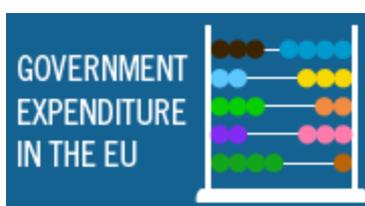# Government expenditure by function - COFOG

Statistics Explained

Data extracted in March 2019
Planned article update: March 2020

GOVERNMENT EXPENDITURE IN THE EU

Click on the image for an interactive view of the data.
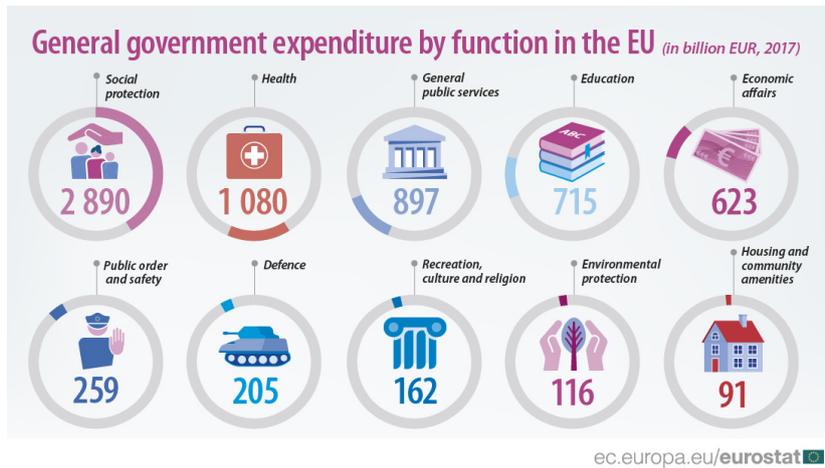
This article analyses global trends in the structure of general government expenditure breakdown by their main socio-economic function (according to the Classification of the Functions of Government - COFOG) .

Eurostat collects data on general government expenditure by economic function according to the international Classification of the Functions of Government (COFOG) in the framework of the European System of National Accounts (ESA2010).

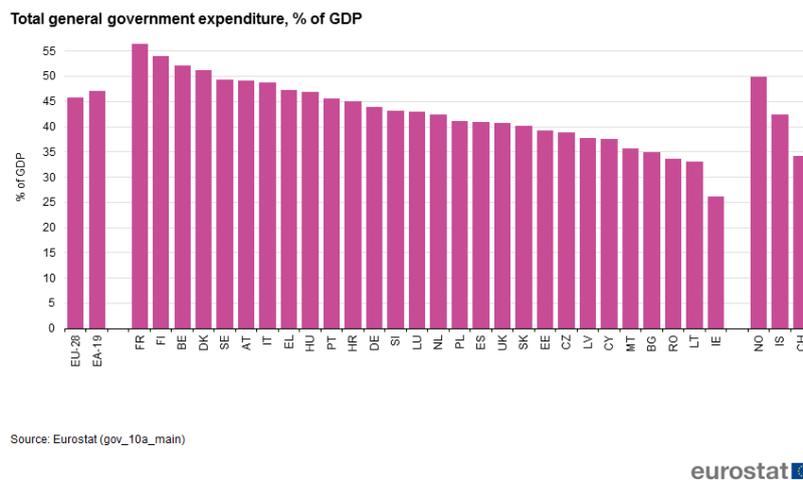This article is part of an online publication Government expenditure by function .

