

G20

DATA GAPS INITIATIVE 3

DGI-3 Global Conference: Recommendations 6 and 7

JUNE 11, 2024

Foyzunnisa Khatun
IMF Statistics Department





Partners



Rec #6:
Government
Climate-
Impacting
Subsidies



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

Agenda

- Motivation
- Overview of Recs. 6 and 7
- Progress since June 2023 global conference
- Way forward

MOTIVATION FOR THE RECOMMENDATIONS

Why do we need good estimates of climate expenditures and government subsidies related to climate?

1. Informed Policy Making: Strategic Planning and Prioritization
2. Financial Planning and Budget Allocation: Resource Allocation and Long-term Planning
3. Leveraging Additional Financing: Attracting Investment and Funding Justification
4. Global Cooperation and Coordination: Benchmarking
5. Risk Management: Risk Assessment and Adaptation & Mitigation

Link between climate sustaining subsidies and climate related expenditures

- 1. Public Policy and Strategic Direction:** Subsidies are often used as a tool to align private and public sector actions with national climate strategies and targets
- 2. Direct Financial Support:** Subsidies directly contribute to expenditures by providing financial support and incentives to undertake specific projects or activities.
- 3. Budgetary Implications:** The allocation of subsidies impacts government budgets and, by extension, the amount available for direct climate expenditures. Effective subsidy management ensures that resources are used efficiently to maximize climate action outcomes.
- 4. Stimulating Private Sector Participation:** Subsidies can leverage private sector funds by reducing the financial risk and improving the profitability of green investments.
- 5. Market Transformation:** Subsidies can help shift market preferences towards low-carbon technologies and practices, thus influencing future climate expenditures.

Climate Finance vs. Climate Expenditure: The Link

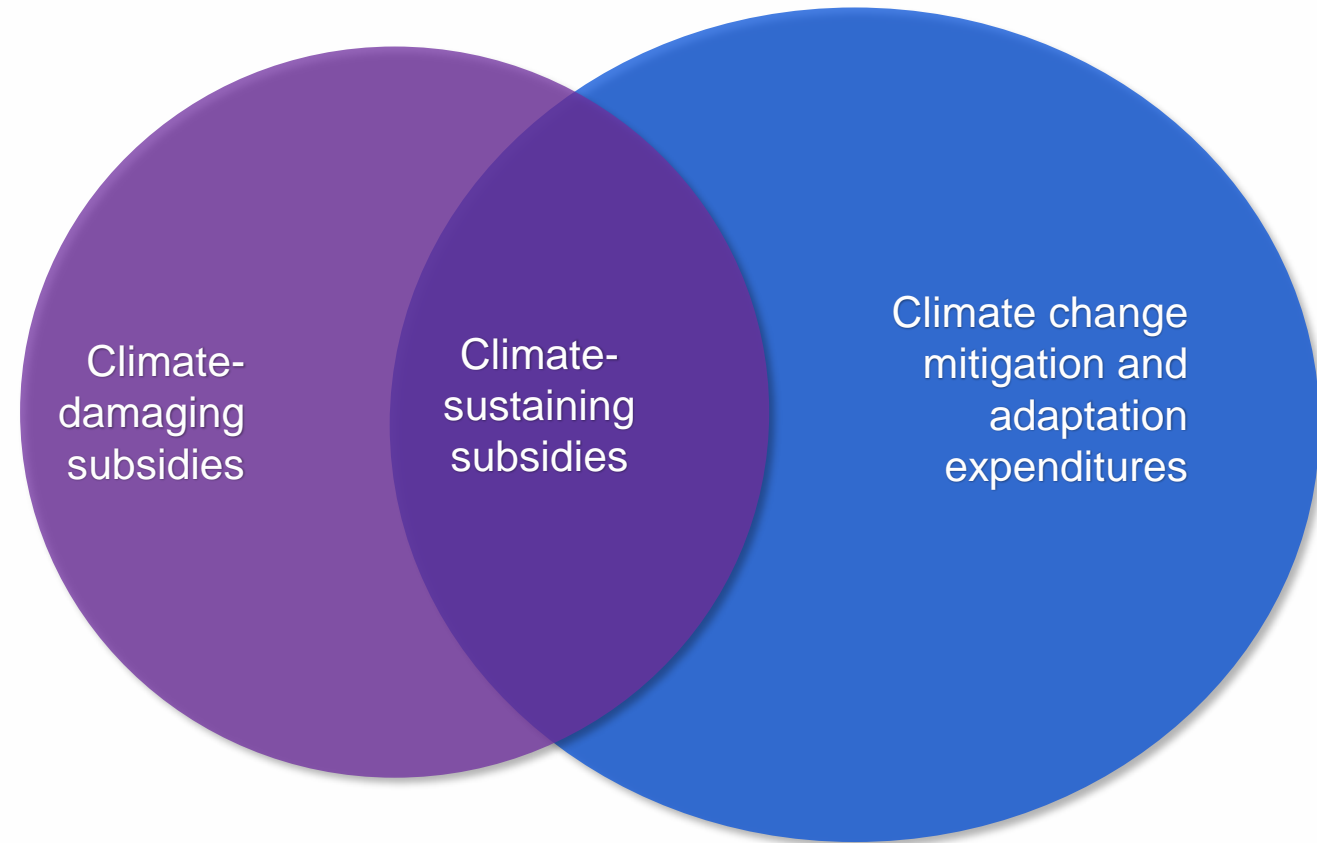
1. **Mechanism and Implementation:** Climate finance provides the funds, while climate expenditure is about using those funds effectively on projects.
2. **Strategic Alignment:** Ensuring funds are used in line with global and national climate goals.
3. **Accountability:** Clear linking of finance to expenditure helps track fund usage and assess project impacts.
4. **Leverage:** Demonstrating effective use of funds can attract more investment.
5. **Policy Support:** A good link supports strategic policy and planning, ensuring funds meet critical climate action needs.



