

International Conference on “Statistics for Sustainable Finance” The NGFS Progress Report on Bridging Data Gaps and beyond

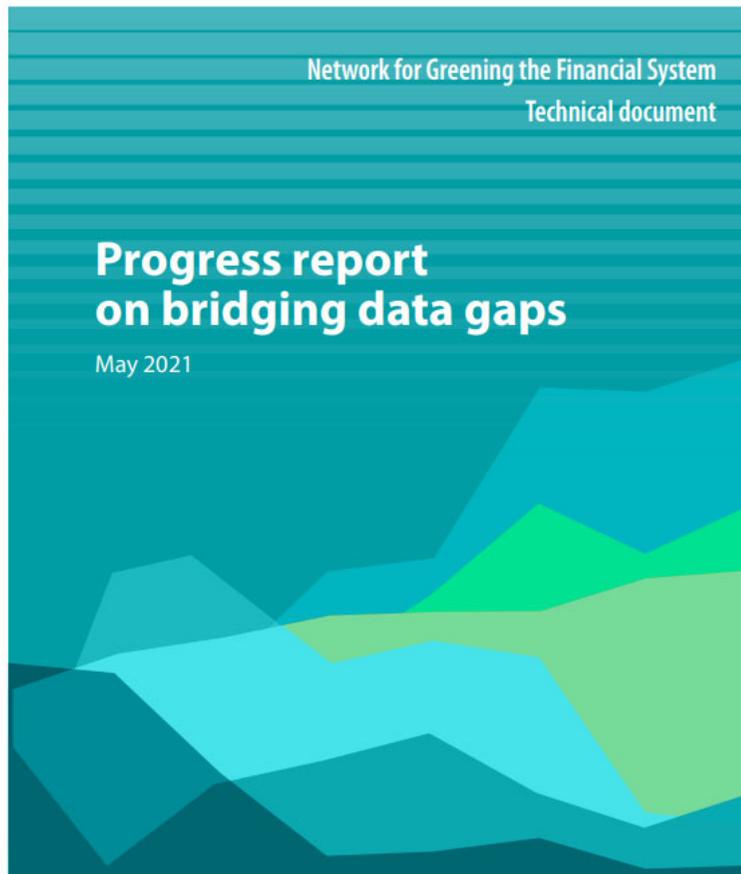
International Conference on « Statistics for Sustainable Finance » - Paris 14 & 15 September 2021

THE NGFS AND THE WORKSTREAM ON BRIDGING THE DATA GAPS



- Established at the Paris “One Planet Summit” in December 2017.
 - **Coalition of the willing** comprised of **95 members** and **15 observers**, from all 5 continents.
 - **Defines and promotes best practices** and **conducts analytical work** on the management of climate-related risks and on green finance.
 - Main publications: First comprehensive report issuing 6 non-binding recommendations, practical guides, two vintages of ‘NGFS scenarios’...
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- In the recommendation #3 of its First comprehensive report (April 2019), **the NGFS stated “to see merit in setting up a joint working group with interested parties to bridge existing data gaps”**.
 - The **Workstream BDG** was set up in July 2020 to turn this recommendation into practice. It is aimed at **identifying and prioritizing climate-related data needs and gaps**, and at **proposing policy recommendations** to bridge these gaps. It is co-Chaired by **Fabio Natalucci** (IMF) and **Patrick Amis** (SSM/ECB).

OVERVIEW OF THE PROGRESS REPORT ON BRIDGING THE DATA GAPS



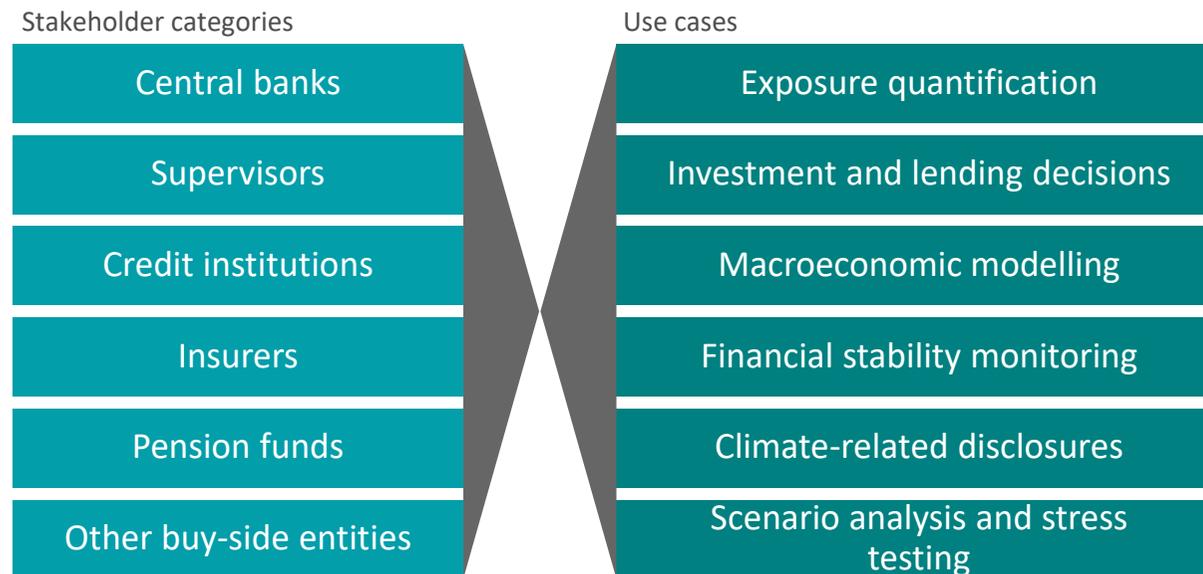
The Progress Report:

