

Twenty-first Meeting of the UN Committee of Experts on Environmental-Economic Accounting
Virtual, 15, 17 and 18-June 2026, 7:00-9:30 (NYtime)



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

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Secretariat of the United Nations Task Team on the Revision of COFOG

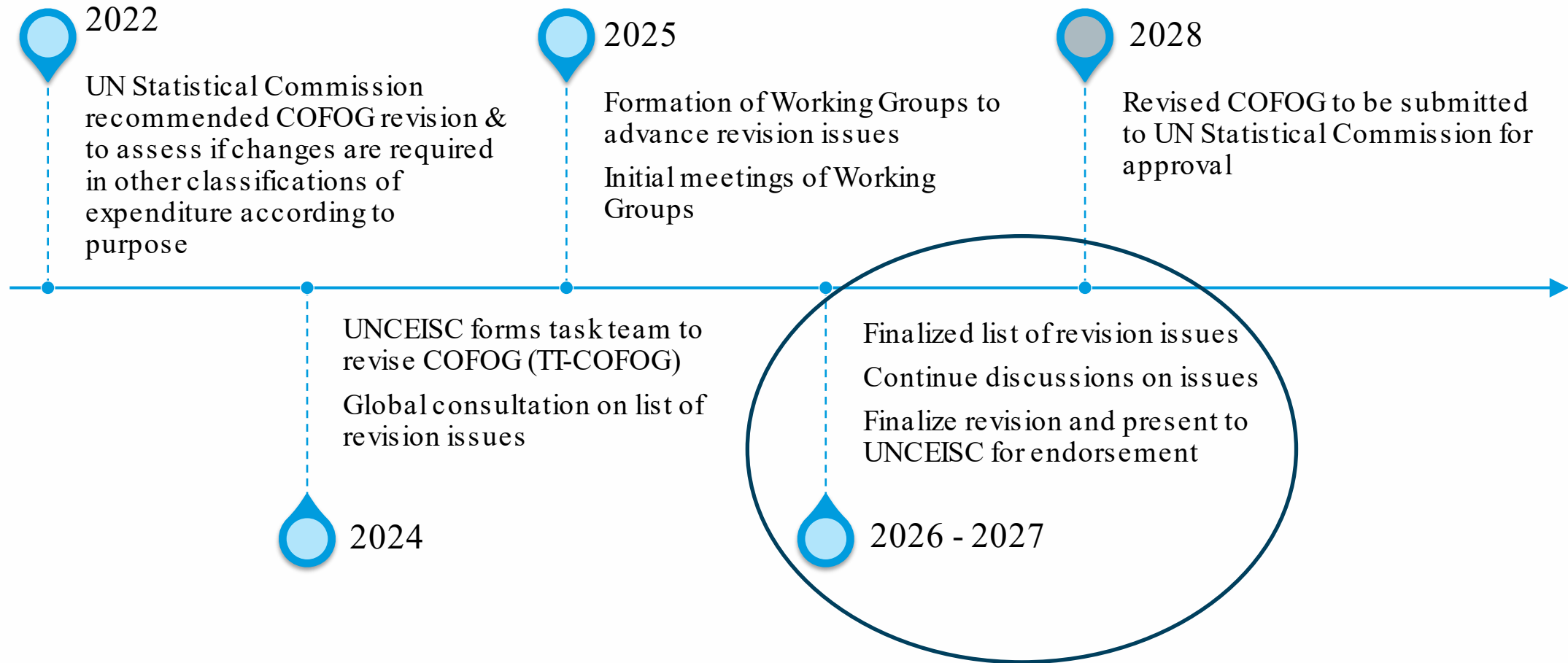
Introduction to COFOG

Classification of the Functions of Government

- Timeline and Current Status
- Task Team + Working Groups
- Revision issues related to the Environment
- Next Steps



Timeline and Current Status



Task Team

Task Team on the Revision of COFOG (TT-COFOG)

- Chair: Tom Orford, United Kingdom, HM Treasury
- Experts and representatives from various communities:
 - Classifications
 - Government finance
 - Subject matter experts: environment, education, culture, etc
 - From 15 countries + 10 international and regional organizations
- Continued close coordination with
 - IMF GFSM2014 update
 - Thematic updates such as SEEA Central Framework and ISCED.