OVERVIEW

Similarities and differences recommendations 6 & 7

- Rec 7 has a broader focus on expenditures across the whole economy, Rec 6 focuses on government;
- Climate-damaging subsidies not part of Rec 7;
- Potential differences in classifications used to disaggregate data



Targets for the recommendations

Target for Recommendation 6:

Develop and disseminate annual estimates of general government and central government climate-impacting subsidies **for 2015 onwards** in percent of GDP and in percent of government expenditure within **12 months** of the reference period.

Second-best Target

Develop and disseminate annual estimates of **central government** climate-impacting subsidies for 2020 onwards in percent of GDP and in percent of government expenditure **within 18 months** of the reference period.

Targets for the recommendations

Target 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.



Progress Since June 2023 DGI-3 Global Conference

Readiness of the G20 Economies to Address the Data Gaps

Recommendation	Readiness	Conceptual and Accounting Frameworks	Reporting Templates	Source data
DGI rec. 6 Climate-Impacting Government Subsidies	Low	No (In development based on 2008 SNA, Government Finance Statistics Manual 2014 (GFSM 2014), and the SEEA-CF)	No (In Development)*	<ul style="list-style-type: none"> • Government Subsidies by economic, functional and program categories
DGI rec 7. Climate Change Mitigation and Adaptation Expenditures	Low	<ul style="list-style-type: none"> • No (In development based on SEEA-CF, the GFSM 2014, the 2008 SNA and the Classification of Environmental Activities) • Review of COFOG under the UNSD initiative • Ad hoc taxonomy efforts by economies 	No	<ul style="list-style-type: none"> • Current and capital government and private expenditures by purpose • Environmental Goods and Services Account • SUTs / input-output tables with significant product detail

See [People. Planet. Economy. Third Phase of the G20 Data Gaps Initiative \(DGI-3\) First Progress Report](#)

DGI Progress Report: Implementation Status as of Sept 2023

Recommendation By number of economies	Data gap is closed	Data gap is being addressed	Data gap is not material for the economy	Data gap is not an immediate priority area for the national authorities, given available resources	Unable to assess at this time, further consultation with national stakeholders is required
DGI Rec 6: Climate-Impacting Government Subsidies	0	10	0	2	13
DGI Rec 7: Climate Change Mitigation and Adaptation Expenditures	0	9	0	3	13

List of economies: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Türkiye, United Kingdom, United States, European Union, Hong Kong, Netherlands, Singapore, Spain, Switzerland

See [People. Planet. Economy. Third Phase of the G20 Data Gaps Initiative \(DGI-3\) First Progress Report](#)

