

Bert Kroese, Chief Statistician and Data Officer, and Director of the Statistics Department, IMF – Opening Remarks

Thank you, Renato. Deputy Governor Guillen, colleagues, good morning. It is my pleasure to welcome everyone to the 2nd Global Conference on the G20 DGI-3.

It is indeed fitting that the global conference is being hosted by the Central Bank of Brazil, under the progressive leadership of the Brazilian G20 Presidency. The mission of this G20 Presidency aligns well with our DGI-3 objectives.

The Presidency's focus on addressing hunger, social equity, and environmental sustainability resonates with our common objective to address data gaps related to climate change, income and wealth distribution, and financial innovation. We must also stress the importance of data sharing and data access to support these efforts.

Why is this important? The environmental, socio-economic, and digital landscape are evolving at an unprecedented pace. As we strive to address to these changes, we are often hindered by data gaps that obscure our understanding of both the problems and potential solutions. Therefore, accurate, and timely data are indispensable. They provide the foundation for evidence-based policy decisions, implementation, and monitoring.

This iteration of the data gaps initiative - DGI-3 - is different from the previous phases in two ways. First, the starting point for DGI-3 is more advanced. Conceptual frameworks exist for many of the recommendations, and some of the participating economies are already producing several of the targeted datasets. Second, much of the data developed under DGI-3 fall outside the policymakers' normal toolkit. For example, GHG emissions data, physical energy flows, and physical and transition risk indicators are not usually assessed when developing monetary and fiscal policies. So, as a result, we have the opportunity to accelerate the pace of addressing these data gaps and provide our policymakers with an enhanced toolkit on which to base the policies that will affect our lives in the long term.

However, this will demand our best efforts, a cross-fertilization of ideas, and strong commitment. It requires us to embrace the principles of innovation, courage, and progress. When I say courage I mean, we should be bold in our actions, creative in our

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solutions, and be open to learning from both our successes and our setbacks. We should not allow perfect to be the enemy of the good.

By bridging these data gaps, we can better respond to the challenges of inequality, climate change, and financial innovation, and design targeted policy interventions to promote sustainability, fairness, and opportunity for all.

As we engage in the discussions over the next three days, I encourage each of you to share your insights, and collaborate openly. I am positive that next year, this time, we will hear about the many success cases and contributions of this initiative to the G20 policy discussions.

Thank you again to Central Bank of Brazil for hosting this important conference. I am looking forward to these discussions. I am encouraged by the work already completed and look forward to discussing how we can work together to deliver insights for results across the G20 and beyond.

Kristalina Georgieva, Managing Director, IMF – (Recorded Opening Remarks)

Hello, and welcome to the G-20 Data Gaps Initiative Global Conference! And thank you to the Central Bank of Brazil for hosting.

Brazil's G-20 Presidency is focused on issues that matter in people's lives, such as environmental sustainability and fighting poverty.

But we can't make real progress if we don't understand what's really happening on the ground. Here are three ways this phase of this initiative can be transformative:

First, with a better understanding of greenhouse gas emissions and how energy is generated in each country, we can develop more effective climate mitigation policies.

Second, when we better understand distribution of income and wealth according to household income groups, we can make policies that more broadly share the benefits of economic growth.

And third, a more granular understanding of who's using digital money and fintech credit will allow policymakers to boost inclusion, while maintaining financial stability.

Anyone who doubts the transformative power of data need only look at what you've already accomplished:

Earlier phases of this initiative covered government spending and debt, and household incomes—improving the data, and making it more available to the public across the G-20.

As a result, when the pandemic struck, authorities could see immediately where the needs were and what resources they had—and they could act quickly to provide truly targeted support to those in need.

The data gaps initiative also proved helpful to managing the financial sector stresses of the pandemic era. Your earlier work strengthened financial soundness indicators, and improved our understanding of derivatives and securities.

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The result? Policymakers have been able to better identify systemic risks that arise from interconnected financial institutions, and to implement timely measures to preserve financial stability.

This is an exciting time to be a data geek! The world economy is growing more complex, giving us more areas to measure. And AI is growing by leaps and bounds, giving us more power to analyze the data we collect.

I am optimistic about our ability to solve the problems facing humanity, because of the work you do! I look forward to hearing about your progress.

Diogo Guillen, Deputy Governor, Banco Central do Brazil – (Keynote Speech)

Good morning, everyone.

Before I start, I would like to thank Bert, Jim and the colleagues from the IMF for helping us to organize this conference here in our central bank. For all of you here, it is my pleasure to welcome you in Brasilia. For three days, we will be here to exchange our experiences and our views as data producers on climate change, distributional data and financial innovation. The agenda of the conference will provide an excellent opportunity for us to learn from the knowledge being gathered worldwide on those very important subjects.

