**TT-COFOG**

**Global Consultation on the Initial List of Issues**

**Final Results - April 2025**

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# Executive Summary

This report presents the results of the Global Consultation on the Initial List of Issues for the Update of COFOG, distributed in November 2024 and completed in January 2025.

**Main Findings**

* 105 responses were received from 74 different countries and 8 organizations
* For 19 of the 21 proposed issue categories, a majority of respondents said that the issue category should be considered during the revision process. Most likely to be selected were Environmental Protection, Economic Affairs, General Public Services and Health
* All 21 issue categories were deemed to be either high or medium priority among a majority of respondents. The issue categories most likely to be considered high or medium priority were: Environmental protection, COFOG structure/classification principles, Health, Compilation issues and Internal consistency w/other classifications of expenditure according to purpose
* There is wide-ranging interest in participating in the Working Groups, with between 19-33 individuals or organizations volunteering thus far for each group

**Methodology and Additional Information**

Percentages reported in this paper are generally calculated from among the respondents to the particular question.

Some repeat and/or incomplete submissions were removed from the final analysis, particularly when another response was submitted from the same individual/institution.

Annex I includes a copy of the questionnaire and issue summaries.

Additionally, full responses to all open-ended/follow-up questions from the global consultation are available in the related Excel file “COFOG Global consultation - Complete open-ended responses.xlsx”

The lists of current Working Group members are also available in the related Excel file “TT-COFOG Working Group members - April 2025.xlsx”

# Responses to Global Consultation

## Respondent Information

A total of 105 responses were received from 74 different countries and 7 different international/regional organizations as well as 1 university.

Most responses came from national statistical offices (NSOs, 58%, n=61) or from Ministries of Finance, Treasury Departments, Central Banks or similar national institutions (31%, n=33). The remaining responses came either from international/regional organizations (8%, n=8) or individual experts/consultants/academics (3%, n=3).

The geographic distribution of respondents was fairly even, with all regions being represented.

31% of responses received (n=32) were from the Asia-Pacific region. 19% (n=20) were from Western European and Other States and another 17% (n=18) from Eastern Europe. Africa represented 13% of respondents (n=14), and Latin America and Caribbean 10% (n=10). The remaining 11% came from international/regional organizations or experts/consultants/academia.

## Use of COFOG

The consultation included a number of questions regarding the use of COFOG, including the level at which it is used, which sectors are covered, and the identification of primary and secondary expenditure.

Some of the questions are specifically presented to either compilers or providers of COFOG data, and others to users of COFOG data, as self-identified in Question 9 below.

**Q9. Does your institution compile or use government expenditure statistics or accounts utilizing COFOG?**

Respondents reported utilizing COFOG in a variety of ways.

63% (n=66) compile government expenditure accounts based on COFOG, while 27% (n=28) provide data for the compilation of government expenditure accounts.

Nearly half, 48% (n=50) report using government expenditure accounts based on COFOG, while 13% (n=14) said they do not utilize COFOG, but the framework is relevant to their work.

More than 2 in 3 respondents (70%, n=73) utilize COFOG either as compilers, data providers, or both. About 1 in 4 (28%, n=29) are both compilers and/or providers as well as users.

### Level of Use

This cohort of questions assesses the status of the granular level of COFOG data based on compilers, data providers and user responses. The results indicate that while the majority of responding compilers release data at a more aggregated level (2 or 3 digits), COFOG data was compiled at a more granular level (4 or 5 digits) by over half of the respondents. In addition, users of COFOG wish to utilize it at a more detailed level than is generally published by providers and compilers.

These results would serve as the input for discussion on revision issue B1 on whether the current three-level structure is adequate, and on whether an additional level or extension is required to improve the granularity of the classification.

**Q10. For compilers/providers: At what level of detail does your institution provide COFOG source data or compile COFOG?** (Mark all that are applicable)

Over half of responding data compilers/providers report providing or compiling COFOG data at the 4-digit level (45%, n=31) or an additional 5-digit level (9%, n=6).

29% provide or compile COFOG data at the 3-digit level, with the remaining 17% providing or compiling data at the 2-digit level.

**Q11. For compilers/providers: At what level of detail does your institution publish COFOG data?** (Mark all that are applicable)

With respect to how they publish COFOG data, 7% of compilers/providers (n=5) report publishing at an additional 5-digit level, and 22% (n=15) publish at the 4-digit level.

A plurality (38%, n=26) publish at the 3-digit level, with an additional 32% (n=22) publishing at the lowest 2-digit level.

Thus, compilers/providers, not surprisingly, tend to publish data at a slightly more aggregated level of detail than they compile/provide data.

**Q17. For users: At what level of detail does your institution utilize COFOG data?**   
(Mark all that are applicable)

For users, a significant proportion (16%, n=7) utilize COFOG data at additional levels of detail.

A plurality of COFOG data users (43%, n=19) report utilizing COFOG at the most detailed official 4-digit level.

An additional 20% report utilizing COFOG at the 3-digit level, with the same proportion reporting utilizing COFOG at the 2-digit level.

Thus, it seems that users of COFOG wish to utilize it at a more detailed level than is generally published by providers and compilers. Most compilers/providers do have data available at the 4-digit level, and those who do not publish at such a detailed level may consider doing so in the future.

### Sectoral Coverage

This cohort of questions assesses the sectoral coverage of COFOG data based on compiler, data provider and user responses. The results noted cases where COFOG is utilized beyond the general government sectors, would serve as the input for discussion on revision issue B1 on the classification unit and on the applicability of state and local government and social security funds and state-owned enterprises/public corporation sectors in addition to the central government sector in COFOG.

**Q12. For compilers/providers: For which institutional sectors does your institution provide COFOG source data or compile COFOG?** (Mark all that are applicable)

Compilers/providers were most likely report that they employ COFOG for the central government sector (85%, n=62; 53% ‘of which’ for budgetary central government and 32% for non-budgetary central government).

A majority also said they provide or compile data for general government (75%, n=55), local government (64%, n=47) and social security funds (63%, n=46).

On the other hand, state government and state-owned enterprises/public corporations were noted by 29% (n=21) and 11% (n=8) respectively.

**Q18. For users: For which institutional sectors does your institution utilize COFOG data?**

(Mark all that are applicable)

Most users reported utilizing COFOG for the general (74%, n=37), central (72%, n=36) and local government (56%, n=28) sectors.

An additional 40% (n=20) and 38% (n=19) reported utilizing COFOG for social security funds and state government, respectively.

14% (n=7) note that they use COFOG for government enterprises/public corporations.

1. Primary/Secondary Expenditure  
   Questions 13-16 for compilers and/or providers only

This cohort of questions shed light on the current practice by countries on the identification of primary and secondary purpose expenditure. The practice of budget tagging is widely used but consistency with other official statistics sources is an issue to be addressed. The results would serve as the input for discussion for revision issue B2 on classification criteria related to primary and secondary purpose and B4 on compilation issues.

**13. Does your institution use budget tagging to identify primary expenditures in your data system?**

A majority of respondents to this question (69%, n=48) noted that their institution uses budget tagging to identify primary expenditures, while 31% (n=22) do not.

**If no, please explain which method(s) are used to identify primary expenditure**

The most common response mentioned use of COFOG or another classification to identify primary expenditure. Several other respondents noted use of analysis, utilizing policy areas, or manually. Others noted different treatment for different areas of government.

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**14. Does your country identify secondary expenditures in the same way as primary purposes of expenditure?**

A slight majority of respondents (56%, n=38) noted that their institution does not identify secondary expenditure. Among those who do: 29% (n=20) said they identify secondary expenditures in the same way as primary purposes of expenditure, and the remaining 15% (n=10) use alternative methods to identify secondary expenditure, detailed below.

**If your institution uses alternative methods, please explain how secondary expenditures are identified, if applicable**

Responses included certain instances within some countries where secondary expenditure is identified or planned to be identified, such as climate change expenditure; or the use of administrative data.

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**Q15. In the compilation or provision of COFOG data, do you ensure (or aim to achieve) consistency with other related data, such as non-financial data for government statistics and other domains (e.g. employment, energy, etc)?**

Responding compilers/providers were fairly split on this question, with 54% (n=37) saying that they do aim to achieve consistency with other related data, and 46% (n=32) saying they do not.

**If yes, please explain**

Responses included, most commonly, consistency with national accounts, and general ‘non-financial’ data for government statistics. Other areas mentioned include environmental accounts, employment and earnings, the System of Health Accounts, education and agriculture, as well as consistency with various ESA2010 tables including 0200 and 1100.

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**16. Are COFOG statistics complied ex post or ex ante in the budgeting process?**

The majority of respondents (58%, n=42) noted that COFOG statistics are compiled ex post, or at the end of the budget cycle. 19% (n=14) said they are compiled ex ante, or at the beginning of the budget cycle. The remaining 22% (n=16) were not sure or said it was not applicable.

### iv. Time Series

**19. For users only: Do you need COFOG time series for your analysis?**

Among responding users of COFOG, the vast majority (87%, n=40) report needing time series for analysis.

**If yes, please note the length of the time series you use**

Responses ranged from 1970 to the previous 2 years, and were spread fairly evenly across this time range, as summarized below (n=30):

### Expenditure Types

The results shows that COFOG is used to classify expenditure by a majority of respondents for all the categories apart from transactions in financial assets and liabilities, and by over two-third of the respondents for all the global categories. This will serve as an input for discussion on various revision issues, such as B1, B3 and B4 in terms of the use of COFOG for wider expenditure categories. It will also feed into A05. Environmental protection, and A10. Social protection in terms of whether climate subsidies and social protection transfers fall within the scope of COFOG and how such expenditures are to be classified in COFOG.

**20. Which types of expenditure are classified according to COFOG in your institution?**

*(Please mark all that are applicable)*

Respondents noted that in their institution, expenditure is classified according to COFOG for most of the listed types, including final consumption expenditure (e.g. compensation of employees, intermediate consumption, consumption of fixed capital, market output, output for own final use, taxes/subsidies on production paid/received, 78%, n=61), capital expenditure (e.g. capital grants and capital formation, 71%, n=55), other types of current expenditure (e.g. current grants and subsidies, 68%), n=53, and total outlays according to GFSM (67%, n=52).

Half (50%, n=39) reported that expenditure is classified according to total expenditure according to ESA 2010, while 23% (n=18) noted transactions in financial assets and liabilities.

### Individual/Collective Expenditure

This cohort of questions assesses the use of COFOG to identify individual and collective expenditure in national accounts, where a majority of respondents indicated such use, either through the precise mapping as defined in SNA or local adaptation. The results would serve as the input for discussion on revision issue B5 on the mapping of the COFOG to individual and collective services.

**21. Does your institution use COFOG in national accounts to identify individual and collective consumption expenditure for goods and services provided by government?**

Most respondents (62%, n=61) noted that their institution uses COFOG to identify individual/collective consumption expenditure in national accounts, versus only 19% (n=19) responding no. The remaining 19% were not sure or said it was not applicable to their institution.

