

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

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Update on Revision of COFOG

Introduction to COFOG

Revision of COFOG

- Task Team on Revision of COFOG (TT-COFOG)
- Issue Categories
- Working Groups

Working Group B - Environment

- Original Proposals
- Results of Global Consultation
- Updated list of Issues
- Work Plan

Next Steps



Introduction to COFOG

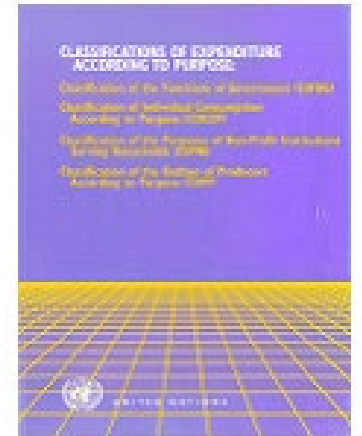
Classification of the Functions of Government

Part of the set of **Classifications of Expenditure According to Purpose**, which also includes:

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

Approved by the UN Statistical Commission in 1999 ([E/CN.3/1999/29](#))

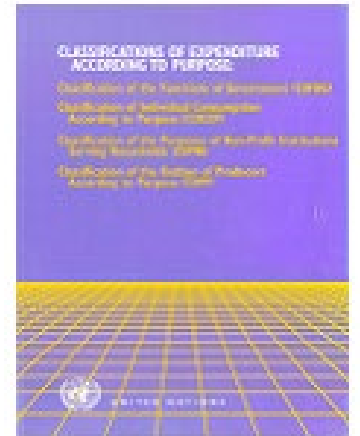
Currently undergoing a revision process



Introduction to COFOG

Main Uses of COFOG

- Governments classify their public expenditure using COFOG, an international standard classification that organizes public government expenditure into functional categories of interest to policymakers
- Developed to understand the structure of government expenditures, to support the System of National Accounts (SNA) and Government Finance Statistics (GFS)
- Provide wide range of statistics pertaining to expenditures by governments, which permits trends in government outlays on particular functions or purposes to be examined over time
- Provide users with means to recast key aggregates of system for particular kinds of analysis on government expenditure
- Allow intercountry comparison of the extent to which governments are involved in economic, social and environmental functions



Task Team on COFOG

Task Team Formation/Background

March 2022 – UN Statistical Commission ([E/CN.3/2022/41](#))

“Recommended the revision of the Classification of the Functions of Government and an assessment of **whether changes are required in the other classifications of expenditure** according to purpose...”

March 2024 – UN Statistical Commission ([E/CN.3/2023/37](#))

“Approved the terms of reference of the task team on the revision of the Classification of the Functions of Government...”







Task Team on COFOG

Task Team Formation/Background

Chaired by Tom Orford, HM Treasury, United Kingdom

Experts and representatives from various communities

- Classification 
- Government finance 
- Environment 
- Subject matter experts 

15 countries & 7 international/regional organizations

Initial global consultation on issues, second global consultation on final text.

Contact UNSD (CHL@un.org) for more information or interested in joining



Revision of COFOG

Main drivers for the revision

- **Meet emerging data needs for policy making**
 - Environmental expenditures, climate change and biodiversity
 - Digitalization
 - Education
 - Official alternative structures along thematic areas
- **Generate granular data for deeper analysis**
- **Ensure that it is in line with the updates of related frameworks and classifications**
- **Provide more detailed compilation guidance**
 - Address specific compilation issues (e.g. classification of R&D, assigning legal aid, etc.)
 - Classification of spending with multiple purposes
 - Cross-classification of COFOG with economic classifications