General overview

In 2017, EU-28 general government expenditure decreased to 45.8 % of GDP , while in 2016 it amounted to 46.2 % of GDP. Based on the latest available expenditure data by economic function for 2017, more than half was devoted to the functions 'social protection' (41.1 % of total expenditure) and 'health' (15.3 % of total expenditure), which accounted for 18.8 % and 7.0 % respectively of GDP. The other functions of government spending with a large share of government expenditure are 'general public services' (12.8 % of total expenditure or 5.8 % of GDP), 'education' (10.2 % of total expenditure or 4.6 % of GDP) and 'economic affairs' (8.9 % of total expenditure or 4.0 % of GDP). The functions 'public order and safety' (1.7% of GDP), 'defence' (1.3% of GDP), 'recreation, culture and religion' (1.1 % of GDP), 'environmental protection' (0.8 % of GDP) and 'housing and community amenities' (0.6% of GDP) had more limited weights at EU level in 2017.

General government expenditure by function in the EU (in billion EUR, 2017)

Social protection: 2 890
Health: 1 080
General public services: 897
Education: 715
Economic affairs: 623
Public order and safety: 259
Defence: 205
Recreation, culture and religion: 162
Environmental protection: 116
Housing and community amenities: 91

ec.europa.eu/eurostat

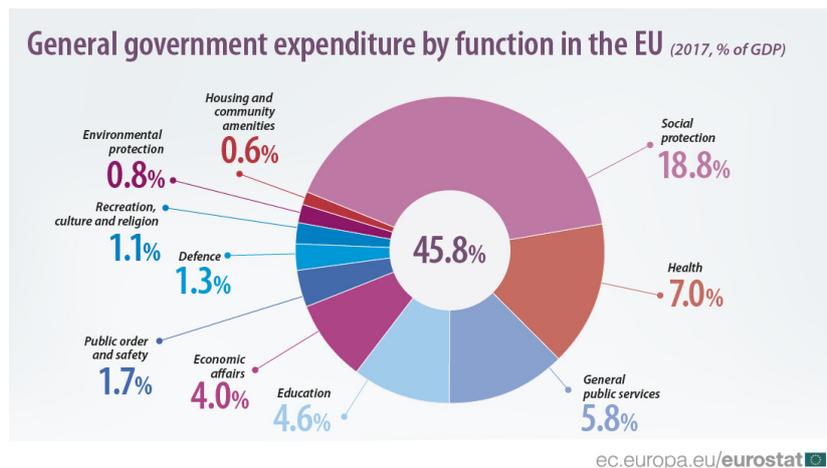## EU-28 general government expenditure at 45.8 % of EU GDP in 2017 compared to 46.2 % of GDP in 2016

General government expenditure amounted to 45.8 % of EU GDP in 2017 and at 46.2 % of GDP in 2016, using the latest available aggregated data.

Total general government expenditure, % of GDP

Source: Eurostat (gov_10a_main)

eurostat

Figure 1: Total general government expenditure, % of GDP, 2017 - Source: Eurostat (gov_10a_main), see country codes

As a ratio to GDP in 2017, the highest levels of government expenditure were found in France (56.5 % of GDP) followed by Finland (54.0 % of GDP), Belgium (52.2 % of GDP), Denmark (51.2 % of GDP), and Sweden (49.3 % of GDP), while the lowest levels were found in Ireland (26.3 %), Lithuania (33.1 % of GDP), Romania (33.7 % of GDP), and Bulgaria (35.1 % of GDP). Switzerland (34.2 % of GDP) recorded the lowest level among the EFTA countries.

General government expenditure by function

General government expenditure by function in the EU *(2017, % of GDP)*

- Housing and community amenities **0.6%**
- Environmental protection **0.8%**
- Recreation, culture and religion **1.1%**
- Defence **1.3%**
- Public order and safety **1.7%**
- Economic affairs **4.0%**
- Education **4.6%**
- General public services **5.8%**
- Health **7.0%**
- Social protection **18.8%**
- **45.8%**

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In the EU as a whole, as well as in all EU and EFTA countries reporting data, 'social protection' was the most important function of government expenditure. In 2017, government social protection expenditure in the EU-28 amounted to EUR 2890 billion and was equivalent to 18.8 % of GDP (see Table 1), down from 19.0 % of GDP in 2016. The share of social protection expenditure in total expenditure decreased from 41.2 % of total expenditure in 2016 to 41.1 % of total expenditure in 2017. Over the period 2007 to 2017, the share of social protection expenditure in total expenditure at EU level increased from 38.2 % of total expenditure to 41.1 % of total expenditure.

