

Guidance note C4

secondary purposes

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SEEA CF Technical committee, 17-21 November 2025

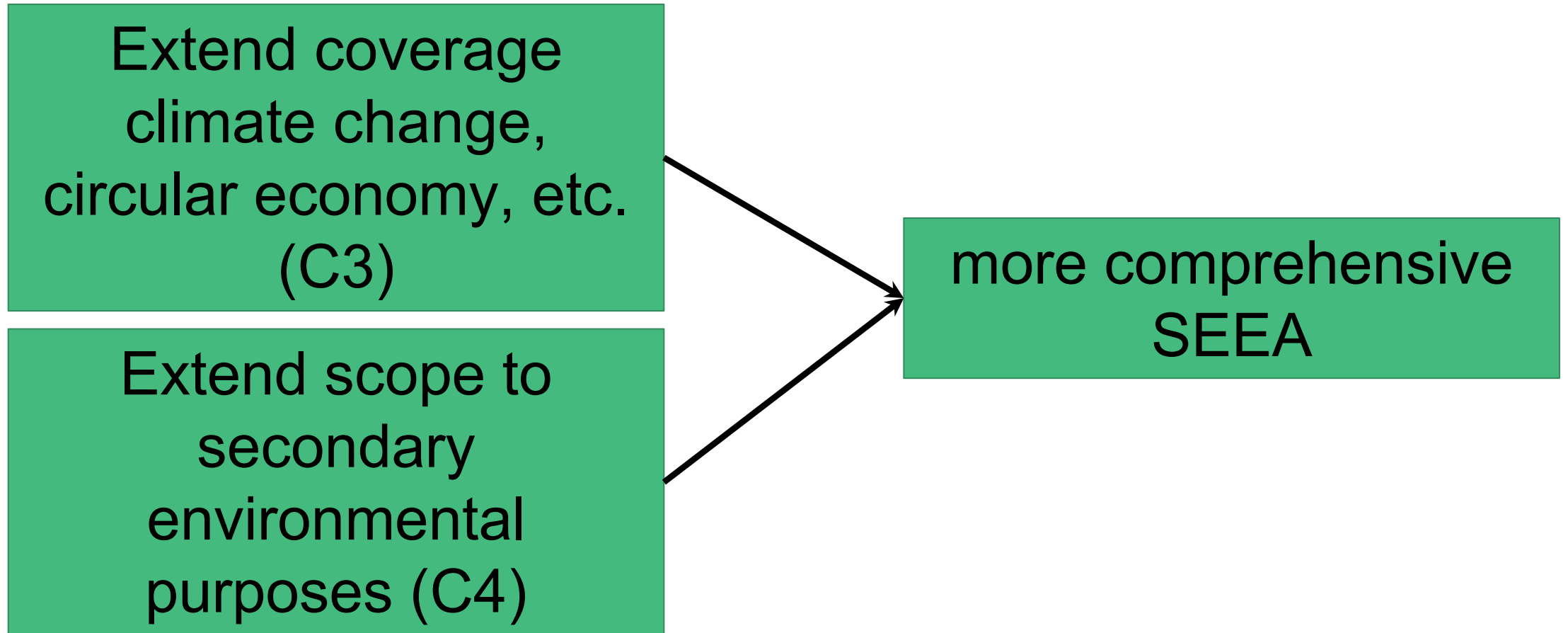
Context: environmental purpose in SEEA CF

‘Environmental purpose’:

- determines the scope by establishing the boundaries of environmental activities, and;
- basis to classify items within this scope, namely: environmental activities, environmental products and environmental expenditures.

Although, the SEEA-CF 2012 acknowledges the importance of transactions other than those with a primary environmental purpose, it does not consider the concept of secondary environmental purposes explicitly.

Context for SEEA CF review



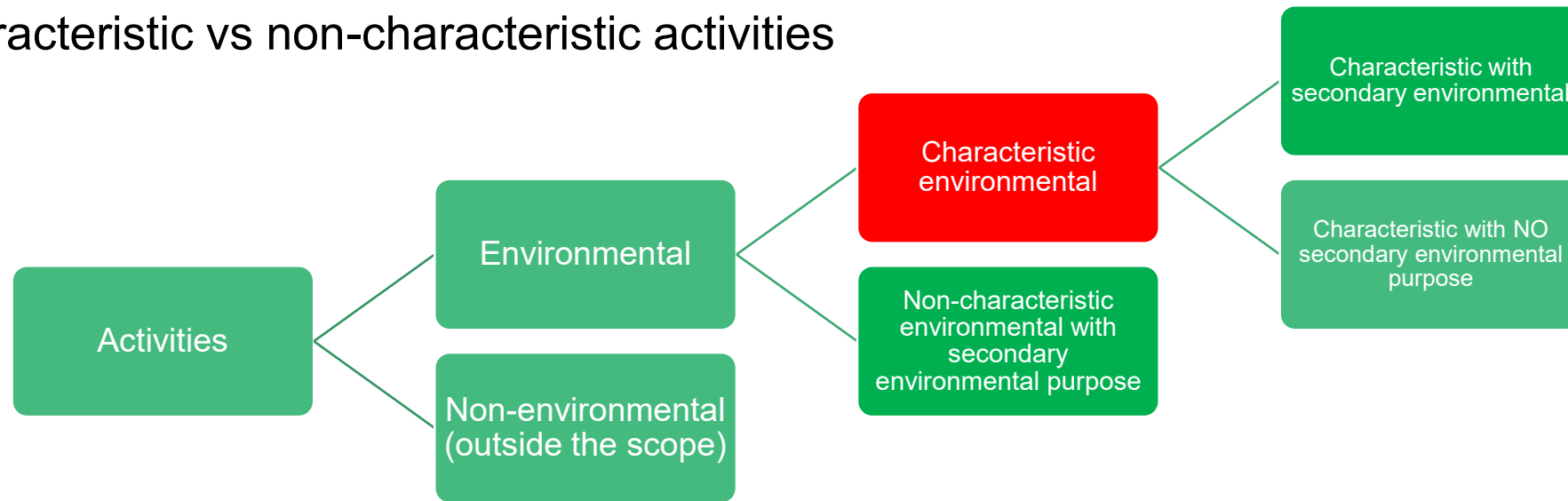
Introduce a more complex approach recognising secondary purposes while maintaining the coherence and principles of SEEA CF

