

Structure of general government expenditures by function (COFOG)

The breakdown of governments' expenditures by function and its evolution over time reflect the main priorities and challenges of governments. Higher debt burden, high and rising unemployment, the impact of ageing population, but also common goals set by regional agreements (such as in OECD-EU countries) on energy, infrastructure and research and development programmes are all reflected in the structure of governments' expenditures.

Governments in OECD countries spent the largest share of total expenditures on social protection in 2013. On average close to one third of government spending is dedicated to social protection (32.4%). These are particularly high in Nordic countries, Luxembourg, France, Germany, Japan, Austria and Italy where they represent more than 40% of total government expenditures. In France more than half (55%) of social protection spending is on pensions 12% of it is dedicated to sickness/disability benefits 10% to family/children allowances and 8% to unemployment benefits. Although percentages vary (in particular for the share on unemployment benefits), many OECD countries have generally a similar structure of social protection expenditures.

Governments' spending on health care, general public services (which includes the debt servicing) and in education also represents important shares of government spending, each above 10% on average in 2013. Spending on economic affairs is also significant (9.5%) and varies from more than 25% in Greece to less than 7% in Denmark, Israel, Portugal and the United Kingdom.

In 2013, OECD governments spent relatively less on defence (5.5%), public order and safety (4.4%), housing and community amenities (1.5%), recreation culture and religion (1.5%) and environmental protection (1.2%) although depending on countries this may vary quite significantly. Spending on defence for instance is close to or above 10% in Israel (14.4%) and the United States (9.8%) whereas it is close to or below 1% in Hungary, Ireland, Iceland and Luxembourg.

Between 2007 and 2013, there has been an increase in total government spending on social protection and health care. Compared to before the financial crisis, governments spend a relatively larger share on social protection especially in countries where unemployment had risen sharply (Spain, Ireland, Portugal and Italy). Over the same period spending on health care has increased on average in OECD countries (+ 0.8 p.p.) driven to some extent by the growing share of health care spending in the Netherlands (+1.9 p.p.) and the United-States (+ 1.5 p.p.). In the few countries where social protection and health care spending decreased significantly over the period (Greece, Slovenia) this is mainly due to the high increase in spending on economic affairs (> 14 p.p. for both countries) to support economic growth and programmes to reduce the rate of unemployment of certain population groups.

Overall in OECD countries, the greater share of spending dedicated to social protection and health care over the

period has been compensated by a decrease of spending in all other categories and especially in education (-0.8 p.p.), general public services (-0.6 p.p.) and defence (-0.5 p.p.). In 2013, out of 29 OECD countries for which data are available, 17 countries have reduced the share dedicated to education compared to 2007. The highest decrease took place in Slovenia (-3.2 p.p.) and in Iceland (-2.3 p.p.). Regarding general public services the biggest decrease over the period took place in Greece (-7.8 p.p.). This is mainly due to decreasing annual spending on debt servicing as a result of the negotiation and restructuration of the Greek government's debt.

Methodology and definitions

Expenditures data are derived from the OECD National Accounts Statistics (database) and Eurostat Government finance statistics (database), which are based on the System of National Accounts (SNA), a set of internationally agreed concepts, definitions, classifications and rules for national accounting. The SNA framework was revised and most of the OECD countries have partly or entirely implemented the updated 2008 SNA methodology (see Annex A for details). Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides expenditures into ten functions: general public services; defence; public order and safety; economic affairs; environmental protection; housing and community amenities; health; recreation, culture and religion; education; and social protection. Further information about the types of expenditures included in each category is available in Annex C.

Structure of governments by selected COFOG II level priority functions are shown in Figure 2.33 (general public services), Figure 2.34 (public order and safety), Figure 2.35 (economic affairs), Figure 2.36 (health care), Figure 2.37 (education) and Figure 2.38 (social protection). These are available on line (<http://dx.doi.org/10.1787/888933248370>; <http://dx.doi.org/10.1787/888933248384>; <http://dx.doi.org/10.1787/888933248399>; <http://dx.doi.org/10.1787/888933248407>; <http://dx.doi.org/10.1787/888933248412>; <http://dx.doi.org/10.1787/888933248422>).