Total general government expenditure by function, 2017 (% of GDP)

	General public services	Defence	Public order and safety	Economic affairs	Environmental protection	Housing and community amenities	Health	Recreation, culture and religion	Education	Social protection	Total
EU-28	5.8	1.3	1.7	4.0	0.8	0.6	7.0	1.1	4.6	18.8	45.8
EA-19	6.1	1.2	1.7	4.2	0.8	0.6	7.1	1.1	4.5	19.8	47.0
BE	7.2	0.8	1.7	6.3	0.9	0.3	7.7	1.3	6.3	19.6	52.2
BG	3.2	1.1	2.5	4.0	0.7	1.6	4.9	1.0	3.6	12.5	35.1
CZ	3.9	0.8	1.8	5.7	0.8	0.6	7.5	1.3	4.6	12.0	39.0
DK	6.2	1.2	0.9	3.3	0.4	0.2	8.4	1.7	6.5	22.4	51.2
DE	5.6	1.0	1.5	3.1	0.6	0.4	7.1	1.0	4.1	19.4	43.9
EE	3.9	2.0	1.9	4.3	0.7	0.4	5.0	2.1	5.8	13.0	39.3
IE	3.4	0.3	1.0	2.3	0.4	0.5	5.1	0.5	3.3	9.5	26.3
EL	8.3	2.5	2.1	3.6	1.3	0.2	5.2	0.7	3.9	19.4	47.3
ES (p)	5.6	0.9	1.8	3.8	0.9	0.4	6.0	1.1	4.0	16.6	41.0
FR	6.0	1.8	1.6	5.9	0.9	1.0	8.0	1.4	5.4	24.3	56.5
HR (p)	7.6	1.1	2.2	5.4	0.6	0.9	6.3	1.8	4.7	14.3	45.0
IT	8.2	1.3	1.8	3.6	0.9	0.6	6.8	0.8	3.8	20.9	48.8
CY	7.3	2.0	1.7	2.4	0.3	1.6	2.6	0.9	5.7	13.0	37.4
LV	4.1	1.7	2.3	5.5	0.6	1.1	3.5	1.7	5.8	11.7	37.8
LT	3.5	1.7	1.5	2.8	0.4	0.4	5.7	1.1	4.9	11.2	33.1
LU	4.9	0.5	1.1	5.7	1.0	0.6	4.9	1.3	4.7	18.4	43.1
HU	8.0	1.0	2.4	7.1	0.4	0.8	4.8	3.5	5.1	14.0	46.9
MT	5.7	0.5	1.1	4.5	0.9	0.2	5.4	1.1	4.9	11.3	35.6
NL	4.3	1.1	1.9	3.8	1.4	0.3	7.6	1.2	5.1	15.9	42.5
AT	6.1	0.6	1.4	5.7	0.4	0.3	8.2	1.2	4.8	20.5	49.2
PL	4.4	1.7	2.1	4.7	0.4	0.6	4.7	1.2	4.9	16.4	41.1
PT	7.6	0.9	1.7	5.2	0.6	0.5	6.0	0.8	5.0	17.4	45.7
RO	4.2	1.8	2.0	4.4	0.5	0.9	4.3	1.0	2.8	11.7	33.7
SI	5.9	0.9	1.6	4.3	0.5	0.5	6.6	1.4	5.4	16.2	43.2
SK (p)	5.6	1.0	2.1	4.1	0.7	0.5	7.1	0.8	3.8	14.5	40.2
FI	7.9	1.3	1.1	4.3	0.2	0.3	7.1	1.5	5.7	24.9	54.2
SE	6.8	1.2	1.3	4.1	0.3	0.8	6.9	1.1	6.8	20.2	49.4
UK	4.7	1.9	1.8	3.1	0.7	0.7	7.4	0.6	4.6	15.2	40.8
IS (p)	8.1	0.1	1.5	4.7	0.6	0.5	7.6	3.0	7.5	9.7	43.3
NO	4.5	1.7	1.2	5.3	0.9	0.8	8.5	1.6	5.6	19.8	49.9
CH (p)	4.7	0.8	1.7	4.0	0.6	0.2	2.2	0.8	5.6	13.5	34.2