(Climate risks) The production of economic indicators related to climate change is a necessity that has become increasingly urgent. The impacts of climate on the economy are profound and wide-ranging. They can affect the production of goods and services, international trade, food supply and food prices, the distribution of income and wealth, the availability of savings, public spending, and financial stability. Monitoring the effects of climate change is necessary to neutralize its impacts, minimize losses, develop policies, and coordinate actions. It is essential that this monitoring and these policies are based on regular, timely, high-quality, and internationally comparable statistics. It is inevitable to bear in mind the increasingly frequent occurrence of serious climate events, the effects of which are difficult to assess in advance. Last month, the southern region of Brazil was severely affected by floods that reached record levels, with tragic consequences for the affected populations and for the country. The economic impacts, which are only beginning to be estimated, will involve planning, coordination, and implementation of reconstruction policies, as well as the containment of secondary effects. Events like this highlight the urgent need to adopt preventive actions that may contribute to, at least, slowing the progress of climate change, and, for such, reliable

and comparable statistics are necessary to monitor it. The increasing use of cleaner and more sustainable energy sources and production models must be encouraged.

Economic incentive mechanisms such as the carbon credit market and the issuance of green bonds are being used but they need to be increased. It is necessary to have data on this to properly set up such markets. Public policies aimed at mitigating and adapting to the effects of climate transition have been adopted and need to be carefully evaluated by using good quality data so that their effectiveness is maximized. Knowing the extent of all these efforts is important to allow for correctly evaluating their progress and the resulting benefits, as well as to make them pervasive. Several international initiatives have addressed these issues and Brazil has actively participated and contributed to these efforts. We must, therefore, highlight the importance of including the topic of climate change as one of the pillars of the Phase 3 of the Data Gaps Initiative, which, in this way, recognizes the important role that we, as data producers, must play in this context.

(Financial innovations) Another pillar of Phase 3 of the Data Gaps Initiative highlights innovations in the financial system, such as the upsurge of fintechs and digital currencies. These innovations have an enormous potential to generate far-reaching benefits for all segments of the population, particularly with regard to financial inclusion. The Central Bank of Brazil has dedicated special attention to this topic, proposing an expressive and successful innovation agenda. We believe that we are facing a unique opportunity to develop new technologically and institutionally advanced systems, which can contribute to reducing transaction costs and, in this way, to improve financial inclusion. Data is a key element for evaluating how far and how deep innovations are impacting the economy and the ways people relate to the financial system. How much credit and how much financial inclusion is really being created by fintechs? How many people gained access to financial services because of financial innovations? What is the amount of cryptocurrencies being used as a means of payment? And for what purpose?

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Discussions in international forums on digital currencies are essential and, in this sense, the inclusion of this topic among the recommendations of the Data Gaps initiative is very welcome. The BCB has collaborated with international organizations such as the BIS, the IMF and the World Bank, supporting coordination initiatives to improve international transfer mechanisms and the integration between central bank payment systems. In the domestic scenario, the development of an effective instant payments solutions (PIX) and, more recently, of the digital currency (Drex) are among the main components of the BCB's agenda, whose success has been recognized internationally. Instant payments at no cost for people, combined with the advent of fintechs, have led to a massive increase in the access to financial services, with concrete benefits for the society, but especially for workers in lower income brackets and small entrepreneurs, which can thus competitively offer services and products on previously unattainable scales. The digital currency being developed by the BCB will make it possible to carry out secure financial transactions with digital assets, facilitating day-to-day activities of companies and households with the use of smart contracts and safer and more predictable business models.

(Distributional data) The world has seen, in this century, a significant increase in the concentration of income and wealth at the top of the distribution levels. Sustainable economic growth and financial stability cannot be achieved in a sustainable manner while important portions of the population remain excluded from the benefits achieved. This topic requires urgent action and demands greater attention, in particular, from researchers and economic policy makers. The availability of comprehensive, detailed and internationally comparable statistics is essential for the success of actions aimed at income distribution. It is, therefore, important that an initiative of great global relevance, such as the DGI, has the production and dissemination of more and better distributional statistics as one of its pillars.

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Finally, I would like to take this opportunity to express our recognition of the significant legacy of DGI, the importance of the results already achieved and also the relevance of the work being developed in its current phase. The general objectives of eliminating data gaps in the main sets of macroeconomic statistics, supporting the production of data for policy formulation and identifying needs that have arisen in the current scenario of rapid and complex transformations have been fully achieved. It is worth mentioning that the Data Gaps Initiative directly contributed to a significant advance in the production of statistics within Brazil and the BCB. The growing perception of the need to develop new statistics and improve existing ones resulted, among other actions, in the creation of our Department of Statistics, whose activities were previously carried out in another unit, in which they shared space and attention with other attributions. Especially since then, efforts have been better directed towards improving statistical production, which was definitely understood as one of the fundamental activities of a central bank.

The dissemination of high-quality official statistics, aligned with best practices and the best international methodological standards, has brought far-reaching benefits to our society, to economic analysts, national and foreign researchers and, of course, to the BCB itself, providing high-quality data to support its monetary policy decisions and to maintain financial stability. The quality of the statistics produced here – and here I am referring not only to the BCB but also to the Brazilian Institute of Geography and Statistics (IBGE) and the National Treasury Secretariat (STN) – was well confirmed in 2019 with Brazil's access to SDDS Plus, the IMF's highest standard of statistical dissemination.

It is in this context that we are happy to have the privilege of hosting the conference that begins today. I would like to thank the IMF and all participant economies for this excellent opportunity, on behalf of the BCB and also, if you allow me, on behalf of IBGE,

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STN and the Ministry of Science, Technology and Innovation, the Brazilian institutions participating in the DGI. May we all have an excellent conference.

Thank you very much.