



RETHINKING SCENARIO ANALYSIS FROM A GREEN AND SOCIAL PERSPECTIVE

SUMMARY

To transition towards a green economy, information about the climate impacts of state economic policies and company transition plans is a prerequisite.

Ahead of COP 26, assessment methodologies that compare government plans with possible climate scenarios conclude that targets and action remain far apart, thus arguing for increased ambition and rapid fundamental changes.

While these messages are important, this policy brief takes a closer look at the methodologies that underlie such assessments – so-called scenario analyses – and explores how they are already being used in a legally binding way in financial regulation.

Against the increasing importance of scenario analysis, this brief outlines that the methodologies need to remain science based on the environmental side and incorporate the social dimension of the just transition to remain useful and legitimate policy instruments. In the medium term, scenarios also need to become more inclusive and be integrated with other fields such as green investment policy as there are significant overlaps with regard to data and methodology.



AUTHOR

ANDREAS DIMMELMEIER
FEPS Policy Analyst for
Climate and Environment

This policy brief benefited from the valuable comments of Saïd El Khadraoui and David Rinaldi at FEPS. Any errors and omissions remain the responsibility of the author.