

# OECD experience developing, monitoring and assisting with SDG 12.c.1

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The OECD's work and experience with data and indicators to measure progress and inform policy analysis have long been an international reference<sup>1</sup>. The 2030 Agenda for Sustainable Development was approved in 2015, setting 17 Sustainable Development Goals (SDGs) and 169 targets for the eradication of poverty and the achievement of sustainable development. When it comes to climate change monitoring, the integrated and horizontal nature of the Organisation for Economic Co-operation and Development's work on the environment and green growth makes for strong synergies with the Sustainable Development Goals (SDGs). Steered by member country policy needs, the OECD brings a deep understanding of the international policy environment surrounding climate change, and the interaction of climate science and policy, covering political issues ranging from negotiations on country commitments, to mobilisation of north-south climate finance, to emerging trade-climate nexus issues. In addition, the urgency of addressing climate change in a context where the COVID crisis spurs governments to "build back better" establishes the OECD as a critical player.

The OECD's work officially undertook the 2030 Agenda in December 2016, when the OECD Council adopted an SDG Action Plan that describes the Organisation's contributions to the SDGs and reaffirms the OECD's role as a leading source of expertise, data, good practices and standards in the relevant economic, social and

environmental policy areas. The OECD Action Plan<sup>2</sup> is mainstreamed across the Organisation's programme of work and monitored on a regular basis. Every year, the OECD Council dedicates one of its meetings to the 2030 Agenda and the SDGs, takes stock of recent developments and discusses main challenges for governments and opportunities for policy reforms.

Much of the OECD work on environmental information, indicators and reporting, and on performance assessments, is relevant to the SDGs and can be used to monitor and support progress in the implementation of the 2030 Agenda. Its long-standing experience with the development, production and use of environmental data and indicators, its interdisciplinary expertise in monitoring and evaluating environmental performance, and its knowledge of countries' environmental information systems allows synergies to emerge when ensuring consistency with internationally agreed statistical frameworks, statistical quality and policy relevance.

## Building a global database

Data for SDGs indicators is compiled from national official statistics where possible, prioritising existing reporting processes. Nevertheless, it is not always the case that national statistical offices have full capacity to deploy data and monitoring efforts, in particular in developing countries. Significant efforts in strengthening statistical capacities is necessary to implement the SDG indicator framework thoroughly. Given the OECD's longstanding expertise in measurement and reporting, it is well placed to aid countries in this process. So are many International Organisations,

<sup>1</sup> <https://www.oecd.org/env/cc/>

<sup>2</sup> <http://www.oecd.org/dac/OECD-action-plan-on-the-sustainable-development-goals-2016.pdf>

which is why communication and co-ordination is key to avoid duplication of efforts, ensure consistency of data and reduce the response burden on countries. International Organisations also have a role in providing harmonised methodologies, to bolster international comparability and produce data through transparent mechanisms.

This is illustrated for example by the collaboration between UN Environment and the OECD to measure and collect data on fossil-fuel subsidies. While UN Environment is the custodian agency for the SDG 12.c.1: “Amount of fossil fuel subsidies per unit of GDP (production and consumption)”, the OECD produces since almost a decade, an *Inventory of Support Measures for Fossil Fuels* facilitates. The OECD Inventory of Fossil Fuel Support database<sup>3</sup> identifies measures and quantifies public financial flows directed to the benefit of fossil fuel production and consumption. The data mainly come from official government documents and websites. They are disaggregated as comprehensively as possible by type of fuel, sector benefitted and transfer mechanism. Some support measures such as tax expenditures and transfer of risk can be statistically complex to quantify and data coverage and definitions vary a lot between countries. The OECD is constantly working in close cooperation with its member countries to harmonise data quality and comparability.

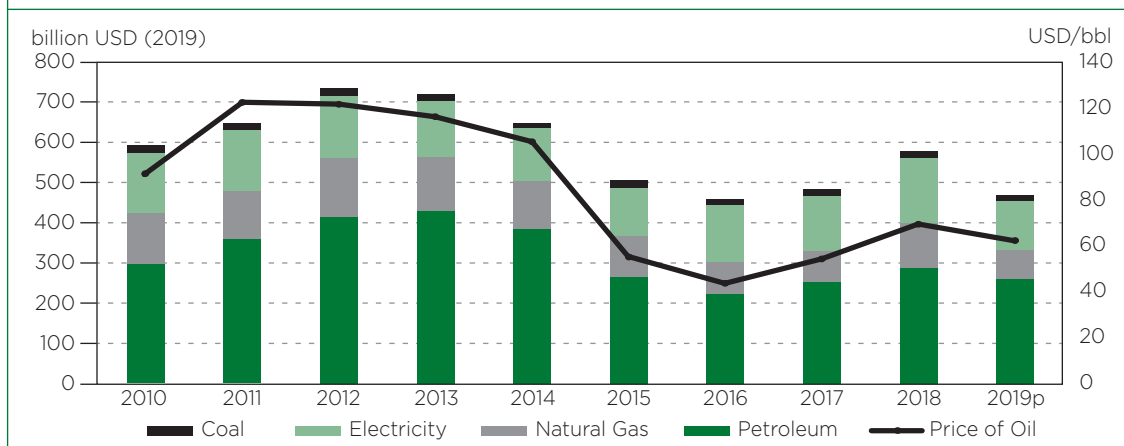
Collaboration between the two organisations started from the beginning: the methodology for SDG indicator 12.c.1<sup>4</sup> was developed jointly by the OECD, the International Institute for Sustainable Development and UN Environment. It follows the OECD Inventory approach in terms of measures covered, definitions and level of details needed to compile the indicator.