percentage of GDP

(p) provisional

Source: Eurostat (gov_10a_exp)

eurostat

Table 1: Total general government expenditure by function, 2017 (% of GDP) - Source: Eurostat (gov_10a_exp), see country codes

The next most important functions in terms of government expenditure were 'health' and 'general public services', amounting to EUR 1080 billion or 7.0 % of GDP and EUR 897 billion or 5.8 % of GDP respectively in the EU-28 in 2017. 'Education' (4.6 % of GDP) and 'economic affairs' (4.0 % of GDP) followed. The remaining functions – 'defence' (1.3 % of GDP), 'public order and safety' (1.7 % of GDP), 'environmental protection' (0.8 % of GDP), 'housing and community amenities' (0.6 % of GDP) and 'recreation, culture and religion' (1.1 %

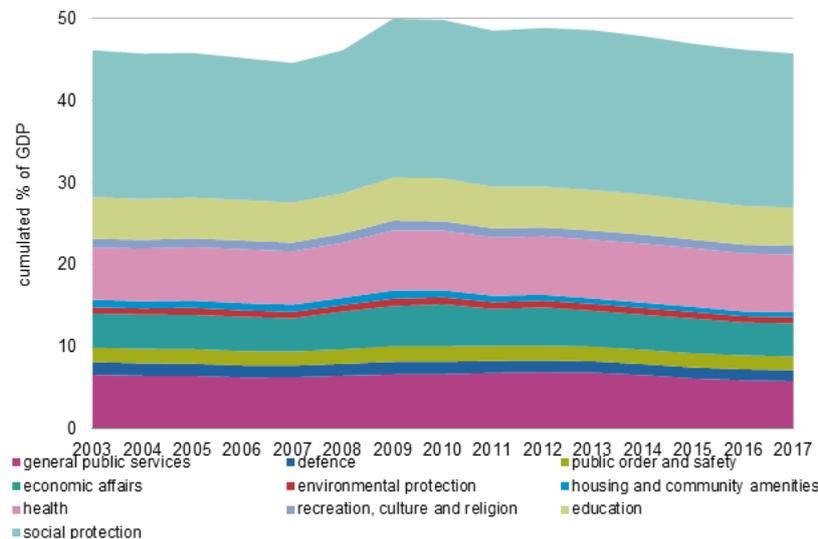of GDP) - together represented 5.5 % of EU-28 GDP in 2017.

Evolution of general government total expenditure by function

During the first three years of the economic and financial crisis (2007-2009), government expenditure as a percentage of GDP grew in the EU. It increased from 44.6% of GDP in 2007 to 50.0% in 2009, which was partially due to a lower GDP. Apart from an increase between the years 2011 and 2012 (from 48.5% of GDP to 48.9%), it has steadily decreased ever since, standing at 45.8% of GDP in 2017. This gradual decrease was partly the result of the fiscal consolidation measures, renewed economic growth and counter-cyclical reactions of government expenditure. In recent years, one-off expenditure to support financial institutions has been decreasing.

