This article analyses recent statistics on social protection in the European Union (EU) – this encompasses interventions from public or private bodies intended to relieve households and individuals of the burden of a defined set of risks or needs, provided that there is neither a simultaneous reciprocal nor an individual arrangement involved. The most common risks and needs are those associated with: sickness/healthcare; invalidity and disability; old age; parental responsibilities; the loss of a spouse or parent; unemployment; housing; and social exclusion.

Recent developments in social protection expenditure

In 2016, expenditure on social protection relative to gross domestic product (GDP) was estimated at 28.0% in the EU-28. Across the EU Member States, this ratio was highest in France (34.3%), while Finland and Denmark also reported ratios above 30.0% and Austria (29.8%) and Germany (29.7%) just below this level. By contrast, social protection expenditure represented less than 17% of GDP in Estonia, Malta, Ireland, Lithuania and Latvia, with the lowest share in the EU registered in Romania (14.6%); Turkey recorded an even lower ratio, at 12.9%.

In Finland, expenditure on social protection relative to GDP was 6.6 percentage points higher in 2016 than it had been in 2008 (at the onset of the global financial and economic crisis). This was the largest increase recorded among any of the EU Member States during this period, ahead of a 3.5 point increase in France and a 3.4 point increase in the Netherlands; Norway (7.4 points) and Switzerland (4.4 points) also recorded relatively large increases. By contrast, Lithuania, Malta, Hungary (note there is a break in series) and Ireland each recorded lower ratios of social protection expenditure to GDP in 2016 when compared with 2008; this was also the case in Serbia.

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1 This article is based on the same reference year for both gross and net benefits; since net benefits are available several months after gross benefits, you can find more recent data for gross benefits in other articles on social protection and in the database.
Expenditure on social protection, 2006-2016 (% of GDP)

<table>
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<tr>
<td>2016</td>
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Source: Eurostat (spr_exp_sum)

Table 1: Expenditure on social protection, 2006-2016 (% of GDP)

Social protection expenditure and GDP rates of change

Having grown by 5.9 % in 2007 (compared with the year before), EU-28 GDP (in current prices) was almost unchanged in 2008 and then contracted dramatically in 2009, while social protection expenditure continued to increase at a relatively stable pace until 2015. As such, the impact of the global financial and economic crisis was clearly apparent, as the ratio of social protection expenditure to GDP increased by 0.7 percentage points between 2007 and 2008 and by a further 2.7 points between 2008 and 2009 to reach 28.7 % in 2009 (see Table 1); thereafter, this ratio fluctuated within a relatively narrow range, between 28.0 % and 28.9 %.

The increase in 2009 of this ratio reflected a 4.3 % increase in social protection expenditure combined with a fall of 5.8 % in the value of GDP. In 2010 and 2011, the ratio of social protection expenditure to GDP fell by 0.1 and 0.3 percentage points, as social protection expenditure increased at a slower pace than GDP (which was recovering from the crisis). In 2012, this pattern was reversed and social protection expenditure also increased at a faster pace than GDP in 2013, only to be offset by slower growth in social protection expenditure the year after. In 2015, there was a 4.4 % increase in the level of EU’s social protection expenditure, which was counteracted by the somewhat faster pace of economic growth (5.4 %). The ratio of social protection expenditure relative to GDP fell by 0.3 points in both 2015 and 2016, to reach 28.0 % in 2016, its lowest value since 2009.
Per capita expenditure on social protection and expenditure as percentage of GDP

When comparing across EU Member States, there is generally a positive relationship between social protection expenditure expressed relative to GDP and social protection expenditure per capita in purchasing power standards (PPS). Across the EU-28, expenditure per capita in 2016 averaged 8,229 PPS. The use of a series in purchasing power parities tends to reduce the disparities in expenditure per capita between EU Member States, with the highest level of expenditure per capita in Luxembourg (14,628 PPS) and the lowest in Romania (2,699 PPS); as such, expenditure per capita in the former was almost six times as high as in the latter (see Figure 2). Note that social protection expenditure per capita is calculated on the basis of the resident population; therefore, its value may be particularly high for Luxembourg (due to its high proportion of cross-border commuters), with some benefits paid to persons living outside the country (primarily expenditure on healthcare, pensions and family benefits).

