

G20

DATA GAPS INITIATIVE 3



Update on G20 Data Gaps Initiative III to NCA Forum

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7 August 2024

G20 DGI CONTEXT

- Data Gaps Initiative (DGI) launched in 2009 by the G20 Finance Ministers and Central Bank Governors Committee (FMCBGC) to close the policy-relevant data gaps identified following the global financial crisis
- Inter-Agency Group on Economic and Financial Statistics (IAG) established
 - BIS, ECB, Eurostat, IMF (chair), OECD, UN, WB, Financial Stability Board (selected topics)
- Three phases thus far:
 - DGI- I 2009 to 2015
 - DGI- II 2015 to 2021 – **rec 8 – institutional sector accounts – fully implement central SNA framework – key link to SEEA CF**
 - ❖ **financial focus within boundaries of central SNA framework – still leveraging on impetus after great financial crisis of 2007 - 2008**
 - DGI- III 2021 (2023) onward – expanded scope to include climate related statistics
 - ❖ includes 14 recommendations addressing four areas:
 - (i) **climate change (7)**;
 - (ii) **household distributional information (2)**;
 - (iii) **Fintech and financial inclusion (3)**;
 - (iv) **access to private sources of data and administrative data, and data sharing (2)**.

International Statistical System

G20 DGI II
Rec 8 lead
agency

International Monetary Fund (IMF)
World Bank (WB)

Organisation for Economic Co-operation and Development (OECD)
Bank for International Settlements (BIS)

UN (UNSC)

International Associations, Working Groups, Committees, Initiatives

National Agencies, Working Groups, Committees, Associations

Inter secretariat Working Group on National Accounts (ISWGNA)

Working Party on Financial Statistics (WPFS)
Conference on National Economic and Financial Accounts (CNEFA)
Working Party on National Accounts (WPNA)

Paris21
IFC

International statistical Institute

- International Association for Official Statistics (IAOS)
- International Society for Business and Industrial Statistics (ISBIS)
- International Association of Survey Statisticians (IASS)
- International Association for Statistical Computing (IASC)
- International Association for Statistical Education (IASE)
- The International Environmetrics Society (TIES)

Various

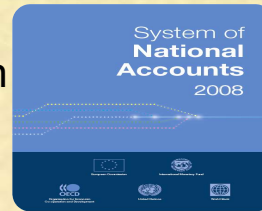
Stats SA and SARB Cooperation Committee (SSCC)

TC 1 to TC 5

Inter-Agency Group on Economic and Financial Statistics (IAG) - G20 Data Gaps Initiative (DGI) – I II III