Not all the functions of government expenditure evolved the same between 2007 and 2017. Some of the functions have a natural tendency to be counter-cyclical, even without a change in policy. For example, government expenditure on unemployment benefits (part of social protection) is more prone to have a natural counter-cyclical evolution than other functions, such as government expenditure on education. During an economic crisis, more people become unemployed, whereas the number of pupils and students is more affected by demographic changes. Between 2007 and 2009, expenditure on unemployment in the EU increased from 1.4% of GDP to 1.8%, decreasing ever since to stand at 1.2% in 2017. Social protection expenditure as a whole increased from 17.0% of GDP (2007) to 19.4% (2009), standing at 18.8% of GDP in 2017. In the same period, government expenditure on education in the EU rose from 4.9% of GDP (2007) to 5.2% (2009), and then gradually decreased to 4.6% (2017).

In terms of the share of total expenditure, the share of 'social protection' expenditure reached a low point in 2008 (37.8 % of total expenditure), before rising steeply (38.8 % of total expenditure in 2009) and increasing steadily to 41.2 % of total expenditure in 2016, remaining nearly stable in 2017. However, the rising share of 'social protection' expenditure in recent years is accompanied by decreasing shares of GDP in the period 2014-2017.

Figure 2: Evolution of total general government expenditure, EU-28, 2003-2017, cumulated % of GDP - Source: Eurostat (gov_10a_exp)

Evolution of total general government expenditure, EU-28, 2003-2017, % of GDP and % of total expenditure

% of GDP	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
general public services	6.6	6.5	6.5	6.3	6.3	6.5	6.7	6.7	6.9	6.9	6.9	6.6	6.2	6.0	5.8
defence	1.5	1.5	1.5	1.5	1.4	1.5	1.5	1.5	1.5	1.4	1.4	1.3	1.3	1.3	1.3
public order and safety	1.8	1.8	1.8	1.8	1.7	1.8	1.9	1.9	1.8	1.8	1.8	1.7	1.7	1.7	1.7
economic affairs	4.2	4.2	4.2	4.2	4.0	4.6	4.9	5.1	4.5	4.7	4.4	4.3	4.2	4.0	4.0
environmental protection	0.7	0.7	0.9	0.8	0.8	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8
housing and community amenities	0.9	0.9	0.9	0.9	0.9	0.9	1.0	0.9	0.8	0.7	0.7	0.6	0.6	0.6	0.6
health	6.4	6.4	6.5	6.6	6.5	6.7	7.3	7.3	7.1	7.1	7.2	7.2	7.1	7.1	7.0
recreation, culture and religion	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1
education	5.1	5.0	5.0	4.9	4.9	4.9	5.2	5.2	5.1	5.0	4.9	4.9	4.8	4.7	4.6
social protection	17.9	17.7	17.6	17.3	17.0	17.4	19.4	19.3	19.0	19.3	19.5	19.3	19.1	19.0	18.8
total	46.2	45.8	45.8	45.2	44.6	46.2	50.0	49.9	48.5	48.9	48.6	47.9	46.9	46.2	45.8
% of total expenditure	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
general public services	14.4	14.2	14.2	13.9	14.1	14.1	13.3	13.4	14.1	14.1	14.1	13.8	13.1	12.9	12.8
defence	3.3	3.3	3.2	3.2	3.2	3.2	3.1	3.0	3.0	2.9	2.9	2.8	2.8	2.9	2.9
public order and safety	3.9	3.9	3.9	3.9	3.9	3.8	3.8	3.8	3.8	3.7	3.7	3.6	3.7	3.7	3.7
economic affairs	9.0	9.1	9.1	9.2	9.0	10.0	9.8	10.3	9.3	9.6	9.0	8.9	9.0	8.7	8.9
environmental protection	1.6	1.6	1.9	1.7	1.7	1.7	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.6
housing and community amenities	2.0	1.9	1.9	2.0	2.0	1.9	2.0	1.7	1.6	1.5	1.4	1.3	1.4	1.3	1.3
health	13.8	14.0	14.2	14.5	14.5	14.5	14.7	14.6	14.6	14.6	14.7	15.0	15.2	15.3	15.3
recreation, culture and religion	2.3	2.3	2.3	2.4	2.4	2.4	2.4	2.3	2.3	2.2	2.3	2.3	2.2	2.3	2.3
education	11.0	10.9	10.8	10.9	10.9	10.6	10.5	10.5	10.4	10.2	10.1	10.2	10.2	10.2	10.2
social protection	38.7	38.7	38.5	38.3	38.2	37.8	38.8	38.7	39.2	39.6	40.1	40.3	40.6	41.2	41.1

