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**Items for decision: International statistical classifications**

Background document
Available in English only

# Terms of Reference for the Task Team on the Revision of the Classification of the Functions of Government (TT-COFOG)

Prepared by the United Nations Committee of Experts on International Statistical Classifications

# Terms of Reference for the Task Team on the Revision of the Classification of the Functions of Government (TT-COFOG)

Last updated on 21 Feb. 2024

**Background**

1. 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."

2. In response to the above request, a task team on the Classification of the Functions of Government (TT-COFOG) is being established to support the revision of COFOG. This document presents the terms of reference for the TT-COFOG of the United Nations Committee of Experts on International Statistical Classifications (UNCEISC).

3. 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 recommendation to UNCEISC.

4. 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 (GFS), System of National Accounts (SNA) and the System of Environmental-Economic Accounting (SEEA) Central Framework.

**Scope of Work**

5. The TT-COFOG is mandated by the UNCEISC to revise COFOG to submit the revised classification to the UNSC through the UNCEISC subject to the Committee's approval.

6. The TT-COFOG will carry out the following tasks:

   a) Develop the list of issues for the revision of COFOG. This involves: i) developing an initial list of issues; ii) carrying out a broad consultation involving experts from government finance statistics, national accounts, environmental economic accounts, and international statistical classifications communities, and iii) Carry out a global consultation with countries and relevant international and regional organizations for the finalization of the issue list.

b) Work through the list of issues and develop a revised structure of COFOG including explanatory notes and definitional texts in close collaboration with the government finance statistics, national accounts, environmental-economic accounts and international statistical classifications communities.
c) Conduct a global consultation on the draft revised structure of COFOG.
d) Analyze and address feedback from the global consultation and finalize the revised COFOG.
e) Assess the impact of the revised COFOG on other classifications of expenditure according to purpose, namely the Classification of Individual Consumption According to Purpose (COICOP), Classification of the Purposes of Non-Profit Institutions Serving Households (COPNI) and Classification of the Outlays of Producers According to Purpose (COPP) and make recommendation on whether changes are required in the other classifications of expenditure according to purpose.
f) Submit the finalized revised COFOG and recommendation on the update of other classifications of expenditure according to purpose to the UNCEISC for endorsement prior to the submission to the UNSC.
g) Develop relevant correspondences between the revised COFOG and the 1999 version of COFOG.

**Governance**

7. The TT-COFOG reports to the Committee of Experts on International Statistical Classifications (UNCEISC). The UNCEISC will report the results of the TT-COFOG to the UN Statistical Commission.

8. The composition of the TT-COFOG comprises members of the UNCEISC and other country experts as appropriate to ensure that the classification reflects the needs of the government finance statistics, national accounts, environmental-economic accounts and other users or producers of COFOG statistics and is in line with classification principles.

9. Expressions of interest from UNCEISC members and other subject matter experts for active participation in the TT-COFOG will be sought.

10. The TT-COFOG will be chaired by Mr. Tom Orford, Head of Profession for Statistics in HM Treasury, United Kingdom, with the Business Statistics Section of UNSD serving as Secretariat of the TT-COFOG.

**Tentative timeline**

11. The revision timeline of the COFOG will be developed considering the update process of other international standard processes, among others, the update of GFS, SNA and SEEA Central Framework. A tentative timeline is proposed as follows:
    - 2024: Initial meetings; global consultation on list of issues
    - 2025: Finalize list of issues and begin discussion
    - 2026: Finalize revision and present to UNCEISC for endorsement
    - 2027: Submit to UN Statistical Commission for approval

**Organization of work**

12. The TT-COFOG mainly communicates through email and virtual meetings, with physical meetings to be scheduled when possible. The Chair will convoke and preside over meetings of the TT-COFOG in collaboration with UNSD. UNSD will set up a dedicated, password-protected wiki space to facilitate the discussion.