



G20 DATA GAPS INITIATIVE

PEOPLE
PLANET
ECONOMY

DELIVERING INSIGHTS FOR ACTION



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G20 Data Gaps Initiative-3

- In fall 2022, G-20 Finance Ministers and Central Bank Governors welcomed the workplan.
- The Data Gaps Initiative covers: (i) **climate change**; (ii) household distribution; (iii) fintech and financial inclusion; and (iv) access to private sources of data and administrative data, and data sharing.
- Given the range of topics covered by the DGI, **task teams are established to organize and implement the workplan.**
- The objective of the Task Teams is to **utilize existing methodological frameworks, guidance** and **facilitate the compilation** of data required by the targets.





Rec #6:
Government
Climate-
Impacting
Subsidies



Rec #7:
Climate Change
Mitigation and
Adaptation
Current and
Capital
Expenditures

What Are The Targets For Recommendation 6?

Develop and disseminate general government and central government climate-impacting subsidies (climate-sustaining and climate-damaging) in percent of GDP and in percent of **government expenditure**, within **12 months** of reference period.

Period: Annual estimates for 2015 onwards.

Second best target:

Develop and disseminate general government and central government climate-impacting subsidies (climate-sustaining and climate-damaging) in percent of GDP and in percent of **government expenditure**, within **18 months** of reference period.

Period: Annual estimates for 2020 onwards.

What Are The Targets For Recommendation 7?

Develop and disseminate estimates of **both climate change mitigation and climate change adaptation, current and capital expenditures**.

- By type of expenditures, with investment broken down into type of non-carbon emitting energy systems (e.g., wind, solar, water)
- By institutional sector, at a minimum: data for central government and non-financial corporations.

Second best target:

Develop and disseminate estimates of **climate change mitigation current and capital expenditures or climate change adaptation current and capital expenditures**.

Background

- Establishing a methodological framework for Recommendations 6 and 7 is an iterative process – key definitions need to be formulated and the scope agreed through discussion and consultation.
- Concept notes include a review of existing statistical standards and draws on existing analysis to propose the scope of key definitions for Recommendation 6 and the approach for Recommendation 7.
- Existing statistical standards and statistics: SNA, GFSM, SEEA CF, COFOG, CEP

Tiered approach

Across both recommendations,

- Need to have a **tiered** approach for reporting recognized
- Flexibility to allow countries to compile and report on what is feasible and most relevant for them.

Tiered Reporting for Recommendation 6

Coverage	Target	Second-best Target
Tier 1	<p>Annual GG and CG within 12 months for: <u>Primary and secondary</u> purpose climate-sustaining subsidies Climate damaging subsidies and other transfers <i>Optional memo items: climate-sustaining/damaging tax expenditures and other measures</i></p>	<p>Annual CG within 18 months <u>Primary and secondary</u> purpose climate-sustaining subsidies Climate damaging subsidies and other transfers <i>Optional memo items: climate-sustaining/damaging tax expenditures and other measures</i></p>
Tier 2	<p><u>Primary</u> purpose climate sustaining subsidies and other transfers Climate-damaging subsidies and other transfers <i>Optional memo items: climate-sustaining/damaging tax expenditures and other measures</i></p>	<p><u>Primary</u> purpose climate sustaining subsidies and other transfers Climate-damaging subsidies and other transfers <i>Optional memo items: climate-sustaining/damaging tax expenditures and other measures</i></p>



Rec #7:
Climate Change
Mitigation and
Adaptation
Current and
Capital
Expenditures

What's the definition?

“Working” definition for climate change mitigation expenditure:

Climate change mitigation expenditures are expenditures aimed at making the impacts of climate change less severe by preventing or reducing the emission of greenhouse gases (GHG) into the atmosphere and enhancing sinks of greenhouse gases.

“Working” definition for climate change adaptation expenditure:

Climate change adaptation expenditures are expenditures aimed at adapting and building resilience of human and ecological systems to the changing climate conditions, reducing vulnerability, and minimizing the negative climate change impacts.

What's the scope of the expenditures?

Current and capital expenditures as relevant to climate change mitigation and adaptation.

- Capital expenditure (equivalent to capital formation in the national accounts) includes expenditure on producing assets, such as buildings, vehicles, machinery, and land improvements;
- Current expenditure (equivalent to non-capital uses in the national accounts, other than exports) covers spending on items such purchase of goods and services as final and intermediate goods.
- Excluded: Other expenditures like capital transfers, wages, salaries and benefits to employees.

What types of expenditures to include?

- Multiple presentations are possible; adopting a common presentation, say, by type of function or purpose, will facilitate comparability across countries.

- An illustrative set of classes -

Climate Change Mitigation Expenditures:

- ✓ Climate Change Mitigation Expenditures – Supporting services for renewable energy
- ✓ Climate Change Mitigation Expenditures – Energy efficiency improvements
- ✓ Climate Change Mitigation Expenditures – Low-carbon transportation
- ✓ Climate Change Mitigation Expenditures – Carbon capture and storage
- ✓ Climate Change Mitigation Expenditures – Afforestation and reforestation/restoration
- ✓ Climate Change Mitigation Expenditures – Sustainable agriculture
- ✓ Climate Change Mitigation Expenditures – Public transportation and infrastructure
- ✓ Climate Change Mitigation Expenditures – Research and Development activities

Classes mentioned above are ‘work-in-progress’; to be finalized in consultation with countries and IOs.

What types of expenditures to include?

Climate Change Adaptation Expenditures:

- ✓ Climate Change Adaptation Expenditures – Floods
- ✓ Climate Change Adaptation Expenditures – Droughts
- ✓ Climate Change Adaptation Expenditures – Wildfires
- ✓ Climate Change Adaptation Expenditures – Sea Level Rise
- ✓ Climate Change Adaptation Expenditures – Extreme Temperatures
- ✓ Climate Change Adaptation Expenditures – Landslides
- ✓ Climate Change Adaptation Expenditures – Melting glaciers and ice caps
- ✓ Climate Change Adaptation Expenditures – Ecosystem shifts
- ✓ Climate Change Adaptation Expenditures – Ocean acidification
- ✓ Climate Change Adaptation Expenditures – Disease Outbreak

Classes mentioned above are ‘work-in-progress’; to be finalized in consultation with countries

How to link expenditures to activities/products?

- One way to develop statistics for each of the classes specified under climate change mitigation and adaptation in the previous step is to disaggregate existing statistics.
- Assess the existing economic activity/product classification for their climate-relevance based on their effect on mitigating or adapting to climate change.
- Essentially the kind of economic activity or product covered in existing macroeconomic statistics requires an additional dimension linked to purpose.

Proposed approach

What?

- to compile a thematic account on estimates of expenditures as pertaining to economic activities relevant for climate change mitigation and adaptation.

How?

- Identify expenditures embedded in existing government finance statistics, national accounts statistics, and environmental-economic accounts statistics.

Why?

- Approach of disaggregating existing statistics helps give an economy-wide perspective. Ensures some comparability across countries since linked to existing internationally agreed frameworks.

Changes along the way

1. Proposed list for activities/products to be revised in line with taxonomies being developed by UNFCCC.
2. Refinements to the categorization of climate change mitigation and adaptation expenditures in consultation with countries and through engagement with existing initiatives including the IADB, UNDP, WB and UNECE and UNSD.
3. Definitions, methods and classifications to be aligned with the updates to the underlying frameworks, where required.
3. Adaptation activity being context specific, methods to be explored to capture activities that qualify as response to hazard.

Thanks!