Furthermore, the OECD Inventory’s experience in collecting and analysing these data facilitates the work of UN Environment for countries covered in the *Inventory*. As reporting and monitoring capacity and budgetary data transparency differ across countries, the aim of UN Environment is to develop reporting capabilities, as countries learn to identify measures, gain familiarity with the reporting template and methodology, and become involved in knowledge sharing discussions. To support that work, the OECD has contributed to the development of the reporting template and has reach out to its member countries to ensure a harmonised and coordinated data collection process, to avoid proliferation of diverging data between OECD Inventory and SDG reporting and minimise data requests to country respondents. While countries covered in the OECD Inventory have more advanced reporting capabilities, challenges remain to en-

<sup>3</sup> <https://www.oecd.org/fossil-fuels/>

<sup>4</sup> <https://www.iisd.org/publications/measuring-fossil-fuel-subsidies-context-sustainable-development-goals>

**FIGURE 1.** OECD-IEA COMBINED ESTIMATES SHOW A 19% DECLINE IN OVERALL SUPPORT FROM 2018 LEVELS, DRIVEN BY THE IMPACT OF PLUNGING OIL PRICES ON END-USER SUBSIDIES



Source: OECD Inventory (2020), IEA Energy Subsidy data (2020).

sure national and international consistency of data, definitions and collection processes. Indeed, data on fossil fuel subsidies are produced by various national sources such as the Ministry of Finance, Tax Authorities or NSOs, leading to different estimates. As the OECD has a well established data collection process in place, it provides a solid basis to support countries' efforts to ensure a harmonised and coordinated reporting for all international data requests on fossil fuel subsidies, exploit synergies and avoid duplication of work (such as the OECD Inventory, the SDG reporting).

The OECD also support UN Environment capacity building programmes (targeting developing countries) and has participated in a training session targeting Latin American and Caribbean countries discussing the SDG 12.c.1 reporting methodology together with a demonstration of the data collection template. More regional training sessions are envisaged in the future.

### Methodological and statistical developments

Beyond the streamlined provision of data, the OECD's involvement with the 2030 Agenda includes methodological and statistical work, contributing to a harmonised indicator.

Beginning in the early 1990s, when the OECD first developed a common conceptual framework for environmental indicators, it periodically refines indicator definitions and calculation methods in areas of interest to the SDGs. It has developed harmonised guidance and methods for using data from earth observation (land, soil, air quality) and calculating related indicators, methods for estimating environmental accounts (material flows, air emissions) and related indicators, and of course, methods for measuring government support to fossil fuels.

As a recognised partner agency for SDG 12.c.1 –alongside the International Energy Agency and the International Monetary Fund– the OECD has been involved in methodological discussions on government support to fossil fuels together with UN Environment, and participated in the related technical advisory group. Together with the IISD's Global Subsidies Initiative, the OECD developed the SDG 12.c.1's

methodological framework for the collection, compilation and reporting of data to measure fossil-fuel subsidies. Peer-reviewed and endorsed by the UN Committee on Environmental Economic Accounts, this guide provides defines fossil fuel subsidies, provides basic concepts and classifications on the sub-components of fossil fuel subsidies, and establishes guidance on data compilation in countries. The London Group undertakes further developmental work, where countries are sharing experiences to find a method that can harmonise national measures and that gives a full picture of fossil-fuel subsidies and taxation.

The quality and cost-effectiveness of international co-ordination, joint work and sharing of experience are determinant in the success of monitoring global objectives and commitments. They help avoid the duplication of international efforts and country reporting, and enable the success of fund raising for joint international activities. They also play an important role in the OECD's credibility as an international provider of harmonised data and indicators and as a global standard setter on environmental information. This is important not only for the 2030 Agenda, but also for other commitments including the Addis Ababa Action Agenda on Financing for Development, the Paris Agreement and the post 2020 Biodiversity targets in which the OECD is actively involved.

The OECD will continue to team up with UN Environment and other International Organisations to avoid overlaps, harness synergies and ensure consistency between the respective programmes of work. ●

### Useful references

- OECD (2021). OECD Work on Support for Fossil Fuels. Available here: <https://www.oecd.org/fossil-fuels/>.
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