Although the EU Member States with the highest levels of social protection expenditure per capita in 2016 tended to have some of the highest ratios of social protection expenditure relative to GDP there were some exceptions. These included the particular case of Luxembourg (already mentioned above), which had the highest level of expenditure per capita, but a much lower ratio of expenditure relative to GDP (21.3 %), considerably lower than the EU-28 average (28.0 %). By contrast, social protection expenditure relative to GDP was slightly higher than one third (34.3 %) in France, while average expenditure per capita was 10,855 PPS; the former was the highest ratio recorded among the Member States, while the latter was only the fifth highest per capita value, although considerably above the EU-28 average.
Comparison of gross and net social protection benefits

The specific characteristics of national tax and benefit systems may explain some of the differences in levels of social protection benefits between EU Member States, for example, the taxes and social contributions paid on benefits by beneficiaries and the extent to which social benefits are provided in the form of tax rebates or tax reductions (see Data sources below for more details).

In 2016, the gap between gross and net expenditure on social protection benefits in the EU-28 averaged 2.2% of GDP. There were greater variations in some of the EU Member States, with the largest differences — as a percentage of GDP — often recorded for a number of Member States with some of the highest ratios of gross expenditure on social protection relative to GDP (see Figure 3). This was particularly the case for the Netherlands (a gap of 5.6 percentage points between gross and net expenditure) and Denmark (4.6 points), both of which had ratios for gross expenditure that were above the EU-28 average.
When expenditure on social protection benefits is expressed in relation to GDP, the difference between the highest and lowest spending EU Member States was 17.7 percentage points for gross expenditure (France 32.1% and Romania 14.4%) compared with 16.0 points for net expenditure (France 30.2% and Romania 14.2%). The ranking of the Member States was generally quite similar when considering gross and net expenditure, although there were some differences: for example, the Netherlands had the ninth highest level of gross expenditure relative to GDP but was ranked in 13th place for net expenditure, whereas Belgium had the eighth highest level of gross expenditure but was ranked in fourth place in net terms.
Social protection benefits made up 96.3% of the EU-28’s social protection expenditure in 2016; the remaining share covered administration costs and other expenditure (see Figure 5). Old age and sickness/healthcare benefits together accounted for 67.0% of total social protection expenditure while benefits related to family/children, disability, survivors and unemployment ranged between 8.4% and 4.5%; social exclusion benefits not elsewhere classified and housing accounted for the remaining 2.1% and 1.9% respectively.
Expenditure on pensions across the EU-28 was equivalent to 12.8% of GDP in 2016. Among the EU Member States, the share of expenditure on pensions was particularly high in several of the southern members and France (15.1%), for example, Portugal (14.6%) and Italy (16.0%), with the highest share in Greece (17.5%). At the other end of the range, shares between 6.8% and 8.0% were recorded in the three Baltic Member States of Estonia, Latvia and Lithuania, in Romania and in Malta, while an even lower ratio was recorded in Ireland (5.7%) — see Figure 6.
Pension expenditure per beneficiary varies according to the different types of pension (see Figure 7). In 2016, the aggregate expenditure per beneficiary on pensions relating to old age was estimated to be EUR 14 100 across the EU-28. This was slightly lower than the average expenditure recorded for anticipated old age pensions (EUR 14 200 per beneficiary) but slightly higher than for early retirement (due to a reduced capacity to work) where expenditure averaged EUR 13 800 per beneficiary. Expenditure on partial pensions, meanwhile, averaged just EUR 2 700 per beneficiary, much lower than for any other type of pension; this is to be expected, given that recipients of these types of pensions are also receiving an income from employment.
It is important to note that data relating to pension expenditure per beneficiary do not necessarily reflect the level or adequacy of individual old age pensions. The figures are based on aggregate expenditure and the number of beneficiaries for a wide range of different types of pension — granted under different circumstances and serving various distinct purposes — in each of the EU Member States; invariably, different pension schemes provide different levels of benefits, while the combinations of different pension schemes in each of the Member States will have a significant influence on the figures recorded at an aggregate level. Furthermore, data on pensions refer to gross expenditure and do not take into account the effect of taxes and social contributions (where relevant), as these vary both between and within Member States. For example, while all pensions may be tax free in one Member State, taxes may be applied to particular types of pensions in another.