Table notes


Data are not available for Canada, Chile, Mexico, New Zealand and Turkey. Iceland: 2012 rather than 2013. Data for Spain in Economic Affairs in 2013 include EUR 4 897 million of financial aids to the banks. Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

Structure of general government expenditures by function (COFOG)

2.31. Structure of general government expenditures by function, 2013

	General public services	Defence	Public order and safety	Economic affairs	Environmental protection	Housing and community amenities	Health	Recreation, culture and religion	Education	Social protection
Australia	12.9	3.9	4.7	11.1	2.9	1.7	18.8	2.0	14.4	27.7
Austria	14.2	1.2	2.6	11.1	1.0	0.7	15.6	1.9	9.8	41.9
Belgium	15.5	1.7	3.4	12.2	1.8	0.6	14.6	2.4	11.8	36.1
Czech Republic	11.1	1.8	4.2	14.3	2.5	2.0	17.4	2.7	12.3	31.7
Denmark	13.6	2.3	1.8	6.3	0.7	0.5	15.3	3.2	12.3	43.9
Estonia	10.3	4.7	4.9	12.5	1.7	1.4	13.0	5.4	15.4	30.7
Finland	14.4	2.6	2.4	8.2	0.4	0.7	14.5	2.5	11.2	43.1
France	11.9	3.1	2.9	8.7	1.8	2.4	14.2	2.6	9.6	42.9
Germany	14.3	2.4	3.5	7.5	1.3	0.9	15.8	1.9	9.7	42.6
Greece	16.3	3.6	3.1	25.5	1.4	0.5	8.6	1.1	7.6	32.4
Hungary	20.9	1.0	4.2	13.7	1.8	1.6	10.4	3.7	9.5	33.3
Iceland	19.2	0.0	3.1	10.4	1.3	2.4	16.3	6.9	16.9	23.6
Ireland	16.5	1.0	3.9	7.5	1.6	1.6	17.4	1.8	10.2	38.6
Israel	13.5	14.4	3.9	6.8	1.5	1.1	12.2	3.7	16.3	26.6
Italy	17.5	2.3	3.8	8.2	1.8	1.4	14.1	1.4	8.0	41.3
Japan	10.6	2.1	3.1	10.3	2.8	1.8	17.5	0.9	8.5	42.4
Korea	17.1	7.8	4.0	16.8	2.4	3.0	12.1	2.2	16.3	18.4
Luxembourg	11.5	0.8	2.3	9.5	2.6	1.6	11.9	2.6	12.7	44.4
Netherlands	11.0	2.5	4.2	8.2	3.2	1.1	17.7	3.4	11.8	36.7
Norway	9.7	3.1	2.3	10.6	1.9	1.6	17.0	3.1	11.1	39.7
Poland	13.5	3.9	5.3	9.6	1.8	1.7	10.9	2.5	12.5	38.3
Portugal	17.9	2.1	4.4	6.7	0.8	1.4	13.3	2.0	13.5	37.8
Slovak Republic	13.4	3.1	8.0	7.9	2.2	1.7	18.3	3.1	12.2	30.1
Slovenia	11.3	1.6	3.6	24.2	1.2	1.2	11.6	3.0	10.9	31.4
Spain	15.5	2.1	4.5	10.0	1.9	1.0	13.6	2.6	9.1	39.7
Sweden	14.6	2.8	2.6	8.1	0.6	1.4	13.1	2.0	12.4	42.3
Switzerland	11.7	3.0	4.9	12.3	2.2	0.6	6.5	2.5	17.8	38.6
United Kingdom	12.5	5.0	4.8	6.8	1.8	1.5	16.7	1.7	12.0	37.2
United States	14.3	9.8	5.6	9.2	0.0	1.5	22.3	0.7	16.0	20.7
OECD WA	13.8	5.5	4.4	9.5	1.2	1.5	17.7	1.5	12.5	32.4
OECD UWA	14.0	3.3	3.9	10.8	1.7	1.4	14.5	2.6	12.1	35.7
Latvia	13.2	2.4	5.2	13.0	1.8	3.3	10.0	4.2	15.7	31.2


Source: OECD National Accounts Statistics (database); Eurostat Government Finance Statistics (database). Data for Australia are based on Government Finance Statistics provided by the Australian Bureau of Statistics.

