Evaluation Criteria for the International Family of Economic and Social Classifications

Classification of Environmental Purposes (CEP)

The following table outlines the criteria of the Classification of Environmental Purposes to be considered a member of the International Family of Economic and Social Statistical Classifications.

Criterion	Does CEP satisfy the criterion? Y/N	Requirements/ Mandatory or Discretionary	Evaluation
Custodian of the classification	Yes	There must be a custodian. **Mandatory i.e., must be Yes**	The custodian is Eurostat.
Primary use of the classification	Yes	The use of the classification in statistical and non-statistical environments should be documented. **Discretionary i.e., can be Yes or No**	The Classification of Environmental Purposes (CEP) is used to classify data according to the System of Environmental-Economic Accounting Central Framework (SEEA CF). CEP is a generic, functional classification of economic activities products and expenditures and other transactions related to environmental protection and management of natural resources. Relevant policy areas include climate change mitigation, biodiversity, environmental protection, and resource management.
Conceptual basis	Yes	The major concepts used to develop the classification must be clearly defined and documented. **Mandatory i.e., must be Yes**	The conceptual basis for CEP is derived from SEEA CF. CEP defines environmental activities in the same way as SEEA CF Chapter IV which pertains to economic transactions related to the environment, i.e., the chapter about economic activity, products, and expenditures. CEP classifies environmental economic activities and related transactions by economic operators. The principal basis for determining the environmental purpose of an activity or product is its **technical nature**. Technical nature is a neutral approach that considers whether an economic activity or product reduces pressure on the environment or makes more efficient use of natural resources. Technical nature is best discerned by evaluating inputs, production processes and output, irrespective of legislation or revealed intentions of the economic actors.
Scope of the classification	Yes	The scope of the classification must be clearly documented.	The introduction and explanatory notes clearly describe the scope of CEP. CEP has the same scope as the environmental activities and related transactions in the SEEA CF.

CEP also aligns with changes agreed to in the scope of SEEA CF (in 2021), namely the inclusion of non-characteristic activities. |

		Mandatory i.e., must be Yes	CEP is not used to classify natural resources or the economic contributions of ecosystems, which are outside the scope of the SNA production boundary and therefore outside the scope of CEP.
Statistical Unit	Yes	The statistical units for the primary application of theclassification must be clearly identified. **Mandatory i.e., must be Yes**	The statistical units for CEP are the same as the economic units in SEEA CF and SNA, i.e., corporations, government and NPISH, and households that make decisions about production, consumption, and accumulation of goods and services. The statistical unit varies by how CEP is being used. When CEP is used to: • classify **activities**, the statistical units are typically enterprises, which corresponds to institutional units in SEEA CF. • classify environmental **products**, the statistical unit is the actor that produces, consumes, or invests in them, i.e., corporate, government, and households. • classify **expenditures**, the statistical units are the institutional units engaged in expenditure.
Classification levels	Yes	The number of levels should be documented. **Discretionary i.e., can be Yes or No**	The introduction documents the coding structure. CEP consists of three hierarchical levels and allows for additional levels for national use. • Level 1: (first two digits): These are the CEP divisions. CEP divisions 01 to 08 are also called (environmental) domains. • Level 2 (the third and fourth digits): These are the CEP groups. This level corresponds to two types of SEEA environmental activities and maximizes concordance with CEPA and CreMA to preserve time series as much as possible. • Level 3 (the fifth and sixth digits): These are the CEP classes. This level offers more granularity with respect to the activities, products, and expenditures being classified. The coding structure allows flexibility for growth and subsequent revisions without the need to reuse codes when content changes.
Classification categories	Yes	The classification categories must be precise andaccurate, and mutually exclusive. **Mandatory i.e., must be Yes**	The categories are defined for precise and mutually exclusive classification. However, some classification determinations will require interpretation of available data and may involve a degree of uncertainty; for example, when an activity, product, or expenditures crosses multiple purposes. The explanatory notes helpfully anticipate potential borderline cases and offer extensive examples of inclusions and exclusions. Division 08 is limited to indivisible actions, e.g., training covering all environmental issues, or when information is insufficient to classify elsewhere.

Format of Classification codes	Yes	The code structure of the classification must be easyto understand. **Discretionary i.e., can be Yes or No**	The format of the classification codes is six numeric digits and therefore, easy to understand.
Statistical Balance	Yes	The classification should be statistically balanced. **Discretionary i.e., can be Yes or No**	CEP is statistically balanced. The divisions and groups align with definitions recognized in other contexts (e.g., SEEA CF, CEPA, CReMA). Residual classes are offered throughout the structure. Research and development is aggregated in its own division because of the policy interest in R&D generally.
Consultation process	Yes	There should be full consultation with national usersand national statistical offices **Discretionary i.e., can be Yes or No**	A global consultation was launched in November 2022 and ended in February 2023. Respondents were provided with an introduction, draft structure, explanatory notes, and three question prompts. Fifty-two responses were received from countries, international organizations, and independent experts. Eurostat also involved the UN London Group of experts on environmental accounting and the UN Committee of Experts of Environmental Economic Accounting (UNCEEA) in the development of CEP. *Note: At the time of the global consultation this classification was referred to as the* Classification of Environmental Functions*. The new name,* Classification of Environmental Purposes, *was adopted after the consultation.*
Testing of the classification	No	The classification has been widely tested by users for suitability **Discretionary i.e., can be Yes or No**	No widespread user testing has been done. However, Eurostat drew upon over a decade of data collection experience of its member countries using CEPA and CReMA in developing CEP.
Concordances	Yes	There must be correspondences between old and new versions, and related reference classifications **Mandatory i.e., must be Yes**	Annex 1 provides a concordance with the antecedents of CEP, CReMA and CEPA, mostly at the group level. As a new classification, CEP does not concord with a previous version of itself. Classification of Environmental Protection Activities (CEPA 2000) Classification of Resource Management Activities (CReMA 2008)
Implementation Plan	Yes	A clear and timetabled implementation plan isrequired **Mandatory i.e., must be Yes**	Eurostat seeks to implement CEP in the European environmental accounts, replacing the classifications CEPA and CReMA. These accounts are mandated by regulation in the European Union. An amendment of this regulation is necessary in the European Union to adopt CEP. This will take 2 or 3 years for the legal procedure and implementation. No global implementation yet exists but the UNCEISC could consider this in the future.

Maintenance Schedule	No	There should be a documented maintenance strategy **Discretionary i.e., can be Yes or No**	Implementation in the European Union will take several years, so a maintenance strategy has not yet been developed. However, lessons learned from the European implementation will provide experience that can be used to revisit the performance of this initial version of CEP, especially regarding: • Application of one classification to environmental activities, products and expenditures • Aggregations for policy areas • Relations with other international statistical classifications
Dissemination	No	Guides, tools and other supporting material shouldbe available for users. **Discretionary i.e., can be Yes or No**	Guides, tools, and other supporting material will be available for users following adoption as an international standard by the UN Statistical Commission.