**22. How does your institution use COFOG to identify individual and collective consumption expenditure for goods and services provided by government?** *(If yes to Question 21)*

Among those who use COFOG to identify individual and collective consumption expenditure by government, the majority (58%, n=51) note that they do so using precise mapping of the COFOG classification as defined in SNA. Another 11% (n=10) use a local adaptation of COFOG, with the remaining 31% (n=27) responding not sure or not applicable.

### Data and Compilation Quality

**23. Do you consider that your current data sources and compilation practices are of sufficient quality to compile data in line with the current edition of COFOG?**

Nearly 3 in 4 respondents (74%, n=73) said that their data sources and compilation practices are of sufficient quality to compile data in line with the current edition of COFOG.

**If yes, please provide additional detail, if desired**

Responses noted Eurostat mandates and IMF consistency requirements; as well as difficulties with certain subjects such as education or agriculture, and a lack of municipality/local data, despite overall satisfactory data quality.

**If no, what are the main issues?**

Responses noted, in particular: difficulties with R&D; insufficient data sources particularly in non-EU countries; lack of or low-quality state/local government data; lack of compatibility with other classifications or inconsistent coding within a country. There was also a suggestion to include COFOG codes in the chart of accounts.

### Programme Budgeting

**24. Does your institution implement some form of programme budgeting?***(“Programme budgeting” is a type of performance budgeting that allocates funds based on “programmes” trying to identify clear outputs and outcomes with clear objectives, this helps budget offices to improve expenditure prioritization. This approach requires a national “functional” programming classification structure)*

Only 29% of respondents (n=25) noted that their institution implements some form of programme budgeting. 38% (n=33) said they do not, and the remaining 33% (n=29) responded not sure or not applicable.

## Proposed Issue Categories

The following questions and response summaries cover the 21 proposed issue categories.

**Q25 i. Please indicate whether the issue category and its related proposals should be considered during the revision of COFOG (respondents to question=91)**

|  |  |
| --- | --- |
| % Responding ‘Yes’ | |
| 69% | A01. General public services |
| 53% | A02. Defence |
| 56% | A03. Public order and safety |
| 71% | A04. Economic affairs |
| 80% | A05. Environmental protection |
| 63% | A06. Housing and community amenities |
| 67% | A07. Health |
| 64% | A09. Education |
| 63% | A10. Social protection |

|  |  |
| --- | --- |
| 60% | A11. Cross-cutting issues |
| 62% | A12. R&D |
| 54% | A13. Digitalization |
| 40% | A14. Gender |
| 33% | A15. Indigenous peoples |

|  |  |
| --- | --- |
| 59% | B1. COFOG structure/classification principles |
| 51% | B2. Primary/secondary purpose |
| 56% | B3. Additional uses of COFOG |
| 65% | B4. Compilation issues |
| 64% | B5. Individual/collective expenditure |
| 60% | B6. Internal consistency with other classifications of expenditure according to purpose |
| 63% | B7. Alignment with other classifications/frameworks |

Respondents were overall supportive of considering the proposed issue categories during the revision of COFOG.

Most likely to be selected were A05. Environmental Protection (80%), A04. Economic Affairs (71%), A01. General Public Services (69%) and A07. Health (67%).

Only a few proposed issue categories were selected by fewer than half of respondents, namely A14. Gender (40%), and A15. Indigenous peoples (33%). All other issue categories were selected by 51-65% of respondents, as also shown in the chart below.

**Q25 ii. For each issue category that you marked in Question 25 i above, indicate whether you consider the issue category to be high, medium or low priority (n=83)**

(Some responses included multiple selections per issue: those marked as both high and medium priority are included with the “high priority” responses, and those marked as both medium and low priority are included with the “low priority” responses in the tables below)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| High | Med | Low | **H/M** |  |
| 38% | 43% | 20% | **80%** | A01. General public services |
| 40% | 29% | 31% | **69%** | A02. Defence |
| 32% | 43% | 26% | **74%** | A03. Public order and safety |
| 35% | 48% | 17% | **83%** | A04. Economic affairs |
| 73% | 21% | 6% | **94%** | A05. Environmental protection |
| 29% | 49% | 22% | **78%** | A06. Housing and community amenities |
| 44% | 44% | 12% | **88%** | A07. Health |
| 42% | 43% | 15% | **85%** | A09. Education |
| 43% | 43% | 15% | **86%** | A10. Social protection |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| High | Med | Low | **H/M** |  |
| 44% | 31% | 26% | **75%** | A11. Cross-cutting issues |
| 45% | 38% | 17% | **83%** | A12. R&D |
| 42% | 40% | 18% | **82%** | A13. Digitalization |
| 22% | 41% | 37% | **63%** | A14. Gender |
| 20% | 31% | 49% | **51%** | A15. Indigenous peoples |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| High | Med | Low | **H/M** |  |
| 57% | 37% | 6% | **94%** | B1. COFOG structure/classification principles |
| 40% | 48% | 13% | **88%** | B2. Primary/secondary purpose |
| 33% | 45% | 24% | **78%** | B3. Additional uses of COFOG |
| 50% | 38% | 12% | **88%** | B4. Compilation issues |
| 50% | 30% | 20% | **80%** | B5. Individual/collective expenditure |
| 46% | 42% | 12% | **88%** | B6. Internal consistency w/other classifications of expenditure according to purpose |
| 47% | 35% | 18% | **82%** | B7. Alignment with other classifications/frameworks |

All 21 issue categories were deemed to be either high or medium priority among a majority of respondents.

The issue categories most likely to be considered high or medium priority were: A05. Environmental protection and B1. COFOG structure/classification principles (94% each); plus A07. Health, B2. Primary/secondary purpose, B4. Compilation issues and B6. Internal consistency w/other classifications of expenditure according to purpose (88% each). The issue categories most likely to be considered low priority were: A15. Indigenous peoples (49%), A14. Gender (37%) and A02. Defence (31%).

**Q25 iii. For compilers only: Please note whether you consider implementing a revision of COFOG stemming from this issue category to be easy, moderate or difficult (n=64)**

(Some responses included multiple selections per issue: those marked as both difficult and moderate difficulty are included with the “difficult” responses, and those marked as both moderate and easy difficulty are included with the “easy” responses in the tables below)

|  |  |  |  |
| --- | --- | --- | --- |
| Easy | Mod. | Diff. |  |
| 31% | 50% | 19% | A01. General public services |
| 20% | 29% | 51% | A02. Defence |
| 28% | 41% | 30% | A03. Public order and safety |
| 12% | 57% | 31% | A04. Economic affairs |
| 4% | 43% | 50% | A05. Environmental protection |
| 35% | 43% | 22% | A06. Housing and community amenities |
| 16% | 42% | 42% | A07. Health |
| 15% | 45% | 40% | A09. Education |
| 10% | 52% | 35% | A10. Social protection |

|  |  |  |  |
| --- | --- | --- | --- |
| Easy | Mod. | Diff. |  |
| 4% | 27% | 67% | A11. Cross-cutting issues |
| 14% | 39% | 47% | A12. R&D |
| 6% | 24% | 70% | A13. Digitalization |
| 13% | 17% | 70% | A14. Gender |
| 10% | 21% | 69% | A15. Indigenous peoples |

|  |  |  |  |
| --- | --- | --- | --- |
| Easy | Mod. | Diff. |  |
| 11% | 62% | 26% | B1. COFOG structure/classification principles |
| 4% | 35% | 58% | B2. Primary/secondary purpose |
| 11% | 52% | 37% | B3. Additional uses of COFOG |
| 19% | 53% | 28% | B4. Compilation issues |
| 23% | 56% | 21% | B5. Individual/collective expenditure |
| 14% | 56% | 30% | B6. Internal consistency w/ other classifications of expenditure according to purpose |
| 4% | 60% | 36% | B7. Alignment with other classifications/frameworks |

Responses suggest that the majority of issues may be difficult, or at least moderately difficult, to implement.

The issue categories most likely to be considered difficult to implement were focused in the ‘cross-cutting and other thematic issues’ categories: A13. Digitalization and A14. Gender (both 70%), A15. Indigenous peoples (69%) and A11. Cross-cutting issues (67%).

The issue categories most likely to be considered easy to implement were concentrated in the ‘current COFOG divisions’ group: A06. Housing and community amenities (35%), A01. General public services (31%) and A03. Public order and safety (28%).

**Q25 iv. For each issue category, please note any comments**

Additional comments for each issue category are summarized below.

For each proposed issue category, the *original proposals* from Task Team members, as summarized in the consultation questionnaire, are copied below in text boxes .

The responses from this consultation are then categorized as either *additional proposals* or *concerns/objections* regarding the original proposals. To keep this section succinct, responses that expressed support to the original proposals are not included here. Please refer to the separate Excel file for the complete responses.

A01. General public services

Original proposals:

* Rename the Division to “General Public Services, Debt, and Transfers”
* Comprehensive reassessment of Division 01 in order to improve structural balance
* Modify the definition of 01.7 (Public debt transactions) to explicitly include expenditure related to a broader range of debt instruments, 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. Intragovernmental transfers not related to a particular function)”
* Restructure 01.8 by moving transfers to other 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)
* Provide more guidance on 01.7 and 01.8
* Distinguish climate or environmental-related transfers by creating other sub-categories

Additional proposals:

* Merge Group 013 (General Services) and Group 016 (General Public Services N.E.C.), as they have similar objectives
* Public debt transactions could have further breakdowns for different types of instruments, which would be helpful for analysis of financing of governments
* We would recommend different categories for ring-fenced and non-ring-fenced transfers
* Distinguish climate or environmental related transfers by creating other subcategories in line with the CEP
* Establishing a dedicated category for auditing services and accounting operations within the treasury, ministry of finance, budget office, and inland revenue agency
* Consider moving External Affairs to its own Group

Concerns/objections:

* The proposed changes are cosmetic ones and some of them actually damage COFOG coherence / prefer no change
* Proposed new division name is misleading as transfers (e.g. D.3, D,7, D.9) can and should also be included in other divisions
* Breakdowns in 01.8 for transfers if general character seems not logical, as well as no value added in renaming the group.
* Climate/Env. In div 01. Why sub-“categories” (groups/classes?) for climate and env. Related transfers in div.01 and not in div. 05?
* Regarding proposal to “Modify the definition of 01.7 (Public debt transactions) to explicitly include expenditure related to a broader range of debt instruments,” ensure only transactions meeting definition of expenditure are included
* Regarding 01.8, should also be clearly stated that transfers which have a function (e.g. Funding for S.1313 to maintain hospitals) should be then allocated to the specific function
* 'Distinguish climate or environmental-related transfers by creating other sub-categories' - this contradicts classification by primary purpose
* Allocating "tax administration" under 01.2 seems a contradiction with the SNA/ESA rules on payable tax credits - these assimilate to other expenditure
* Group already includes transfers from any of the 4 subsectors of government to any other subsector of general government
* Proposed new name is misleading as transfers (e.g. D.3, D,7, D.9) can and should also be included in other divisions

A02. Defense

Original proposal:

* Add breakdowns to 02.1.0 (Military defense) to cover at least the operation of land, air and sea forces individually; and possibly for nuclear, cyber and space

Additional proposals:

* Clarify provision of temporary housing for war evacuees
* Suggest instead expenditure by branch

Concerns/objections:

* Several respondents noted that the proposal may raise confidentiality and data limitation issues
* Problem with classification of missiles and other ammunition with high expenses
* Hospitals located on military bases are excluded and yet in times of emergency, they primarily take care of the injured and the army
* This [proposal] seems a very particular need which could be provided casually, instead of increasing compiler’s workload.
* Six-way breakdown risks mixing where military activity happens, what that activity is, and who does it / how to draw the boundaries. E.g. Navy aircraft, where does this fit in?
* Nuclear category would require sub-class of land, sea and air to be done accurately.