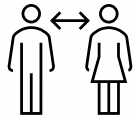
Working Groups



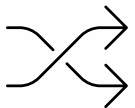
WG-A on Economic and Public Affairs (Chair: Vitor Fabel, Brazil)



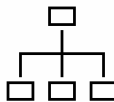
WG-B on Environment (Chair: Bram Edens and Amanda Penistone, OECD)



WG-C on Social and Demographics (Chair: Elizabeth Makhafa, South Africa)




WG-D on Cross-Cutting Issues (Chair: Liviana Mattonetti, Italy)




WG-E on Classification Principles and Cross-Classification Issues
(Chair: Franklin Assoumou Ndong, Statistics Canada)

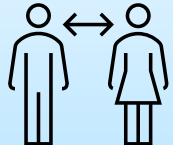
Working Groups

 WG-A: Economic and Public Affairs	A00.1	Consider encapsulating disaster risk reduction/recovery
	A01.1	Comprehensive reassessment of Division 01 in order to improve structural balance
	A02.1	Add breakdowns to Group 02.1 to cover at least the operation of land, air and sea forces individually
	A03.1	Create separate category in Division 03 for “Immigration and citizenship”
	A03.2	Ombudsmen - COFOG publication suggests to classify in 03.3
	A04.1	Clarify organizing principle of Division 04
	A04.2	Move “Active labour market policy” to Group 10.5

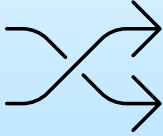
Working Groups

 WG-B: Environment	A05.1	Review scope of the division
	A05.2	Improve alignment with environmental classifications/ frameworks
	A05.3	Move forest related interventions from Division 05 to Division 04
	A05.4	Include a breakdown of renewable/non-renewable energy
	A05.5	Clarify the classification of water-related expenditure
	A05.6	Account for expenditure on climate change mitigation and adaption
	A05.7	Review issue of biodiversity
	A05.8	Split Group 05.1 Waste management
	A05.9	Consider split of Class 05.3.0 Pollution abatement and improve description of 05.6.0 Environmental Protection n.e.c.
	A05.10	Distinguish climate or environmental-related transfers by creating other sub-categories
	A05.11	Include a breakdown of renewable/non-renewable energy in Group 04.4
	A05.12	Natural Resources & Conservation

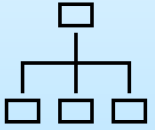
Working Groups

 WG-C: Social and Demographic	A06.1	Reconsider the relevance of separately identifying Group 06.4 - Street lighting
	A07.1	Overall review of Division 07 - Health
	A08.1	Overall review of Division 08 - Recreation/Culture
	A09.1	Overall review of Division 09 - Education
	A10.1	Overall review of Division 10 - Social protection

Working Groups

 WG-D: Cross-cutting Issues	A1 1.1	Land reclamation projects
	A1 1.2	Food security and nutrition
	A1 1.3	Recommend considering a category for Pest and Rodent Control under environmental protection
	A1 2.1	Research and Development
	A1 3.1	Digitalization
	A1 4.1	Gender
	A1 5.1	Indigenous people

Working Groups

 WG-E: Classification principles & cross- classification issues	B1.1	COFOG structure/classification principles
	B2.1	Primary/secondary purpose
	B3.1	Additional uses of COFOG
	B4.1	Compilation issues
	B5.1	Individual/collective expenditure
	B6.1	Internal consistency with the other classifications of expenditure according to purpose