In 2016, pension expenditure per beneficiary for old age pensions (the most common type of pension) varied across the EU Member States from EUR 1.9 thousand in Bulgaria to EUR 26 600 in Luxembourg (see Figure 8). Comparing the data in terms of purchasing power standards (PPS) generally reduces the differences between Member States (as it adjusts for different price levels). Average expenditure per beneficiary peaked at 19 500 PPS in Austria, just ahead of Luxembourg (19 400 PPS), while the lowest level of pension expenditure per beneficiary was recorded in Bulgaria (4 300 PPS).
Average \( \text{median} \) pension levels for 65 to 74 year-olds across the EU-28 in 2018 were lower than average earnings for people aged 50 to 59 years (see Figure 9). The difference between these two averages was particularly large in Ireland, where pension levels represented just 35 \% of the average earnings among those aged 50 to 59 years. By contrast, this ratio — known as the aggregate replacement ratio — was particularly high in Luxembourg (87 \%) and was also relatively high in Italy, Spain, France and Portugal (where the median pension of people aged 65 to 74 years was more than two thirds of the average earnings received by people aged 50 to 59 years). Low aggregate replacement ratios may reflect low coverage and/or low income replacement from pension schemes within current pension systems, as well as incomplete careers or an under-declaration of earnings.
Expenditure on care for the elderly  Social protection expenditure on care for the elderly covers care allowance, accommodation, and assistance in carrying out daily tasks. In 2016, this type of expenditure in the EU-28 was equivalent to 0.5 % of GDP. In Sweden and Denmark, the ratios for expenditure on the care for the elderly relative to GDP were 2.2 % and 1.9 %, approximately four times as high as the EU-28 average. Social protection expenditure on care for the elderly was less than 0.1 % of GDP in Bulgaria, Cyprus, Germany, Ireland, Greece and Luxembourg (see Figure 10).
Social protection receipts

An analysis of social protection receipts across the EU-28 in 2016 shows that the majority of receipts could be attributed to general government contributions (40.3 %) and employers’ social contributions (34.9 %), while around one fifth (19.7 %) of social protection receipts in the EU-28 were social contributions paid by protected persons (see Figure 11).
Social protection receipts in the EU-28 grew from EUR 7 300 per inhabitant to EUR 8 700 per inhabitant between 2008 and 2016, as overall receipts rose by a total of 20.5 %. The biggest change in the structure of receipts over this period was in relation to general government contributions, whose share in total receipts grew from 38.3 % in 2008 to 40.3 % by 2016. By contrast, there was a reduction in the relative share of employers’ social contributions, from 36.5 % to 34.9 % over the same period.

The structure of receipts used to finance social protection varies: three groups of EU Member States can be identified (see Figure 12). The largest group was composed of those Member States where government contributions formed the largest component of receipts in 2016: Denmark, Malta, Ireland, Sweden, the United Kingdom, Italy, Cyprus, Finland, Bulgaria, Portugal, Luxembourg, Latvia, Greece, Croatia and Austria. In the first four of these, government contributions accounted for more than half of all receipts (this was also the case in Iceland and Norway), with this share peaking at more than three quarters of total receipts in Denmark (77.0 %).

In the remaining EU Member States, social contributions — from employers or from the protected persons — represented the largest component of receipts. In Estonia and Lithuania, the contribution from employers to finance social protection accounted for more than half of all receipts, while employers made the biggest contribution to total receipts in Czechia, Poland, Slovakia, Spain, Hungary, France, Romania, Belgium and Germany. There were two Member States where the highest share of social protection receipts could be attributed to contributions paid by protected persons, namely Slovenia (40.9 % of total receipts) and the Netherlands (33.6 %).

Note that in most of the EU Member States other receipts tended to be relatively insignificant: they only contributed more than 10.0 % of total social protection receipts in the Netherlands, Poland and the United Kingdom; this was also the case in Switzerland (10.5 %).
Source data for tables and graphs

- Social protection statistics: tables and figures

Data sources

Data on social protection expenditure and receipts are based on the European system of integrated social protection statistics (ESSPROS) methodology. This system has been designed to allow a comparison of social protection flows between EU Member States.


In 2019, Eurostat released an updated version of the ESSPOS manual and user guidelines, which provides information on compiling and using ESSPROS data correctly.

Social protection expenditure

Expenditure on social protection includes: social benefits, administration costs (which represent the costs charged to the scheme for its management and administration) and other expenditure (which consists of miscellaneous expenditure by social protection schemes, principally payment of property income).

