593495 91.61	38691220 0.79	479308023.1 6
Intercept	27801783 29.34	28480260 28.61	41119541 73.42	26246521 41.91	13724133 07.07	3155586649. 59

CO2 Emissions







Regression Model Parameters

Feature	Africa	Asia	Europe	North America	Oceania	South America
capita	55225614 3.03	18559662 .26	18532107 6.53	-3326182 91.68	13550141 3.81	73266757 1.99
Agriculture	-1489475. 39	34367694 2.48	-2950475 86.83	-3229346 4.87	25096596 3.68	-9109408 03.57
Buildings	13129198 4.91	-3585187 49.61	-1057038 19.84	-6196277 2.35	-2983844 20.66	-8257641 5.29
Fuel Exploitation	-1684041 38.2	16320109 6.79	-1598390 5.95	21939138 0.77	63890923 7.58	92046149 6.94
Industrial Combustion	-4878178 42.17	37689289 .43	-7230354 3.98	-1458490 0.75	20020242 2.57	-11216020 1.18
Power Industry	57499968 5.53	-4730804 0.84	-1840684 37.43	61419005. 7	39854701 8.16	-4570359 22.55

Processes	-1251354 71.3	-1208300 7.96	21787623 1.17	34454069. 98	-2332964 54.82	26297716 8.94
Transport	26119742 1.48	13178084 4.89	-30300118 3.34	13129356 0.81	22956549 0.44	-2457192 63.11
Waste	-4909182 58.5	26163838 2.61	28542560. 49	-5015031 9.84	55195887. 01	-22581149 8.97
gdp	31086236. 37	-1009180 57.82	33315109 5.54	-7769379 32.53	17123519 0.93	73377129 4.14
Intercept	26943342 29.85	29019469 94.3	37735668 07.14	24563976 92.46	10159392 55.15	24738519 84.58

Methodology: XG Boost

Data Cleaning / Preparation

- The dataset was split into the following: Training Data (60%), Validation Data (20%) and Test Data (20%). These different datasets were split and ordered by time to avoid the look-ahead bias which could lead to inaccurate results
- Finally, I performed feature scaling through the MinMax Scalar. This involves rescaling and shrinking the data of the features into a given range. It is useful for gradient descent algorithms since a huge difference in ranges of features will cause vastly different step sizes for each feature. Therefore, having features on a similar scale will help the gradient descent converge more quickly towards the minima. Since the distributions of the various features are not Gaussian, StandardScalar was thus omitted as an option.

XGBoost

XGBoost is a decision tree based ensemble model that adopts a gradient boosting framework. Presented by Chen and Guestrin in 2016, the algorithm mainly enhances existing boosting models through:

- a. Regularisation :** Penalises more complex models through L1 and L2 regularisation to prevent overfitting and smoothens the final learnt weights
- b. Shrinkage Estimates :** Scales newly added weights after each step of tree boosting through column sub-sampling. It reduces the influence of each individual tree and leaves space for future trees to improve the model

Using the scaled dataset, I iteratively applied the XGBRegressor on the scaled training dataset to train the model and tune the parameters. This was then predicted on the scaled dataset and scaled back to the original range to obtain the total greenhouse gas emissions. To

choose the optimum value for each parameter at each iteration, I picked the value which corresponds with the minimum RMSE.

Iteration 1 : Default Parameters

I initiated the model using an XGBRegressor with default values of each variable and the objective function as ‘reg:squared error’ - regression with squared loss.

Iteration 2 : n_estimators, max_depth

- n_estimators : Range of 10 to 100, with a step of 5
- max_depth : Range of 1 to 10, with a step of 1

Iteration 3 : learning_rate, min_child_weight

- learning_rate : Range of 0.01 to 1 with a step of 0.01
- min_child_weight : Range of 1 to 21 with a step of 1

Iteration 4 : subsample, gamma

- subsample : range of 0.1 to 1 with a step of 0.1
- gamma : range of 0.1 to 1 with a step of 0.1

Iteration 5 : colsample_bytree, colsample_bylevel

- colsample_bytree : range of 0.5 to 1 with a step of 0.1
- colsample_bylevel : range of 0.5 to 1 with a step of 0.1

To evaluate the performance of the model, the following metrics were used:

Accuracy

a. Mean Absolute Percentage Error (MAPE)

In the time series forecasting model, I used MAPE to determine the absolute error and avoid any model or parameters with a high absolute error. However, MAPE would not work well alone as it cannot detect the error of zeros and extreme values. Hence, I need to use RMSE along with MAPE.