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2.32. Change in the structure of general government expenditures by function, 2007 to 2013

	General public services	Defence	Public order and safety	Economic affairs	Environmental protection	Housing and community amenities	Health	Recreation, culture and religion	Education	Social protection
Australia	2.3	-0.4	-0.4	-0.9	0.7	-0.6	-0.1	-0.4	0.1	-0.2
Austria	-1.2	-0.3	-0.1	-0.9	0.1	-0.1	0.3	-0.3	0.2	2.2
Belgium	-2.6	-0.4	0.0	0.9	0.6	-0.2	0.6	-0.1	0.2	1.2
Czech Republic	0.4	-0.9	-0.6	-1.7	0.1	-0.4	1.0	-0.2	0.6	1.9
Denmark	0.1	-0.5	0.0	0.4	-0.3	-0.2	-0.2	-0.2	0.3	0.7
Estonia	0.5	1.0	-1.3	-0.7	-0.8	-0.4	0.3	-0.6	-1.8	3.8
Finland	0.2	-0.3	-0.2	-1.1	-0.2	0.0	0.3	0.3	-1.2	2.2
France	-1.8	-0.2	0.1	0.5	0.1	0.2	-0.1	0.1	-0.5	1.5
Germany	0.1	0.2	0.0	0.2	0.1	-1.0	1.0	0.0	0.6	-1.3
Greece	-7.8	-2.3	-0.1	15.9	-0.3	0.0	-4.2	-0.2	0.3	-1.3
Hungary	1.8	-1.6	0.2	0.7	0.6	-0.4	0.4	0.8	-1.5	-1.1
Iceland	6.0	-0.1	-0.4	-3.4	-0.2	1.3	-2.4	-2.0	-2.3	3.4
Ireland	6.8	-0.2	-0.5	-3.8	-1.2	-4.0	-1.3	-0.3	-2.1	6.4
Israel	-3.7	-2.2	0.3	0.7	0.2	-0.3	0.7	0.5	2.2	1.6
Italy	-0.8	-0.1	-0.1	-0.7	0.1	0.0	-0.2	-0.4	-1.6	3.9
Japan	-1.7	-0.2	-0.4	0.6	-0.5	-0.4	1.0	-0.1	-0.9	2.5
Korea	-0.5	-0.1	-0.1	-3.4	-0.6	-0.7	1.6	-0.1	0.7	3.3
Luxembourg	-0.5	0.2	0.0	-1.5	0.1	0.1	-0.2	-0.7	0.6	1.9
Netherlands	-1.9	-0.5	-0.1	-1.7	-0.4	0.2	1.9	-0.1	-0.2	3.0
Norway	-4.5	-0.7	0.2	1.5	0.5	0.2	0.2	0.2	-0.6	3.0
Poland	0.8	-0.6	0.1	-1.2	0.3	-0.9	0.5	-0.1	-0.8	1.7
Portugal	2.6	-0.6	0.5	-2.9	-0.5	-0.4	-2.5	-0.3	-0.9	5.0
Slovak Republic	2.2	-1.9	1.2	-4.1	0.5	-0.4	0.5	1.0	0.4	0.6
Slovenia	-1.8	-1.6	-0.4	14.8	-0.5	-0.2	-2.3	0.1	-3.2	-4.9
Spain	2.9	-0.4	-0.3	-3.3	-0.7	-1.3	-1.0	-1.5	-1.2	6.7
Sweden	-0.8	-0.3	0.0	0.3	-0.1	0.0	0.3	0.0	-0.3	1.0
Switzerland	-1.1	0.0	0.1	-0.6	0.6	-0.1	0.4	0.1	0.4	0.2
United Kingdom	1.8	-0.2	-0.9	-0.3	-0.3	-1.0	0.9	-0.5	-1.8	2.4
United States	-0.9	-0.9	-0.3	-0.6	0.0	-0.3	1.5	-0.1	-1.1	2.6
OECD WA	-0.6	-0.5	-0.2	-0.3	-0.1	-0.4	0.8	-0.2	-0.8	2.3
OECD UWA	-0.1	-0.6	-0.1	0.1	-0.1	-0.4	0.0	-0.2	-0.5	1.9
Latvia	1.7	-1.7	-2.1	-1.0	-0.8	-0.3	-2.0	-0.8	-0.8	7.8

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