

General government expenditures by function (COFOG)

Governments are responsible for a wide array of tasks, ranging from protecting borders to building hospitals and delivering passports. Governments' expenditures by function reveal how much they spend on key areas, such as education, health, defence, social protection and public order and safety. Examining the levels of spending in these different functions helps to provide information about national priorities and policy choices, as well as preferences for delivery modes (i.e. fully public or a combination of public and private).

On average, in 2019, the largest portion of government resources in OECD countries was spent on social protection (13.3% of GDP), which includes old age pensions, sickness and disability benefits, and unemployment benefits. Finland (24%), France (23.9%) and Denmark (21.4%) spent the largest share of their GDP on social protection. Chile (5.9%), Korea (6.9%) and the United States (7.6%) spent the smallest share (Table 2.25).

Hospital services, outpatient services, appliances and equipment, and medical products, including vaccines, all form part of health care spending. This is the second largest spending category on average in OECD countries, at 7.9% of GDP. The United States (9.3%), Norway (8.7%) and Denmark (8.2%) spent the most in this category. However, even among countries with high spending levels there are stark differences. For example, while health care in Norway and Denmark is entirely public, only just over one-third of the US population are covered by a public health insurance scheme. At the other end of the spectrum, Switzerland (2.1%), Latvia (4.2%) and Chile (4.4%) spent the least on health care. In Switzerland health care is provided mainly through compulsory private insurance schemes.

General public services (e.g. public debt transactions, the functioning of the central executive and legislative bodies, and transfers between levels of government) accounted for 5.4% of GDP across OECD countries in 2019. Italy (7.5%), Greece (7.9%) and Finland (7.9%) spent the most on this function. Public debt transactions represented the largest component of this function for Italy and Greece, while general services made up over half of it in Finland. On average, OECD countries spend 5.1% of GDP on education and 3.9% on economic affairs. This last category encompasses subsidies to enterprises and economic sectors. Environmental protection is the category with the lowest level of spending, at 0.5% of GDP on average for OECD countries.

Between 2007 and 2019 public expenditures on social protection increased by 1.4 p.p. of GDP on average. The increase has been steepest in Finland (5 p.p.) and Spain

(4.5 p.p.). Health spending in terms of GDP has also grown by 1.1 p.p. on average, with Norway (1.8 p.p.), Korea (1.6 p.p.) and the United States (1.6 p.p.) experiencing the largest increases. Over the same period, spending on general public services decreased on average by 0.5 p.p. with Greece (3.7 p.p.) and Israel (3.4 p.p.) registering the steepest reduction in this area (Table 2.26).

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 functions are available online in Annex G (Online Tables G.7 to G.15).

Further reading

OECD (2019), *Health at a Glance 2019: OECD Indicators*, OECD Publishing, Paris, <https://doi.org/10.1787/4dd50c09-en>.

OECD (2020), *Education at a Glance 2020: OECD Indicators*, OECD Publishing, Paris, <https://doi.org/10.1787/69096873-en>.

Figure notes

Data are not available for Canada, Mexico, New Zealand and Turkey. Data for Australia, Japan and Korea refer to 2018 rather than 2019.

2.25. Data for Chile and Colombia are not part of the OECD average due to missing time series. Data for Chile and Colombia refer to 2018 rather than 2019. Data for Costa Rica refer to 2017 rather than 2019.