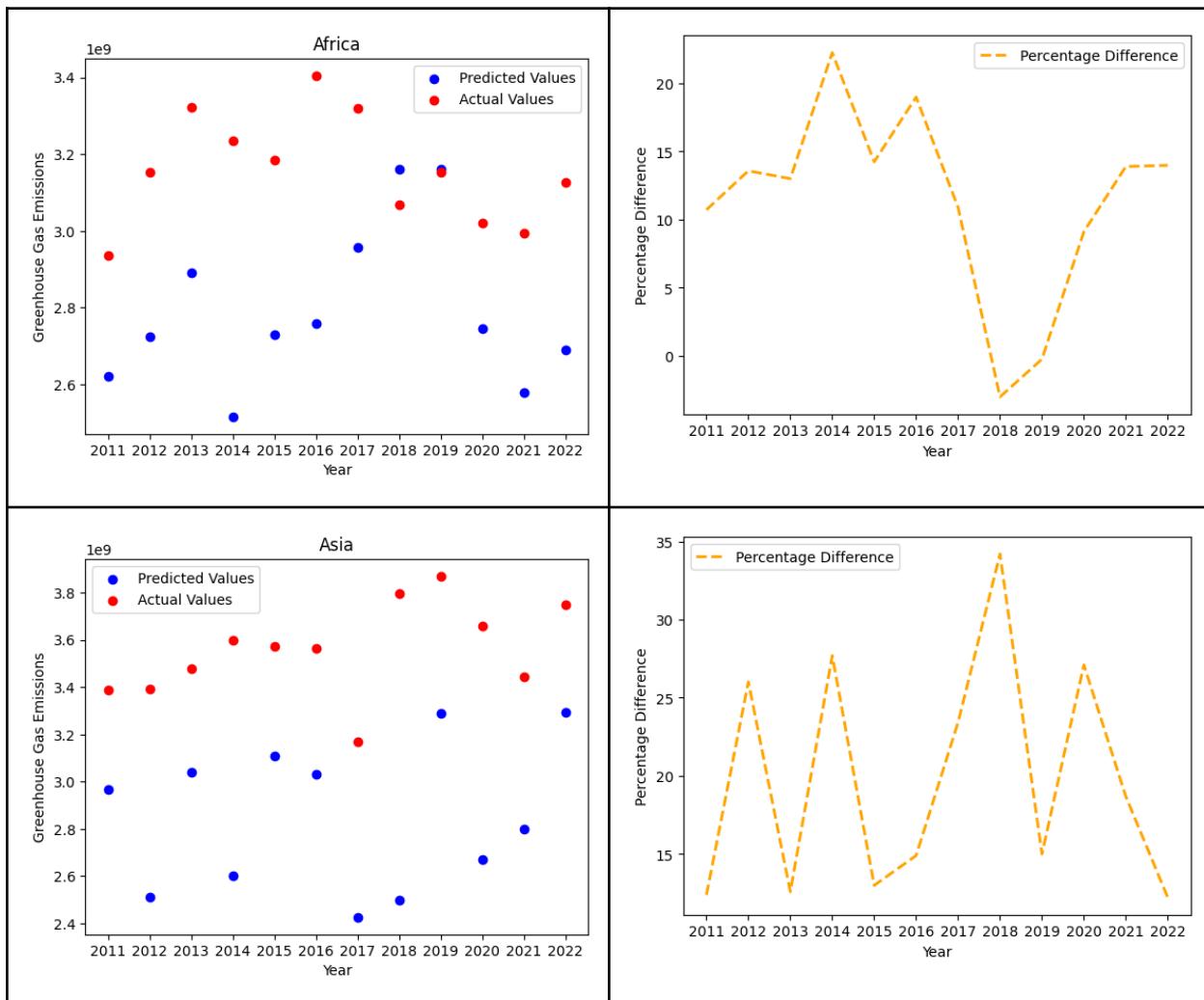
b. Root Mean Square Error (RMSE)

