

Environmental Subsidies and Similar Transfers Account

Technical Project

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1 Introduction

In recent years, the INE (National Statistics Institute) has implemented seven new environmental accounts: emissions to the atmosphere, material flows, environmental taxes, waste, environmental protection expenditure, energy, and environmental goods and services.

These accounts represent a complement to the traditional statistics that the INE has been conducting in the environmental field for many years, in terms of waste generation and treatment, water, and environmental protection expenditure.

These statistics and accounts provide a comprehensive set of key environmental indicators that are highly useful for users and support decision-making on matters of the environmental transition at a national and European level.

However, there is a demand for more information to complement these environmental statistics. In particular, the abstract of *2025-2028 National Statistical Plan* states that "preparatory work should be conducted for the upcoming environmental accounts to be regulated in the near future in the ESS, such as the Forest Resource Accounts, the Environmental Subsidies Accounts and the Ecosystems Accounts". In addition, Regulation (EU) 2024/3024 of the European Parliament and of the Council, which amends Regulation (EU) 691/2011 of the European Parliament and of the Council with regard to the introduction of new modules in the environmental economic accounts, was adopted on 27 November 2024, thus regulating the compilation of the Environmental Subsidies and Similar Transfers Account.

In order to contribute to achieving the above objectives, this technical project on the Environmental Subsidies and Similar Transfers Account aimed at protecting the environment and reducing the use and extraction of natural resources is presented.

Like the rest of the environmental accounts currently produced, the account presented here uses the same concepts and definitions as the central framework of the national accounts¹ in accordance with the European regulation mentioned above.

2 International and European Context

In a context of achieving climate neutrality and reducing the ecological footprint, the European Union has designed policies such as the European Green Pact and associated components such as the EU Energy Strategy. At the global level, the main focus of action is the Sustainable Development Goals.

2.1 EUROPEAN GREEN DEAL

Beyond the proposals and results of the Paris Agreement, adopted in December 2015, the European Commission presented the European Green Deal in 2019². Here are some key points:

¹ Regulation 549/2013 of the European Parliament and of the Council on national and regional economic accounts (ESA Regulation 2010)

² https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_es

- A higher level of EU climate ambition for 2030 and 2050.
- Provision of clean, affordable, and secure energy.
- Efficient use of energy and resources in building and renovation.
- Accelerating the transition to sustainable and smart mobility.
- Aspiring to zero pollution for a toxic-free environment.

The 8th Environment Action Programme¹ (the 8th EAP) builds on the objectives of the European Green Pact to achieve a climate-neutral, resource-efficient, non-toxic, resilient and competitive circular economy in a fair and inclusive manner. The programme is also fundamental to achieving climate and environmental objectives within the framework of the United Nations 2030 Agenda, its Sustainable Development Goals (SDGs), and multilateral environmental and climate agreements.

The definition of the Environmental Subsidies and Similar Transfers Account itself includes the measures to support expenditure and investments linked to these initiatives.

2.2 ENERGY STRATEGY

The energy strategy of the EU² is based on a several key goals and principles that seek to ensure a secure, sustainable and competitive energy supply for all member countries. The production and use of energy accounts for more than 75% of the EU's GHG emissions.

These objectives align with the EU's broader efforts to address climate change and promote sustainable economic development, in particular the commitment to decarbonise its economy and achieve carbon neutrality by 2050. In order to achieve these goals, a key element is environmental subsidies, together with other legal and economic policy instruments, as these provide incentives to switch to cleaner energies and actively contribute to the reduction of these emissions.

2.3 SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The Sustainable Development Goals³ (SDGs) are a universal call to action to end poverty, protect the planet, and improve the lives and prospects of people worldwide. In 2015, the 193 Member States of the United Nations adopted 17 Goals and 169 specific targets as part of the 2030 Agenda for Sustainable Development. This Agenda outlines a plan to achieve the Goals over 15 years through the action of all societal actors.

The Environmental Subsidies and Similar Transfers Account relates to almost all of the SDGs, sometimes indirectly, but in many of them directly. It thus includes subsidies and transfers related to SDG 11 (Sustainable Cities and Communities), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), SDG 15 (Life on Land), to name but a few. In fact, the implementation of this operation at the country

¹ https://ec.europa.eu/commission/presscorner/detail/es/IP_22_4667

² [Energy and the Green Deal](#)

³ <https://sdgs.un.org/2030agenda>

level could allow for the creation of sub-indicators, ranging from a general one on environmental subsidies and transfers as a whole, to several sub-indicators, each for a different SDG.

