

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

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Meeting of the United Nations Committee of Experts on
International Statistical Classifications
14 - 15 May 2024

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](#))
- 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
- 06 – Housing and community amenities
- 07 – Health
- 08 – Recreation, culture and religion
- 09 – Education
- 10 – Social protection





Update on the COFOG Revision

- March 2022 – 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...”

- March 2024 – United Nations Statistical Commission ([E/CN.3/2023/37](#))
 - “**Approved the terms of reference** of the task team on the revision of the Classification of the Functions of Government...”

- Discussions and consultations
 - October 2022 – Meeting of the 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



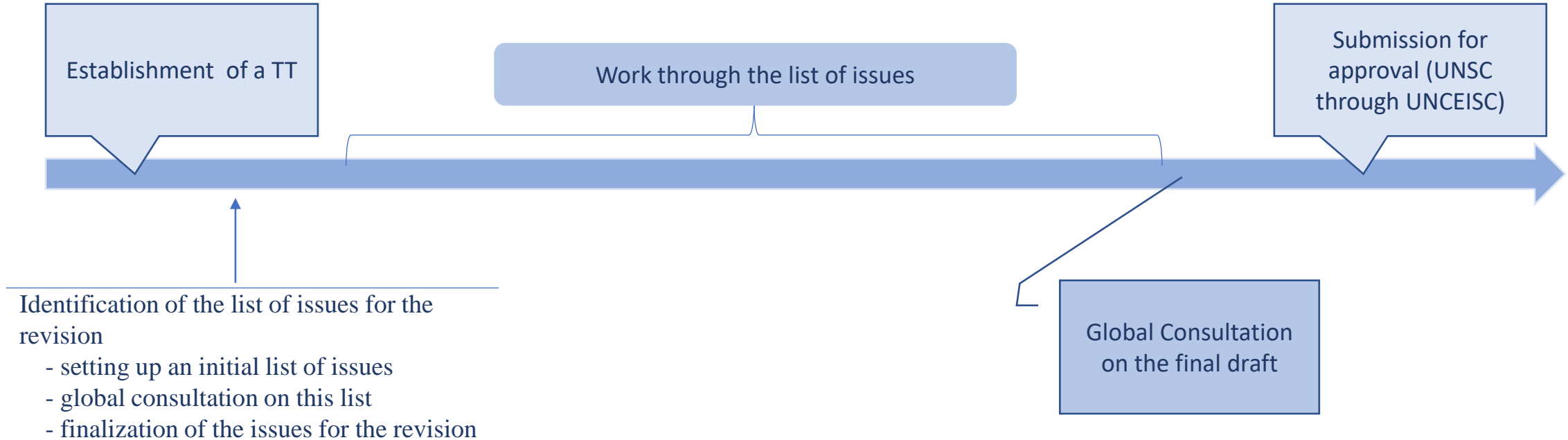
Main drivers for the revision based on initial discussion

- 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 it 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 account 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.



Workplan in 2024

Dates	Tasks
April 2024	Endorsement of Terms of Reference at UN Statistical Commission
	Hold first meeting of the Task Team to discuss initial list of issues and Terms of Reference
	Develop an initial scoping paper for the revision issue list
May - June 2024	Submission period for initial list of issues
	Progress update at the 2024 UNCEISC meeting 14-15 May
	Meeting of the Task Team (13 June, 1 July or 2 July)
	Identification of Issue Leads
July - August 2024	Finalize list of issues for global consultation
September - October 2024	Conduct global consultation on the list of issues
	Meeting of the Task Team (tentative date 17 September)
	Progress update at the 2024 UNCEISC meeting in October
November - December 2024	Meeting of the Task Team (tentative date 12 December)
	Assess results of global consultation and finalize the list of issues



First meeting of the Task Team on the Revision of COFOG – 17 April

- 32 participants from 7 countries and 7 international/regional organizations – still accepting new members
- Updates provided by SNA, SEEA and GFS communities
- Continued discussions from previous meetings on ensuring consistency with other frameworks and maintaining time series continuity; addressing policy needs and providing more granular data; and assessing potential impacts on other classifications of expenditure according to purpose
- Briefly discussed additional topics, including the Data Gaps Initiative, satellite accounts, alternative aggregations, and the current level of implementation of COFOG
- Plan to assign issue leads/hold focus group discussions before discussions within task team

Initial list of issues


- Can be grouped into structural; alignment; and thematic issues
- A template for compiling proposed issues for discussion has been prepared and will be sent out soon
- Results will be used to complete initial list of issues for global consultation in Sept/Oct 2024

Template on proposed issues

- For compiling proposed issues for discussion
- Results will be used to complete initial list of issues for global consultation in Sept/Oct 2024

Includes:

- Contact information
- Areas of interest
- Summary of proposals and their relevant COFOG divisions
- Links or related documents, if available



UNITED NATIONS COMMITTEE OF EXPERTS ON INTERNATIONAL STATISTICAL CLASSIFICATIONS
TASK TEAM ON THE REVISION OF THE CLASSIFICATION OF THE FUNCTIONS OF GOVERNMENT

Classification of the Functions of Government
Template for the submission of issues for the COFOG revision

As the first step in the revision process, the Task Team on COFOG (TT-COFOG) is compiling an initial list of issues for discussion.

This template is being circulated to National Statistical Offices and relevant international/regional organizations. It is intended to be completed by experts in these institutions who use COFOG or other classifications for government expenditure/SNA functional classifications.

The responses collected will be used to compile an initial list of issues. This initial list will then go through a global consultation process later in 2024, helping to establish the final list of issues which will be considered by the TT-COFOG over the following two years.

Please complete the form below indicating your main area(s) of interest, a summary of the issues you propose for discussion by the group, the relevant COFOG 1999 division(s), as well as any links or related documentation, if available.

Name	
Organization	
Email	
Area(s) of interest (Environment, GFS, national accounts, SEEA, etc.)	
Summary of issue(s)/proposal(s)	
*Relevant COFOG 1999 division(s)	
Hyperlinks and additional documents (optional)	



Questions for Discussion

Members of the Committee are invited to:

- Express interest in participating in the TT-COFOG
- Share your thoughts on the COFOG revision process
- Share your thoughts on how to progress the coordination and collaboration efforts across the classification and other communities, to ensure the revision/process of COFOG and SNA, GFS, SEEA, etc. are aligned
- Share your thoughts on how best to engage with the community of users for the update of COFOG and other frameworks/standards
- Submit suggested issues for discussion during COFOG revision

Thank you

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