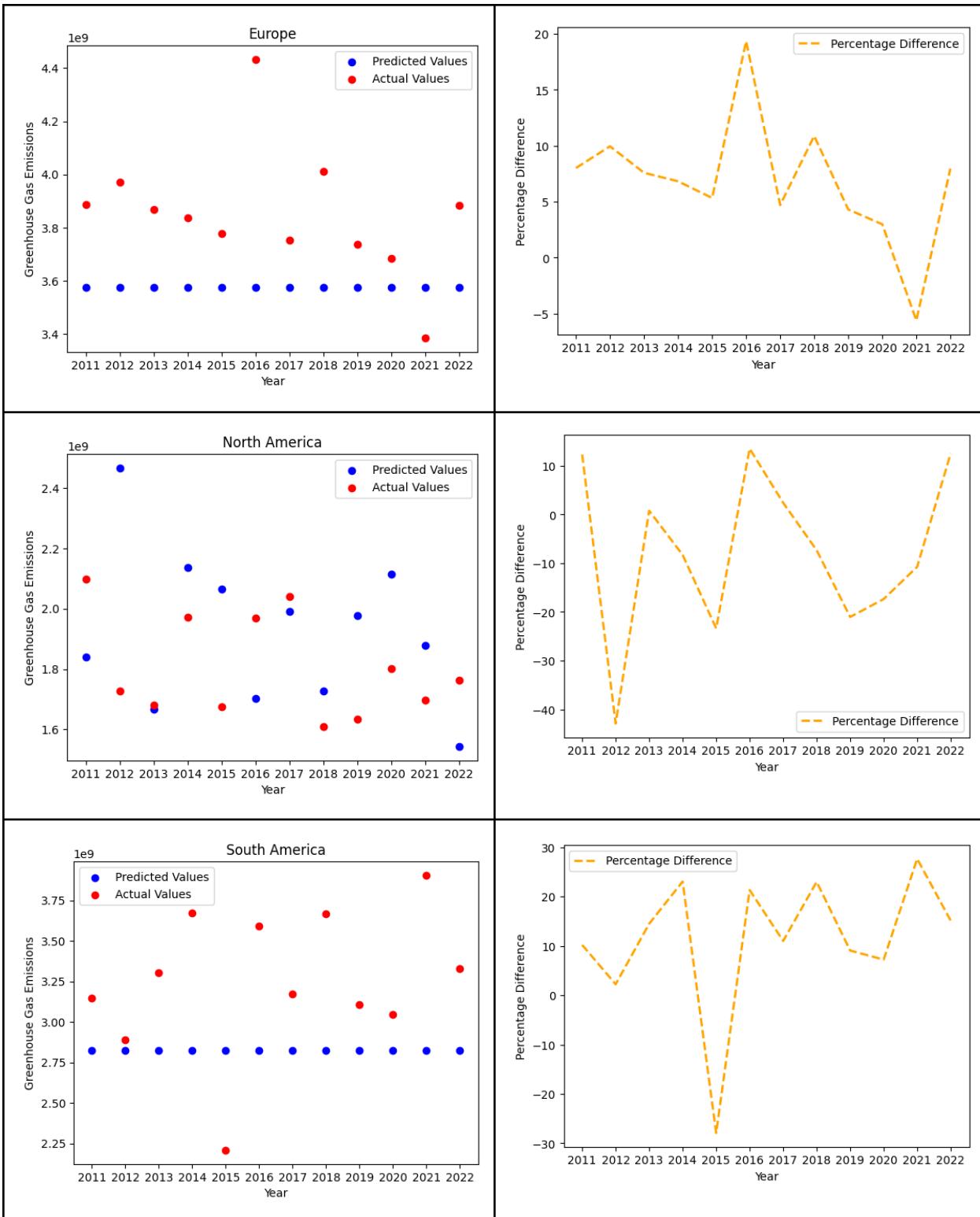
RMSE measures the standard deviation between the predicted values from the model and the actual values of a dataset. The higher the standard deviation, the larger the error. Similar to MAPE, RMSE will always be positive and a lower value indicates higher performance.