A03. Public order and safety

Original proposal:

* Create a new separate category in Division 03 for “Immigration and citizenship,” removing it from 03.1.0 (Police services)

Concerns/objections:

* Lack of detailed/accurate data
* Would require some transferring from 10.70 (Social exclusion n.e.c.)
* Should be considered as cross-cutting, general public services or economic affairs issue
* Does this cover justice, violence against children, trafficking in persons?

A04. Economic affairs

Original proposals:

* Clarify its organizing principle based on Eurostat COFOG Manual Section 2.8
* Move all construction activity under 04.4.3 (Construction), including construction and maintenance found under 04.5.1-04.5.5 and 04.6.0
* Include a breakdown of renewable/non-renewable energy in 04.4 (Mining, manufacturing and construction)
* Move “Active labour market policy” to 10.5 from 04.1 (General Economic, Commercial and Labour Affairs)
* Explicitly include livestock farming in 04.2.1 (Agriculture)
* Expand activities under 04.2.2 (Forestry) to include Conservation, Development and Regeneration of forests
* Rename 04.2.3 to “Fishing and aquaculture” or “Fishing” to align with ISIC, etc.
* Create a new category for “Marine resource management and conservation” covering fisheries management, marine biodiversity protection, and sustainable fishing practices
* Review 04.7.4 (Multi-purpose development projects)

Additional proposals:

* More detail on Agriculture
* Include a breakdown of renewable/non-renewable energy in 04.3 (Fuel and energy) rather than 04.4; add breakdown specifically in 04.34, 04.35, 04.36); include breakdown under 05 by creating new group Energy; consider SIEC revision
* 04.2.3: Create a new category for “Protection of wild animal and marine resources against depletion” (excluding protection of biodiversity, under 05.4. 3)
* 04.3.0: Include a separately identifiable subclass on energy savings
* All expenditure on conservation activities should be included under 05 by creating new group of Conservation
* Remove construction of flood control under 04.2.1 as it repeating with 04.7.4
* Align with ISIC Rev 5 where possible
* Consider splitting fishing and aquaculture into two categories (or follow ISIC)

Concerns/objections:

* Necessary to detail the inclusions and exclusions
* Breeding must be dealt with here
* Agree with all proposals regarding environmental issues. The remainder proposals are inconsequential and/or could affect COFOG coherence
* Moving all construction to 04.4.3 must rely on a misunderstanding, e.g. road-construction/maintenance not in 04.5.1 seems incorrect and details would be lost
* More detail needed on plan for renewable/non-renewable energy
* COFOG allocation of labour market policies should reflect beneficiaries. Conceptually disagree moving social protection measures against social risks such as unemployment benefits to economic affairs
* Marine resource management and conservation” could rather be considered as a group in div. 05
* Relocating “Active labour market policy” from category 04.1 (collective) to 10.5 (individual) implies its shift from collective to individual expenditure
* Unsure whether 04.2.2 (forestry) and its expansion to include “conservation, development and regeneration of forests” fits best in COFOG 4. Likewise, “Marine resource management and conservation”; consider inclusion of forestry within a revamped COFOG 05; possibly overlap between agriculture and fishing, and conservation. This should be distinct, with conservation spending going in COFOG 05
* Helpful to separate specific subsidy programmes from transport infrastructure (which might be better suited as its own division) from general support for industry
* Crucial to coordinate this revision with the expenditures currently allocated under the function of Environmental Protection
* Land reform is currently listed under 7042 [ed. note: 04.2.1?] – policy of high importance in Brazil coordinated with social protection that is not made transparent since it is classified with agriculture expenditure, including transfers to large scale landowners
* Does disaster risk reduction/recovery need to be encapsulated somewhere and particularly reference to the UNECE Task Force indicators work might be beneficial
* 'Include a breakdown of renewable/non-renewable energy in 04.4' - This seems a matter for NA input-output tables rather than COFOG
* 'Move “Active labour market policy” to 10.5 from 04.1' - if discussed, in conjunction with the recording of measures to support employment in terms of transactions (D.62 or D.39) in line with the guidance note agreed. We consider that measures to support employment classified as D.62 be allocated to 10.5 and measures to support employment classified as D.39 be allocated to 04.1
* 'Create a new category for “Marine resource management and conservation”- this would be a departure from the principle of including overhead costs with the related group/class

A05. Environmental protection

Original proposals:

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| --- |
| * Review the scope of the division, including 05.1 (Waste management), 05.4 (Protection of biodiversity and landscape), resource management activities and disaster risk and emergency relief * Improve alignment with CEP, SEEA and other environmental classifications/frameworks * Identify activities potentially under 05.4 (Protection of Biodiversity and Landscape) that support forest related intervention and realign them under 04.2.2 (Forestry) * Include a breakdown of renewable/non-renewable energy in 05.3 (Pollution abatement) * Clarify the classification of water-related expenditure, which is split between Division 06 (water supply), and Division 05 (wastewater management) * Consider recommendations of Data Gaps Initiative – Third Phase (DGI-3) on addressing statistical areas on climate change and its possible implication to COFOG * Account for expenditure on climate change mitigation and adaption, by evaluating the option to introduce further breakdowns at the level of COFOG classes in this or other relevant divisions or to create a standalone COFOG division on climate change expenditure, which include the following (currently, few of these items are allocated in division 05): * Investment in renewable energy * R&D linked to climate change projects * Transition assistance for households and businesses in moving towards energy transition, such as subsidies for insulation or heat pumps * Electrification of transport vehicles and networks * Flood defenses |

Additional proposals:

* Suggest expansion of COFOG 05 to something that is more comprehensive but covers environmental protection, climate change mitigation and adaptation, as well as conservation and management of natural resources
* Suggest to link discussion to ongoing global conventions such as those related to biodiversity and climate change taking into account information needs of the Kunming-Montreal Global Biodiversity Framework and the Paris Agreement
* Recommend that coverage of climate change and sustainability needs to be given greater visibility, where waste and renewable energy are other important aspects needing greater coverage
* Split 05.1 in separate classes: 05.11 waste management 05.12 materials recovery and savings
* Split 05.3 in separate classes: 05.31 greenhouse gases 05.32 other air pollutants 05.33 soil, surface and groundwater 05.34 noise and vibration 05.35 radiation
* Improve the description on class 05.3.0 and 05.6.0
* Suggest the need to understand if the there is a clear distinction between collection and distribution (Div. 06) and sewerage and purification (Div. 05)
* Noted that disaster risk and emergency relief are highly relevant and to be considered
* Suggest additional clarifications regarding civil defence actions in the context of climate change adaptation and mitigation efforts would be highly welcomed
* Recommend considering inclusion of new group related to the food security either in division 04 or 05
* Recommend considering a category for Pest and Rodent Control under environmental protection would address the management of these species to safeguard public health, agriculture, and ecosystems.
* Suggest more clarification on how active subsidy policies on net zero projects be classified in COFOG

Concerns/objections:

* Support a climate change category (or categories), but its effectiveness will be hinged on how well the issue of primary and secondary spending is addressed
* Some respondents support that the climate change category should be inside division 05 and not distributed to other divisions, while some suggest keeping the listed type of expenditure related to climate change within their respective function outside the environment division, for example:
  + Insofar as expenditure has a primary purpose "climate change mitigation and adaptation" it would seem to fall under resource management rather than environmental protection; similar for 'Investment in renewable energy'
  + ‘Transition assistance for households and businesses in moving towards energy transition, such as subsidies for insulation or heat pumps' - this should be recorded as part of 04.3
  + 'Electrification of transport vehicles and networks' - not clear what proposal is. Expenditure seems part of 04.5 transport. Electrification of (rail) networks is just a means of providing transport opportunities, and identical in purpose to letting diesel engines run along the tracks
  + Assistance for insulation/heat pumps: 06.10 (Housing development) or 04.43 (Construction)
  + Flood defenses: 04.74 (Multipurpose development projects).
* Resource management activities do not have as primary purpose environmental protection. Excluding them from their primary purposes and including them within environmental protection not consistent with recording government expenditure by primary purpose and not consistent with distinction in CEP of environmental protection and resource management
* 'Identify activities potentially under 05.4 that support forest related intervention and realign them under 04.2.2' - would this not introduce an inconsistency with CEP?
* Not clear what is the implication of Data Gap Initiatives to COFOG
* Difficult to obtain data at a more granular level. Creating new breakdowns is resource-demanding and creating additional answering burden for the respondents.

A06. Housing and community amenities

Original proposals:

* Reconsider the relevance of separately identifying 06.4 (Street lighting)
* Better distinguish expenditure related to “water”, including wastewater management currently under Division 05 (Environmental protection), which could be transferred to the Housing and community amenities category

Additional proposals:

* Expenses related to wastewater management are classified under Division 05, while those for water supply are classified under Division 06. Classifying both groups within the same division would be important because, despite the difficulty in separating them, the overall distribution across divisions would remain unchanged
* Probably, the water function should go to division 05, instead of wastewater to division 06; Remove Water supply from this Division; wastewater management sits more logically in COFOG 05, it also impacts industry, manufacturing, etc, and the main driver of investment in this area is to prevent pollution…Perhaps one to draw out in primary and secondary spend analysis
* Add a separate class 06.31 for water savings and management of natural water resources next to 06.30 water supply in general

Concerns/objections:

* it should be verified if the there is a clear distinction between collection and distribution (Div. 06) and sewerage and purification (Div. 05)
* The removal of 06.4 (Street lighting) would in our view lead to a shift to 06.2 (Community development)
* Wastewater management is classified as environmental protection according to SEEA og [sic] CEP. We would prefer to keep it under 05 Environmental protection
* [Street lighting] is not very important, and we propose discussing whether it could be grouped with group 06.2
* While waste water management has significant additional benefits in terms of public health, community development, etc. the primary purpose seems environmental protection. While expenditure may be incurred by the same government unit providing water supply, sewage networks are necessarily distinct from fresh water networks and use of the two is not necessarily coupled

A07 Health

Original proposals:

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| --- |
| * Revise the Division to distinguish between preventing and curative healthcare * Add new categories for “Disease prevention and control” and “Health promotion activities” and revise the definition of 07.6 (Health n.e.c.) to exclude these * Improve alignment with the System of Health Accounts (SHA 2011), including to: * Add “Rehabilitative care services,” “Long-term care health services” and “Ancillary services” * Split 07.4 (Public health services) into “Individual preventive services” and “Collective services” * Add a new subcategory for “Immunization services” * Reclassify foreign aid to health from 01.2 (Foreign economic aid) to Division 07 * Revise the definition of 07.1 (Medical products, appliances and equipment) * Rename 07.3 (Hospital services) to “Inpatient services” * Improve alignment with other health related classifications/frameworks including the Classification of Health Care Functions (ICHA-HC) * Consider potential overlap with A10 (Social protection) * Treatment of “digital health” |

Additional proposals:

* Consider correspondence between SHA and ICHA-HC, explain in a new COFOG manual
* 07.1 especially needs clarification
* Preventive services and immunization services categories should be developed in parallel with SHA ICHA-HC 6.1-6.6 groups
* Essential that the SHA methodology, based on a series of international manuals and guidelines on health spending, has direct and compatible relationship with, especially in inpatient and outpatient care and its sublevels
* Consider adding text to cover pandemic planning and mitigation

Concerns/objections:

* Treatment of digital health. Not sure what is meant; would be very hard to identify; not necessary
* Detail proposed in the COFOG revision would mean 1) deeply redefining COFOG methods, sources and definitions; 2) being extremely clear in defining at what digit the SHA-COFOG alignment should be achieved; 3) the proposal to divide groups into individual and collective classes would mean achieving the distinction between collective and individual services at the four-digit level
* If changing definitions to inpatient and outpatient services, definitions need to be clear about day and home-based services. Convention is to bundle day care with inpatient care and home-based care with outpatient care
* Guidance would have to be clear on what the distinction is between LTC and social protection
* Too many new breakdowns are being proposed
* Not necessary to rename Hospital services to inpatient services as government hospital
* No need to create a new category for “Disease prevention and control” and “Health promotion activities”
* Be wary about alignment with SHA 2011 given its dated nature but definitely need to look at ICHA and ICD
* Greater coverage on outlays for aged care support both in terms of residential facilities in the community and state facilities such as hospitals, as well as support through dementia care services and welfare. Immunization/pandemic outlays also need coverage
* Ancillary services are generally not captured in NA
* Why should "digital health" not be treated in the same way as traditional, in person services. It is just a means to an end, not a distinct purpose

A09. Education

Original proposals:

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| --- |
| * Reclassify spending on goods and services for school meal/nutrition programs as transfers to households * Clarify guidance on cross classification between GFSM and COFOG regarding education allowances and public loans for students * Include “scholarships, grants, loans and allowances” at the primary education level (09.1) as with other levels * Improve alignment with UOE [UNESCO-UIS/OECD/Eurostat] and ISCED-2011, including: * Inclusion of early childhood educational development in Division 09 * Coverage of only formal education * Clarification on the treatment of government dependent educational institutions * Inclusion of public expenditure loans that are treated as financial transactions * Clarification of educational expenditure classified as transfers or other payments from governments to households |

Additional proposals:

* Further breakdowns in terms of formal grants and imputed grants through write-offs of loans
* Consider issues and recommendations being presented to UNESCO General Conference in 2025 for an ISCED revision…education division of CPC may provide alignment ideas. There is government expenditure and outlays for special needs and distance education

Concerns/objections:

* Reclassifying spending on goods and services for school meal/nutrition programs as transfers to households creates difficulties for the compilation
* Not clear whether “Inclusion of public expenditure loans that are treated as financial transactions” would include financial transactions in the scope of COFOG…would result in a misalignment with the methodological framework of GFS…might be more appropriate to treat such information as a memorandum item to ensure consistency with established statistical practices.
* Opposes the inclusion of public expenditure loans that are treated as financial transactions, as it seems unwise to mix non-financial transactions with financial transactions. This would also reduce the consistency between COFOG and ESA tables 2 and 25
* 'Reclassify spending on goods and services for school meal/nutrition programs' - these are already classified as social transfers in kind to households in the national accounts (in group 09.6). This should be considered by the GFSM review if found important by the IMF, and not the COFOG review
* UOE and ISCED are two different things, here they are mingled. How should this be assessed in this case?
* There should continue to be a group to allocate education not definable by level. Informal education is part of education, and the primary purpose is education. This is already "segregated" in its own group

A10. Social protection

Original proposals:

* Clarify the treatment of expenditure related to migration which may currently be included under 10.7 (Social exclusion n.e.c.), 03.1 (Police services) and 01.2 (Foreign economic aid), or create a new dedicated category
* Clarify that 10.6.0 (Housing) includes cash benefits in addition to benefits in kind, as noted in the exclusion to 06.1.0
* Add a sub-category for support to low-income earners in 10.7 (Social exclusion n.e.c.)
* Clarify the individual/collective breakdown of residual expenditure classified in 10.9 “Social protection n.e.c.” given that 10.1-10.7 are considered for individual expenditure and 10.8-10.9 for collective expenditure
* Add a sub-category for housing aid to be provided after natural disasters

Additional proposals:

* Support this division being split into social security and goods/services provision of social protection. Social security is a very large, transfer-based system in most countries, and therefore would warrant its own separate division
* Consider guidance to allow for perhaps more lower-level breakdowns so governments don’t put too much expenditure on the n.e.c. sub-categories if they don’t fully align with the others
* To add a clarification regarding the provision of temporary housing for the war evacuees
* More links to ESSPROS data

Concerns/objections:

* Proposed modifications will not change the quality of data already compiled
* Re: migration, new group already proposed in div 03. Other existing groups should cover migration. Discussion welcome to further clarify
* Do not support creating a subcategory for migration as this most likely will not capture all the related expenditure due to complex nature of category
* Re: proposal to clarify that 10.6.0 (Housing) includes cash benefits, mixes up COFOG and economic transactions
* Re: low-income earners in 10.7, seems many classes could be envisaged under 10.7. A common definition of low-income earner needed
* Need clear definition of ‘ Support to low-income earners’ are made before we can support
* Re: individual/collective breakdown, we think the explanatory text under 10.90 is rather clear
* About COFOG 10.9, it is supposed to be collective by definition, however there are some expenditure, bordering between collective and individual that can be classified only there
* Re: housing aid, would housing aid related to natural disasters be of higher importance in COFOG than displacement due to war, pandemic?
* Sub-category for housing aid after a natural disaster, might fit well with any new climate change category
* Need to ensure the proposals here align with those under A03, with regard to immigration
* Expenditure on migration has different purposes (public order and safety, social protection) and should not be mixed in one group. Where expenditure on refugees follow the same rules as expenditure on other parts of the population, expenditure should be assigned to function of purpose (e.g. 09.1)

A11. Cross-cutting issues

Original proposals:

* Civil protection in the event of disasters and climate change, land reclamation projects
* Long-term care, between Divisions 07 and 10
* Activities potentially under 05.4 (Protection of Biodiversity and Landscape) that support forest related intervention and realign them under 04.2.2 (Forestry)
* Water-related expenditure, which is split between “housing and community amenities” (water supply), and “environmental protection” (wastewater management)
* Net-zero related spending
* Food security and nutrition

Additional proposals:

* To better realign especially issues related to environment and social protection

Concerns/objections:

* Obtaining data to breakdown multi-purpose expenditure is difficult and COFOG compilation would depend on too many technical coefficients, which probably would only be revised during benchmark revisions
* Re: long-term care, seems in practice difficult to distinguish social protection and health services to the relevant beneficiaries
* Having long-term care contained within one division would be preferable
* Net-zero spending concept is broad and hardly operational in COFOG, and measures should already be captured in specific groups of div 05 (04)
* Re: food security and nutrition, see div 10, e.g. group 10.7, seems a discussion on dividing group 10.7 into classes by broad categories of vulnerability could be considered
* Feels similar to issue B2 and that most of the problems could be solved through an effective way of allocating primary and secondary spending to different categories

A12. R&D

Original proposals:

* Whether expenditures related to R&D are better grouped into a single COFOG division or stay aligned within their respective divisions
* Whether to include additional breakdowns on R&D expenditures at the lower group or class level
* Improved alignment with the “Nomenclature for the Analysis and Comparison of Scientific Programmes and Budget” (NABS) that is used for the reporting of Government Budgets for R&D
* Inclusion of R&D from tertiary educational institutions

Additional proposals:

* Should be a sub-group within R&D to determine which economic fields benefit from the R&D

Concerns/objections:

* Compilation of R&D is already today complicated. Further details seem not advisable
* COFOG doesn’t align with FRASCATI, which is required for OECD reporting. Considered feasibility of aligning data requirements, but seems impossible currently. FRASCATI manual says “use of COFOG headings for government institutions in the context of R&D statistics cannot be recommended by this manual, because categories are not optimised for the purpose of describing R&D expenditures”
* Already challenging to have the 11 groups related to R&D and harmonization has proven difficult. Should be a consolidation of R&D expenditure rather than reliance on further assumptions
* Alignment seems not possible as expenditure in universities in NABS is not split according to purpose. Following NABS implies overstatement of education division. Moreover, NABS not aligned with national account concepts on sectorization & accrual

A13. Digitalization

Original proposals:

* Further develop guidance on the treatment of expenditures related to digitalization
* Review priority areas including the digital economy, data, free digital assets and services, and crypto assets
* Explore the feasibility in linking digitalization, which is considered as a tool in providing services to citizens in an efficient way, to the purposes of government expenditure

Concerns/objections:

* Digitalization is a means to an end, not a function per se
* Mixing objectives and means
* Should be in R&D
* Not worthy of its own functions. Digitalisation is more of a tool to accomplish other functions
* Nearly never the primary function of the expenditure
* Would be wary of over-expanding this section because of the challenges for many countries in respect to moving into the digital economy, and evolution of crypto and related activities

A14. Gender

Original proposals:

* Incorporate a ‘gender’ group within each division
* Consider other dimensions of discrimination such as race and age

Concerns/objections:

* Such information is not available in government financial statements
* Very hard to identify within the source data, especially if a gender group were to be introduced within each COFOG division
* Difficult to implement, even if it was desirable
* Do not see it meaningful to address gender in each division…other statistical products could address this topic better. However, in 10.7 social exclusion foresees recording of measures against discrimination and support to different groups of vulnerable people. Perhaps consider a split of this group
* Specific expenditure on gender issues and discrimination should be recorded in one division, like in social protection
* It is in GF 10.07
* I agree it is a cross-cutting issue but I see a lot of difficulties to add a gender tag to the COFOG expenditure. Gender tagging does not have a shared methodology, as it is not under any common regulation
* Topics mentioned are extremely relevant, as are other cross-cutting agendas…However, these should be developed parallel to COFOG rather than incorporated into its methodology. Including such agendas directly in the COFOG framework would make its compilation excessively burdensome, potentially undermining its feasibility and effectiveness
* What is meant by gender in context of COFOG? …as in coverage of the population beyond the male/female binary, or about women’s contribution to the economy etc?
* COFOG is a classification used in national accounts. NA uses "households" as smallest unit, which can comprise more than one person of different genders. What happens in the individual household is not captured in NA. As such COFOG is the wrong classification