- is based on a systematic **literature review**, an **outreach** to other NGFS workstreams, a variety of IOs and other relevant stakeholders;
- incorporates information gathered through a **survey** and **two closed-door workshops** with banks and buy-side firms;
- lays the groundwork for a **comprehensive assessment of climate-related data needs and gaps**.



THE WORKSTREAM APPROACH (1/3)

- We adopted **a user-centric approach** – informed by the literature review’s findings and interactions with stakeholders – aimed at **identifying in a systematic way the needs of climate-data users** in the financial sector.
- The Progress Report proposes **a classification of six stakeholder categories and six main use cases** for which stakeholders have indicated climate-related data needs.



THE WORKSTREAM APPROACH (2/3)

- The BDG has set up **a three-layered repository of data needs**, in which we recorded detailed results for use cases, metrics and raw data items across the six main stakeholder categories.

Schematic overview of the layered structure of the repository

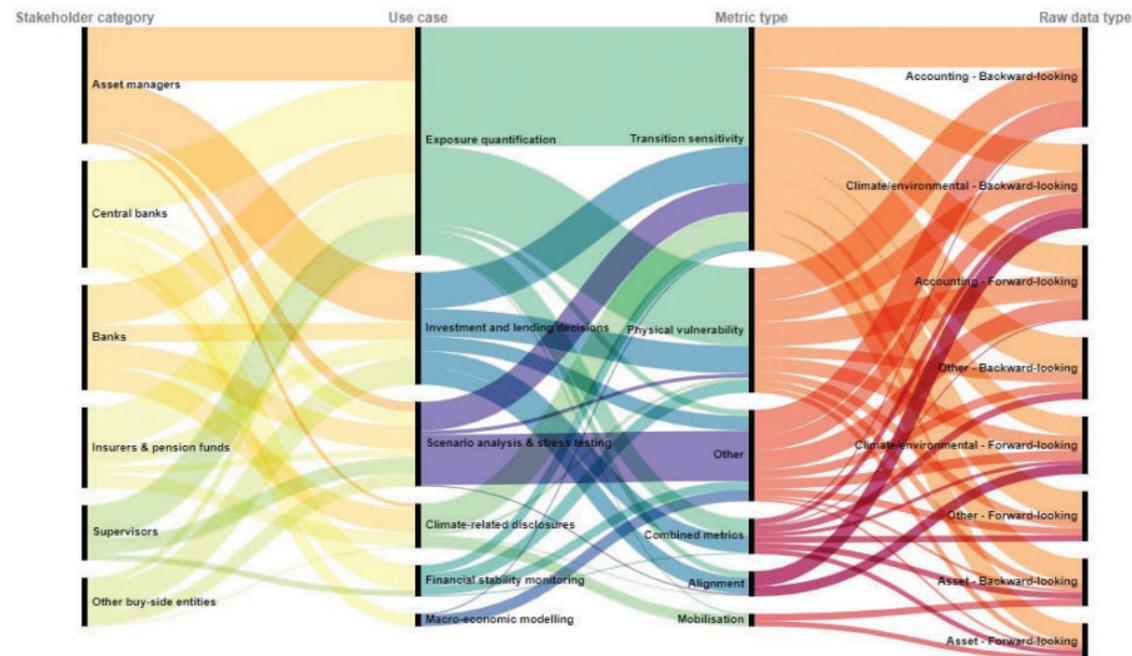


- Going forward, the repository is aimed at **providing an evidence-based overview of climate-related data items that need to be bridged with priority.**

THE WORKSTREAM APPROACH (3/3)

- The figure below shows the **interconnectedness** of use cases, metrics, and raw data items by stakeholder category in the repository.
- While preliminary, **it gives a sense of commonalities in use cases and data needs among stakeholders**, and of how the repository can be used to **highlight priorities**.