Macroeconomic statistical domain framework

United Nations Statistical Commission
UN Statistics Division



Integrated Economic Accounts

Institutional Sector Accounts

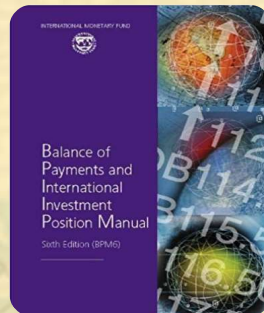
Labour Force Statistics

Price and Wage Statistics

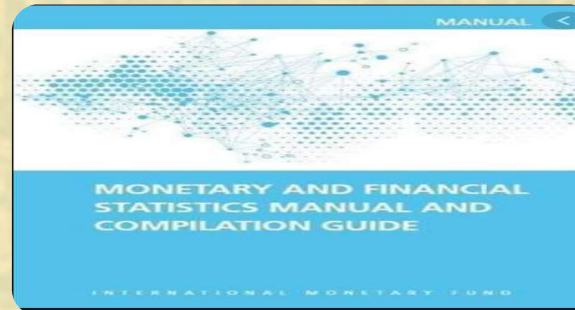
International Trade
Statistics

Other

External
accounts

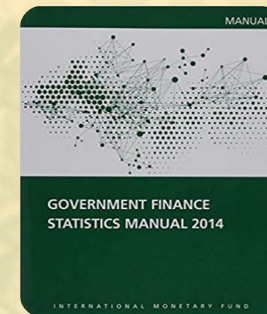


Monetary financial
corporations



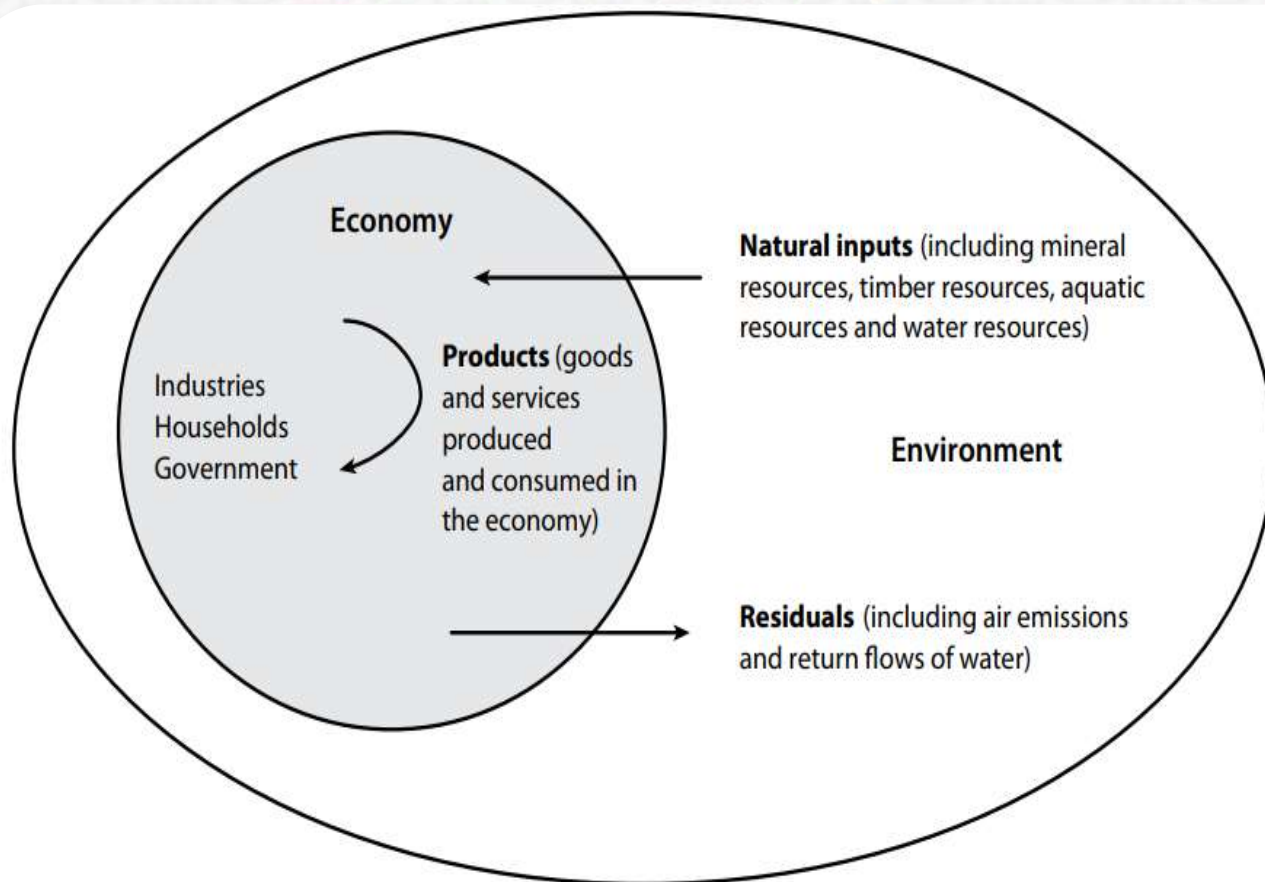
Non-monetary
financial
corporations

Government
Finance



Fundamental principles of Official Statistics

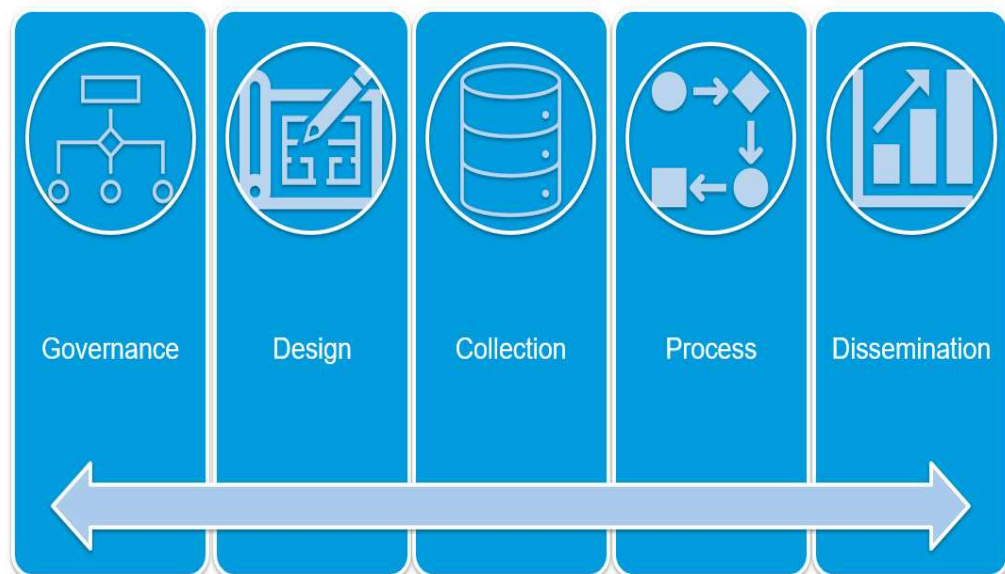
The environment within the macroeconomic statistical domain framework



- The System of National Accounts (SNA) is the overarching guiding manual on measurement of economic activities of an economy
- The SEEA CF builds on the structure of the SNA by incorporating environmental aspects into the economic accounts, allowing for a more comprehensive view of the interaction between the economy and the environment. While the SNA provides a detailed picture of economic transactions, the SEEA CF adds information about **environmental assets, resource use, and environmental impacts** and this integrated approach allows policymakers and researchers to understand the **trade-offs and synergies** between economic development and environmental sustainability

G20 DGI III – organization of activities

STATISTICAL VALUE CHAIN BASED ON **GENERIC STATISTICAL BUSINESS PROCESS MODEL** WITHIN FRAMEWORK OF OFFICIAL STATISTICS



Primary lead/owner : Assumes primary responsibility for the fulfilment of the recommendation according to agreed standards – only one per recommendation per economy

Secondary lead/s owners : Supports primary lead with respect to the fulfilment of the recommendation according to agreed standards – more than one per economy allowed