A15. Indigenous peoples

Original proposals:

* Consider further guidance on treatment of expenditures related to indigenous peoples and local communities

Additional proposals:

* Indigenous peoples and local communities. See COFOG 10.7 and comment related to A14 [4th bullet point above]. Support to local communities would probably be related to education, health etc.
* Suggest to create new group under division 04 which then breakdown to have several classes focus on gender, indigenous people, race, age etc.
* Indigenous settlements represent a significant expense item in Canada. Recommend to either add a specific COFOG code or update the definition(s) to clarify their treatment and placement—ex. Social exclusion. Additional code should be considered in the GFS economic classification as well
* Consider indigenous funding and transactions with communities and government (bi-directional) e.g. government support to indigenous communities to build infrastructure etc, or indigenous communities supporting government by funding research institutes, education facilities etc, as well as indigenous community governance and resource/land management and usage

Concerns/objections:

* Not a priority/not relevant/not applicable
* Very hard to identify within the source data

B1. COFOG structure/classification principles

Original proposal/discussion:

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 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 and social security fund sectors in addition to the central government sector
* treatment of preventative expenditure
* development of official alternative aggregates or indicators along cross-cutting themes
* development of guidance
* cross-classification of economic transactions and COFOG groups

Additional proposals:

* Purpose is to enable international comparison - feel this is missing from the principles
* Determine whether balance across the divisions or coherence is more important. A review of the applicability of the classifications across different layers of government (such as has been done in ESA manuals for the different economic transactions) would be helpful
* It would be useful to see the use of the most detailed COFOG categories
* Structure should be representative of reality and not adhere to principles of balance of feasibility. Mutual exclusivity of categories may potentially need to be relaxed
* Is a hierarchic classification what is needed or is there a more modernized approach?  A coding index would be useful for search and discovery and/or APIs for platform integration and accessibility
* If it is to be used for an analytical approach, then looking at how BEC is structured might be useful
* Applicability for state and local government and social security fund sectors in addition to the central government sector

Concerns/objections:

* Maintain as far as possible the COFOG structure/classification principles
* Prerequisite that revision maintains relationship with relevant fundamental principles of national accounts/GFS so the role of COFOG in drawing the line between individual and collective goods and services provided by government units is kept
* What is the purpose of COFOG and who is intended to use it? Developed countries needs should not outweigh developing country needs
* Treatment of preventive expenditure: What is meant? Are there expenditures not covered?
* Number of functions should remain reasonable since more functions mean more compiling difficulties and ambiguity
* The starting point should be the Eurostat COFOG manual and guidance
* The structure of COFOG should preferably remain unchanged/This has to be assured in the revised classification: i.e. there should be no excessive further breakdown of "small" divisions.

B2. Primary/secondary purpose

Original proposal/discussion:

The classification criteria of COFOG are based on purpose, where the term “purpose” as described in COFOG 1999 conveys the meaning of social-economic objectives that institutional units aim to achieve through various kinds of outlays. COFOG is currently a classification delineating general government expenditure by main purpose and does not consider multiple purposes or impact. The problem in unambiguously assigned government expenditure to a single function in the classification and the treatment of secondary purpose expenditures/functions of government, for example expenditure on environmental protection and resource management, and treatment of ministries and administrative expenditures, are documented in COFOG 1999.

More and more economic decisions nowadays are made with a view to fulfil some secondary goals. By not recognizing secondary purpose (or impacts) of a specific outlay, COFOG seriously limits the information in support of policymakers’ decision making and, above all, impact assessments. This revision issue will explore the feasibility and review various options on addressing expenditure with secondary purposes within the context of the primary purpose criterion, with an objective of finding a solution for the classification of expenditures by secondary purposes in COFOG.

Additional proposals:

* Particularly important for climate change
* Two different issues: one is multipurpose functions, where e.g. one government agency is carrying out more than one COFOG function, but source data may not easily allow separating functions…we would support the guidance in the Eurostat COFOG manual. 2nd issue could be where one activity/policy measure would have clearly dual effects - intentionally. Double counting of money spent not an option, but how to treat should be explored

Concerns/objections:

* Compilation would depend on too many technical coefficients, which probably would only be revised during benchmark revisions
* Not simply a matter of tagging, it involves too the definition of different quotas of expenditure to associate to the primary and the secondary purpose
* Clear guidance on how to attribute to secondary purposes and what proportions should be used required to make this successful
* Careful consideration and planning required to balance benefits with its practical implications
* Not possible to implement without COFOG statistics suffering a large drop in quality (especially for earlier years of time series)
* Principle of dividing whole into parts from only one point of view should be maintained, and therefore with the possibility of adding data so that the sum of all the parts equals the whole
* Heavy load for compilers
* Might be better achieved by fully defining the cross-cutting issues and how to deal with them
* There is no issue with assigning environmental protection expenditure. Rather, resource management only is a secondary purpose. Treatment of line ministries etc. seems solved in the COFOG 99. Why reopen issues that are already solved?

B3. Additional uses of COFOG

Original proposal/discussion:

These revision issues review uses of COFOG in the statistical and policy domains. COFOG is now considered primarily a classification of government expenditure. Proposals should be evaluated as to where COFOG are appropriately implemented in the government finance statistics, national accounts and the satellite accounts. Initial proposals also suggest that there could be further uses in the domain of government employment and public sector productivity.

Additional proposals:

* Consider possibility of bringing COFOG breakdown as close as possible to the NACE detail
* Correspondence with other classifications, satellites etc. should be shown in a manual. Advise to be cautious of being too prescriptive for use of COFOG – other than being very clear on what COFOG measures and how. However, some sort of user’s guidance could be useful
* Support using COFOG more widely, to expand further on GFS. This is already used by the IMF, showing how effectively these data can be in allowing for international comparisons and it would be ideal to expand on this further than just GFS; enable the direct measurement of labour or capital inputs
* Consider reporting of employment levels as well as expenditure using COFOG breakdowns
* Suggest having correlation table between COFOG and ISIC for NSO guidance

Concerns/objections:

* Trend to pressure COFOG statistics to supply data that should be compiled by satellite accounts. Since implementation of those accounts are costly, assumption is that COFOG must deliver the data
* Further uses in the domain of government employment and public sector productivity do not depend on a COFOG revision but on a merging of different statistics
* Needs a research agenda of future work and a clear maintenance plan and then additional uses may be dealt with through different approaches or better integrated
* Government employment is interesting proposal. Idea that COFOG should be implemented in NA and GFS should not be put in question. However, since satellite accounts extend NA concepts, direct consistency is logically impossible. E.g. in Europe SHA and ESSPROS. The topic should be limited in scope

B4. Compilation issues

Original proposal/discussion:

This revision issue calls for the strengthening of the compilation taking into account diverse and country-specific differences for the COFOG implementation. The COFOG classification and datasets produced provide rich and useful information that can be of more value if further guidance is provided for users (and compilers) on how to compile and use the data. However, there is a lack of data for COFOG II level in some countries due to difficulties in methodological interpretation or a lack of detailed source data at this level of classification. Moreover, the analytical usefulness of the COFOG data is severely curtailed if only budgetary units or the central government are captured rather than the whole general government sector. It is therefore important to collect data for the subnational government levels S1312 (for federal countries) and S1313, for S1314 and include extra-budgetary units in the compilation.

Compilation guidance should preferably be built starting from the existing Eurostat COFOG manual. The Manual on sources and methods for the compilation of COFOG statistics 2019 is a comprehensive guide to compiling COFOG statistics, which usefully discusses various methodological issues and EU country practices. A gap for non-EU compilers of COFOG statistics is how to practically compile these data. For example, guidance on incorporating COFOG into budgeting frameworks (which is common practice in the EU), or the best ways to cross-classify expenditure between GFSM/SNA with COFOG. In addition, budget programmes may include spending programmes that have more than one purpose in the sense of COFOG. Guidance on how to classify expenditures from budget programmes that have more than one purpose could be particularly useful. More generally, the COFOG guidance could usefully include more inclusion and exclusion examples across all groups and classes.

Additional proposals:

* Could discuss developing a compiler’s guide
* Guidance must be continually updated and improved based on feedback from user countries
* Consider how breakdowns can be made either more flexible or more comprehensive in some areas (e.g. health, social protection) so governments can see how their own policy breakdowns fit into COFOG; would avoid some difficulties and resort to n.e.c. and locally-adapted breakdowns, which can render some international comparisons difficult

Concerns/objections:

* Not an issue within European statistics ecosystem
* Could probably be done after COFOG is completed, however some light guidance for texting may help
* A repetition of item under B.1. Furthermore, it is up to compilers and IO to ensure appropriate sectoral scope of COFOG, rather than this being a topic for the conceptual review

B5. Individual/collective expenditure

Original proposal/discussion:

COFOG is important in national accounts as the basis to draw the borderline between individual and collective goods and services. Expenditures on a wide range of consumption goods and services are incurred by general government, either on collective services or on selected individual goods or services. The final consumption expenditures of general government can be classified according to whether the expenditures are on collective services or individual goods or services, or by functions according to COFOG. In COFOG 1999, all of Divisions 01 to 06 (General public services, defence, public order and safety, economic affairs, environmental protection, housing and community amenities) are collective services, as are Groups 07.5 and 07.6 of health, Groups 08.3 to 08.6 of recreation, culture and religion, Groups 09.7 and 09.8 of education, and Groups 10.8 and 10.9 of social protection. The remaining Groups of health, recreation, culture and religion, education and social protection (which dominate each of the classes) are individual services. This role and consistent integration of COFOG with the SNA is recommended to be maintained. It is important that the revision of COFOG is aware of and takes into account the SNA revisions in a coherent manner. The discussion on various issues may have implication to the precise mapping of the COFOG classification to collective and individual services, and such issues can be examined during the revision process.

Additional proposals:

* Add a new group in 04 Economic affairs division for public transport services to households (railway, road, air etc). In this group amounts recorded in individual consumption expenditure according to ESA 3.101
* Shift active labour market policy programmes from group 04.1 (general economic, commercial, and labour affairs) to 10.5 (unemployment)
* Clarify frame between classification of collective and individual goods and services more clearly, and if necessary to separate the divisions that contain a combination of individual/collective goods and services as this has impact on national accounts
* Further breakdowns might make sense to consider. Some economic affairs spending might not necessarily be collective services, for example. Public health is probably collective as well rather than individual
* As the COFOG review was started late and not coordinated with SNA review, the review should be limited so as not to affect the breakdown between individual and collective consumption expenditure

Concerns/objections:

* Prerequisite to maintain relationship with relevant fundamental principles of national accounts/GFS so role of COFOG in drawing line between individual/collective goods and services provided by government units is kept

B6. Internal consistency with the other classifications of expenditure according to purpose

Original proposal/discussion:

Consider the alignment/consistency of COFOG with the related classifications of expenditure according to purpose:

* + Classification of Individual Consumption by Purpose (COICOP)
  + Classification of the Purposes of Non-profit Institutions Serving Households (COPNI)
  + Classification of Outlays of Producers by Purpose (COPP)

The original 1999 version of these classifications is available at: <https://unstats.un.org/unsd/publication/SeriesM/SeriesM_84E.pdf>

Additional proposals:

* Shift local transport to individual consumption to ensure consistency with COICOP
* Validate whether or not COPP and COPNI can be retired
* Section briefly describing the various classifications by purpose could be included in a new manual – see Eurostat manual

Concerns/objections:

* Last revision of COICOP did not affect relationship with current version of COFOG. If relationship changes with the revision of COFOG, we assume this is communicated to UNCEISC – before forwarded for approval by the UNSC
* Important that it includes flexibility given individual countries' classifications of institutions
* COICOP review was finished in 2018. It has to be avoided that COICOP is revised again at this stage. A certain stability of classifications used in national accounts is needed.

