

Media Release:

IPR releases climate policy and progress assessment for Quarter Two Momentum still positive towards 1.8°C despite global headwinds

LONDON: 30/06/2022 12:00 BST: Global climate momentum remains positive with developments around increased ambition reinforcing a 1.8°C pathway according to the latest quarterly analysis released the latest Inevitable Policy Response Quarterly Forecast Tracker ([QFT](#)).

The [QFT](#) provides investors with an ongoing assessment of key climate energy, land use and transition policy and technology developments*. Over one hundred and sixty policy measures have been tracked since the Glasgow conference and weighted on relevance, credibility and impact.

From April to June 2022, sixty-one global climate policy and technology developments were tracked. In the context of IPR forecasts, thirty-six were relevant, twenty-six reinforcing the probability of a 1.8°C outcome, five indicating a slight acceleration towards a 1.5°C outcome and two developments indicative of deceleration, relative to forecasts. Given that Brazilian deforestation is dependent on the upcoming election and that US Federal climate policy has somewhat stalled, the overall impact is at best, in line with the 1.8C Forecast.

The QFT reporting suite for Quarter 2 also includes a Just Transition lens with an [in-depth analysis](#) prepared by the Grantham Research Institute on Climate Change and the Environment assessing to what extent policies reflected in the QFT integrate Just Transition principles. In general, many do, but more could be done.

Also included is accompanying [IPR paper](#) by Kaya Advisory examining how the re-election of 'Lula' da Silva would make an end to illegal deforestation activity by 2030 (if not well before) and the achievement of net zero emissions from the Brazilian Amazon possible. The re-election of incumbent Jair Bolsonaro with a conservative Congress would be of grave concern.

QFT Summary – Quarter 2, 2022

- In terms of net impact, we note that on policy the EU edges in the positive direction longer term, China has been somewhat positive, but the US has not moved ahead
- Recent policies and proposals in Brazil are likely to increase deforestation
- On technology developments, including deployment, there have been positive trends particularly on EV deployment which accounted for 10% of sales in 2021 (outpacing IPR outlook of 5%)
- Offsetting this short term has been the security crisis brought on by the Ukraine War leading to use of more fossil fuels in power. The long-term issue is whether this gets 'locked in'
- In the Quarter 1 QFT Report we addressed this in terms of potential overbuild of capacity for security reasons but with emissions trajectories still manageable through capacity utilization
- Finally, the world economy is slowing short term, which would result in lower growth in emissions
- Overall while there are still significant challenges, IPR believes developments are confirmatory of FPS 1.8°C while falling well short of RPS 1.5°C

Brazil in Focus

- In October 22 Brazil will hold elections for the president and National Congress. This is a particularly crucial election given the negative trends for deforestation under President Bolsonaro and the more positive stand that opponent and former President Lula takes.
- The conclusion is that an end to Net Deforestation by 2025 as required in the 1.5°C RPS looks virtually unattainable.
- If Lula is elected, this leaves open the door to an end to illegal (90%+ of activity) deforestation and net zero emissions when combined with afforestation by 2030 as forecast in the 1.8°C FPS.
- IPR notes a number of private sector initiatives which are working to end commodity-driven deforestation.

Mark Fulton, Project Director, Inevitable Policy Response:

“The latest QFT reflects that the majority of climate developments in 2022 remain on the positive side of the ledger, despite the ongoing international instability and volatility. However, developments in the US and Brazil around elections remain important to delivering a below 2°C outcome”.

Brian Hensley, Partner, KAYA Advisory:

Anyone interested in saving the Amazon or concerned about the Paris Agreement targets needs to have a date in mind, October 2nd 2022. The Brazil General elections may impact the fate of both.”

Ends

Supporting Documents:

Quarterly Forecast Tracker - Update of global energy/land policy and technology developments
Inevitable Policy Response - Q2 2022

An assessment of Just Transition elements in the Inevitable Policy Response
Grantham Research Institute on Climate Change and the Environment
London School of Economics - June 2022

Can Lula save the Amazon? A Brazil Policy Analysis
Report prepared by Kaya Advisory for the Inevitable Policy Response - June 2022

Documents are available for [download here](#).

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Notes for Editors:

About Inevitable Policy Response (IPR): The IPR is a climate transition forecasting consortium that aims prepare institutional investors for the portfolio risks and opportunities associated with a forecast acceleration of policy responses to climate change. To help prepare markets and investors IPR then models in detail the impact of the forecasted policies on the energy system, food land use system and real economy. More information is [available here](#).

The IPR was commissioned by the Principles for Responsible Investment (PRI) in 2018 and is amongst international investor based initiatives supported by the PRI.

About the Quarterly Forecast Tracker: Produced on a quarterly basis for 2022, [the QFT](#) assesses global policy, technology and land use which drive the energy and land transition, determining any acceleration, deceleration, stagnation or reinforcement of energy and land-related policy ambition and technology developments against 2021 IPR 1.8°C FPS and 1.5°C RPS scenarios.

2021 1.8°C Forecast Policy Scenario (1.8 FPS): The 2021 Forecast Policy Scenario (FPS) is IPR’s current assessment of *what is expected to happen*, in terms of future policy developments and the subsequent impact on emissions reduction and temperature outcomes.

The 1.5°C Required Policy Scenario (1.5 RPS): The [2021 1.5C RPS](#) is IPR’s current assessment of *future policy developments needed* to increase emissions reduction, close the existing gap, and hold global temperature increase to a 1.5C outcome. Unlike the FPS, the 1.5C RPS scenario works back from the goal of reaching 1.5C and asks what would be needed to get there, rather than what is likely to unfold given current political realities.