Source: Eurostat (gov_10a_exp)

eurostat

Table 2: Evolution of total general government expenditure, EU-28, 2002-2017, % of GDP and % of total expenditure - Source: Eurostat (gov_10a_exp)

Stable or slightly decreasing shares of total expenditure over 2003-2017 are noted for 'public order and safety', 'economic affairs' (despite the still considerable level of capital transfers to support financial institutions at the height of the financial crisis), 'environmental protection' and 'recreation, culture and religion'.

A steady increase over the period from 2003 to 2017 is noted for 'health', where the shares in total expenditure increased from 13.8 % of GDP in 2003 to 15.3 % of GDP in 2017.

Decreases in the share of total expenditure over 2003 to 2017 are noted for 'defence' (3.3 % of total expenditure in 2002 and 2.9 % of total expenditure in 2017), 'housing and community amenities' (2.0 % of total expenditure in 2003 and 1.3 % of total expenditure in 2017) and 'education' (11.0 % of total expenditure in 2003 and 10.2 % of total expenditure in 2017).

The figures at EU level mask disparate situations in the Member States.

All these different functions are developed in 10 statistical articles as follows:

Expenditure on 'general public services'

Expenditure on 'defence'

Expenditure on 'public order and safety'

Expenditure on 'economic affairs'

Expenditure on 'environmental protection'

Expenditure on 'housing and community amenities'

Expenditure on 'health'

Expenditure on 'recreation, culture and religion'

Expenditure on 'education'

Expenditure on 'social protection'

General government expenditure by function and transaction, EU-28, 2017, % of TE
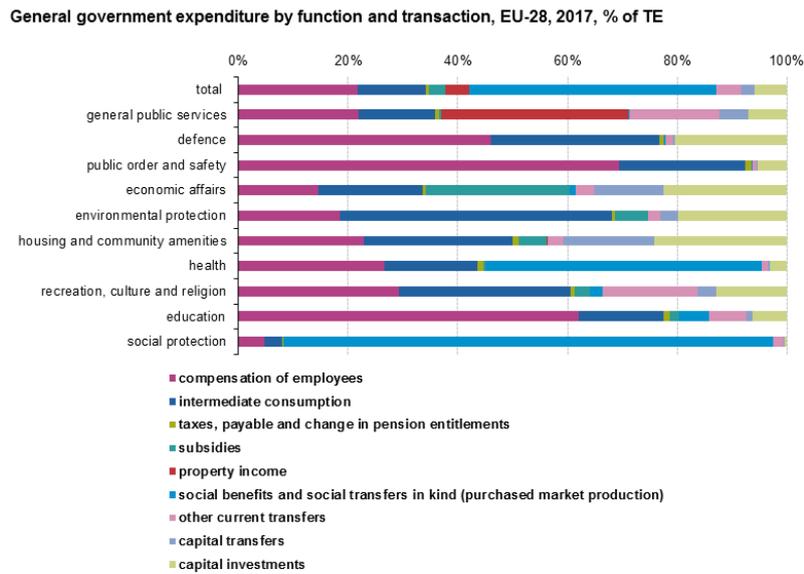

Source: Eurostat (gov_10a_exp)