- **1. Governance** – Establishing task teams and engaging with related initiatives and stakeholders
- **2. Design** – Stocktaking exercises, producer / user consultations, establishing methodological frameworks, establishing compilation guidance, establishing report forms and developing tools (e.g., template data sharing agreements)
- **3. Collection** – National authorities collecting data from national data providers and international agencies collecting data from national authorities
- **4. Process** – Compiling estimates and sharing compilation practices
- **5. Disseminate** – Disseminating estimates on national and international dissemination platforms

Broad timeline and activity details

- Timeline:
 - Feb 2023 – April 2023 : Allocation of recommendations to agencies
 - April 2023 – June 2023 : Primary and secondary/alternative rec representatives incorporated into global task teams
 - 13 – 15 June 2023: G20 DGI III 1st global conference (regional meetings) (13 global conferences prior to G2- DGI III)
 - October 2023: **1st progress report to MFCBGC**
 - Assessment survey conducted and reported on
 - Current state of play per recommendation reported on
 - G20 economies' resource availability to address recommendations reported on
 - Oct 2023 – Jun 2024: Assessment of output required and development of data sourcing and statistics compilation infrastructure across recommendations
 - 11 – 13 June 2024: G20 DGI III 2nd global conference (regional meetings)
 - October 2024: **2nd progress report to MFCBGC**
- G20-DGI-3 SA task team organisation:
 - G20 DGI III RSA secretariat (housed at SARB Economic Statistics Department)
 - 11 task teams
 - 5 agencies in South Africa – SARB, Stats SA, NT, DFFE, DMRE
 - 14 primary recommendation leads/owners and 18 alternate recommendation leads/owners
- Considering joint SARB / NT steering committee for progress monitoring – bi-annually