B7. Alignment with other classifications/frameworks

Original proposal/discussion:

Consider the alignment of COFOG with any other relevant classifications/frameworks, (e.g. ISIC, SDGs)

Please note that:

* Alignment with the Classification of Environmental Purposes (CEP), System of Environmental-Economic Accounting (SEEA), EU Sustainable Finance Taxonomy and other environmental classifications/frameworks is covered under issue A05 (Environmental protection)
* Alignment with the System of Health Accounts (SHA) is covered under issue A07 (Health)
* Alignment with the International Standard Classification of Education (ISCED) and the joint UNESCO-UIS/OECD/EUROSTAT data collection (UOE) is covered under issue A09 (Education)
* Alignment with the Nomenclature for the Analysis and Comparison of Scientific Programmes and Budget (NABS) is covered under A12 (Research and development)

Additional proposals:

* Should be broadened to not just consider alignment but also bridges/mappings between classification frameworks where full alignment not possible
* Alignment with CEP and CEPA/CReMA: environmental accounts (environmental costs and subsidies/transfers) can be compiled limited (with some compromise) according to the current COFOG structure. For example the further splitting of 05.3 group

Concerns/objections:

* Alignment with some classifications could be challenging (e.g. ISCED)
* Can be difficult because COFOG classification is comprehensive; others are thematic, having the possibility of going beyond the correspondence of the single COFOG division/group/class
* Do not see this as overly critical unless there is a direct contextual alignment
* ISIC is a classification by activity and not by purpose
* Alignment with environmental protection part of CEP should be considered as part of this review, but maintaining the principle of primary function implies not aligning with resource management part of CEP

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## Additional Questions

**Q26. In your view, are there other issues that should be considered for the revision of COFOG?**

Most respondents did not suggest additional issues for consideration. Among those who did, responses were varied, including alignment with SDGs goals, NACE, SNA and UNESCO; and considerations for timeliness, flexibility for local adaptations/low and middle-income countries, and support for non-statistical / administrative providers. Other responses touched on agriculture, land use planning, care for the elderly, retaining the principle of recording by primary purpose, legal considerations, settlements related to indigenous populations for historical injustices, basic research, expenditure on dependent children and emerging technologies.

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**Q27. Are there divisions of COFOG that need a new group, class, or subclass?**

Most respondents (64%, n=55) did not see a need for new groups, classes or subclasses in the current COFOG divisions.

**If yes, please specify**

There were a number of responses to this question, covering nearly all divisions.

Most commonly mentioned were proposed new categories in Division 01 - General Public Services (including external affairs, additional breakdowns for public debt transactions); Division 04 - Economic Affairs (including resource conservation/protection, flood control, renewable energy, public transport services to households and space transport); Division 05 - Environmental Protection (including pollution reduction, energy, waste management, materials recovery and nuclear safety); and Division 10 - Social Protection (including additional breakdowns for Social exclusion n.e.c.).

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**Q28. In your view, are there divisions, groups or classes in COFOG that are now obsolete or less relevant to identify separately?**

The majority of respondents (78%, n=64) did not note any obsolete or irrelevant categories in the current COFOG classification.

**If yes, please specify**

Among the respondents who did, more than half noted 06.4 - Street lighting. No other categories were mentioned by more than one respondent.

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**Q29. Are there any modifications or national adaptations to the COFOG classification that your institution has made to facilitate the collection or dissemination/publication of government expenditure data in your country?**

Most respondents (74%, n=64) did not note any modifications or national adaptations used by their institution.

**If yes, please explain**

Some respondents described their national adaptations of COFOG, which generally provide additional levels of detail in areas such as transport and education. Others noted that their national adaptations have additional categories such as religion, or fewer categories based on data limitations.

Alternatively, other respondents noted their use of satellite accounts, the ISIC classification, or their own functional budget classification.

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# Annex I. Questionnaire

**Global Consultation on the Initial List of Issues for the Update of the Classification of the Functions of Government (COFOG)**

**Introduction**

The United Nations Statistical Commission (UNSC) at its fifty-third session in 2022 “recommended the revision of the Classification of the Functions of Government (COFOG) and an assessment of whether changes are required in the other classifications of expenditure according to purpose.” ([Decision 53/125(i) of E/CN.3/2022/41](https://unstats.un.org/UNSDWebsite/statcom/session_53/documents/2022-41-FinalReport-E.pdf)).

The update of COFOG will be carried out under the auspices of the United Nations Committee of Experts on International Statistical Classifications (UNCEISC) and its Task Team on the Revision of COFOG (TT-COFOG). It is anticipated that the update will be completed by March 2027.

The primary objectives of the TT-COFOG are to develop a revised version of the COFOG, including the structure, explanatory notes and correspondences between the revised COFOG and the 1999 version of COFOG. In addition, the task team will provide an assessment on whether changes are required in other classifications according to purpose in the context of the COFOG revision and make a recommendation to UNCEISC.

The revision process of COFOG will be undertaken in coordination with the update process of other macroeconomic standards, including the update of the Government Financial Statistics Manual (GFSM), System of National Accounts (SNA) and the System of Environmental-Economic Accounting (SEEA) Central Framework.

The Global Consultation on the Initial List of Issues for the Update of COFOG is being conducted with countries, international/regional organizations and broader user communities to collect feedback on the initial list of issues which were identified by the TT-COFOG. The feedback from the global consultation will contribute to the finalization of the list of issues which will be presented to the 56th session of the UNSC in 2025.

**What is COFOG?**

The classification of the functions of government (COFOG) is a classification of transactions designed to apply to general government and its subsectors. In the current version of the COFOG classification, there are ten divisions as follows:

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

These divisions are broken down into more details in groups, which again are broken down into classes. At the most detailed level, classes, whether the expenditure are being related to collective services or individual services are indicated. In practice, in many groups there is only one class, hence group and class are then equal.

Following the conceptual principles, all of divisions 01 to 06 are collective services, as are groups 07.5 and 07.6 of division 07 – Health, groups 08.3 to 08.6 of division 08 – Recreation, culture and religion, groups 09.7 and 09.8 of division 9 – Education, and groups 10.8 and 10.9 of division 10 – Social protection. These groups cover expenditures on general administration, regulation, research and so on. The remaining parts of the classification refer to expenditure related to individual services. However, the COFOG classification is periodically reviewed and the precise mapping of the COFOG classification to collective and individual services may also be updated during these revisions. ([Draft 2025 SNA, paras. 10.101-10.102](https://unstats.un.org/unsd/nationalaccount/SNAUpdate/2025/Draft_2025SNA.pdf))

**Who should fill out this questionnaire?**

This questionnaire is being circulated to national statistical offices, relevant international/regional organizations and the broader compiler and user community. It is intended to be completed by those who currently compile COFOG or use COFOG in analysis, or intend to do so in the future.

When filling out the questionnaire, respondents are encouraged to consult with or forward the questionnaire to relevant users/producers of the statistics related to COFOG in their institutions and/or in other relevant institutions in their country as appropriate.

**What is the aim of the questionnaire?**

The aim of the questionnaire is to collect feedback on the initial list of issues and their suggested prioritization in order to finalize the list of issues for the revision of COFOG.

**How will the responses be used?**

The responses to the questionnaire will be reviewed by the TT-COFOG to finalize the list of issues for the revision of COFOG. The final list of issues will be presented to the UN Statistical Commission at its 56th Session in 2025, along with a summary of the results of the Global Consultation.

In addition, to maximize transparency UNSD plans make the responses to this questionnaire available (no email addresses will be released) on the UNSD website here: <https://unstats.un.org/unsd/classifications/cofog/revision>.

At the end of the questionnaire, you can indicate whether you consent to having your response published on the UNSD website. If you answer “no”, your response will only be used internally by the TT-COFOG.

**How to fill out the questionnaire?**

This questionnaire is available in two formats:

* an online form, available here <https://www.surveymonkey.com/r/J79YF28>; or
* a stand-alone Microsoft Word document, to be sent to [chl@un.org](mailto:chl@un.org).

Your response to this questionnaire should be submitted by **10 December 2024**.

Your input into this global consultation is very important and your participation is greatly appreciated. If you have any questions or concerns, please contact us at [chl@un.org](mailto:chl@un.org).

**Part I. Contact and Background Information**

**1.** **Your name**:

**2.** **Country**:

**3.** **Institution**:

**4.** **Division/Area**:

**5.** **Job** **title**:

**6.** **Email address**:

**Part II. Use of COFOG in Your Institution**

1. **We encourage a coordinated response from your institution. Please indicate below if your response is coordinated with experts in the following areas within your institution**   
   **(Please select all that apply)**

Government finance statistics

National accounts

Classifications

Business and trade statistics

Environment statistics

Environmental-economic accounts

Social and demographic statistics

Health statistics

Education statistics

SNA extended and thematic accounts (please specify which: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

Tourism statistics

Research and development statistics

Other, please specify: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. **Is your response coordinated with other institutions (not your own) in your country?**

Yes. If yes, with whom? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

No

Not applicable

1. **Does your institution compile or use government expenditure statistics or accounts utilizing COFOG? (Please select all that apply)**

A. My institution compiles government expenditure accounts based on the COFOG classification

B. My institution provides data for the compilation of government expenditure accounts based on the COFOG classification

C. My institution uses government expenditure accounts based on the COFOG classification

D. My institution does not compile, use or provide data for government expenditure accounts based on the COFOG classification, but the framework is relevant to the work of my institution

**\*Please note the following regarding your response to Question 9\***

**If your response includes A and/or B only, answer Questions 10-16 and skip Questions 17-19**

**If your response includes A and/or B and C, answer all Questions 10-19**

**If your response includes C only, skip Questions 10-16 and answer Questions 17-19**

**If your response includes D only, skip Questions 10-19**

**Questions 10-16: For compilers and data providers**

1. **At what level of detail does your institution provide COFOG source data or compile COFOG? Please mark all that are applicable:**

☐ Division (2 digits)

☐ Group (3 digits)

☐ Class (4 digits)

☐ Additional level(s) of detail (5+ digits) for national adaptation

1. **At what level of detail does your institution publish COFOG data? Please mark all that are applicable:**

☐ Division (2 digits)

☐ Group (3 digits)

☐ Class (4 digits)