Social protection benefits are direct transfers, in cash or in kind, by social protection schemes to households and individuals. The purpose of these transfers is to relieve recipients of the burden of one or more of the defined risks or needs. Social protection benefits are paid to households by social security funds, other government units, non-profit institutions serving households (NPISHs), employers administering unfunded social insurance schemes, insurance enterprises, or other institutional units administering privately funded social insurance
Social protection benefits are recorded without the deduction of taxes or other compulsory levies payable by recipients.

Social protection benefits are classified according to eight social protection functions (which represent a set of risks or needs):

- **sickness/healthcare benefits** — including paid sick leave, medical care and the provision of pharmaceutical products;
- **disability benefits** — including disability pensions and the provision of goods and services (other than medical care) to the disabled;
- **old age benefits** — including old age pensions and the provision of goods and services (other than medical care) to the elderly;
- **survivors’ benefits** — including income maintenance and support in connection with the death of a family member, such as a survivors’ pensions;
- **family/children benefits** — including support (except healthcare) in connection with the costs of pregnancy, childbirth, childbearing and caring for other family members;
- **unemployment benefits** — including full or partial unemployment benefits as well as vocational training financed by public agencies;
- **housing benefits** — including interventions by public authorities to help households meet the cost of housing;
- **social exclusion benefits not elsewhere classified (n.e.c.)** — including income support, rehabilitation of alcohol and drug abusers and other miscellaneous benefits (except healthcare).

The pensions aggregate comprises part of periodic cash benefits under the disability, old age, survivors and unemployment functions. It is defined as the sum of the following social benefits: disability pensions, early retirement benefits due to reduced capacity to work, old age pensions, anticipated old age pensions, partial pensions, survivors’ pensions, and early retirement benefits for labour market reasons (see Social protection statistics — pension expenditure and pension beneficiaries).

The first formal data collection for net social protection expenditure took place in 2012 for the reference year 2010. A so-called ‘restricted approach’ is used which means that it is strictly limited to measuring the impact of the fiscal system on gross cash benefits reported in the ESSPROS core system (benefits in kind are not covered). It does not, therefore, take full account of tax reliefs for social purposes which reduce the amount of taxes paid on other (non-benefit) income or which may be granted to persons who do not receive any (cash) benefits. The aggregate replacement ratio is compiled as the ratio between gross retirement benefits and gross earnings. It is defined as the median individual gross pension income of those aged 65-74 years relative to the median individual gross earnings from work of those aged 50-59 years; it is expressed in percentage terms. These data are not part of the European system of integrated social protection statistics and are collected as part of the EU’s statistics on income and living conditions (EU-SILC).

Social protection receipts Schemes responsible for providing social protection are financed in a variety of different ways. Social protection receipts comprise social security contributions paid by employers and protected persons, contributions by general government, and other receipts from various sources (for example, interest, dividends, rent and claims against third parties). Social contributions by employers are all costs incurred by employers to secure entitlement to social benefits for their employees, former employees and their dependants; they can be paid by resident or non-resident employers. They include all payments by employers to social protection institutions (actual contributions) and social benefits paid directly by employers to employees (imputed
contributions). Social contributions made by protected persons comprise contributions paid by employees, by the self-employed and by pensioners and other persons.

**Implementation of ESA 2010** The European System of National and Regional Accounts 2010 (ESA 2010) replaced ESA 1995. This change had consequences in relation to ESSPROS results which were indirectly affected by the implementation of ESA 2010. The revision of ESSPROS data to take into account changes to national accounts methodology took place for a large majority of EU Member States during the collection of data for the 2013 reference period.

**Context**

Social protection systems are generally well-developed across the EU: they are designed to protect (to some degree) people against the risks and needs associated with unemployment, parental responsibilities, sickness/healthcare and invalidity, the loss of a spouse or parent, old age, housing and social exclusion (not elsewhere classified).

Pension systems can play a role in allowing beneficiaries to maintain living standards they enjoyed in the later years of their working lives. However, as Europe’s population is becoming progressively older, one of the main challenges faced by social protection systems is related to their financing, as the proportion of older persons continues to grow while the share of the population that is of working age decreases.

The organisation and financing of social protection systems is the responsibility of each EU Member State; the models used across Member States are consequently different, while the EU plays a coordinating role to ensure that people who move across borders continue to receive adequate protection. The EU seeks to promote actions among the Member States to combat poverty and social exclusion, and to reform social protection systems on the basis of policy exchanges and mutual learning. This policy is known as the social protection and social inclusion process — it underpins the Europe 2020 strategy and plays an important role as the EU seeks to become a smart, sustainable and inclusive economy. The Europe 2020 strategy for smart, sustainable and inclusive growth sets targets (among others) to lift at least 20 million people out of the risk of poverty and social exclusion and to increase employment of the population aged 20-64 years to 75 %. The European Commission provides support to help reach these targets through flagship initiatives, including the European platform against poverty and social exclusion and the New skills agenda for Europe. Furthermore, the European Commission provides guidance to Member States to modernise their welfare systems through the social investment package.