Main features GN C4

1. Definitions of 'purpose', 'primary purpose' and 'secondary purpose'
2. Application to environmental activities, environmental products and environmental expenditures
 - Terminology characteristic and non-characteristic activities
 - Indivisible secondary activities
3. Criteria for application criterion 'environmental purpose'
4. Operationalisation with lists of activities and products
5. Relation with Classification of environmental purposes
6. Framework for recording and valuation
7. Considerations about integration with extensions climate change, COFOG, etc.

Definitions of purpose and guidance for application

- GN C4 proposes definitions of purpose, primary purpose and secondary purpose
 - Secondary purpose “the additional or complementary purpose behind the realisation of an economic or environmental activity, product, expenditure or transaction”.
- Application to environmental *activities*, environmental *products* and environmental *expenditures*
- Characteristic vs non-characteristic activities



Criteria and operationalisation of purpose

- GN C4 clarifies criteria to determine whether there is an ‘environmental purpose’ or not
 - Purpose based on ***technical nature***,
 - Purpose based on *intention, motivation or presumed effect*,
 - Purpose laid down in *legislation*,
 - Purpose identified indirectly through *the real effect*.
- Operationalisation with lists of activities and products
 - Separate lists for primary and secondary purposes. Not for SEEA CF handbook
 - Lists linked to statistical classifications to facilitate processing of data sources, e.g. ISIC with associated environmental “technical nature” (lists also in C3)
 - Restrict secondary purpose to a list of “activities” – based on technical nature
- Indivisible secondary activities
 - Case 1: Secondary purpose can be disentangled from the primary purpose
 - Case 2: Secondary additional purpose indivisible from the primary purpose

Relation with Clasification of environmental activities

- The CEP has, by design, the same system boundary as the SEEA-CF 2012, which in turn is based on the primary environmental purpose
- However the same CEP categories are valid for primary and secondary purposes
 - No need of extra categories for secondary purpose
- CEP explanatory notes are OK but more focused on cases with primary purpose
- Instead coverage of other extensions (CCM, CE, etc.) will likely need additional CEP categories
 - addressed in GN C3

Recording and valuation

General principles:

- Record separately transactions with primary and secondary purposes
 - Expected to have different size, focus and quality of estimates
- Use the same CEP categories
- Use same/different valuation at full costs/extra costs (see next slides)





Recording framework whenever only using primary purpose

	Primary purpose				
	CEP				
	1	2	3	4	
Expenditure 1	10				
Expenditure 2		10			
Expenditure 3			10		
Expenditure 4	10				
Expenditure 5					
Expenditure 6					
			total		40

Introducing recoding of secondary purposes: Case 1

	Primary purpose					Secondary purpose						
	CEP					CEP						
	1	2	3	4		1	2	3	4			
Expenditure 1	10											
Expenditure 2		10										
Expenditure 3			10						10			
Expenditure 4	10							10	10			
Expenditure 5						10		10				
Expenditure 6							10					
			total		40			total		30	Big total	70

Full costs

Introducing recoding of secondary purposes: Case 2

	Primary purpose					Secondary purpose						
	CEP					CEP						
	1	2	3	4		1	2	3	4			
Expenditure 1	10											
Expenditure 2		10										
Expenditure 3			7									
Expenditure 4	6							3	1			
Expenditure 5						2		8				
Expenditure 6							10					
			total		33			total		27	Big total	60

Extra costs

Other considerations

Identify secondary purpose through tagging or expanded classifications

Integration with extensions climate change mitigation, etc. Expand CEP's idea of Policy Areas?

CEP	Expenditure 1 (eg. Biodiversity)	Expenditure 2 (Climate Change)	Expenditure 3 (eg. Circular Economy)	Expenditure 4 (Sustainable management)	Expenditure 4 (No environmental)	Expenditure 4 (Non-environmental)
<i>Primary</i>						
1	10					
2		10				
3			10			
4				10		
<i>Total Primary</i>	10	10	10	10	0	0
<i>Secondary</i>						
1					10	
2						10
3				10	10	
4			10	10		
<i>Total Secondary</i>	0	0	10	20	20	10
<i>Total</i>	10	10	20	30	20	10

Links with COFOG

Questions for technical committee:

1. Do you agree with the guidance about 'technical nature'?
2. Do you agree operationalisation of purpose with lists of environmental activities and products?
3. Do you agree terminology 'characteristic' and 'non-characteristic'?
4. Which recording and valuation out the 2 proposed? Or both?
5. Any comment about considerations on CEP categories and explanatory notes?

Thank you!



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