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Background document
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Items for discussion and decision: statistical classifications

Revised
Classification of Individual Consumption According to Purpose
(COICOP 2018)

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Impact of the revision of COICOP on the other functional classifications of the SNA
(COFOG, COPNI and COPP)

Prepared by the
Technical Subgroup for the Revision of COICOP
(TSG-COICOP)

Impact of the revision of COICOP on the other functional classifications of the SNA (COFOG, COPNI and COPP)

The Classification of Individual consumption according to purpose (COICOP) is strongly linked with other functional classifications:

- Classification of the functions of government (COFOG)
- Classification of the purposes of non-profit institutions serving households (COPNI)
- Classification of the Outlays of producers according to purpose (COPP)

The purpose breakdowns within Divisions 14 and 15 of COICOP 2018 replicate the purposes in the classifications for NPISH in COPNI and general government in COFOG. Thus, once the consumption expenditures of NPISHs and general government have been classified according to COPNI and COFOG, the individual consumption expenditures in these two classifications can be transferred directly into Divisions 14 and 15 of COICOP 2018.

Furthermore, the four classifications were constructed with a certain consistency at the level of the division content.

The revision of COICOP may have implications on the general consistency of the four functional classifications.

The Technical Subgroup for the Classification of Individual Consumption According to Purpose (TSG-COICOP) analysed this question and the first finding was that the classifications COPNI and COPP are practically not used by the Statistical offices. COFOG is however commonly used.

The preliminary conclusions on the impact of the revision of COICOP on COFOG are the following:

- COICOP Division 07 Transport includes now also the transport of goods and postal services.
COFOG 04.5 Transport does not include Postal services, these services are classified in COFOG 04.6 Communication.
In case of revision of COFOG the TSG would recommend to move postal services from 04.6 to 04.5.
- In COICOP the equipment for the reception, recording and reproduction of sound which includes radios and TV sets was moved from Division 09 to Division 08 Information and communication. Also, the TV and radio licenses were moved from 09 to 08.
In COFOG broadcast services are classified under 08 Recreation, culture, religion, specifically under 08.3 Broadcasting and publishing services.
In case of revision of COFOG the TSG would recommend to study if a move of COFOG 08.3 as a new group under 04 Economic Affairs (where also communication is classified) would be necessary.

- COICOP Division 06 Health now differentiates between outpatient, inpatient and other health services. The category Other health services includes also diagnostic imaging services and emergency transport.

In COFOG 07 Health other health services are mentioned under outpatient services.

Furthermore, COICOP Division 06 Health distinguishes health consumption according to the health outcome objective (preventive, curative, rehabilitative and long-term).

COFOG 07 Health presents a break down based on the provider and not on the nature of the service.

In case of revision of COFOG the TSG would recommend to introduce in COFOG 07 Health the same approach as used in COICOP 06 Health which is also consistent with the International Classification for Health Accounts and its family of classifications.

- The breakdown of education services in COICOP 1999 was based on the 1997 International Standard Classification of Education (ISCED 1997), which has since been revised. The breakdown of Division 10 in COICOP 2018 aligns with the latest version of ISCED (ISCED 2011).

COFOG 09 Education bases the breakdown on ISCED 1997.

In case of revision of COFOG the TSG would recommend the use of the last version of ISCED for the breakdown of Division 09.

The Advisory Expert Group on National Accounts discussed the issue of the impact of the revised COICOP on the other functional classifications in their last meeting In December 2017 and agreed that a revision of COFOG, COPP and COPNI does not seem essential at this point.

UNSD has sent a short survey to a limited number of countries to receive further feedback on the use of COPNI and COPP. UNSD is currently waiting for the responses and will inform about the outcome of this ad-hoc survey shortly.

The Technical Subgroup for the Revision of COICOP discussed the need of a revision and based on the feedback received from experts and stakeholders concluded

- (a) that a revision of COPP and COPNI is probably not needed because these two classifications are apparently not used, and
- (b) that in the light of the limited changes that are desirable for COFOG at this point, that there is no immediate need to revise COFOG.