



**United  
Nations**

Department of  
Economic and  
Social Affairs

# Update on the revision of the Classification of Functions of Government (COFOG)

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**DESA**

Statistics Division

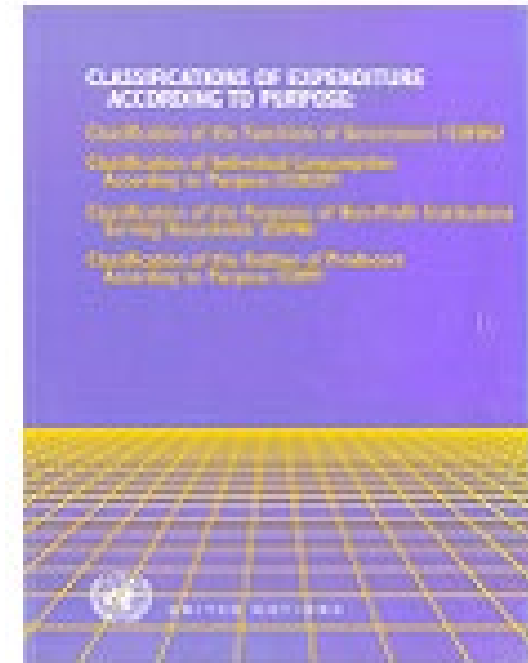
## Classification of the Functions of Government (COFOG)

- Part of the set of Classifications of Expenditure According to Purpose which also include:
  - Classification of Individual Consumption by Purpose (COICOP)
  - Classification of the Purposes of Non-Profit Institutions Serving Households (COPNI)
  - Classification of the Outlays of Producers by Purpose (COPP)
- Approved by the UN Statistical Commission in 1999 ([E/CN.3/1999/29](https://www.un.org/development/desa/pubs/2019/04/un-classification-of-expenditure-according-to-purpose-1999-2019/)).
- Has not been updated/revised since 1999.
- The United Nations Statistics Division is the Custodian of the Classifications of Expenditure According to Purpose



## Main use of COFOG

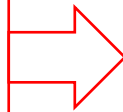
- Developed to understand the structure of government expenditures, to support the System of National Accounts (SNA) and Government Finance Statistics (GFS)
- Provide a wide range of statistics pertaining to expenditures by governments, which permits trends in government outlays on particular functions or purposes to be examined over time
- Provide users with the means to recast key aggregates of the system for particular kinds of analysis on government expenditure
- Allow intercountry comparison of the extent to which governments are involved in economic, social and environmental functions.