Theme	G20 DGI III Recommendation	International task team	Primary lead	Secondary lead
 <u>1. Climate change</u>	1. Greenhouse Gas Emission Accounts and National Carbon Footprints	<i>Greenhouse Gas Emissions, Energy Accounts and Carbon Footprint Task Team</i>	Department of forestry, fishing and the environment (DFFE)	Stats SA
	2. Energy Accounts		Department of mineral resources and energy (DMRE)	Department of mineral resources and energy (DMRE) // Stats SA
	3. Carbon Footprint of FDI		SARB (ESD – Balance of Payments)	SARB (ESD – Balance of Payments)
	4. Green Debt and Equity Securities Financing	<i>Climate Finance Task Team (led by the existing Working Group on Securities Databases – WGSD)</i>	SARB (ESD – CMFFU)	SARB (ESD – CMFFU)
	5. Forward-Looking Physical and Transition Risk Indicators	<i>Physical and Transition Risk Indicators Task Team</i>	SARB (Prudential Authority)	SARB (Prudential Authority)
	6. Government Climate-Impacting Subsidies	<i>Climate Subsidies and Mitigation and Adaptation Expenditures Task Team</i>	National Treasury	National Treasury
	7. Climate Change Mitigation and Adaptation Current and Capital Expenditures		Department of forestry, fishing and the environment (DFFE)	Department of forestry, fishing and the environment (DFFE)
<u>2. Household distributional information</u>	8. Income, Consumption, and Saving Distribution	<i>Task Team under existing Organisation for Economic Co-operation and Development (OECD) Expert Group on Disparities in a National Accounts framework (EG DNA)</i>	STATS SA	SARB (ESD – NAU)
	9. Wealth Distribution	<i>New Task Team set up as Organisation for Economic Co-operation and Development (OECD) Expert Group on Distribution of Household Wealth</i>	SARB (ESD – IEA)	STATS SA
<u>3. Fintech and financial inclusion</u>	10. Fintech credit	<i>Workstream on Fintech Credit to be established by the FSB under the non-bank monitoring expert group (NMEG)</i>	SARB (ESD – MBU)	SARB (ESD – IEA)
	11. Digital money	<i>Digital money task team</i>	SARB (ESD – MBU)	SARB (ESD – IEA)
	12. Fintech-enabled Financial Inclusion	<i>Financial inclusion task team</i>	SARB (ESD – MBU)	SARB (ESD – MBU)
<u>4. Data sharing</u>	13. Access to Private and Administrative Data	<i>Data sharing task team</i>	SARB (ESD – DMU)	SARB (ESD – DMU)
	14. Data Access and Data Sharing, including the Possible Development of an International Microdata Standard	<i>Data exchange task team</i>	SARB (ESD – DMU)	SARB (ESD – DMU)

DGI REPORTING STRUCTURE AND RECOMMENDATION INTERRELATIONSHIP FOR THEME 1 : CLIMATE CHANGE

In June 2023, the International Sustainability Standards Board (ISSB) issued its first two IFRS Sustainability Disclosure Standards:

- **IFRS S1** : General Requirements for Disclosure of Sustainability-related Financial Information
- **IFRS S2** : Climate-related Disclosures

G20 FMCBGC

Housed at IMF

G20 DGI III secretariat (IMF)

1. Overall G20 DGI III administration and task team management
2. Annual Global conference
3. Annual progress report to FMCBGC

Housed at SARB: ESD

G20 DGI III RSA secretariat

1. Overall G20 DGI III South Africa administration
2. Annual Global conference administration
3. Annual progress report input for South Africa

Rec 1
Greenhouse Gas Emission Accounts and National Carbon Footprints

Rec 2
Energy Accounts

Rec 3
Carbon Footprint of FDI

Rec 4
Green Debt and Equity Securities Financing

Rec 5
Forward-Looking Physical and Transition Risk Indicators

Rec 6
Government Climate-Impacting Subsidies

Rec 7
Current and capital expenditures for Climate Change Mitigation and Adaptation

Greenhouse Gas Emissions, Energy Accounts and Carbon Footprint Task Team

Climate Finance Task Team (led by the existing Working Group on Securities Databases—WGSD)