21 Issue Categories

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

Current COFOG Divisions

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

Other Thematic Issues



21 Issue Categories

B. Structural, Alignment and Other Issues

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



Working Groups

A. Economic and public affairs	B. Environment	C. Social and demographics	D. Cross-cutting issues	E. Classifications issues
A01. General public services	A05. Environmental protection	A06. Housing and community amenities	A11. Cross-cutting issues	B1. COFOG structure/classification principles
A02. Defence	B7. Alignment with CEP, SEEA and other environmental classifications/frame works	A07. Health (includes alignment with SHA)	A12. Research and Development	B2. Primary/secondary purpose
A03. Public order and safety		A09 Education (includes alignment with ISCED)	A13. Digitalization	B3. Additional uses of COFOG
A04. Economic affairs		A10. Social protection	A14. Gender	B4. Compilation issues
			A15. Indigenous	B5. Individual/collective expenditure
				B6. International consistency with other expenditure classification



Results of Global Consultation (importance)

Whether the issue category and its related proposals should be considered during the revision

#1

%Yes	
80%	A05. Environmental protection
71%	A04. Economic affairs
69%	A01. General public services

Whether you consider the issue category to be high, medium or low priority

#1

% High or Medium	
94%	A05. Environmental protection
94%	B1. COFOG structure/classification principles

Whether you consider implementing a revision stemming from this issue category to be easy, moderate or difficult

% Difficult	
...	...
51%	A02. Defence
50%	A05. Environmental protection
47%	A12. R&D
...	...



Results of Global Consultation (overarching issues)

Two Overarching Issues

Also to be addressed during revision process

- 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
- Difficult to obtain data at a more granular level. Creating new breakdowns is resource-demanding and creating additional answering burden for the respondents



List of Issues (after global consultation)- Working Group B

#	Issue	Details
A05.1	Review scope of the Division	Review the scope of the division, including resource management activities and disaster risk and emergency relief
A05.2	Improve alignment with environmental classifications/frameworks	Improve alignment with environmental classifications/frameworks, including CEP, SEEA and other classifications/frameworks
A05.3	Move forest-related interventions to Division 04	Identify activities potentially under 05.4 (Protection of Biodiversity and Landscape) that support forest related intervention and realign them under 04.2.2 (Forestry)
A05.4	Include a breakdown of renewable/non-renewable energy	Include a breakdown of renewable/non-renewable energy, potentially in 05.3 (Pollution abatement), 04.3 (Fuel and energy) and/or 04.4 (Mining, manufacturing and construction)
A05.5	Clarify the classification of water-related expenditure	Clarify the classification of water-related expenditure, currently split between 06.3 (Water supply) and 05.2 (Wastewater management)



List of Issues (after global consultation)- Working Group B

#	Issue	Details
A05.6	Account for expenditure on climate change mitigation and adaption	Account for expenditure on climate change mitigation and adaption, consider further breakdowns at level of COFOG classes in this or other relevant divisions or to create 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 *Data Gaps Initiative
A05.7	Review issue of biodiversity	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
A05.8	Split Group 05.1 Waste management	Split 05.1 in separate classes: 05.11 waste management 05.12 materials recovery and savings



List of Issues (after global consultation)- Working Group B

#	Issue	Details
A05.9	Consider split of 05.3.0 Pollution abatement and improve description of 05.6.0 Environmental Protection n.e.c.	<p>Improve the description for Classes 05.3.0 - Pollution abatement and 05.6.0 - Environmental protection n.e.c</p> <p>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</p>
A05.10	Include new category related to food security either in Division 04 or 05	<p>Recommend considering inclusion of new group related to food security either in Division 04 or 05.</p> <p>Improving data on FSN is an area of focus for organizations including FAO, UNICEF and WHO.</p> <p>Also being considered under issue category A11. Cross-cutting issues</p>
A05.11	Include new category for pesticides and rodent control	<p>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</p>



Work Plan

4 Stages

Stage A: Discuss/confirm the scope of the environment(al protection) division
Issues A05.1, A05.4, A05.6

Stage B: Discuss the structure i.e. subclasses of the division
Issues A05.2, A05.6

Stage C: Discuss definitions/scope of subclasses including borderline issues
Issues A05.3, A05.5, A05.7, A05.8, A05.9, A05.10, A05.11

Stage D: Discuss descriptions of all subclasses

Coordination at all stages with the teams working on the SEEA Central Framework update and the GFSM update Task Team 3 on Environmental.



TT-COFOG - Next Steps



Thank you!