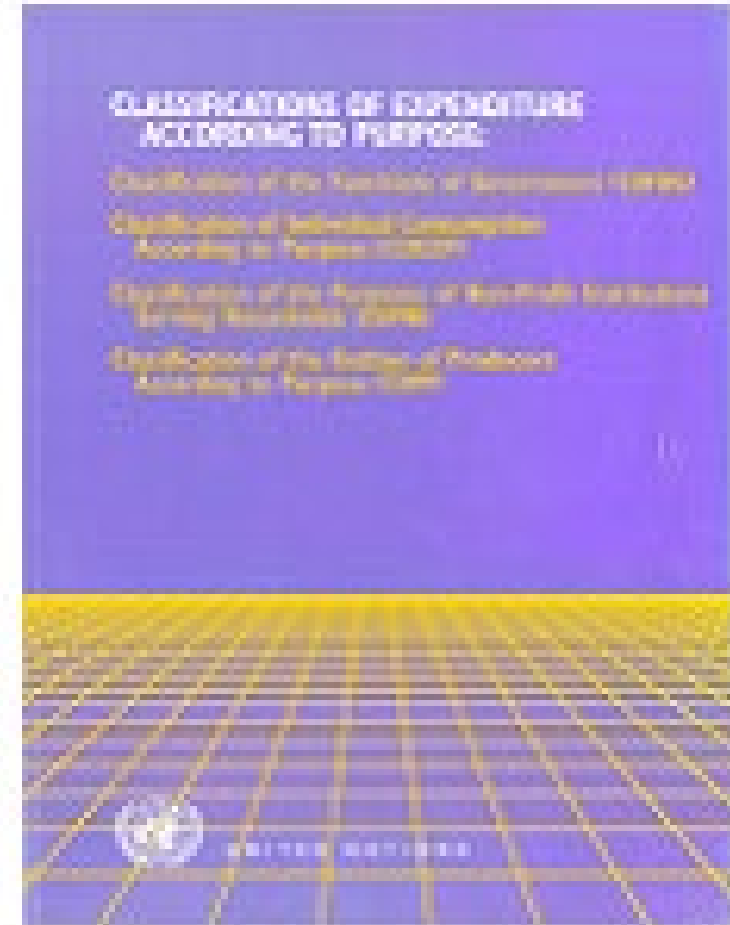


## Structure of 1999 COFOG

- 01 – General public services
- 02 – Defense
- 03 – Public order and safety
- 04 – Economic affairs
- **05 – Environmental protection**
  - 05.1 Waste management
  - 05.2 Wastewater management
  - 05.3 Pollution abatement
  - 05.4 Protection of biodiversity and landscape
  - 05.5 R&D environmental protection
  - 05.6 Environmental protection n.e.c.
- 06 – Housing and community amenities
- 07 – Health
- 08 – Recreation, culture and religion
- 09 – Education
- 10 – Social protection



**Broad  
environmental  
category in  
COFOG**



## Update on the COFOG Revision

- March 2022 – The United Nations Statistical Commission ([E/CN.3/2022/41](#))
  - “Recommended the revision of the **Classification of the Functions of Government** and an assessment of whether changes are required in the other classifications of expenditure according to purpose...”
  
- Discussions and consultations
  - October 2022 – Meeting of the UN Committee of Experts on International Statistical Classifications (UNCEISC)
  - 18 April 2023 – Inception meeting on the revision of COFOG for stakeholder consultation
  - October 2023 – UNCEISC meeting



## Update on the COFOG Revision

- UNCEISC Meeting, Oct 2022- An initial discussion on potential issues for the revision of COFOG took place during the meeting
  
- 18 April 2023 – Inception meeting on the revision of COFOG for stakeholder consultation
  - Discuss the main elements of the terms-of-reference of a Task Team on the COFOG revision
  - Provide advice on how to assess whether changes to other classifications by purposes should be considered at the same time and by whom
  
- UNCEISC Meeting, Oct 2023
  - emphasized the importance of coordinating with the update process of other macroeconomic standards, including Government Finance Statistics (GFS) and the SEEA Central Framework;
  - recommended the revision timeline to be developed considering the update process of other international standard processes;



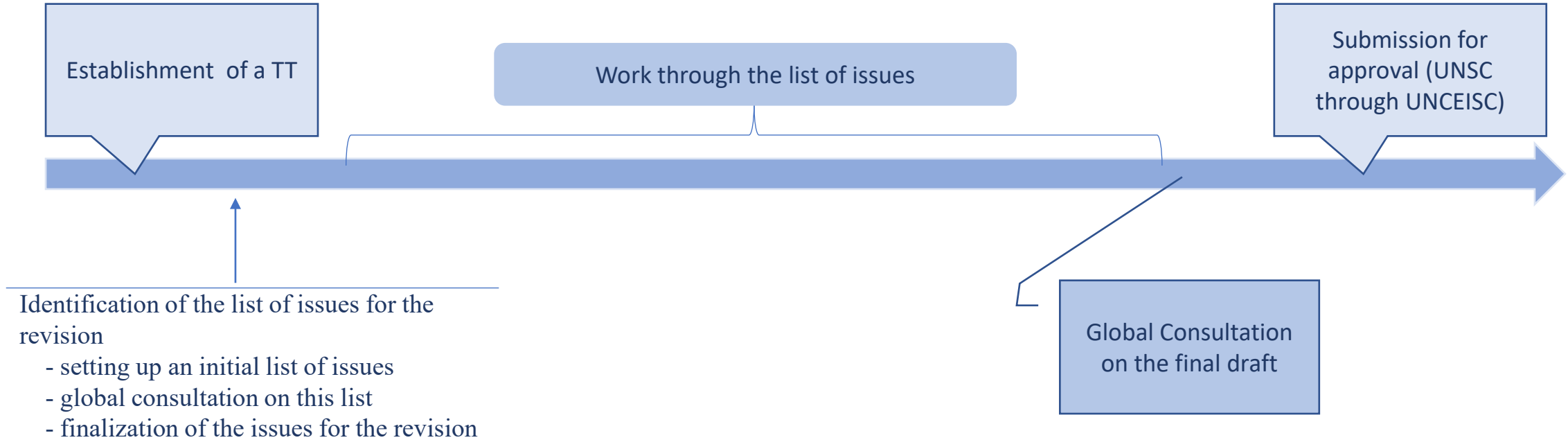
## Main drivers for the revision based on initial discussion

