



STATISTICS

Selected Issues for COFOG Update

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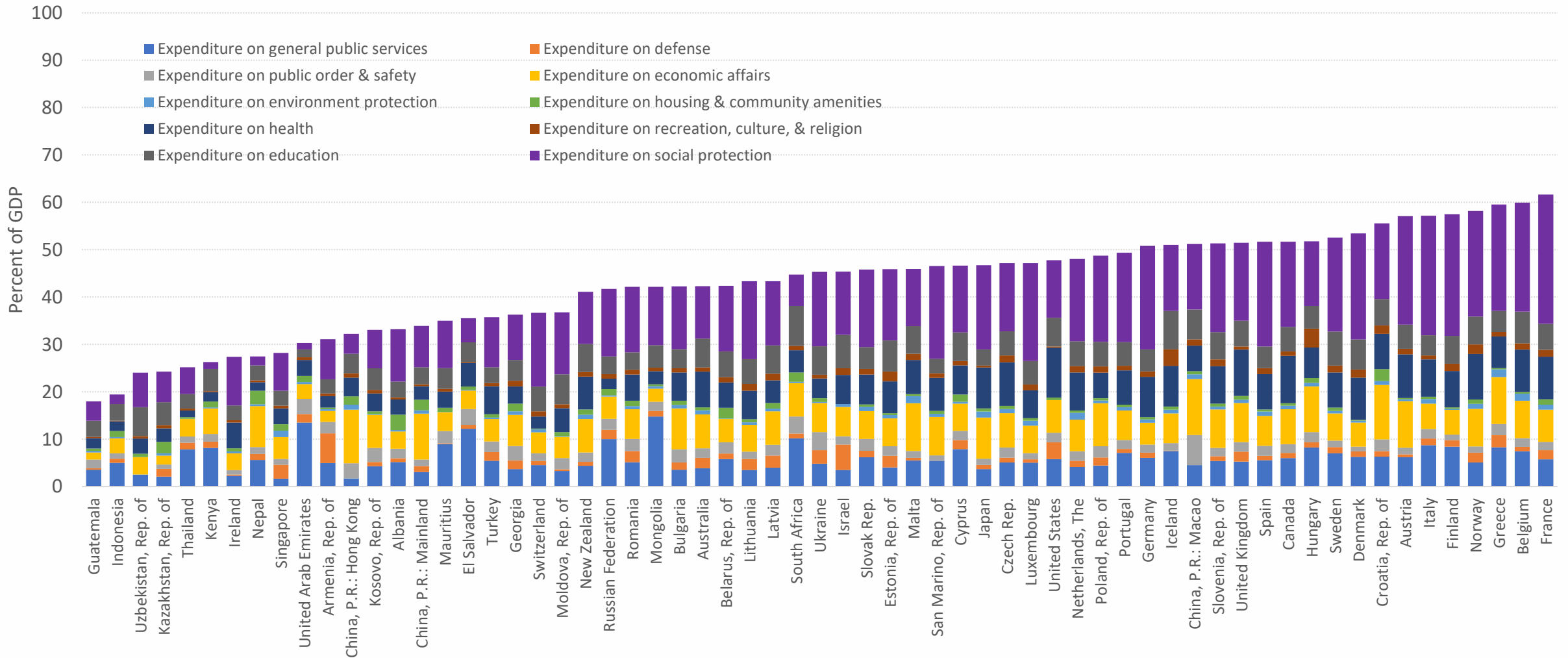
Outline

- Where are we with COFOG data?
- What to achieve through an update?
- Selected issues for consideration (preliminary)

Where are we with COFOG data?

- COFOG data are increasingly important for IMF operation
 - Inclusive growth
 - Monitor social spending during surveillance and lending operations
 - Climate change
 - Government spending on environment / climate protection
 - SDG monitoring
 - Indicator 1.a.2. the proportion of total government spending on essential service (education, health, and social protection)
- COFOG data are also collected and used by other international organizations

General Government COFOG data reported to the IMF GFS database, 2020



Source: IMF GFS database

What to achieve through an update?

- Meet emerging data needs for policy making
- Generate granular data for deeper analysis
- Provide more detailed compilation guidance

Meet emerging data needs for policy making

➤ Climate change

- How to separately identify spending with different policy intentions (e.g., mitigation, adaptation, emergency relief)?

➤ Digitalization

- How to capture expenditure related to digitalization?

➤ Inclusion and gender

- How to fully reflect spending on promoting inclusion and addressing gender inequality, which spans a number of COFOG divisions?

➤ Official alternative structures along thematic

Generate granular data for deeper analysis

- General public service (division 01)
 - Bulky and general for analytic and comparability purposes (e.g., varying recording practice for transfer (01.8))
- Economic Affairs (division 04) and Housing and community amenities (division 06)
 - Additional classes to identify expenditure on activities related to management and R&D of natural resources
- Environmental protection (division 05)
 - Additional group on energy transition
 - Waste management (05.1). Additional classes on waste recycling
 - Biodiversity (05.4). Additional classes to meet the increasing demand for granular data
- Social protection (division 10)
 - Additional classes (e.g., migration related expenditure)
 - Additional breakdown (e.g., cash vs. in-kind)

Provide more detailed compilation guidance

- Fill the gap of compilation guidance for non-EU COFOG compilers
 - Incorporate COFOG into budgeting frameworks
 - Classification of spending with multiple purposes
- Cross-classification of COFOG with economic classification
- Further guidance on indicators and aggregates based on COFOG data

Key messages

- Demand for COFOG data is rising.
- An update to COFOG is warranted to meet new data demand, generate granular data, and provide more detailed compilation guidance.
- The IMF is happy to contribute to this process.