Key Issues

Two overarching issues consistently raised across all Working Groups



Data Availability

General lack of data in many countries on precise breakdowns



Primary & Secondary Purpose

COFOG 1999 only considers primary purpose in classifying government expenditure

Each transaction, or set of transactions, is assigned one and only one category.
This leads to undercounting in areas such as environment

Key Issues

Primary & Secondary Purpose

Currently being discussed in WG-E on Classification Principles, but also key to WG-B on Environment. For example:

Reforestation & Forest Conservation



Primary → 04.2.2 - Forestry, under Economic Affairs

Secondary → 05.4.0 - Protection of biodiversity and landscape, under Environment

Current practice - all expenditure goes under Economic Affairs, and none under Environment

Result: Expenditure on environment is under-counted (only 1-2% of total government spending)

Key Issues

Primary & Secondary Purpose

- Option 1: Address within the structure of COFOG
Introduce additional breakdowns at lower levels of the classification to identify a limited and agreed-upon set of additional categories in COFOG

Division	Group	Class
02. Defence	02.2 Civil Defence	02.2.1 Civil defence excluding climate or environment
		02.2.2 Climate or environment civil defence
04. Economic Affairs	04.3 Fuel and Energy	04.3.6 Electricity from non-renewable sources
		04.3.7 Electricity from renewable sources

Key Issues

Primary & Secondary Purpose

- Option 2: Matrix Approach
The same categories considered to have primary purposes could be identified as having a secondary purpose, or other cross-sectoral purposes

	Primary Purpose	Secondary Purpose											
		COFOG Divisions										Extra Secondary	
		01	02	03	04	05	06	07	08	09	10	Climate	Gender
Division 01	6	1		1			1					2	
Division 02	7		1					1					1
Division 03	14			2				1	1				
Division 04	15		3		4		3		1				
Division 05	8										1		
Division 06	5						1					1	
Division 07	16		1					3				1	
Division 08	9			1					3			1	
Division 09	12						1			2			1
Division 10	8				1				1		3		
Total	100	1	5	4	5	0	6	5	6	3	3	5	2

8 units (primary) expenditure on Environmental Protection

100 units of total (primary) expenditure

Of the 8 units of primary expenditure on Environment, 1 unit identified as secondary expenditure on Education (Div. 09)

Key Issues

Primary & Secondary Purpose

General agreement to further consider including secondary purpose in the revised COFOG

- ✓ Consider issue during this revision: 7 votes
 - Based on feedback from global consultation, policy demands
 - Reality of expenditure with multiple purposes
 - Parallel discussion in SEEACF update
 - Many countries already addressing, in ad hoc fashion
 - Potential increased utility of COFOG data

Do not consider during revision: 2 votes

- Resource requirements/data availability
- Difficulty in measuring additional or comparative costs
- Significant clarifications in methodology required, with limited time (individual/collective consumption, mutual exclusivity)

Updated List of WG-B Issues

#	Issue	Issue Lead
A05.1	Review scope of the division	UK ONS & OECD
A05.2	Improve alignment with environmental classifications/frameworks	UK ONS & OECD
A05.3	Move forest related interventions from Division 05 to Division 04	FAO
A05.4	Include a breakdown of renewable/non-renewable energy	UK ONS & OECD
A05.5	Clarify the classification of water-related expenditure	WHO
A05.6	Account for expenditure on climate change mitigation and adaption	UK ONS & OECD
A05.7	Review issue of biodiversity	TBD
A05.8	Split Group 05.1 Waste management	TBD
A05.9	Consider split of class 05.3.0 Pollution abatement and improve description of 05.6.0 Environmental Protection n.e.c.	TBD
A05.10	Distinguish climate or environment-related transfers by creating other subcategories	TBD
A05.11	Include a breakdown of renewable/non-renewable energy	TBD
A05.12	Natural resources & conservation	TBD