- Meet emerging data needs for policy making
  - Environmental expenditures, climate change and biodiversity
  - Digitalization
  - Education
  - Official alternative structures along thematic areas
- Generate granular data for deeper analysis
- Ensure that is in line with the updates of related frameworks and classifications
- Provide more detailed compilation guidance
  - Address specific compilation issues (e.g. classification of R&D, assigning legal aid, etc.)
  - Classification of spending with multiple purposes
  - Cross-classification of COFOG with economic classification
- Discussion on secondary purpose expenditure



## Scope of the work

- Typical process for the revision of classifications:







## Composition of the TT-COFOG

- It is envisaged that the TT-COFOG will bring together experts from:
  - Classification
  - Government finance statistics
  - National accounts
  - Environmental accounts
  - Subject matter specialists, including biodiversity, climate change, education, etc.
- Chair of TT-COFOG
- Secretariat of TT-COFOG



## Outcome of the Inception meeting and UNCEISC meeting in 2023 – key highlights

- Careful considerations should be made to ensure the consistency with the SNA, relevance and feasibility of the changes, and continuity with regard to time series
- Underlined the need for COFOG to address current and emerging policy needs to remain relevant. Some of the needs related to environmental policies such as climate changes, biodiversity etc., but also include aspects of increase granularity of the categories.
- Noted that the revision of COFOG should take into accounts possible revisions of related statistical standards such as the SEEA-Central framework and the Government Finance Statistics given the revision of the 2008 SNA.
- Suggested that the TT-COFOG should make an assessment of the impact of the proposed changes on the national accounts aggregates.
- Coordination with the revisions of relevant statistical standards such as the GFS, SEEA Central Framework and the list of issues is necessary. Recommended the revision timeline to be developed considering the update process of other international standard processes;
- Recommended to assess the impact of the revised COFOG on other classifications of expenditure according to purpose, namely COICOP, COPNI and COPP and make recommendation on whether changes are required in the other classifications of expenditure according to purpose.



## Tentative revision timeline\*

- 2024: Initial meetings; global consultation on list of issues
- 2025: Finalize list of issues and begin discussion
- 2026: Finalize revision and present to UNCEISC for endorsement
- 2027: Submit to UN Statistical Commission for approval

\* subject to further update to ensure alignment with the update process of other macroeconomic standards, such as SEEA CF, GFS, etc.

# Proposed work plan 2024 (subject to further update)

<b>Dates</b>	<b>Tasks</b>
<b>January - February</b>	Consultation meeting with key stakeholders (GFS, SNA and SEEA communities)
	Finalize the Terms of Reference at the UNCEISC Bureau meeting in February
<b>March - April</b>	Finalize membership of Task Team
	Develop an initial annotated outline of revision issue list
	Hold first meeting of the Task Team to discuss initial list of issues and Terms of Reference (late March/early April)
<b>May - June</b>	Submission period for initial list of issues
	Progress update at the 2024 UNCEISC meeting in May
	Meeting of the Task Team (June)
	Identification of Issue Leads
<b>July - August</b>	Finalize list of issues for global consultation
<b>September - October</b>	Conduct global consultation on the list of issues
	Meeting of the Task Team (early September)
	Progress update at the 2024 UNCEISC meeting in October
<b>November - December</b>	Meeting of the Task Team (late November/early December)
	Assess results of global consultation and finalize the list of issues

Thank you

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