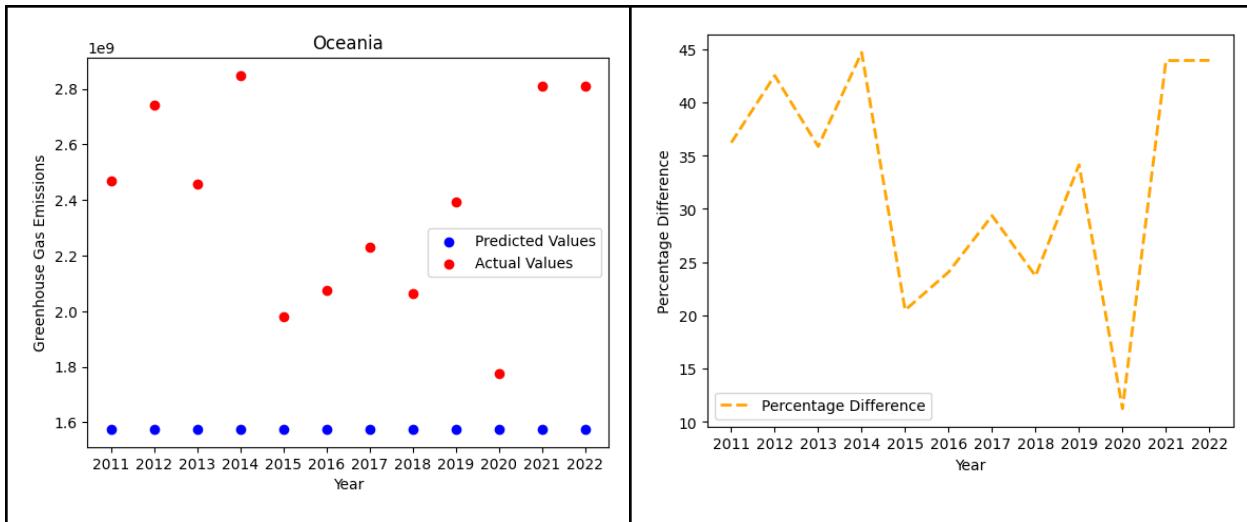
**For all the hyperparameters tuning, only RMSE was used as the minimum. While both MAPE and RMSE summarize the variability of the observations around the mean, they are of different scale, hence contributing to the vastly different values. RMSE was therefore chosen since it is the basis for how the model fits the data.

Results (Test Data Prediction)

