Update on the COFOG revision process

Meeting of the United Nations Committee of Experts on International Statistical Classifications
New York, 24 - 27 October 2023
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)

- UNSD is the Custodian of the Classifications of Expenditure According to Purpose
Structure of 1999 COFOG

- 01 – General public services
- 02 – Defence
- 03 – Public order and safety
- 04 – Economic affairs
- 05 – Environmental protection
- 06 – Housing and community amenities
- 07 – Health
- 08 – Recreation, culture and religion
- 09 – Education
- 10 – Social protection
Update on the COFOG Revision

  - “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
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
  - It was agreed that a dedicated meeting on the revision of COFOG would be organized in order to facilitate a follow-up discussion on the revision of COFOG, on the initial list of issues and on setting up a revision process

- 18 April 2023 – Inception meeting on the revision of COFOG for stakeholder consultation
  - the main elements of the terms-of-reference of a Task Team on the COFOG revision (TT-COF OG)
  - timeline and revision process
  - provide advice on how to assess whether changes to other classifications by purposes should be considered at the same time and by whom
Main elements of the terms-of-reference TT-COFOG

• Background
• Objectives
• Scope of the work
• Composition of the TT-COFOG
• Timeline
• Organization of the work
Background

- It describes the mandate for the work and the main drivers for the revision of the classification
- Based on the initial discussion, the main drivers for the revision can include*:
  - Meet emerging data needs for policy making
    - Climate change
    - Environmental expenditures
    - Digitalization
    - Inclusion and gender
    - 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

* Mostly based on the presentations at the UNCEISC meeting in October 2022
Scope of the work

• Typical process for the revision of classifications:

  - Establishment of a TT
  - Work through the list of issues
  - Submission for approval (UNSC through UNCEISC)

Identification of the list of issues for the revision
  - setting up an initial list of issues
  - Global consultation on this list
  - finalization of the issues for the revision

Global Consultation on the final draft
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
  • …

Chair of TT-COFOG
Secretariat of TT-COFOG
Outcome of the April 2023 Inception meeting

- Key messages on the main driver for COFOG revision and objectives
  - 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.
Outcome of the April 2023 Inception meeting

- General agreement that the TT-COFOG will gather experts from relevant areas such as classification, Government Finance Statistics (GFS), environmental accounts, national accounts and other users or producers of COFOG data.

- The timeline for the revision of TT-COFOG was briefly discussed. Important elements for identifying a timeline are the coordination with the possible revisions of relevant statistical standards such as the GFS, SEEA Central Framework and the list of issues.
Proposed process

- Formulation of draft ToR for the COFOG revision task team (TT-COFOG) after the UNCEISC meeting
- Establishment of the TT-COFOG to lead the substantive programme of the COFOG revision
- Develop an initial list of issue by TT-COFOG; Global consultation on the issue list
- TT-COFOG work through the list of issues
- Output
  - Revised COFOG (structure, explanatory notes, introductory text) for submission to the UN Statistical Commission through the UNCEISC for approval
  - Relevant correspondence
Questions to the Committee

▪ What timeline should be considered for the COFOG revision? Are there any other revision process that we have to consider when deciding a timeline

▪ Do you agreed with the proposed process in moving forward the COFOG revision? Any other elements to be considered?

▪ Invitation to the UNCEISC members to join the TT-COFOG
Thank you