Schematic overview of the repository





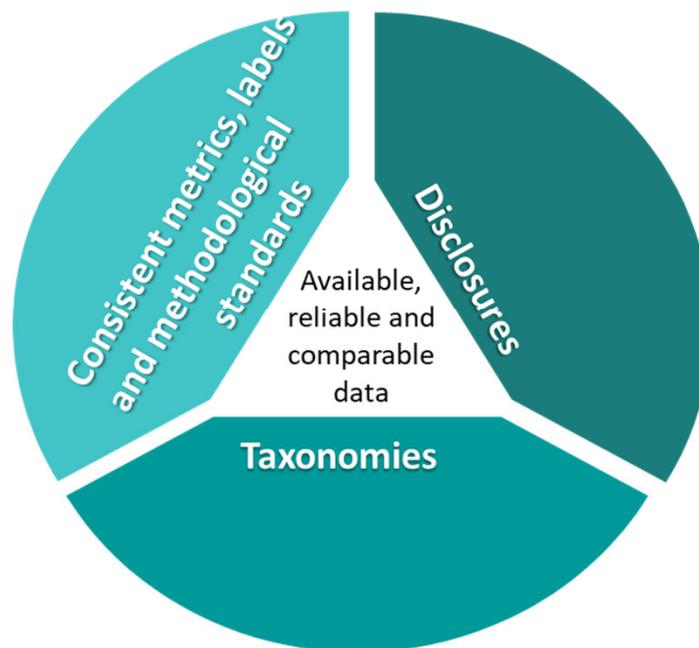
WHAT WE HAVE LEARNED SO FAR

- Meeting data needs for the identified use cases is a **multifaceted challenge** that warrants comprehensive consideration across **3 dimensions**: **availability, reliability and comparability**.
- **Main data challenges** highlighted during interactions with stakeholders:
 - **largest data gaps exist for forward-looking data** (e.g. emissions pathways, targets);
 - **limited availability and granularity of “carbon” data** (e.g. Scope 3 emissions) and of **geographical data on asset locations** to assess both transition and physical risks;
 - stakeholders are also calling for some **assurance about the quality of climate-related data** through verification and audit mechanisms, as well as improvements in data accessibility.

BUILDING BLOCKS TO BRIDGE THE DATA GAPS (1/2)

- To ensure the availability of reliable and comparable climate-related data, a mix of policy interventions is urgently needed to catalyse progress and foster global convergence.
- **Three building blocks** are paramount.

Three main building blocks to bridge the data gaps



KEY POLICY MESSAGES

Rapid convergence towards a common and consistent set of global disclosure standards.

DISCLOSURES

Efforts towards a minimally accepted global taxonomy.

TAXONOMIES

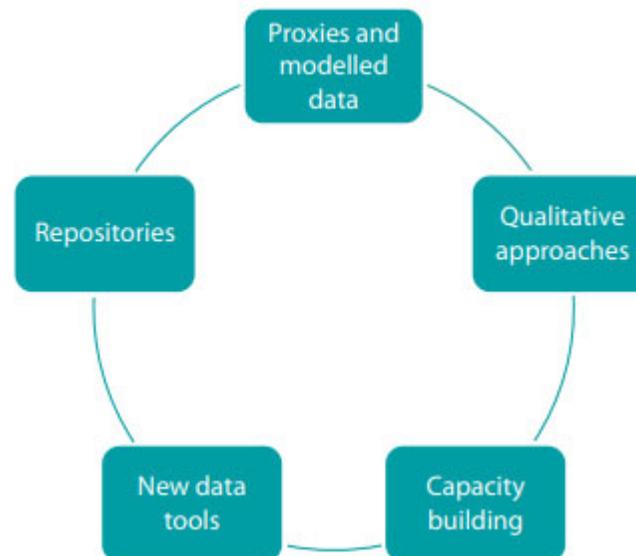
Development and transparent use of labels and methodological standards.
Work towards a common set of well-defined and decision-useful metrics

CONSISTENT METRICS, LABELS AND METHODOLOGICAL STANDARDS

BUILDING BLOCKS TO BRIDGE THE DATA GAPS (2/2)

- Building a proper architecture for climate data information around the three building blocks should not **prevent leveraging the existing data sources and approaches**.
- **Promoting new data tools and analytics (e.g. open source repositories, AI)** to make data collection more transparent is also useful.

Leveraging existing sources and approaches and promoting new tools





NEXT STEPS

- The next stage of the WS BDG's work will be very much focused **on finalizing our repository**, with the aim to **making it a tool that maximizes the public availability of climate-related data for the financial sector**.
- To this end we will:
 - **expand** the repository to take further stock of data needs and establish the link to their (un)availability. To do so we have started to reach-out to rating agencies, methodology providers, and data providers (both public and private);
 - once gathered, **analyze the results of all input**;
 - use the finalized repository **to draw evidence-based conclusions about which data needs should be prioritized**;
 - **disclose** the repository in some way (still exploring options).