

Joint Task Force on Environmental Statistics and Indicators

Environmental Financing Indicators

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Definition

- An environmental tax is a charge levied on a physical unit of an item whose production and/or consumption has a proven negative impact on the environment (e.g., a gallon of petrol, a ton of waste)
- Environmental Tax Revenue measures the amounts levied each year through these environmental taxes
- These typically include:
 - Energy taxes
 - Pollution taxes
 - Transport taxes

Main Data sources

- IMF Climate Change Indicators (<https://climatedata.imf.org/pages/go-indicators>)
- OECDstat (<https://data.oecd.org/>)
- OECD PINE database (<https://pinedatabase.oecd.org>)
- Eurostat (<https://ec.europa.eu/eurostat/web/main/home>)

Why this Indicator?

- Provides an overview of countries revenue raising ability



Definition

- Government environmental protection expenditures are all transactions related to the prevention, reduction and elimination of pollution and of any other degradation of the environment made by general government bodies
- Usually includes expenditures for
 - Protection of ambient air and climate
 - Wastewater management
 - Waste management
 - Protection and remediation of soil, groundwater and surface water
 - Noise and vibration abatement
 - Protection of biodiversity and landscapes
 - Protection against radiation
 - Environmental research and development
 - Other environmental protection activities

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Environmental Tax
Revenue

Government
Environmental
Protection
Expenditures

Fossil Fuel
Subsidies

Green Bonds

Other points

Data sources

- IMF Climate Change Indicators
- Eurostat

Why this Indicator?

- Environmental protection expenditures are done not only by Governments but also by private sector entities
- However, within their economies, Governments have a responsibility to assume leadership when it comes to environmental issues. We cannot only rely on private sector initiatives (although they are also important)
- This indicator also reflects how important environmental protection is for different governments and gives an idea of whether necessary efforts for meeting environmental objectives are being implemented

Definition

- This indicator is the estimated value of explicit and implicit government subsidies related to fossil fuels (i.e., coal, natural gas and oil)
- Explicit subsidies reflect underpricing due to supply costs being greater than prices paid by users
- Implicit subsidies reflect the difference between supply costs and socially efficient prices (incorporating the cost of negative externalities of fossil fuel use and foregone consumption tax revenues), exclusive of any explicit subsidy

Data sources

- IMF Climate Change Indicators

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Why this Indicator?

- These subsidies show the impact of government policy decisions on fossil fuel prices paid by consumers compared to an unsubsidized price that accounted for climate change and other externalities
- The subsidies given out yearly also represent revenue that governments could be allocating to decreasing distortionary taxes, to supporting poorer households and/or to financing environmental protection expenditures

Definition

- Green bonds were created to fund projects that have positive environmental and/or climate benefits
- They can be issued by sovereign governments, regional and local government entities, as well as by private sector actors
- Proceeds from these bonds are earmarked for green projects

Data sources

- Initiative Climate Bonds
(<https://www.climatebonds.net/market/data/>)

Why this Indicator?

- Green finance is a relatively new tool available for economic agents to meet environmental objectives
- Green bonds issuance trends within countries reflect how financial markets can be used to support environmental financing

Data quality and availability

- For countries outside the EU and Western parts of the Pan-European region, data is scarce
- This data scarcity raises several issues, as for example:
 - Investment and operational costs of meeting environmental objectives cannot be calculated in a robust way and used in policy development
 - Difficult to keep track of progress in meeting environmental objectives
 - Difficult to perform any impact assessment of policies implemented

Other data sources

- World bank database (GDP; GDP per capita; fossil fuel rents...)
- Why not countries national statistics databases?
 - Not always publicly available
 - Problems with homogeneity of indicators/statistical methods