2.4 SPECIFIC CONTEXT ON ENVIRONMENTAL SUBSIDIES AND SIMILAR TRANSFERS

In the statistical community, environmental subsidies are reported in the System of Environmental and Economic Accounting - Central Framework 2012 (SEEA-CF 2012). This manual, produced by the United Nations, lays down the basic principles and guidelines for environment-related summary statistical operations.

In response to the interest of the statistical community and other international stakeholders, Eurostat launched a voluntary data collection in 2018, in which Spain has been collaborating.

To consolidate the efforts made in this area, this account has been included in the reformed Regulation 691/2011 on environmental economic accounts, which accommodates all legal obligations to report environmental summary accounts.

In this context, the Environmental Subsidies and Similar Transfers Account complements the existing conceptual framework. Thus, the Environmental Protection Expenditure Account has compiled some of the transfers that will now be included in this new account, but at a highly aggregated level, both in terms of recipients and payers, and even the type of transfer made.

On the other hand, it should be remembered that the Environmental Tax Account has been regulated since 2011. In this sense, while taxes indicate an intervention in the economy to discourage environmentally harmful activities, subsidies reflect intervention that encourages positive activities and products, thus completing the framework of actions for environmental purposes that, from a strictly monetary perspective, are carried out by institutions.

3 Research areas

3.1 POPULATION SCOPE

The data on environmental subsidies and similar transfers in this satellite account refer to the Spanish economy as a whole, that is, resident economic units, grouped into institutional sectors, as defined in the National Accounts and in the SEEA-CF 2012 System

In the information on similar transfers to be received from the general government by the corporate sector, the breakdown by activity according to the Classification of Economic Activities (NACE) will be relevant.

Grants and transfers shall follow the same nomenclature and valuation principles as the distribution operations in the European System of Accounts 2010 (ESA 2010).

3.2 GEOGRAPHICAL SCOPE

The reference area is the economic territory as defined in the SEEA CF 2012 and ESA 2010. A unit is considered resident in a country when it has a centre of economic interest within the territory of the country. This implies that it carries out economic activities in that territory for an extended period of time, generally a year or more.

Following this residence principle, the Environmental Subsidies and Similar Transfers Account records payments without a balancing entry and capital transfers between the general government and institutional sectors (within the domestic economy and to the rest of the world) and from non-residents (rest of the world).

3.3 TIME SCOPE

The data will be annual, with 2023 being the first reference year. The first data release, at the end of 2025, will include annual data from 2022 to the first reference year.

Annual data for years t , $t-1$ and $t-2$ shall be published for each subsequent compilation with a time lag of no more than 24 months. Where t corresponds to the reference year.

The possibility of providing data for earlier periods will be assessed and implemented, provided that the principles of the European Statistics Code of Practice¹ can be guaranteed, in particular with regard to the 14th principle of comparability over time.

3.4 STUDY AND CLASSIFICATION VARIABLES

Environmental subsidies and other similar transfers must be submitted under the following categories:

- Subsidies (code D.3 of ESA 2010);
- Other current transfers (ESA 2010 codes D.6 and D.7);
- Capital transfers (code D.9 of ESA 2010).

All these data will be presented in millions of euros.

The data shall be presented by:

1. Institutional sector.
 - Paying institutional sector:
 - General government
 - Rest of the world
 - Receiving institutional sector:
 - General government
 - Corporations
 - Households

¹ https://ine.es/ine/codigobp/codigo_2017.pdf

- Non-profit institutions serving households
- Rest of the world

2. Environmental classification.

The reference classification will be the CEP (Classification of Environmental Purposes), which was approved in 2024 by the United Nations Statistical Commission and whose entry into force is planned for 2025 for this operation and for the rest of the operations that use an environmental classification. This classification replaces the former Classification of Environmental Protection Activities (CEPA) and Classification of Resource Management Activities (CReMA), with the first digit of the CEP being the result of various aggregations of the two, but being traceable to the second level¹.