WG-B: Environment

Stage A & B combined into one issue paper

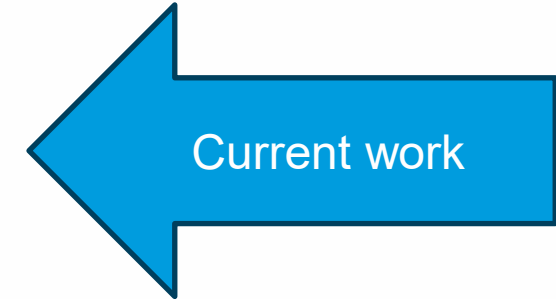
- A05.1 Review scope of the division
- A05.2 Improve alignment with environmental classifications/ frameworks
- A05.4 Include a breakdown of renewable/non-renewable energy
- A05.6 Account for expenditure on climate change mitigation and adaption

Stage C: Forest and Biodiversity

- A05.3 Move forest-related interventions from Division 05 to Division 04
- A05.7 Review issue of biodiversity

Stage C: Waste, Water and Air Pollution

- A05.5 Clarify the classification of water-related expenditure
- A05.8 Split Group 05.1 Waste management
- A05.9 Consider split of Class 05.3.0 Pollution abatement and improve description of 05.6.0 Environmental Protection n.e.c.



Discussion on the scope and structure of COFOG 05 on Environmental Protection

Option A – New division for climate change (“additional”)

Option B – Significant expansion of environment division (“broad”)

Option C – Classify environmental expenditure by impact

Option D – Add in “of which” categories to existing divisions for environmental sub-functions (“disaggregation”)

Summary of initial discussions

Option A – New division for climate change (“additional”)

Not considered as a priority option due to concerns about disrupting the coherence of the existing structure and potential implementation burden

Option B – Significant expansion of environment division (“broad”)

Received explicit support from a limited number of members, as this will enhance the visibility of climate-related expenditure

Option C – Classify environmental expenditure by impact

Clear consensus to exclude this approach as it would deviate from core classification principle of COFOG

Option D – Add in “of which” categories to existing divisions for environmental sub-functions (“disaggregation”)

Received the broadest support and considered consistent with the COFOG framework, as it preserves the primary purpose principle while allowing the identification of secondary environmental or climate purpose

Illustration: renewable energy resources (RER) - options

Currently: Energy is in division 4 of CoFoG 1999, within the group 4.3 Fuel and Energy.

- The group is subdivided into classes for key fuels and a general class for all electricity.
 - ▶ Key fuels are generally combustion fuels and nuclear fuels; no distinction as to how electricity is generated, and no reference is made to sustainable sources of energy, besides as an example for the class 4.3.5 Electricity.
- 2025 SNA: recognizes RER as separate assets (ISIC rev 5 also making distinction)

Option A: RER classified under a class in the newly created Climate Change division

- Existing class 4.3.5 Electricity would need to be refined to Electricity generated from combustion and other processes that generate Greenhouse Gas Emissions.
- Expenditures on renewable energy could come under a general class for climate change mitigation, or a specific class for renewable energy in particular.

Option B: Similar as Option A, but RER under climate change mitigation within the newly expanded division 5

Option D: Energy would remain entirely within division 4 of CoFoG, however new disaggregation would be introduced:

- Electricity generated from renewable sources,
- Electricity from non-renewable sources and/or sources of unspecified sustainability

Next Steps

- 2026: Continue discussions on key issues in Task Team and Working Groups (WGs)
- 2026: Continue development of issue papers on remaining issues within WGs
- Dec 2026: Targeted consultation
- Mid-2027: Consolidate and finalize revisions; Global consultation of the revised COFOG structure
- Nov 2027: Present final draft to UNCEISC for endorsement
- Feb/Mar 2028: Submit to UN Statistical Commission for final approval

When COFOG revision is complete, evaluate the need for revisions to other classifications of expenditure according to purpose, such as COICOP (household expenditure)

THANK YOU!



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