Physical and Transition Risk Indicators Task Team

Climate Subsidies and Mitigation and Adaptation Expenditures Task Team

Proposal: RSA integrated task team between rec 1,2 and 3 representatives

Proposal: RSA integrated task team between rec 6 and 7 representatives

Recommendation 1: Greenhouse Gas (GHG) Emission Accounts and National Carbon Footprints

- GHG Emission Accounts: Framework to measure, track, and report the amount of greenhouse gases released into the atmosphere by various sources
- National Carbon Footprint: Total amount of greenhouse gases (GHGs) emitted by a country within its borders
- Primary representative: Jongi Witi (DFFE)
- Secondary representative: Riaan Grobler (Stats SA)
- Objective: *To generate global datasets for statistics on*
 - greenhouse gas emissions and
 - national carbon footprints for the G20 economies.
- Target: *Develop and disseminate **supply and use tables** (alternatively: symmetric input-output tables) for 2010 to (current year - 3)*
- Second-best Target: *Develop and disseminate **supply and use tables** (alternatively: symmetric input-output tables) for the **available periods** between 2010 to (current year - 4)*

Recommendation 2: Energy Accounts

- **Energy Accounts:** Detailed records of a country's energy production, consumption, and trade which provide a comprehensive overview of how energy is used and managed within a nation
- **Primary representative:** Ramaano Nembahe (DMRE)
- **Secondary representative:** Robert Kwinda (DMRE) Riaan Grobler (Stats SA)
- **Objective:** *To expand the availability of **comparable energy accounts** for the G20 economies.*
- **Target:** *Develop and disseminate **annual SEEA-CF based energy accounts** for 2015 to (current year - 2), expressed in terajoules which include:*
 - **natural energy inputs** (e.g. fossil energy production and renewable production such as hydro, wind, solar, biomass)
 - **energy products** (e.g., hard coal; brown coal and peat; crude oil; natural gas; naphtha; transport diesel; heating and other gasoil; residual fuel oil; nuclear fuel; wood and other biomass; electrical energy; and heat), and
 - **residuals** (e.g., losses during extraction, distribution, storage and transformation)
- **Second-best Target:** *Develop and disseminate **SEEA-CF based energy accounts** for 2018 to (current year - 3), for natural energy inputs, most of the energy products mentioned above, and residuals; for 2015 and from 2021 annually.*

Recommendation 1 and 2 : Progress

- **Key focus on 1) compilation of South Africa's first Air Emission Accounts; 2) update of South Africa's Energy Accounts** to address both the IMF G20 DGI II Rec 1 and Rec 2, as well as for the 3) **Implementation of South Africa's National Natural Capital Accounting Strategy** - DMRE (compile Energy Balances), DFFE (compile GHG Inventory) and Stats SA (compile SEEA accounts)
- April 2024 - Stats SA (Directorate: Environmental Economic Accounts) – commenced with **development of the draft compilation (system) for the physical energy flow accounts**, for time-series **2014 to 2021** - aim is to release the physical energy flow accounts as a discussion document in the Stats SA Natural Capital series by latest end March 2025.
- May 2024 - Stats SA (Directorate: Environmental Economic Accounts) **met with the IMF regarding the IMF Air Emission Accounts tool**.
- **Objective** - by December 2024 – South Africa would have a **first set of experimental Physical Energy Flow Accounts (PEFA) accounts** that can be used for broader stakeholder engagement and for setting up the mechanism for regular production of the accounts.
- May 2024 - Engagements regarding **implementation of the South African Statistical Quality Assessment Framework (SASQAF) for the GHG inventory data compiled by DFFE**, which acts as a quality assurance mechanism for the data (GHG Inventory) feeding into the Air Emissions Accounts.
- Key considerations:
 - **Human resources** - Stats SA (Directorate: Environmental – Economic Accounts) only have 2 staff members from 1 April 2024 to 31 March 2025, spread thinly between the 'low road' implementation of South Africa's National NCA Strategy.
 - Air Emissions Account for South Africa is currently still assessed as a **longer-term project**, expected to be released towards **Q4 of 2025/2026**.
 - The compilation of selected **carbon and GHG emission accounts (Air Emission Accounts)** is a 'high road' activity in the indicative implementation plan of South Africa's National NCA strategy - **'High road' activities are only possible with additional human and financial resources**.
 - The key risk remains the **fiscal challenge to implement South Africa's National NCA Strategy** as the lead organisation (Stats SA) has limited resources to compile and coordinate the development of various natural capital accounts.