GHG Emissions



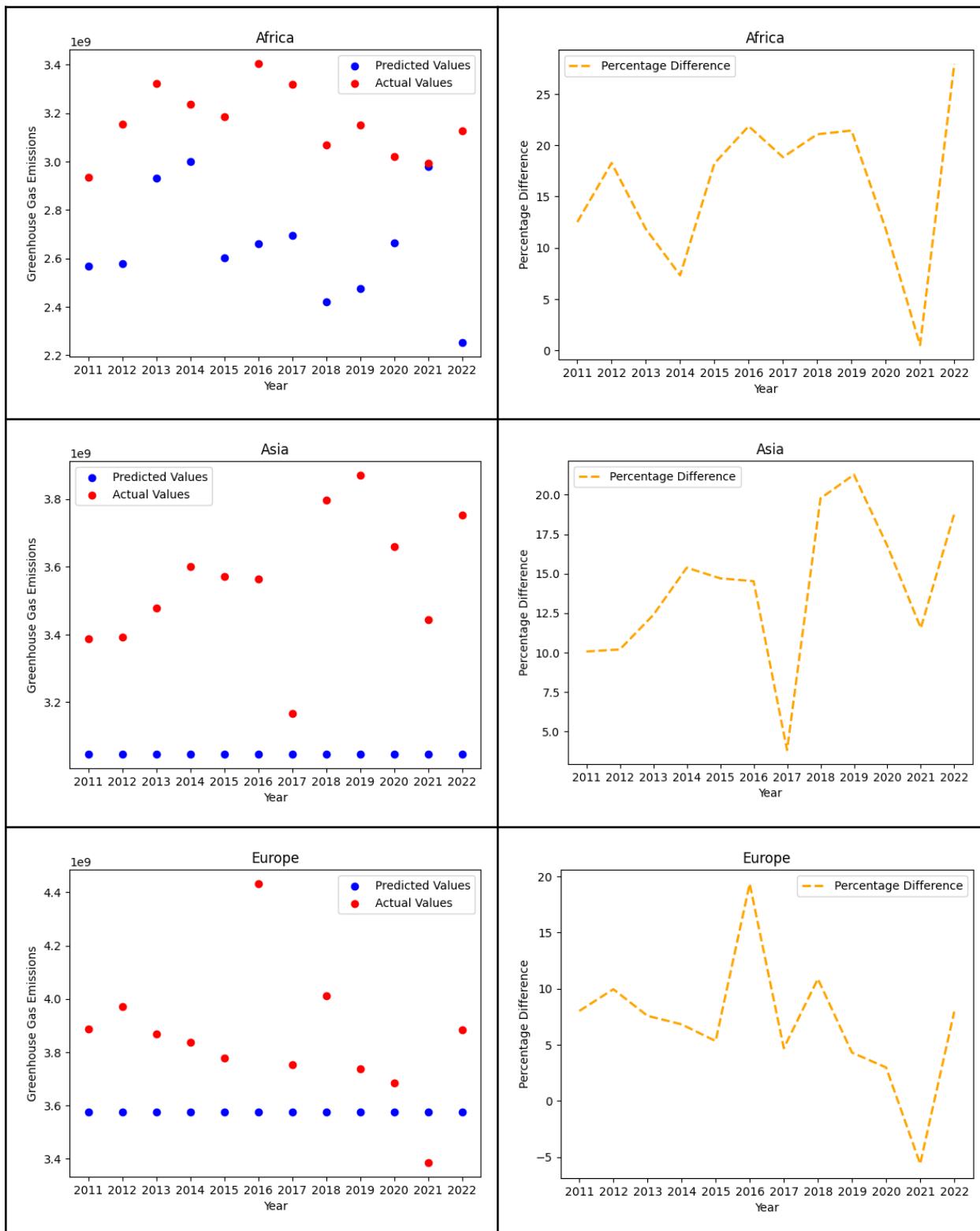


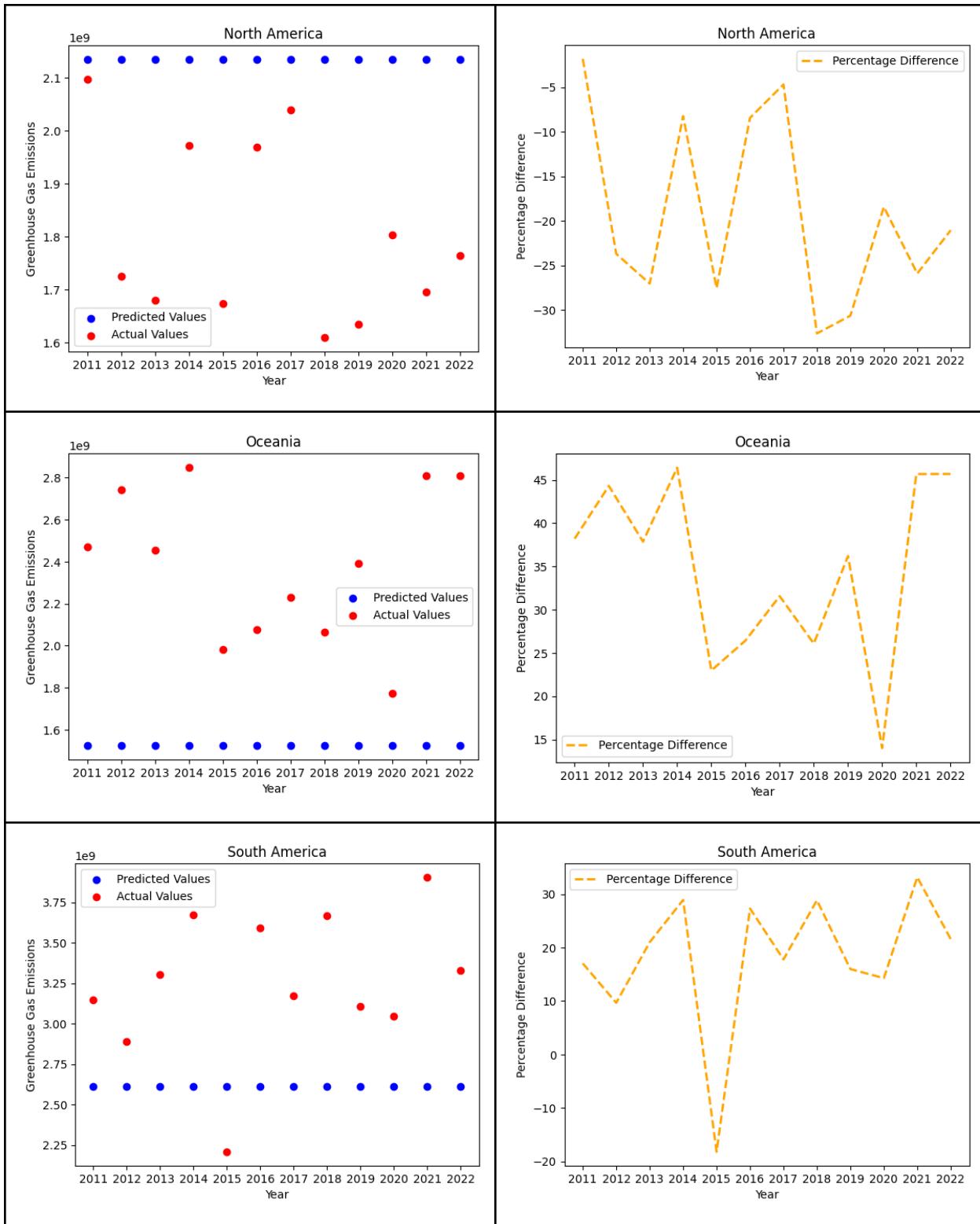


Optimal Parameters

Parameters	Africa	Asia	Europe	North America	Oceania	South America
n_estimators	30.0	40.0	10.0	95.0	10.0	35.0
max_depth	6.0	7.0	3.0	2.0	1.0	8.0
learning_rate	0.87	0.94	0.01	0.99	0.01	0.88
min_child_weight	10.0	4.0	17.0	11.0	17.0	14.0
subsample	0.6	0.5	0.6	0.9	0.6	0.1
gamma	0.6	1.0	0.5	0.9	0.5	0.5
colsample_bytree	0.5	1.0	0.5	0.6	0.5	0.5
colsample_bylevel	0.01	0.01	0.01	0.01	0.01	0.01

CO2 Emissions





XGBoost Model Optimal Parameters

Parameters	Africa	Asia	Europe	North America	Oceania	South America
n_estimators	20.0	10.0	10.0	55.0	10.0	15.0
max_depth	6.0	1.0	3.0	8.0	4.0	2.0
learning_rate	0.95	0.01	0.01	0.72	0.48	0.99
min_child_weight	1.0	13.0	17.0	9.0	16.0	9.0
subsample	0.4	0.1	0.6	0.3	0.5	0.2
gamma	1.0	0.5	0.5	0.5	0.5	0.5
colsample_bytree	0.7	0.5	0.5	0.5	0.5	0.5
colsample_bylevel	0.01	0.01	0.01	0.01	0.01	0.01