* For context these are measured against the IPR 1.8°C Forecast Policy Scenario and 1.5°C Required Policy Scenario both launched pre COP26.

Figure 1: Quarterly Forecast Tracker – Quarter 2 Distillation

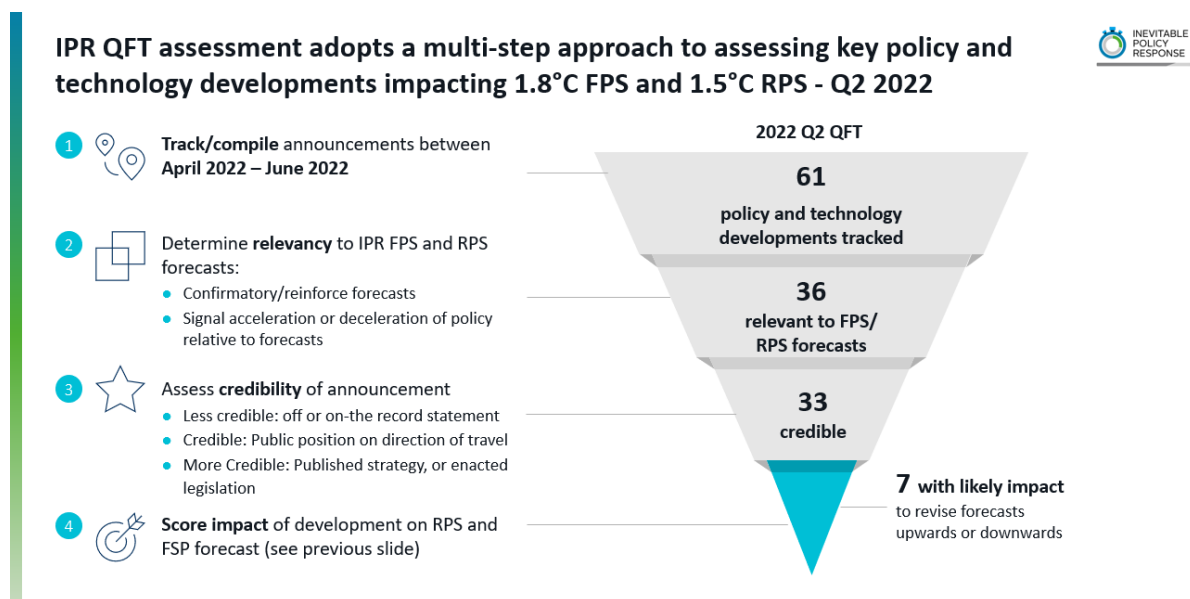
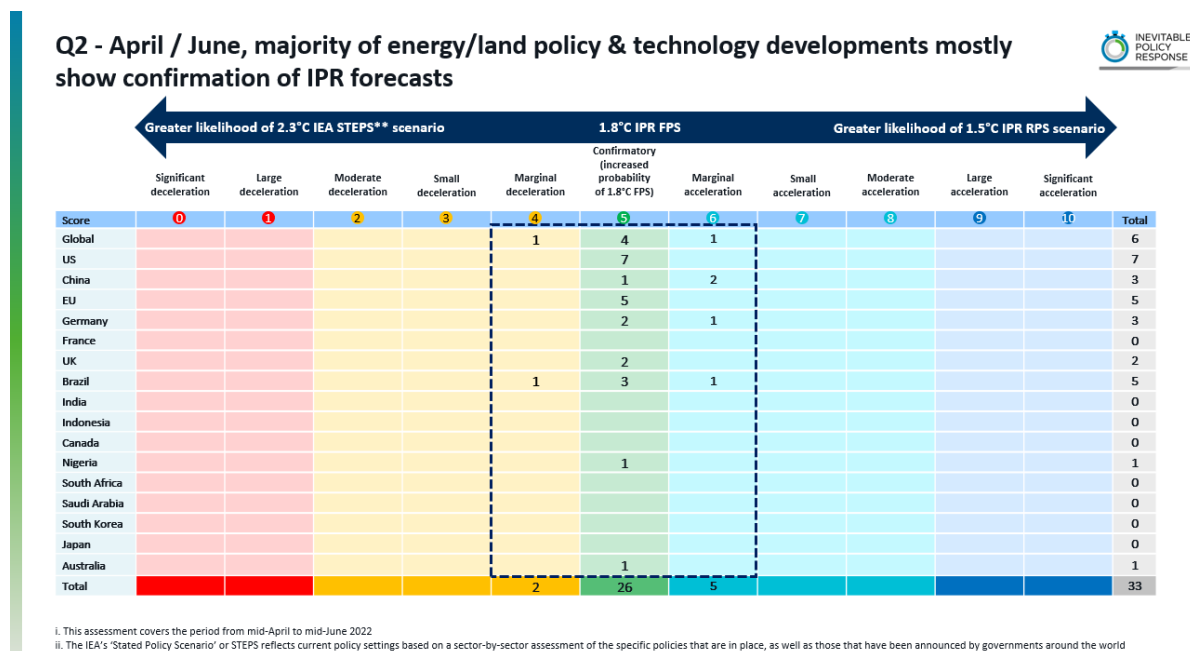


Figure 2: Quarterly Forecast Tracker - Quarter 2 Heat Map



Acknowledgements:

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