Recommendation 3 : Carbon footprint of Foreign Direct Investment (FDI)

- Carbon footprint of FDI: Total greenhouse gas (GHG) emissions associated with investments made by companies or individuals in one country that are directed towards business operations or assets in another country
- Primary representative: Piet Swart (SARB)
- Secondary representative: Moleboheng Ntene (SARB)
- Objective: *FDI could be a channel to address climate change if foreign-controlled firms use less carbon-intensive technology than domestic producers, and could serve as a channel for the transfer of low-carbon technology across borders*
- Target: *Develop and disseminate annual FDI positions and flows data by economy consistent with BD4 and BPM6 and by industry consistent with BENCHMARK DEFINITION 4 (BD4) on FDI, as well as:*
 - *Develop and disseminate data on the activities of foreign-controlled firms in the reporting economy and on the overseas activities of MNEs.*
 - *Develop and disseminate imports and exports by enterprise characteristics differentiating exports and imports of goods (movement of goods basis) and services (change of ownership basis) by ownership.*
 - *Disseminate estimates of carbon emissions of MNEs by ownership.*
- Second-best Target: *Develop and disseminate annual FDI positions and flow data consistent with BPM6, with the option of reporting partial industry detail.*

Recommendation 3 : Progress

- January 2024: Attended workshop on Air Emission Accounts chaired by the IMF
- March 2024: Attended a one-day workshop on the Data Needs for Rec 3: Carbon Footprint of FDI also chaired by the IMF where the following points were discussed:
 - Data availability for G20 and participating economies
 - Existing data collections
 - Country experiences in compiling relevant statistics
- May 2024: Attended a one-day workshop on Physical Energy Flow Accounts related to Rec. 2.

The next steps involve the following:

- Stock-take on additional data available (Q2 2024)
- Agree on reporting templates/additional data collection (Q3 2024)
- Bilateral consultations (Q3 2024)
- Economies commence with statistics compilation (tentative Q2 2025)
- Lead agencies collect statistics (ongoing)
- Lead agencies develop methods to integrate statistics into global MRIO (Multi-Regional Input-Output) analysis and calculate carbon footprints (tentative Q4 2025)
- Lead agencies organize workshop to review estimates of carbon footprints (tentative Q3-Q4 2026)
- Dissemination of carbon footprint estimates (tentative start Q4 2026)

There are quite a few countries for which FDI transaction data by partner country are not available (including South Africa), which seems to be an important variable in Rec. 3 estimations.

Recommendation 4 : Climate Finance – green debt and equity securities

- **Climate finance:** Financial resources allocated to support activities and initiatives aimed at addressing climate change – including both mitigating the effects of climate change and adapting to its impacts - covers a range of financial instruments, mechanisms, and sources, and is crucial for achieving climate goals and transitioning to a low-carbon, climate-resilient economy.
- **Primary representative:** Helene Badenhorst
- **Secondary representative:** Nonhlanhla Mushanganyisi
- **Objective:** *Address data gap through the development of methodological guidance to produce more comparable **indicators of green financing** (as part of sustainable financing) via debt and, as much as possible, equity securities*
- **Target:** *Develop and disseminate estimates of issuances and holdings of green debt securities and listed shares, including analysing the feasibility to provide information related to GHG emissions footprints of the securities portfolios of financial institutions both for resident and cross-border counterparts, and to the BIS for public dissemination.*

Recommendation 4 : Progress

Progress since November 2023:

- **Self-commitments on green debt securities** were provided to the Working Group on Securities Databases (WGSD).
- Formal SARB **project registered** covering Rec 4 and additional issues.
- Specifications for unlisted debt securities issuance were compiled and time series created, and this will be added to both DGI-2 Rec 7 and Rec 4.
- Started to **receive holdings data** from some of the Central Securities Depository Participants (CSDPs) and will continue to work with the CSDPs to receive the data from all.
- Detail data on **debt securities issuance in international markets by residents** have been generated.
- Updated time series on **climate finance debt securities issuance**.
- SARB ESD HOD to presented on **climate finance securities statistics in South Africa at the G20 DGI-3 Global Conference** on 11-13 June 2024.