Figure 3: General government expenditure by function and by transaction, EU-28, 2017, % of total expenditure - Source: Eurostat (gov_10a_exp)
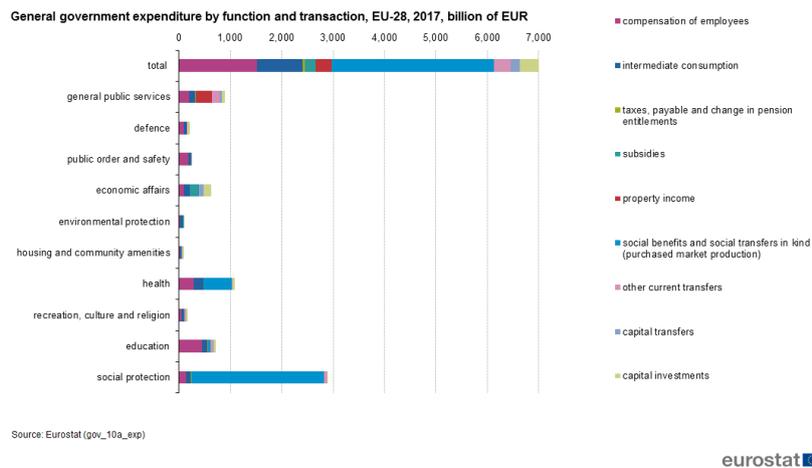
General government expenditure by function and transaction, EU-28, 2017, billion of EUR

Source: Eurostat (gov_10a_exp)

Figure 4: General government expenditure by function and by transaction, EU-28, 2017, billion of euro - Source: Eurostat (gov_10a_exp)

Source data for tables and graphs

The detailed tablesare available here .

Data sources and availability

Reporting of data to Eurostat

Annual government finance statistics (GFS) data are collected by Eurostat on the basis of the European System of Accounts (ESA2010) transmission programme. Member States are requested to transmit, among other tables, table 1100, 'Expenditure of general government by function' twelve months after the end of the reference period. Table 1100 provides information about expenditure of the general government sector divided into main

COFOG functions and ESA2010 categories. The transmission of the COFOG I level breakdown (divisions) is compulsory for the years 1995 onwards (subject to derogations), whereas information on the COFOG II level (COFOG groups) is provided on a compulsory basis for the reference years 2001 onwards. The main reference years used in this publication are 2017 as the latest year available and 2003 as the second year for which complete data on expenditure by function are available at EU-28 level.

Data was extracted on 11 March 2019.

It corresponds to latest transmissions under ESA table 11. Slight differences with ESA table 2 may occur as in some cases ESA table 11 transmissions are aligned with ESA table 2 transmitted in October 2017 and ESA table 2 has been revised since.

Provisional data

Data for Spain (2017 only), France (2016-2017), the Netherlands (2017), Slovakia (COFOG level II only) and Croatia are labelled provisional. Data for Portugal for 2015-2017 is labelled estimated.

Definition of general government and its subsectors

The data relate to the general government sector of the economy, as defined in ESA2010, paragraph 2.111: 'The general government sector (S.13) consists of institutional units which are non-market producers whose output is intended for individual and collective consumption, and are financed by compulsory payments made by units belonging to other sectors, and institutional units principally engaged in the redistribution of national income and wealth'.

Classification of functional expenditure of government

The Classification of the Functions of Government (COFOG) classifies government expenditure into ten main categories (divisions known as the 'COFOG I level' breakdown): general public services; defence; public order and safety; economic affairs; environmental protection; housing and community affairs; health; recreation, culture and religion; education; social protection. These divisions are further broken down into 'groups' (COFOG II level). Further information is available in the Eurostat Manual on sources and methods for the compilation of COFOG Statistics.

COFOG level II data

The provision of COFOG level II data has become compulsory with the introduction of ESA2010. The development of COFOG level II data is not completed in many Member States and data needs to be looked at with this in consideration.

Satellite accounts

Administrative expenditure data is additionally collected in so-called satellite accounts. In general, the amount of expenditure recorded in satellite accounts is expected to exceed the expenditure recorded under the respective COFOG division. For social protection, the relevant satellite account is ESSPROS. More details on the comparability of COFOG data with satellite accounts data can be found in the COFOG manual.