The main policy framework in this domain concerns the open method of coordination for social protection and social inclusion, which aims to promote social cohesion and equality, through adequate, accessible and financially sustainable social protection systems and social inclusion policies. A Communication from the European Commission Working together, working better: a new framework for the open coordination of social protection and inclusion policies in the European Union (COM(2005) 706 final) outlines the objectives, which include:

- making a decisive impact on the eradication of poverty and social exclusion;
- providing adequate and sustainable pensions;
- ensuring accessible, high-quality and sustainable healthcare and long-term care.

The European Pillar of Social Rights sets out a number of key principles and rights to support fair and well-functioning labour markets and welfare systems. It forms part of the policy developments related to a deeper and fairer economic and monetary union (1 of 10 European Commission priorities for the period 2015-2019). The pillar contains three main categories for action, one of which concerns social protection and inclusion, which covers the following areas:

**Childcare and support to children** — children have the right to affordable early childhood education and care of good quality; children have the right to protection from poverty; children from disadvantaged backgrounds have the right to specific measures to enhance equal opportunities.
**Social protection** — regardless of the type and duration of their employment relationship, workers, and, under comparable conditions, the self-employed, have the right to adequate social protection.

**Unemployment benefits** — the unemployed have the right to adequate activation support from public employment services to (re)integrate in the labour market and adequate unemployment benefits of reasonable duration, in line with their contributions and national eligibility rules; such benefits shall not constitute a disincentive for a quick return to employment.

**Minimum income** — everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services; for those who can work, minimum income benefits should be combined with incentives to (re)integrate into the labour market.

**Old age income and pensions** — workers and the self-employed in retirement have the right to a pension commensurate to their contributions and ensuring an adequate income; women and men shall have equal opportunities to acquire pension rights; everyone in old age has the right to resources that ensure living in dignity.

**Health care** — everyone has the right to timely access to affordable, preventive and curative health care of good quality.

**Inclusion of people with disabilities** — people with disabilities have the right to income support that ensures living in dignity, services that enable them to participate in the labour market and in society, and a work environment adapted to their needs.

**Long-term care** — everyone has the right to affordable long-term care services of good quality, in particular home-care and community-based services.

**Housing and assistance for the homeless** — access to social housing or housing assistance of good quality shall be provided for those in need; vulnerable people have the right to appropriate assistance and protection against forced eviction; adequate shelter and services shall be provided to the homeless in order to promote their social inclusion.

**Access to essential services** — everyone has the right to access essential services of good quality, including water, sanitation, energy, transport, financial services and digital communications; support for access to such services shall be available for those in need.

A Eurostat scoreboard of key indicators is used to track the employment and social performances of participating EU Member States. The scoreboard serves as a reference to monitor progress and to detect employment and social challenges.

**Other articles**
- Social protection statistics — background
- Social protection statistics — financing
- Social protection statistics — net expenditure on benefits
- Social protection statistics — pension expenditure and pension beneficiaries
- Social protection statistics — social benefits

**Main tables**
- Social protection (t_spr)
Database

- Social protection (spr), see:
  - Social protection expenditure (spr_expend)
  - Social protection receipts (spr_receipts)
  - Pensions beneficiaries (spr_pension)
  - Net social protection benefits (spr_net_ben)

Dedicated section

- Social protection

Methodology

- Social protection methodology
- Social protection (ESMS metadata file — spr_esms)

Legislation

- Commission Regulation (EU) No 110/2011 of 8 February 2011 concerning the appropriate formats for the transmission of data, the results to be transmitted and the criteria for measuring quality for the ESSPROS module on net social protection benefits.

External links

- Europe 2020 strategy
- European platform against poverty and social exclusion
- New skills agenda for Europe
- Social investment package
- European Pillar of Social Rights
- European Pillar of Social Rights: scoreboard of key indicators (Eurostat dedicated section)

View this article online at https://ec.europa.eu/eurostat/statistics-explained/index.php/Social_protection_statistics

Social protection statistics 18