

SDG Indicator 12.c.1

Fossil Fuel Subsidies

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Background and justification

- Methodology relies on well established approaches which have been used by OECD, IEA, IMF and countries
- Straightforward methodology with four categories, two of which are recommended as core for SDG monitoring at the global level
- Methodology has been reviewed by an Expert Group and by the UN Committee on Environmental Economic Accounting.

Recommended monitoring

Subsidy category	Data availability	Complexity	Acceptance	Recommendation for SDGs	
				National	Global
Direct transfer of funds	++	++	++	Yes	Yes
Induced transfers (price support)	+	+	++	Yes	Yes
Tax expenditure, other revenue foregone, and under-pricing of goods and services	+	o	+	Yes, but optional	Yes, but optional
Transfer of risk	-	-	o	No	No
<p>++ (green) means "excellent" or "low degree of complexity" + (yellow) means "good" or "moderate degree of complexity" o (orange) means "neutral" - (red) means "poor" or "difficult"</p>					

Adoption process

- An expert group was established for 12.c.1. The group is led by UN Environment with support from OECD and the IISD Global Subsidies Initiative (GSI) and includes members from countries, international agencies and other experts. (See: <https://uneplive.unep.org/egm/fossilfuels>)
- Reviewed by the Committee on Environmental Economic Accounting.

Development and testing

- Methodology developed by UN Environment, OECD and IISD-GSI in consultation with countries.
- Pilot testing in Zambia, India and Egypt.
- Sharing of experiences with Expert Group members including from OECD and non-OECD countries.
- Methodology based on existing experiences and published methodologies.
- Conversion of various approaches applied to propose a comprehensive and inclusive methodology

Conclusions

- Methodology is based on experiences from countries and experts
 - Monitoring already captures the following:
 - Induced transfers: 192 countries
 - Direct transfer of funds: 43 countries have data (from OECD) and an additional 56 could use current budget reports to make some estimates
 - Tax revenue foregone: 43 countries have data (from OECD) and an additional 25 could use current budget reports to make some estimates
 - This indicator will continue to undergo methodological revision
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Thank you



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