In this way, and in line with the correspondence between the two, data will be reported for subsidies and transfers paid by the General Government to all institutional sectors (including the Rest of the World) and those paid by the Rest of the World to resident institutional sectors, for the following areas:

- CEP 01 Air and climate
- CEP 0201 Energy from renewable sources
- CEP 0202 Energy saving and management
- CEP 0301 Wastewater management
- CEP 0302 Water saving and management of natural water resources
- CEP 0401 Waste management
- CEP 0402 Materials recovery and savings
- CEP 0501 Protection of soil, surface and groundwater
- CEP 0502 Protection of biodiversity and landscape
- CEP 0503 Management of forest resources
- CEP 0601 Protection against noise and vibration
- CEP 0602 Protection against radiation
- CEP 07+08 Research and development + Cross-cutting and other environmental purposes

3. Classification by NACE. Specifically, transfers received by corporations from the general government, grouped by the sum of the areas (CEP 01, CEP 0301, CEP 0401, CEP 0501, CEP 0502, CEP 0601 and CEP07+08) and area (CEP0302, CEP0402, CEP0503, CEP 0602) according to the NACE Rev.2 classification of economic activities:

- NACE A – Agriculture, livestock breeding, forestry and fishing
- NACE B – Mining and Quarrying
- NACE C – Manufacturing Industry

¹[https://unstats.un.org/unsd/classifications/Meetings/UNCEISC2023/6-3-Annex-1_Classification-of-environmental-purposes-\(CEP\)-vs-CEPA-and-CReMA.pdf](https://unstats.un.org/unsd/classifications/Meetings/UNCEISC2023/6-3-Annex-1_Classification-of-environmental-purposes-(CEP)-vs-CEPA-and-CReMA.pdf)

- NACE D – Electricity, gas, steam and air conditioning supply
 - NACE E – Water supply, sewerage, waste management and remediation activities
 - NACE F – Construction
 - NACE G – Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles
 - NACE H – Transportation and Storage
 - NACE I-U – Other NACE sections.
4. CLASSIFICATION by type of transfers. These are divided according to the ESA 2010 distribution operations:
- Current transfers, distinguishing between Subsidies (D.3) and Other current transfers (D.6+D.7), and
 - Capital transfers (D.9).

This classification shall be applied to the breakdowns mentioned above, i.e. all sectors, areas and NACE in the case of corporations receiving grants and transfers from the General Government.

4 Processing of information: Description and Method of Preparation

The Environmental Subsidies and Similar Transfers Account is configured as a satellite account of the National Accounts. Therefore, in order to compile it, the search for information and contrast thereof is based on the data compiled by the National Accounts Department of the INE.

However, the subsidies included in the operation are of such specific characteristics that, although they are included in the National Accounts aggregates, it is very difficult to distinguish this level of detail in the National Accounts. Thus, the main source of information (fully compatible with National Accounts) is the Classification of General Government Expenditure by Function (COFOG, for its Spanish initials) as well as the budgetary data provided by the General State Comptroller's Office (IGAE, for its Spanish initials) and the information contained in the budgets of the General Government sector itself.

Data on transfers from the Rest of the World to resident economic units come mainly from European Union programmes.

Subsidies and transfers from General Government to other institutional sectors

The recipient institutional sectors and the type of transfer they receive are determined by the characteristics of the data sources themselves. Thus, when the main source of information is COFOG, subsidies with code D3 belong to corporations, while those with code D6 or D7 correspond to Households. In addition, these same codes determine the type of transfer (current or capital). In other cases, the nature of the concept is analysed and the most appropriate classification is considered with ESA 2010.

The determination of the environmental areas of the CEP classification to which each subsidy and/or transfer programme belongs is immediate for those cases coming from

COFOG, and those which refer to areas that were previously under the CEPA classification (environmental protection), and now are CEP 01, CEP 0301, CEP 0401, CEP 0501, CEP 0502, CEP 0601 and CEP07+08. COFOG contains a group division that coincides with the former CEPA and the current CEPs mentioned above.¹ However, for the part previously classified as CReMA, COFOG is not directly applicable, as it has no such correspondence. In such cases, the IGAE and the budget execution data contain information on subsidies related to renewable energy. Finally, for the remaining areas, the subsidies are estimated to be negligible, although they are investigated on an ongoing basis should they cease to be so at some point, given the generally unstable nature of subsidies.