Definition of general government total expenditure

Government total expenditure is defined in ESA2010, paragraph 8.100 by using as reference a list of ESA2010 categories.

Government total expenditure comprises the following categories:

- P.2, 'intermediate consumption': the purchase of goods and services by government;

- P.5, 'gross capital formation' consists of: (a) gross fixed capital formation (P.51g); (b) changes in inventories (P.52); (c) acquisitions less disposals of valuables (P.53); where

- P.51g, 'gross fixed capital formation': consists of acquisitions, less disposals, of fixed assets during a given period plus certain additions to the value of non-produced assets realised by the productive activity of producer or institutional units. Fixed assets are tangible or intangible assets produced as outputs from

processes of production that are themselves used repeatedly, or continuously, in processes of production for more than one year;

- D.1, 'compensation of employees': the wages of government employees plus non-wage costs such as social contributions;

- D.29, 'other taxes on production, payable',

- D.3, 'subsidies, payable',

- D.4, 'property income, payable', consists of : (a) 'interest, payable' (D.41) and (b) 'other property income, payable' (D.42+D.43+D.44+D.45);

- D.5, 'current taxes on income, wealth, etc, payable';

- D.62, social payments: cover social benefits and pensions paid in cash;

- D.632, 'social transfers in kind - purchased market production';

- D.7, 'other current transfers, payable';

- D.8, 'adjustments for the change in pension entitlements'

- D.9, 'capital transfers payable'

- NP, 'acquisitions less disposals of non-financial non-produced assets': public investment spending. Non-financial non-produced assets consist of land and other tangible non-produced assets that may be used in the production of goods and services, and intangible non-produced assets.

- Capital investments includes P.5 and NP.

- Other current expenditure includes D.29, D.5 and D.8.

Gross Domestic Product

Throughout this publication, nominal GDP, i.e. GDP at current prices is used.

Time of recording & symbol

In the ESA2010 system, recording is in principle on an accrual basis, that is, when 'economic value is created, transformed or extinguished, or when claims and obligations arise, are transformed or are cancelled.'

":" not available

"p" provisional

"pp" percentage points

More data and information

For more country-specific notes, e.g. on missing data, please refer to the metadata published on Eurobase. The authors can be contacted at ESTAT-GFS@ec.europa.eu

Context

In the framework of the European System of National Accounts (ESA2010), Eurostat collects data on general government expenditure by economic function according to the international Classification of the Functions of Government (COFOG).

Other articles

- Government expenditure by function - online publication

- Government finance statistics
- Government finance statistics - quarterly data
- Integrated government finance statistics presentation
- Structure of government debt
- Tax revenue statistics

Main tables

- Government finance Statistics , see:

Government statistics (t_gov)

    Annual government finance statistics (t_gov_10a)

Database

- Government finance statistics , see:

Government statistics (gov)

    Government finance statistics (EDP and ESA2010) (gov_gfs10)

        Annual government finance statistics (gov_10a)
            Government revenue, expenditure and main aggregates (gov_10a_main)
            General government expenditure by function (COFOG) (gov_10a_exp)
            Main national accounts tax aggregates (gov_10a_tax_ag)

Dedicated section

- Government finance statistics

Methodology

- Government revenue, expenditure and main aggregates (ESMS metadata file — gov_10a_main_esms)

- General government expenditure by function (COFOG) (ESMS metadata file — gov_10a_exp_esms)

- Manual on sources and methods for the compilation of COFOG statistics - Classification of the Functions of Government (COFOG) - 2011 edition

Legislation

- European system of accounts - ESA 2010

- Manual on sources and methods for the compilation of COFOG statistics - Classifications of the Functions of Government - 2011 edition

- Manual on government deficit and debt — implementation of ESA 2010 — 2016 edition