



Thirty-Seventh Meeting of the IMF Committee on Balance of Payments Statistics

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For discussion

B.6 Sustainable Finance: Integrating Measures of Climate Change Risk into External Sector Statistics: Outcomes of Global Consultation

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The global consultation reveals overwhelming support for integrating the measures of climate change risk into external sector statistics (ESS) through an updateable appendix in the seventh edition of the Balance of Payments and International Investment Position Manual (BPM7). The proposal to initially include indicators of detailed geographical and industrial sector breakdowns of direct investment as well as an “of which” category to identify green bonds in the balance of payments/international investment position was widely accepted. More work was requested on other proposed indicators. A summary of key challenges preventing the respondents from disseminating the requested data is provided in Appendix I.

This Guidance Note (GN) is proposed to be considered by the Committee for final decision.

- 1. The global consultation² reveals the vast majority (more than 90 percent) of respondents agree with the inclusion of an updatable appendix on climate change indicators to the *BPM7*.** Those in favor cited the importance of the topic and its possible implications for financial stability. Those that were against it suggested (i) more work on definitions and specific indicators before including it in the *BPM7* and (ii) a specialized dataset for sustainable finance rather than including it in *BPM7*. Some respondents highlighted the need for alignment and coordination with other statistical domains and international initiatives.
- 2. Most of the respondents agreed with the proposed voluntary information suggested in the Guidance Note (GN) (e.g., green bonds and direct investment) for the appendix.** Much stress was laid on the need for a clear set of definitions and taxonomy, particularly on green bonds. For the green bonds, the most prominent challenge that prevents the respondents from disseminating the data is the lack of data sources followed by lack of clear definitions; respondent burden was also highlighted as an issue by a significant number of respondents. Some respondents highlighted the challenges related to the identification of the physical location of direct investment, which makes it difficult for the geographical dimension to be captured. Some raised increasing levels of confidentiality concerns with added granularity. For direct investment, lack of data sources and respondent burden are highlighted as key challenges, followed by confidentiality concerns.
- 3. While most of the respondents agreed with the relevance of the other indicators proposed to be included in the proposed appendix,** namely, the CO₂ emissions permits, waste treatment and depollution, and Insurance losses, some indicated that more work needs to be done to improve the understanding on these topics. Regarding the insurance losses, several respondents highlighted the challenges in distinguishing the climate change related implications on insurance losses from others. For all three proposed indicators, lack of data sources was highlighted as the key challenge that prevents respondents from disseminating the data followed by the respondent burden.
- 4. Some respondents also suggested other indicators to be considered for inclusion in the appendix.** These include premiums charged by reinsurers, taxes paid by industrial operators in

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² Thirty-nine responses were received.

connection with pollution generated by their activities, the volume of polluting imports or exports, trade in relevant products, crypto-assets, carbon-based tariffs, and green loans.

Appendix I. Key Challenges Indicated by the Respondents that Prevent Them from Disseminating the Requested Data

