

Government expenditures by function (COFOG)

Government expenditures serve a wide range of purposes, such as providing health care, education and justice services to the population, and maintaining public order and safety. Looking at expenditures by function can show government's priorities and challenges, as well as track their evolution over time. Changes in the structure of expenditures could stem from policy choices as well as socioeconomic trends, such as demographic changes (e.g. aging population), economic cycles and implementing international agreements.

On average in 2017 in OECD countries, the largest portion of government resources were spent on social protection (13.3% of GDP), which includes, for example, old age and disability and sickness pensions, housing and unemployment benefits. Finland (24.9%), France (24.3%) and Denmark (22.4%) spent the largest share of their GDP on social protection, while Chile (6.2%), Korea (6.6%) and the United States (7.6%) spent the least.

The second largest expenditure item is health care (7.8% of GDP across OECD countries in 2017), which comprises medical products, appliances and equipment, hospital services, outpatient services, among others. The United States (9.3%), Norway (8.5%) and Denmark (8.4%) spent the largest share of GDP on health. Although only around one-third of the US population of the is covered by public health insurance, the costs and administration expenses per capita are higher there than in other countries. Switzerland (2.2%), Latvia (3.5%) and Chile (4.0%) spent the least on health. In Switzerland, health care is provided mainly through compulsory private insurance schemes.

General public services (e.g. public debt transactions, the functioning of central executive and legislative bodies, transfers between levels of government) accounted for 5.4% of GDP across OECD countries in 2017. Greece (8.3%), Italy (8.2%) and Iceland (8.1%) spent the most on this function, in these three countries public debt transactions represent the most important component within this sub-category. On average, slightly more was spent on general public services than on education (5.1%).

Climate change is a growing concern in OECD countries, as evidenced by their adherence to international agreements (e.g. the Paris Climate Agreement). Nevertheless, few resources are devoted to combat climate change. Environmental protection includes waste management, pollution abatement, protection of biodiversity and landscape, among others. It was the function on which governments spent the least in 2017, with a total of 0.5% of GDP. The Netherlands (1.4%), Greece (1.3%) and Japan (1.2%) spent more than twice the OECD average whereas the United States, Chile and Finland dedicated a negligible proportion on this function.

Expenditures on social protection have increased by 1.5 p.p. as a share of GDP, since 2007, driven primarily by aging populations and growth in expenditures for unemployment benefits. Finland and Norway have increased their spending more than three times the OECD average (+5.7 p.p. and +4.6 p.p., respectively). Hungary and Ireland, on the contrary, have reduced spending on social protection by -3.2 p.p. and -3.6 p.p., respectively. Ireland cut unemployment benefits and child benefits as a response to the 2007-08 economic and financial crisis. Hungary reduced the duration of unemployment benefits and increased the restrictions to access disability benefits. Health expenditures have on average also grown in relevance: 1.1 p.p. more as a share of GDP was spent on this category in 2017. Norway and the United States increased their expenditures on health the most (+1.6 p.p.), followed by Japan (+1.5 p.p.). Conversely, Ireland and Portugal have experienced the largest decrease (-1.1 p.p.).

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 2008 SNA framework has been implemented by all OECD countries (see Annex A). Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides expenditures into ten functions (I level): 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. See Annex C for more information about the types of expenditures included. Further data on the structure of government expenditures by COFOG I level functions (including levels of government) and detailed data by selected COFOG II level priority functions (apart from the indicator on expenditures in social protection and health) are available online in Annex F (2.32 to 2.40).

Figure notes

Data are not available for Canada, Mexico, New Zealand and Turkey. On data for Israel, see <http://doi.org/10.1787/888932315602>. Data for Korea refer to 2016.

2.30. Data for Chile and Iceland are not included in the OECD average due to missing time-series. Data for Chile refer to 2016 rather than 2017.

