

ANNEX E

Classification of the Functions of Government (COFOG)

Developed by the OECD, the Classification of the Functions of Government (COFOG) classifies government expenditure data from the *System of National Accounts* by the purpose for which the funds are used. As Table E.1 illustrates, first-level COFOG splits expenditure data into ten “functional” groups or sub-sectors of expenditures (such as economic affairs, education and social protection), and second-level COFOG further splits each first-level group into up to nine sub-groups. First-level COFOG data are available for 34 out of the 38 OECD countries (according to time series availability), while second-level COFOG data are usually available for OECD European countries plus Australia, Colombia, Costa Rica, Israel and Japan.¹

Table E.1. **First- and second-level COFOG**

First-level	Second-level
General public services	<ul style="list-style-type: none"> ● Executive and legislative organs, financial and fiscal affairs, external affairs ● Foreign economic aid ● General services ● Basic research ● R&D general public services ● General public services n.e.c. ● Public debt transactions ● Transfers of a general character between different levels of government
Defence	<ul style="list-style-type: none"> ● Military defence ● Civil defence ● Foreign military aid ● R&D defence ● Defence n.e.c.
Public order and safety	<ul style="list-style-type: none"> ● Police services ● Fire-protection services ● Law courts ● Prisons ● R&D public order and safety ● Public order and safety n.e.c.
Economic affairs	<ul style="list-style-type: none"> ● General economic, commercial and labour affairs ● Agriculture, forestry, fishing and hunting ● Fuel and energy ● Mining, manufacturing and construction ● Transport ● Communication ● Other industries ● R&D economic affairs ● Economic affairs n.e.c.

Table E.1. **First- and second-level COFOG (cont.)**

First-level	Second-level
Environmental protection	<ul style="list-style-type: none"> ● Waste management ● Waste water management ● Pollution abatement ● Protection of biodiversity and landscape ● R&D environmental protection ● Environmental protection n.e.c.
Housing and community amenities	<ul style="list-style-type: none"> ● Housing development ● Community development ● Water supply ● Street lighting ● R&D housing and community amenities ● Housing and community amenities n.e.c.
Health	<ul style="list-style-type: none"> ● Medical products, appliances and equipment ● Outpatient services ● Hospital services ● Public health services ● R&D health ● Health n.e.c.
Recreation, culture and religion	<ul style="list-style-type: none"> ● Recreational and sporting services ● Cultural services ● Broadcasting and publishing services ● Religious and other community services ● R&D recreation, culture and religion ● Recreation, culture and religion n.e.c.
Education	<ul style="list-style-type: none"> ● Pre-primary and primary education ● Secondary education ● Post-secondary non-tertiary education ● Tertiary education ● Education not definable by level ● Subsidiary services to education ● R&D education ● Education n.e.c.
Social protection	<ul style="list-style-type: none"> ● Sickness and disability ● Old age ● Survivors ● Family and children ● Unemployment ● Housing ● Social exclusion n.e.c. ● R&D social protection ● Social protection n.e.c.

Note: n.e.c.: "not elsewhere classified"

Note

1. First-level COFOG expenditures data are not available for Canada, Mexico, New Zealand and Türkiye. Until recently, second level COFOG data were available in some national statistical offices, but were not collected by international organisations. Moreover, the second-level COFOG data were not always fully comparable among countries because the SNA/UN guide and the International Monetary Fund Manual on Government Finance Statistics did not provide much practical information on the application of COFOG concepts. However, in 2005, Eurostat established a task force on guidance on the application of COFOG to national account expenditure data and to discuss the collection of second-level COFOG data for European countries. Second-level COFOG data are not available for several OECD non-European countries, except Australia, Colombia, Costa Rica, Israel and Japan. In addition, these data are available only for selected COFOG divisions in some countries. Efforts are underway to reach an agreement with these countries about the submission of these data to the OECD.



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