☐ Additional level(s) of detail (5+ digits) for national adaptation

1. **For which institutional sectors does your institution provide COFOG source data or compile COFOG? Please mark all that are applicable:**

☐ General government (S.13)

☐ Central government (S.1311)

*☐ (Of which): Budgetary central government (S.1311)*

*☐ (Of which): Non-budgetary central government (S.1311)*

☐ State government (S.1312)

☐ Local government (S.1313)

☐ Social security funds (S.1314)

☐ State-owned enterprises/public corporations

1. **Does your institution use budget tagging to identify primary expenditures in your data system?**

☐ Yes

☐ No. If no, please explain which method(s) are used to identify primary expenditure: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. **Does your institution identify secondary expenditures in the same way as primary purposes of expenditure? (See Annex for issue category B2. For more information)**

☐ Yes

☐ No, our institution uses alternative methods to identify secondary expenditure. Please explain how secondary expenditures are identified, if applicable: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

☐ No, our institution does not identify secondary expenditure

1. **In the compilation or provision of COFOG data, do you ensure (or aim to achieve) consistency with other related data, such as non-financial data for government statistics and other domains (e.g. employment, energy, etc.)?**

☐ Yes. Please explain: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

☐ No

1. **Are COFOG statistics compiled ex post or ex ante in the budgeting process?**

☐ Ex post (at the end of the budget cycle)

☐ Ex ante (at the beginning of the budget cycle)

☐ Not sure/not applicable

**Questions 17-19: For users only**

1. **At what level of detail does your institution utilize COFOG data? Please mark all that are applicable:**☐ Division (2 digits)  
   ☐ Group (3 digits)  
   ☐ Class (4 digits)  
   ☐ Additional level(s) of detail (5+ digits) for national adaptation
2. **For which institutional sectors does your institution utilize COFOG data?** General government (S.13)  
    Central government (S.1311)  
    State government (S.1312)  
    Local government (S.1313)  
    Social security funds (S.1314)   
    Government enterprises/public corporations
3. **Do you need COFOG time series for your analysis?**

☐ Yes. If yes, please note the length of the time series you use: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

☐ No

**Remaining questions for all respondents**

1. **Which types of expenditure are classified according to COFOG in your institution?   
   Please mark all that are applicable:**

Total outlays according to GFSM

Total expenditure according to ESA 2010

Final consumption expenditure (e.g. compensation of employees, intermediate consumption, consumption of fixed capital, market output, output for own final use, taxes on production paid/subsidies on production received)

Other types of current expenditure (e.g. current grants and subsidies)

Capital expenditure (e.g. capital grants and capital formation)

Transactions in financial assets and liabilities

Others (Please specify): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. **Does your institution use COFOG in national accounts to identify individual and collective consumption expenditure for goods and services provided by government?**

Yes

No

Not sure/not applicable

1. **If yes to Question 21, how does your institution use COFOG to identify individual and collective consumption expenditure for goods and services provided by government?**

Precise mapping of the COFOG classification to collective and individual goods and services as defined in the SNA

Local adaptation (Please provide details): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. **Do you consider that your current data sources and compilation practices are of a sufficient quality to compile data in line with the current edition of COFOG?**

Yes. Please provide additional detail, if desired: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

No. If no, what are the main issues: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. **Does your institution implement some form of programme budgeting**[[1]](#footnote-2)**?**

☐ Yes. If yes, do you have a national programme classification structure? \_\_\_\_\_\_\_\_\_\_\_

☐ No

☐ Not sure/not applicable

**Part III. List of Issues**

The Task Team on the Revision of COFOG (TT-COFOG) has compiled an initial list of issues to consider for the update of the COFOG classification.

Proposed issues are organized into two major issue categories. Group A is for thematic/subject matter issues pertaining to the current uses or compilation of the COFOG. Group B is for issues related to the underlying scope, principles, concepts and structure of the classification, and to strengthen the alignment with international reporting for relevant statistics and indicators:

1. **Current COFOG Divisions, Cross-cutting issues, and Other Thematic Issues**[[2]](#footnote-3)
   * A01. General public services
   * A02. Defence
   * A03. Public order and safety
   * A04. Economic affairs
   * A05. Environmental protection (includes alignment with Classification of Environmental Purposes (CEP), System of Environmental Economic Accounting (SEEA) and other environmental classifications/frameworks)
   * A06. Housing and community amenities
   * A07. Health (includes alignment with System of Health Accounts (SHA))
   * A09. Education (includes alignment with International Standard Classification of Education (ISCED))
   * A10. Social protection
   * A11. Cross-cutting issues
   * A12. R&D
   * A13. Digitalization
   * A14. Gender
   * A15. Indigenous peoples
2. **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 the other classifications of expenditure according to purpose, namely COICOP, COPP and COPNI
   * B7. Alignment with other classifications/frameworks

Some issues, including the alignment with SNA and GFSM, are assumed to be fundamental and will be discussed during the course of the revision.

As noted above, issues pertaining to the alignment of classifications relating to environmental protection, health and education are considered as a part of thematic issue of the respective subject area under Group A.

1. **The table below contains the initial list of issue categories that the TT-COFOG identified for the revision of COFOG. For each issue category, please indicate:**
2. **Whether the issue category and its related proposals should be considered during the revision of COFOG**
3. **If so, whether you consider the issue category to be high, medium or low priority**
4. **How easy it would be to implement a revision of COFOG stemming from this issue category**
5. **Any comments on the issue category**

Detailed descriptions of the proposals relating to each issue category are available in Annex I of this document.

|  | Issue category | i) Should the issue category be included in revision process? Yes (Y) or No (N) | ii) If yes, please note whether you consider the issue category to be high (H), medium (M), or low (L) priority: | iii) For compilers only: Note whether you consider implementing a revision of COFOG stemming from this issue category to be easy (E), moderate (M) or difficult (D): | iv) Comments |
| --- | --- | --- | --- | --- | --- |
| 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 |  |  |  |  |
| A13 | Digitalization |  |  |  |  |
| A14 | Gender |  |  |  |  |
| A15 | Indigenous peoples |  |  |  |  |
| 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: remain as basis to draw borderline between individual and collective goods and services; retain alignment with SNA |  |  |  |  |
| B6 | Internal consistency with the other classifications of expenditure according to purpose, namely COICOP, COPP, COPNI |  |  |  |  |
| B7 | Alignment with other classifications/frameworks |  |  |  |  |

**Part IV. Additional Questions**

1. **In your view, are there other issues that should be considered for the revision of COFOG? Please explain.**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

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1. **Are there divisions of COFOG that need a new group, class, or subclass?   
   Please be specific in your answer and indicate the relevant COFOG codes and/or titles**

☐ Yes. Please specify:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

☐ No

1. **In your view, are there divisions, groups or classes in COFOG that are now obsolete or less relevant to identify separately?   
   Please be specific in your answer and indicate the relevant COFOG codes and/or titles**

☐ Yes. Please specify:

☐ No

1. **Are there any modifications or national adaptations to the COFOG classification that your institution has made to facilitate the collection or dissemination/publication of government expenditure data in your country?**

**☐** Yes. Please explain:

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

☐ No

1. **Is your institution interested in actively contributing to the work of any of the following TT-COFOG Working Groups? You may select more than one option:**Please note that working groups of experts are being set up to advance the technical discussion on various issues. The TT-COFOG will review the composition of the working groups and may not be able to accommodate all requests.

Yes: Working Group A on Economic and public affairs (A01-A04)

Yes: Working Group B on Environment (Sustainability; SDGs) (A05)

Yes: Working Group C on Social and demographic (Health, Education, etc) (A06-A10)

Yes: Working Group D on Cross-cutting issues (A11-A15, B7)

Yes: Working Group E on Classification principles and cross-classification issues (Primary/secondary purpose; etc.) (B1-B6)

No, we are not interested

1. **In order to maximize transparency, do you give consent for UNSD to publish your response?**Please note that no email addresses will be released

Yes

No

Thank you for your response!

If you have any questions/concerns, please contact us at **chl@un.org**

**Annex   
Summary of Proposed Issues**

This annex provides a summary of proposed issues with brief descriptions for the revision of COFOG, noting further details of each proposal will be developed as the revision process advances.

Note that in some cases proposals may conflict with each other, as they were put forward by different organizations. However, the purpose of this global consultation is to simply identify which topics are relevant to the revision of COFOG and should be discussed by the task team during the revision process, regardless of any agreement or disagreement with specific proposals.

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

Most of the proposed issues for consideration in the revision of COFOG relate to the existing Divisions 01 through 10 (including cross-cutting issues that relate to more than one Division), or other thematic issues.

Proposals relating to the current COFOG divisions (A01-A10) include suggestions to modify category titles, add new breakdowns, provide additional clarification, or to move/re-arrange categories within the existing structure for improved structural balance and coherence.

Proposals regarding cross-cutting issues (A11) generally seek clarification on topics that may span more than one division, or on emerging topics whose treatment has not yet been established.

Proposals regarding other thematic issues (namely R&D, digitalization, gender and indigenous peoples) (A12-15) similarly tend to focus on alignment with other classifications/frameworks, proposing additional breakdowns or re-structuring of categories, and seeking improved guidance on specific topics whose treatment has not yet been established.

Listed below are summaries of the specific proposals received relating to issue Group A:

**A01**. **General** **public** **services**

* Rename the Division to “General Public Services, Debt, and Transfers”
* Comprehensive reassessment of Division 01 in order to improve structural balance
* Modify the definition of 01.7 (Public debt transactions) to explicitly include expenditure related to a broader range of debt instruments, 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. Intragovernmental transfers not related to a particular function)”
* Restructure 01.8 by moving transfers to other 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)
* Provide more guidance on 01.7 and 01.8
* Distinguish climate or environmental-related transfers by creating other sub-categories

**A02**. **Defence**

* Add breakdowns to 02.1.0 (Military defense) to cover at least the operation of land, air and sea forces individually; and possibly for nuclear, cyber and space

**A03**. **Public order and safety**

* Create a new separate category in Division 03 for “Immigration and citizenship,” removing it from 03.1.0 (Police services)

**A04**. **Economic affairs**

* Clarify its organizing principle based on Eurostat COFOG Manual Section 2.8
* Move all construction activity under 04.4.3 (Construction), including construction and maintenance found under 04.5.1-04.5.5 and 04.6.0
* Include a breakdown of renewable/non-renewable energy in 04.4 (Mining, manufacturing and construction)
* Move “Active labour market policy” to 10.5 from 04.1 (General Economic, Commercial and Labour Affairs)
* Explicitly include livestock farming in 04.2.1 (Agriculture)
* Expand activities under 04.2.2 (Forestry) to include Conservation, Development and Regeneration of forests
* Rename 04.2.3 to “Fishing and aquaculture” or “Fishing” to align with ISIC, etc.
* Create a new category for “Marine resource management and conservation” covering fisheries management, marine biodiversity protection, and sustainable fishing practices
* Review 04.7.4 (Multi-purpose development projects)

