



**United
Nations**

Department of
Economic and
Social Affairs

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

Tom Orford

Chair of the Task Team on COFOG

UN Committee of Experts on International Statistical Classifications

5 November 2024



DESA

Statistics Division

Task Team on the Revision of COFOG

ToR approved by UN Statistical Commission in March 2024

Approximately 50 current TT-COFOG members from:

- 15 countries & 7 international/regional organizations
- Experts and representatives from various communities
(e.g. classification, government finance, environment, subject matter experts)

Task Team on the Revision of COFOG

Three initial TT-COFOG meetings held since April 2024

- Collected proposed revision issues from Task Team members from April – September
- Developed the revision issue category list for the global consultation
- Developed the questionnaire for global consultation

Tentative COFOG revision timeline

- Q4 2024** Distribute global consultation on initial list of issues
- Q1 2025** Finalize list of issues for discussion based on consultation results
- 2025-26** Discuss issues from list in Task Team/Working Groups
- 2026** Finalize revision and present to UNCEISC for endorsement
- 2027** Submit to UN Statistical Commission for approval

Global Consultation

- Task Team members (in consultation with colleagues) have submitted proposed issues for consideration in the revision process
- 21 “issue categories” initially identified

Global consultation – Issue categories

A. Current COFOG Divisions, Cross-cutting issues, and Other Thematic Issues

- A01. General public services
- A02. Defence
- A03. Public order and safety
- A04. Economic affairs
- A05. Environmental protection (includes alignment with CEP, SEEA and other environmental classifications/frameworks)
- A06. Housing and community amenities
- A07. Health (includes alignment with SHA)
- A09. Education (includes alignment with ISCED)
- A10. Social protection
- A11. Cross-cutting issues
- A12. R&D (includes alignment with NABS)
- A13. Digitalization
- A14. Gender
- A15. Indigenous peoples

Global consultation – Issue categories

B. Structural, Alignment and Other Issues

- B1. COFOG structure/classification principles
- B2. Primary/secondary purpose
- B3. Additional uses of COFOG
- B4. Compilation issues
- B5. Individual/collective expenditure
- B6. Internal consistency with other classifications of expenditure according to purpose:
COICOP/COPP/COPNI
- B7. Alignment with other classifications/frameworks



Global consultation – Issue categories

Each “issue category” includes one or more related issues/proposals, as explained in the Annex of the questionnaire. For example:

A01. General public services

- Rename the Division to “General Public Services, Debt, and Transfers”
- Restructure or split Division 01 as it is overly broad
- Modify the definition of 01.7 (Public debt transactions) to explicitly include interest payments on a broader range of debt securities, and/or to rename it “Public debt transactions (mainly interest)”
- Add new breakdowns in 01.8 (Transfers of a general character between different levels of government) to capture upward transfers to national governments, to include sub-categories reflecting reasons for transfers to local government, and to include transfers between other levels of government
- Rename 01.8 “Transfers of a general character between different levels of government (e.g. Intergovernmental transfers not related to a particular function)”
- Restructure 01.8 by moving transfers to lower levels of government to its own Division, or by removing 01.8 entirely
- Create a new category for “Tax administration,” removing it from 01.1.2 (Financial and fiscal affairs)
- Maintain and provide more guidance on 1.7 and 1.8
- Distinguish climate or environmental-related transfers by creating other sub-categories



Global consultation – Issue categories

Each “issue category” includes one or more related issues/proposals, as explained in the Annex of the questionnaire. For example:

B1. COFOG structure/classification principles

The revision of COFOG provides an opportunity to review the underlying scope, principles, concepts and the underlying structure of the classification and to strengthen the alignment with international reporting for relevant statistics and indicators. The revision process would benefit from a clear elaboration on what the main COFOG classification principles, including but not limited to the following issues:

- consistency with the national accounts framework
- units of classification
- principles of mutual exclusive classes and primary purpose
- balance in size of main divisions
- level of hierarchical classification
- applicability for state and local government sectors in addition to the central government sector
- treatment of preventative expenditure
- development of official alternative aggregates or indicators along cross-cutting themes

Global Consultation

While the specific proposals under each issue category may conflict with each other (as they come from different institutions), the consultation asks respondents to note, for each of the 21 issue categories:

- i. Whether the issue category should be included in the revision process (Yes or No)
- ii. Whether the current compilation capacity of their institution is sufficient regarding the issue category (Yes or No)
- iii. Any comments on the issue category (Free text response)

Global Consultation

- Additionally, the questionnaire includes several other queries on the use of COFOG in the responding institution
- Some separate questions for those who compile or provide COFOG data, and for those who only use government expenditure accounts using COFOG
- Also ask respondents for interest in joining/leading one of the five proposed working groups

Proposed Working Groups

Group A on Economic and public affairs

- A01. General public services
- A02. Defence
- A03. Public order and safety
- A04. Economic affairs

Group B on Environment

- A05. Environmental protection (includes alignment with CEP, SEEA and other environmental classifications/frameworks)

Group C on Social and demographics

- A06. Housing and community amenities
- A07. Health (includes alignment with SHA)
- A09. Education (includes alignment with ISCED)
- A10. Social protection



Proposed Working Groups

Group D on Cross-cutting issues

- A11. Cross-cutting issues
- A12. R&D
- A13. Digitalization
- A14. Gender
- A15. Indigenous peoples
- B7. Alignment with other classifications/frameworks

Group E on Classification principles and cross-classification issues

- B1. COFOG structure/classification principles
- B2. Primary/secondary purpose
- B3. Additional uses of COFOG: GFS; national & satellite accounts; government employment and public sector productivity
- B4. Compilation issues: improve compilation guidance taking into account diverse and country-specific differences
- B5. Individual/collective expenditure
- B6. Alignment with other classifications of expenditure according to purpose

Global Consultation

- Draft questionnaire sent to Task Team for final review on 25 October
- Plan to circulate consultation this week, for response by mid-December
- SurveyMonkey + Word document options
- Responses will be used to finalize initial list of issues for consideration in the revision of COFOG

Way Forward

Next TT-COFOG meeting

12 December 2024

Working Groups

Seeking volunteers to lead/participate by Q1 2025

TT-COFOG Wiki

<https://unstats.un.org/wiki/pages/viewpage.action?pageId=196804779>

Thank you

Tom Orford, Chair
tom.orford@hmtreasury.gov.uk

Julian Chow & Pedro Farinas,
UNSD, Secretariat
chowj@un.org, farinas@un.org