As for the NACE breakdown for transfers, these are determined on the basis of the analysis of all available auxiliary information. In this sense, subsidies where the payer, the type of programme and the environmental area are known allow us to narrow down the NACE in which the receiving unit of the environmental transfer is classified.

Subsidies and transfers from the Rest of the World to resident institutional sectors

Their estimation is mainly based on the individual analysis of the nature of the different European programmes received by the resident units. These programmes are sufficiently detailed to determine basic characteristics in terms of recipients, environmental areas, and type of transfers.

Part of this analysis is already being carried out in the context of the Environmental Protection Expenditure Account, so it is possible to exploit synergies between the two operations.

5 Dissemination of Information

The first statistical publication on the INE website is scheduled for the end of 2025.

The periodicity shall be annual.

The information to be published will be sent to and validated by Eurostat

The information will be disseminated and broken down as mentioned in section 4 of this document:

- General Government transfers to institutional sectors (including the rest of the world), by environmental area and type of transfer.
- Transfers from the Rest of the World to institutional sectors, by environmental area and type of transfer
- General Government transfers to the corporate sector broken down by NACE, for the two groupings by area mentioned in paragraph 4.3, and by type of transfer
- Table of indicators: percentage of GDP, external balance, impact on the production of environmental goods and services, and others considered relevant.

¹<https://ec.europa.eu/eurostat/documents/3859598/10142242/KS-GQ-19-010-EN-N.pdf/ed64a194-81db-112b-074b-b7a9eb946c32?t=1569418084000> point 4.2.3.

6 Implementation Schedule

The implementation will be carried out over several phases, with a work timetable leading to its final publication.

In an initial phase, the accounting series referring to the years included in Regulation (EU) 691/2011 will be disseminated, with the compilation of the years for the series 2020 to 2022 being left for a later phase, including the incorporation of the estimate of the advance year t , the reference year in each accounting series. The latter will depend on the availability of the necessary background data for the compilation of this environmental account before its dissemination in year $t+1$.

The publication will regularly consist of the tables of the account, their main results and a press release. On a non-regular basis, dissemination will be complemented by other graphic elements such as infographs.

7 Cost Estimation

As this is a summary operation, the associated costs correspond to the personnel costs involved in drawing up the account.

8 Bibliography

International scope (worldwide):

- SEEA homepage:
<https://seea.un.org/es>
- SEEA-CF2012 Manual:
https://seea.un.org/sites/seea.un.org/files/seea_cf_final_sp.pdf
- Sustainable Development Goals:
<https://sdgs.un.org/2030agenda>
- Classification of Environmental Purposes:
[https://unstats.un.org/unsd/classifications/Meetings/UNCEISC2023/6-3-Annex-1_Classification-of-environmental-purposes-\(CEP\)-vs-CEPA-and-CReMA.pdf](https://unstats.un.org/unsd/classifications/Meetings/UNCEISC2023/6-3-Annex-1_Classification-of-environmental-purposes-(CEP)-vs-CEPA-and-CReMA.pdf)

European level/Eurostat:

- COFOG Manual:
<https://ec.europa.eu/eurostat/documents/3859598/10142242/KS-GQ-19-010-EN-N.pdf/ed64a194-81db-112b-074b-b7a9eb946c32?t=1569418084000>
- Eurostat Manual on the Environmental Subsidy and Similar Transfers Account:
<https://ec.europa.eu/eurostat/documents/3859598/6923655/KS-GQ-15-005-EN-N.pdf/e3be619b-bb19-4486-ab23-132a83f6ff24?t=1570092920000>
- Latest questionnaire available:
<https://ec.europa.eu/eurostat/documents/1798247/6191541/Environmental+subsidies+and+similar+transfers+questionnaire+2024.xlsm/cb0b1657-060a-5977-fedb-f079f9ff4731?t=1728658312452>

National level:

- Code of Good Practices:
https://ine.es/ine/codigobp/codigo_2017.pdf
- IGAE:
<https://www.igae.pap.hacienda.gob.es/sitios/igae/es-ES/Paginas/inicio.aspx>