**A05**. **Environmental protection**

* Review the scope of the division, including 05.1 (Waste management), 05.4 (Protection of biodiversity and landscape), resource management activities and disaster risk and emergency relief
* Improve alignment with CEP, SEEA and other environmental classifications/frameworks
* Identify activities potentially under 05.4 (Protection of Biodiversity and Landscape) that support forest related intervention and realign them under 04.2.2 (Forestry)
* Include a breakdown of renewable/non-renewable energy in 05.3 (Pollution abatement)
* Clarify the classification of water-related expenditure, which is split between Division 06 (water supply), and Division 05 (wastewater management)
* Consider recommendations of Data Gaps Initiative – Third Phase (DGI-3) on addressing statistical areas on climate change and its possible implication to COFOG
* Account for expenditure on climate change mitigation and adaption, by evaluating the option to introduce further breakdowns at the level of COFOG classes in this or other relevant divisions or to create a standalone COFOG division on climate change expenditure, which include the following (currently, few of these items are allocated in division 05):
* Investment in renewable energy
* R&D linked to climate change projects
* Transition assistance for households and businesses in moving towards energy transition, such as subsidies for insulation or heat pumps
* Electrification of transport vehicles and networks
* Flood defenses

**A06**. **Housing and community amenities**

* Reconsider the relevance of separately identifying 06.4 (Street lighting)
* Better distinguish expenditure related to “water”, including wastewater management currently under Division 05 (Environmental protection), which could be transferred to the Housing and community amenities category

**A07**. **Health**

* Revise the Division to distinguish between preventing and curative healthcare
* Add new categories for “Disease prevention and control” and “Health promotion activities” and revise the definition of 07.6 (Health n.e.c.) to exclude these
* Improve alignment with the System of Health Accounts (SHA 2011), including to:
* Add “Rehabilitative care services,” “Long-term care health services” and “Ancillary services”
* Split 07.4 (Public health services) into “Individual preventive services” and “Collective services”
* Add a new subcategory for “Immunization services”
* Reclassify foreign aid to health from 01.2 (Foreign economic aid) to Division 07
* Revise the definition of 07.1 (Medical products, appliances and equipment)
* Rename 07.3 (Hospital services) to “Inpatient services”
* Improve alignment with other health related classifications/frameworks including the Classification of Health Care Functions (ICHA-HC)
* Consider potential overlap with A10 (Social protection)
* Treatment of “digital health”

**A09**. **Education**

* Reclassify spending on goods and services for school meal/nutrition programs as transfers to households
* Clarify guidance on cross classification between GFSM and COFOG regarding education allowances and public loans for students
* Include “scholarships, grants, loans and allowances” at the primary education level (09.1) as with other levels
* Improve alignment with UOE [UNESCO-UIS/OECD/Eurostat] and ISCED-2011, including:
* Inclusion of early childhood educational development in Division 09
* Coverage of only formal education
* Clarification on the treatment of government dependent educational institutions
* Inclusion of public expenditure loans that are treated as financial transactions
* Clarification of educational expenditure classified as transfers or other payments from governments to households

**A10**. **Social protection**

* Clarify the treatment of expenditure related to migration which may currently be included under 10.7 (Social exclusion n.e.c.), 03.1 (Police services) and 01.2 (Foreign economic aid), or create a new dedicated category
* Clarify that 10.6.0 (Housing) includes cash benefits in addition to benefits in kind, as noted in the exclusion to 06.1.0
* Add a sub-category for support to low-income earners in 10.7 (Social exclusion n.e.c.)
* Clarify the individual/collective breakdown of residual expenditure classified in 10.9 “Social protection n.e.c.” given that 10.1-10.7 are considered for individual expenditure and 10.8-10.9 for collective expenditure
* Add a sub-category for housing aid to be provided after natural disasters

**A11**. **Cross-cutting issues**

* Civil protection in the event of disasters and climate change, land reclamation projects
* Long-term care, between Divisions 07 and 10
* Activities potentially under 05.4 (Protection of Biodiversity and Landscape) that support forest related intervention and realign them under 04.2.2 (Forestry)
* Water-related expenditure, which is split between “housing and community amenities” (water supply), and “environmental protection” (wastewater management)
* Net-zero related spending
* Food security and nutrition

**A12**. **Research & Development**

* Whether expenditures related to R&D are better grouped into a single COFOG division or stay aligned within their respective divisions
* Whether to include additional breakdowns on R&D expenditures at the lower group or class level
* Improved alignment with the “Nomenclature for the Analysis and Comparison of Scientific Programmes and Budget” (NABS) that is used for the reporting of Government Budgets for R&D
* Inclusion of R&D from tertiary educational institutions

**A13**. **Digitalization**

* Further develop guidance on the treatment of expenditures related to digitalization
* Review priority areas including the digital economy, data, free digital assets and services, and crypto assets
* Explore the feasibility in linking digitalization, which is considered as a tool in providing services to citizens in an efficient way, to the purposes of government expenditure

**A14**. **Gender**

* Incorporate a ‘gender’ group within each division
* Consider other dimensions of discrimination such as race and age

**A15**. **Indigenous peoples**

* There was a proposal to consider further guidance on treatment of expenditures related to indigenous peoples and local communities

1. **Structural, Alignment and Other Issues**

A summary of the proposals regarding structural, alignment and other issues under issue Group B is provided below:

**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 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 and social security fund sectors in addition to the central government sector
* treatment of preventative expenditure
* development of official alternative aggregates or indicators along cross-cutting themes
* development of guidance
* cross-classification of economic transactions and COFOG groups

**B2**. **Primary/secondary purpose**

The classification criteria of COFOG are based on purpose, where the term “purpose” as described in COFOG 1999 conveys the meaning of social-economic objectives that institutional units aim to achieve through various kinds of outlays. COFOG is currently a classification delineating general government expenditure by main purpose and does not consider multiple purposes or impact. The problem in unambiguously assigned government expenditure to a single function in the classification and the treatment of secondary purpose expenditures/functions of government, for example expenditure on environmental protection and resource management, and treatment of ministries and administrative expenditures, are documented in COFOG 1999.

More and more economic decisions nowadays are made with a view to fulfil some secondary goals. By not recognizing secondary purpose (or impacts) of a specific outlay, COFOG seriously limits the information in support of policymakers’ decision making and, above all, impact assessments. This revision issue will explore the feasibility and review various options on addressing expenditure with secondary purposes within the context of the primary purpose criterion, with an objective of finding a solution for the classification of expenditures by secondary purposes in COFOG.

**B3**. **Additional uses of COFOG: GFS; national & satellite accounts; government employment and public sector productivity**

These revision issues review uses of COFOG in the statistical and policy domains. COFOG is now considered primarily a classification of government expenditure. Proposals should be evaluated as to where COFOG are appropriately implemented in the government finance statistics, national accounts and the satellite accounts. Initial proposals also suggest that there could be further uses in the domain of government employment and public sector productivity.

**B4**. **Compilation issues: improve compilation guidance taking into account diverse and country-specific differences**

This revision issue calls for the strengthening of the compilation taking into account diverse and country-specific differences for the COFOG implementation. The COFOG classification and datasets produced provide rich and useful information that can be of more value if further guidance is provided for users (and compilers) on how to compile and use the data. However, there is a lack of data for COFOG II level in some countries due to difficulties in methodological interpretation or a lack of detailed source data at this level of classification. Moreover, the analytical usefulness of the COFOG data is severely curtailed if only budgetary units or the central government are captured rather than the whole general government sector. It is therefore important to collect data for the subnational government levels S1312 (for federal countries) and S1313, for S1314 and include extra-budgetary units in the compilation.

Compilation guidance should preferably be built starting from the existing Eurostat COFOG manual. The Manual on sources and methods for the compilation of COFOG statistics 2019 is a comprehensive guide to compiling COFOG statistics, which usefully discusses various methodological issues and EU country practices. A gap for non-EU compilers of COFOG statistics is how to practically compile these data. For example, guidance on incorporating COFOG into budgeting frameworks (which is common practice in the EU), or the best ways to cross-classify expenditure between GFSM/SNA with COFOG. In addition, budget programmes may include spending programmes that have more than one purpose in the sense of COFOG. Guidance on how to classify expenditures from budget programmes that have more than one purpose could be particularly useful. More generally, the COFOG guidance could usefully include more inclusion and exclusion examples across all groups and classes.

**B5. Individual/collective expenditure: remain as basis to draw borderline between individual and collective goods and services; retain alignment with SNA**

COFOG is important in national accounts as the basis to draw the borderline between individual and collective goods and services. Expenditures on a wide range of consumption goods and services are incurred by general government, either on collective services or on selected individual goods or services. The final consumption expenditures of general government can be classified according to whether the expenditures are on collective services or individual goods or services, or by functions according to COFOG. In COFOG 1999, all of Divisions 01 to 06 (General public services, defence, public order and safety, economic affairs, environmental protection, housing and community amenities) are collective services, as are Groups 07.5 and 07.6 of health, Groups 08.3 to 08.6 of recreation, culture and religion, Groups 09.7 and 09.8 of education, and Groups 10.8 and 10.9 of social protection. The remaining Groups of health, recreation, culture and religion, education and social protection (which dominate each of the classes) are individual services. This role and consistent integration of COFOG with the SNA is recommended to be maintained. It is important that the revision of COFOG is aware of and takes into account the SNA revisions in a coherent manner. The discussion on various issues may have implication to the precise mapping of the COFOG classification to collective and individual services, and such issues can be examined during the revision process.

**B6**. **Internal consistency with the** **other classifications of expenditure according to purpose**

Consider the alignment/consistency of COFOG with the related classifications of expenditure according to purpose:

* + Classification of Individual Consumption by Purpose (COICOP)
  + Classification of the Purposes of Non-profit Institutions Serving Households (COPNI)
  + Classification of Outlays of Producers by Purpose (COPP)

The original 1999 version of these classifications is available at: <https://unstats.un.org/unsd/publication/SeriesM/SeriesM_84E.pdf>

**B7**. **Alignment with other classifications/frameworks**

Consider the alignment of COFOG with any other relevant classifications/frameworks, (e.g. ISIC, SDGs)

Please note that:

* Alignment with the Classification of Environmental Purposes (CEP), System of Environmental-Economic Accounting (SEEA), EU Sustainable Finance Taxonomy and other environmental classifications/frameworks is covered under issue A05 (Environmental protection)
* Alignment with the System of Health Accounts (SHA) is covered under issue A07 (Health)
* Alignment with the International Standard Classification of Education (ISCED) and the joint UNESCO-UIS/OECD/EUROSTAT data collection (UOE) is covered under issue A09 (Education)
* Alignment with the Nomenclature for the Analysis and Comparison of Scientific Programmes and Budget (NABS) is covered under A12 (Research and development)

1. ‘Programme budgeting’ is a type of performance budgeting that allocates funds based on “programmes” trying to identify clear outputs and outcomes with clear objectives, this helps budget offices to improve expenditure prioritization. This approach requires a national “functional” programming classification structure [↑](#footnote-ref-2)
2. Note that no specific proposals regarding A08. Recreation, culture and religion were received [↑](#footnote-ref-3)