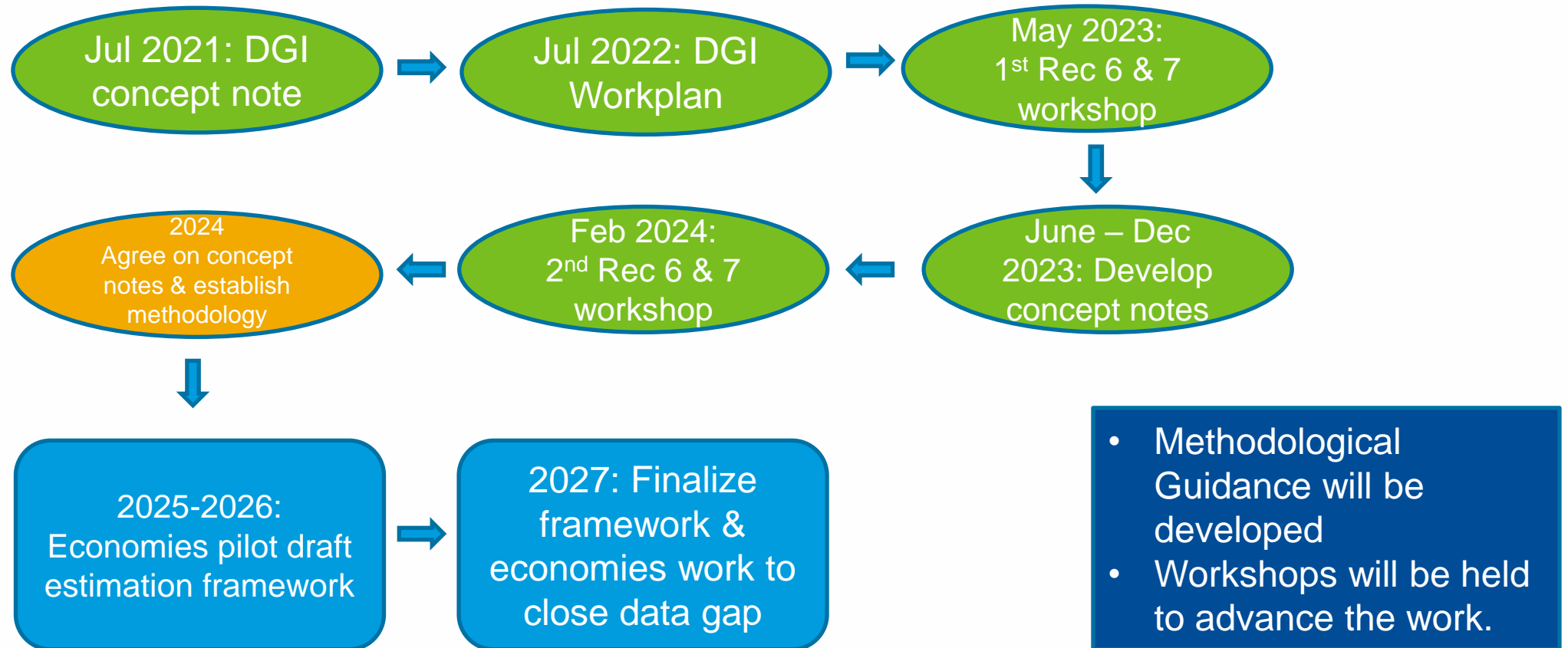
PROGRESS STATUS

- Oct 2023 - Jan. 2024: Concept notes on Rec. 6 & 7 developed and discussed by TT lead agencies.
- Feb 2024: 2-day Workshop, discussion of Rec 6 & 7 concept notes and country presentations
- April 2024: 1st meeting of Technical Working Group established to advance the proposed methodological framework based on concept notes
 - International Organizations: IMF (chair) UNSD, OECD, Eurostat, BIS, ECB, World Bank
 - Countries: Canada, Germany, Italy, Netherlands and Spain

Way forward

- **Methodological framework:** Refine concept notes 6 & 7.
- **Templates:** Development of reporting templates focusing on scope of indicators to include. Consultation with task team.
- **Testing:** Develop experimental estimates needed to populate the template.
- **Technical Notes:** Develop technical guidance, country case studies
- **Consultation:** Engage with relevant stakeholders, share lessons learnt.

TIMELINES





Thank you!