2.31. Data are not available for Chile and Iceland.

2.30. General government expenditures by function as a percentage of GDP, 2017

| | 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 | 4.3 | 2.2 | 2.0 | 4.7 | 0.9 | 0.6 | 7.2 | 1.0 | 5.8 | 9.7 |
| Austria | 6.1 | 0.6 | 1.4 | 5.7 | 0.4 | 0.3 | 8.2 | 1.2 | 4.8 | 20.5 |
| Belgium | 7.2 | 0.8 | 1.7 | 6.3 | 0.9 | 0.3 | 7.7 | 1.3 | 6.3 | 19.5 |
| Chile | 2.9 | 1.0 | 2.0 | 2.6 | 0.2 | 0.9 | 4.0 | 0.4 | 5.2 | 6.2 |
| Czech Republic | 3.9 | 0.8 | 1.8 | 5.7 | 0.8 | 0.6 | 7.5 | 1.3 | 4.6 | 12.0 |
| Denmark | 6.2 | 1.2 | 0.9 | 3.3 | 0.4 | 0.2 | 8.4 | 1.7 | 6.5 | 22.4 |
| Estonia | 3.9 | 2.0 | 1.9 | 4.3 | 0.7 | 0.4 | 5.0 | 2.1 | 5.8 | 13.0 |
| Finland | 7.9 | 1.3 | 1.1 | 4.3 | 0.2 | 0.3 | 7.1 | 1.5 | 5.7 | 24.9 |
| France | 6.0 | 1.8 | 1.6 | 5.9 | 0.9 | 1.0 | 8.0 | 1.4 | 5.4 | 24.3 |
| Germany | 5.6 | 1.0 | 1.5 | 3.1 | 0.6 | 0.4 | 7.1 | 1.0 | 4.1 | 19.4 |
| Greece | 8.3 | 2.5 | 2.1 | 3.6 | 1.3 | 0.2 | 5.2 | 0.7 | 3.9 | 19.4 |
| Hungary | 8.0 | 1.0 | 2.4 | 7.1 | 0.4 | 0.8 | 4.8 | 3.5 | 5.1 | 14.0 |
| Iceland | 8.1 | 0.1 | 1.5 | 4.7 | 0.6 | 0.5 | 7.6 | 3.0 | 7.5 | 9.7 |
| Ireland | 3.4 | 0.3 | 1.0 | 2.3 | 0.4 | 0.5 | 5.1 | 0.5 | 3.3 | 9.5 |
| Israel | 4.3 | 5.5 | 1.6 | 2.6 | 0.6 | 0.0 | 5.4 | 1.4 | 7.0 | 11.1 |
| Italy | 8.2 | 1.3 | 1.8 | 3.6 | 0.9 | 0.6 | 6.8 | 0.8 | 3.8 | 20.9 |
| Japan | 3.8 | 0.9 | 1.2 | 3.6 | 1.2 | 0.6 | 7.6 | 0.4 | 3.3 | 16.1 |
| Korea | 5.2 | 2.5 | 1.3 | 4.9 | 0.8 | 0.8 | 4.3 | 0.8 | 5.2 | 6.6 |
| Latvia | 4.1 | 1.7 | 2.3 | 5.5 | 0.6 | 1.1 | 3.5 | 1.7 | 5.8 | 11.7 |
| Lithuania | 3.5 | 1.7 | 1.5 | 2.8 | 0.4 | 0.4 | 5.7 | 1.1 | 4.9 | 11.2 |
| Luxembourg | 4.9 | 0.5 | 1.1 | 5.7 | 1.0 | 0.6 | 4.9 | 1.3 | 4.7 | 18.4 |
| Netherlands | 4.3 | 1.1 | 1.9 | 3.8 | 1.4 | 0.3 | 7.6 | 1.2 | 5.1 | 15.9 |
| Norway | 4.5 | 1.7 | 1.2 | 5.3 | 0.9 | 0.8 | 8.5 | 1.6 | 5.6 | 19.8 |
| Poland | 4.4 | 1.7 | 2.1 | 4.7 | 0.4 | 0.6 | 4.7 | 1.2 | 4.9 | 16.4 |
| Portugal | 7.6 | 0.9 | 1.7 | 5.2 | 0.6 | 0.5 | 6.0 | 0.8 | 5.0 | 17.4 |
| Slovak Republic | 5.6 | 1.0 | 2.1 | 4.1 | 0.7 | 0.5 | 7.1 | 0.8 | 3.8 | 14.5 |
| Slovenia | 5.9 | 0.9 | 1.6 | 4.3 | 0.5 | 0.5 | 6.6 | 1.4 | 5.4 | 16.2 |
| Spain | 5.6 | 0.9 | 1.8 | 3.8 | 0.9 | 0.4 | 6.0 | 1.1 | 4.0 | 16.6 |
| Sweden | 6.7 | 1.2 | 1.3 | 4.1 | 0.3 | 0.8 | 6.9 | 1.1 | 6.8 | 20.2 |
| Switzerland | 4.7 | 0.8 | 1.7 | 4.0 | 0.6 | 0.2 | 2.2 | 0.8 | 5.6 | 13.5 |
| United Kingdom | 4.7 | 1.9 | 1.8 | 3.1 | 0.7 | 0.7 | 7.4 | 0.6 | 4.6 | 15.2 |
| United States | 5.6 | 3.2 | 2.0 | 3.3 | 0.0 | 0.6 | 9.3 | 0.3 | 6.0 | 7.6 |
| OECD | 5.4 | 2.1 | 1.8 | 3.8 | 0.5 | 0.6 | 7.8 | 0.7 | 5.1 | 13.3 |
| Colombia | 4.9 | 1.3 | 2.2 | 3.1 | 0.6 | 0.5 | 4.9 | 0.7 | 4.8 | 9.0 |
| Costa Rica | 3.9 | 0.0 | 2.6 | 3.7 | 0.5 | 0.8 | 6.1 | 0.2 | 8.1 | 8.5 |