Recommendation 5 : Forward-looking physical and transitional risk indicators

- FL physical and transitional risk indicators: Tools and metrics used to anticipate and assess future risks associated with climate change - physical impacts and process of transitioning to a low-carbon economy
- Primary Representative: Christiaan Henning (SARB)
- Secondary Representatives: Sarah McPhail and Andile Thwala (SARB)
- Objective: *Develop forward-looking physical and transition risk indicators for the G20 economies to monitor the impact of climate change on the economy and the financial system.*
- Target: *Develop and disseminate climate change related forward-looking transition risk indicators with significant geographic/sectoral breakdowns (i.e. forward-looking indicators quantifying firms materially exposed to climate change related transition risks).*
- Second-best target: *Develop and disseminate climate change related forward-looking transition risk indicators with no or limited geographic/ sectoral breakdown.*

Recommendation 5 : Progress

- Key activities to date:

- **Launch meeting in June 2023** with aim to:
 - introduce G20 country representatives and representatives of international organisations who will take part in the work of this task team
 - gain information on any indicators currently in use or in development within G20 countries
 - highlight **workplan** and next steps for this task team
- Workshop - SARB participated in workshop
- Call for **steering group members** – SARB volunteered to be part of steering group.
- **Drafted concept note** for recommendation 5 which proposes a **flexible risk-based conceptual framework** for developing forward-looking physical and transition risk indicators.

- Next steps:

- Q1 2024 - **survey** was planned to seek feedback from G20 and participating economies on the **concept note** – this has not been received yet
- Drafting **methodology + reporting templates** – give inputs and review plans
- Workshop - still to be planned

- Key messages:

- **Good progress** has been made by certain organisations and jurisdictions which could support the work of this task team
- Data on **transition risk still lacking** especially in the case of smaller entities
- Level of **granularity very important** to do appropriate risk assessments
- **Consistency and comparability** remain the biggest challenge

Recommendation 6 : Government climate impacting subsidies

- Govt climate impacting subsidies: financial incentives or support provided by governments to influence climate-related behaviors, industries, or technologies
- Primary representative: Busi Mothlabedi (NT)
- Secondary representative: Hennie Swanepoel (NT)
- Objective: *To develop comparable indicators on climate-sustaining and climate-damaging government subsidies*
- Target: *Develop and disseminate annual estimates of general government and central government climate-impacting subsidies 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 in percent of GDP and in percent of government expenditure within 18 months of the reference period*
- Progress: *Concept note drafted and circulated to country representatives for feedback*

Recommendation 7 : Climate change mitigation and adaptation current and capital expenditures

- Aim of recommendation: Tracking and managing investments in climate change mitigation and adaptation strategies
- Primary representative: Tlou Ramaru (DFFE)
- Secondary representative: Jongi Witi (DFFE)
- Objective: *To develop first estimates of current and capital expenditures on domestic and national climate change mitigation and adaptation*
- Target: *Develop and disseminate estimates of climate mitigation current and capital expenditures and climate adaptation current and capital expenditures.*
- Second-best Target: *Develop and disseminate estimates of climate mitigation current and capital expenditures or climate adaptation current and capital expenditures*
- Progress: *Concept note drafted and circulated to country representatives for feedback*

Recommendation 6 and 7 – current status

Current status on rec 6 and 7

1. The latest version of the respective concept notes that was sent to countries for assessment and input
2. G20 global secretariat has constituted a Technical Working Group, to assess comments received from countries for their suitable incorporation
3. G20 global secretariat is working with the Technical Working Group and are likely to share a revised version of the concept note during Q4 of 2024
4. Past meeting of combined task team:
 1. May 30-31, 2023
 2. Feb 6-7, 2024.
 3. Next virtual meeting of the task team members to be conducted during Q4, 2024

G20

DATA GAPS INITIATIVE 3

PEOPLE
PLANET
ECONOMY