Sources: 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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2.31. Change in general government expenditures by function as a percentage of GDP, 2007 to 2017

| | 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 | 0.8 | 0.9 | 0.3 | 0.8 | 0.2 | -0.2 | 1.0 | 0.2 | 1.1 | 0.5 |
| Austria | -1.5 | -0.2 | 0.1 | -0.2 | -0.1 | -0.1 | 0.8 | -0.2 | 0.2 | 1.1 |
| Belgium | -1.5 | -0.2 | 0.0 | 0.8 | 0.2 | -0.1 | 1.0 | 0.0 | 0.8 | 2.8 |
| Czech Republic | -0.4 | -0.3 | -0.2 | -0.7 | -0.2 | -0.4 | 0.7 | -0.1 | -0.1 | 0.1 |
| Denmark | -0.5 | -0.2 | 0.0 | 0.3 | -0.1 | -0.1 | 0.7 | 0.0 | 0.5 | 0.9 |
| Estonia | 0.6 | 0.8 | -0.2 | 0.0 | -0.1 | -0.3 | 0.7 | 0.1 | -0.1 | 3.8 |
| Finland | 1.2 | -0.1 | 0.0 | -0.1 | -0.1 | 0.0 | 0.5 | 0.4 | -0.1 | 5.7 |
| France | -1.3 | 0.1 | 0.2 | 1.6 | 0.1 | -0.1 | 0.6 | 0.0 | 0.1 | 2.7 |
| Germany | -0.5 | 0.1 | 0.1 | -0.1 | 0.1 | -0.4 | 0.8 | 0.2 | 0.2 | 0.6 |
| Greece | -3.3 | -0.3 | 0.6 | -0.6 | 0.5 | 0.0 | -0.8 | 0.1 | 0.3 | 3.7 |
| Hungary | -1.5 | -0.3 | 0.4 | 0.6 | -0.2 | -0.2 | -0.1 | 2.0 | -0.5 | -3.2 |
| Ireland | 0.0 | -0.1 | -0.5 | -1.3 | -0.6 | -1.2 | -1.1 | -0.1 | -1.1 | -3.6 |
| Israel | -3.3 | -1.5 | 0.1 | 0.1 | 0.0 | -0.3 | 0.5 | 0.1 | 0.7 | 0.6 |
| Italy | -0.4 | 0.1 | 0.0 | -0.6 | 0.1 | -0.1 | 0.1 | 0.0 | -0.7 | 3.3 |
| Japan | -0.5 | 0.1 | 0.0 | 0.2 | 0.0 | -0.1 | 1.5 | 0.0 | -0.1 | 2.8 |
| Korea | 0.0 | 0.1 | 0.1 | -1.1 | -0.1 | -0.3 | 1.1 | 0.1 | 0.6 | 2.1 |
| Latvia | 0.2 | 0.2 | -0.1 | 0.6 | -0.3 | -0.1 | -0.5 | 0.0 | 0.2 | 3.7 |
| Lithuania | -0.6 | -0.2 | -0.2 | -1.4 | -0.5 | 0.1 | 0.4 | 0.0 | -0.4 | 0.5 |
| Luxembourg | 0.3 | 0.2 | 0.2 | 1.1 | -0.1 | 0.0 | 0.6 | 0.0 | 0.2 | 2.7 |
| Netherlands | -1.3 | -0.1 | 0.0 | -0.5 | -0.1 | -0.1 | 0.8 | -0.2 | 0.1 | 1.5 |
| Norway | -1.3 | 0.1 | 0.3 | 1.6 | 0.3 | 0.2 | 1.6 | 0.4 | 0.7 | 4.6 |
| Poland | -1.0 | -0.2 | -0.1 | -0.3 | -0.2 | -0.5 | 0.2 | 0.0 | -0.8 | 0.8 |
| Portugal | 0.6 | -0.3 | -0.1 | 1.1 | 0.0 | -0.3 | -1.1 | -0.2 | -1.2 | 2.7 |
| Slovak Republic | 1.1 | 0.2 | 0.3 | -0.3 | 0.0 | -0.1 | 1.0 | 0.0 | 0.3 | 1.3 |
| Slovenia | 0.4 | -0.5 | -0.1 | 0.2 | -0.3 | -0.1 | 0.7 | 0.2 | -0.5 | 0.9 |
| Spain | 0.6 | -0.1 | 0.0 | -1.4 | -0.1 | -0.5 | 0.3 | -0.5 | 0.0 | 3.7 |
| Sweden | -0.9 | -0.4 | 0.0 | 0.2 | 0.0 | 0.1 | 0.5 | 0.1 | 0.5 | 0.0 |
| Switzerland | 0.1 | 0.0 | 0.2 | 0.3 | 0.0 | 0.1 | 0.5 | 0.0 | 0.7 | 1.5 |
| United Kingdom | 0.5 | -0.2 | -0.5 | 0.2 | -0.2 | -0.4 | 1.0 | -0.3 | -1.0 | 0.9 |
| United States | -0.5 | -0.8 | -0.1 | -0.3 | 0.0 | 0.0 | 1.6 | 0.0 | -0.2 | 0.9 |
| OECD | -0.5 | -0.3 | 0.0 | -0.1 | 0.0 | -0.2 | 1.1 | 0.0 | -0.1 | 1.5 |

Sources: 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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