2.26. Data are not available for Chile and Colombia.

2.25. General government expenditures by function as a percentage of GDP, 2019

	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	4.0	2.3	2.0	4.9	0.9	0.6	7.3	0.9	5.8	9.8
Austria	5.7	0.6	1.3	5.8	0.4	0.3	8.3	1.2	4.8	20.1
Belgium	6.9	0.8	1.7	6.7	1.3	0.3	7.6	1.3	6.2	19.4
Chile	3.0	1.1	2.0	2.3	0.2	0.9	4.4	0.3	5.5	5.9
Colombia	4.9	1.2	2.1	3.1	0.5	0.5	5.1	0.7	4.2	8.7
Czech Republic	4.4	0.9	1.9	6.1	0.8	0.7	7.6	1.4	4.9	12.6
Denmark	6.0	1.1	1.0	3.1	0.4	0.2	8.2	1.6	6.3	21.4
Estonia	3.5	2.1	1.8	3.9	0.7	0.4	5.3	2.0	6.0	13.2
Finland	7.9	1.2	1.2	4.2	0.2	0.3	7.1	1.5	5.6	24.0
France	5.5	1.7	1.6	6.0	1.0	1.1	8.0	1.4	5.3	23.9
Germany	5.7	1.1	1.6	3.3	0.6	0.4	7.4	1.0	4.3	19.7
Greece	7.9	2.0	2.1	4.0	1.4	0.2	5.3	0.8	4.0	19.8
Hungary	8.2	1.0	2.1	8.0	0.5	0.8	4.5	3.0	4.7	12.7
Iceland	7.2	0.1	1.5	4.9	0.6	0.5	7.8	3.0	7.0	10.9
Ireland	2.7	0.2	0.9	2.3	0.4	0.7	4.7	0.5	3.1	8.9
Israel	4.2	5.3	1.6	2.9	0.5	0.2	5.4	1.5	7.0	11.1
Italy	7.5	1.3	1.8	4.0	0.9	0.5	6.8	0.8	3.9	21.1
Japan	3.8	0.9	1.2	3.7	1.1	0.7	7.7	0.4	3.3	16.1
Korea	4.0	2.4	1.2	4.4	0.8	1.0	4.7	1.0	4.8	6.9
Latvia	3.8	1.9	2.2	5.3	0.6	1.0	4.2	1.5	5.8	12.1
Lithuania	3.5	1.6	1.4	3.0	0.4	0.5	6.2	1.2	4.6	12.3
Luxembourg	5.0	0.4	1.2	5.2	0.9	0.6	5.0	1.3	4.7	18.0
Netherlands	4.1	1.3	1.8	3.8	1.4	0.4	7.7	1.2	5.0	15.4
Norway	4.8	1.9	1.2	6.0	0.9	0.8	8.7	1.8	5.6	19.7
Poland	4.2	1.6	2.1	4.8	0.5	0.5	4.9	1.3	5.0	16.7
Portugal	6.7	0.8	1.7	3.6	0.6	0.5	6.6	0.9	4.4	16.9
Slovak Republic	5.4	1.1	2.3	5.1	0.8	0.5	7.7	1.2	4.2	14.4
Slovenia	5.2	1.0	1.6	4.5	0.6	0.4	6.7	1.4	5.5	16.5
Spain	5.5	0.8	1.8	4.0	0.9	0.4	6.1	1.1	4.0	17.4
Sweden	6.9	1.2	1.3	4.4	0.5	0.7	7.0	1.3	6.9	19.0
Switzerland	4.2	0.8	1.6	3.9	0.6	0.2	2.1	1.0	5.4	12.9
United Kingdom	4.3	2.0	1.8	3.5	0.6	0.8	7.7	0.6	4.9	14.8
United States	5.8	3.4	1.9	3.4	0.0	0.5	9.3	0.3	5.9	7.6
OECD	5.4	2.2	1.7	3.9	0.5	0.6	7.9	0.7	5.1	13.3
OECD-EU	5.8	1.2	1.7	4.4	0.8	0.6	7.0	1.2	4.7	19.3
Costa Rica	3.7	0.0	2.5	3.2	0.4	0.8	5.9	0.2	7.7	8.3
Romania	4.2	1.7	2.2	4.7	0.7	1.1	5.0	1.0	3.6	11.9

Source: OECD National Accounts Statistics (database); Eurostat Government Finance Statistics (database).

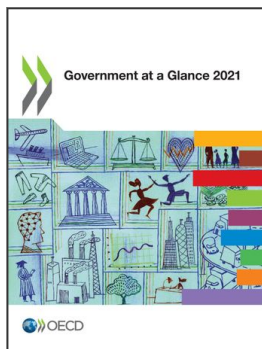
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2.26. Change in general government expenditures by function as a percentage of GDP, 2007 to 2019

	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	0.3	0.5	0.2	0.2	0.2	-0.1	0.9	0.0	0.5	0.2
Austria	-1.9	-0.2	0.0	-0.1	-0.1	-0.1	0.9	-0.3	0.1	0.7
Belgium	-1.8	-0.2	0.0	1.1	0.5	-0.1	0.8	0.0	0.6	2.6
Czech Republic	-0.2	-0.2	0.0	-0.3	-0.1	-0.3	0.9	0.0	0.6	0.5
Denmark	-0.7	-0.3	0.0	0.1	-0.1	-0.1	0.6	-0.1	0.3	0.0
Estonia	0.2	0.8	-0.3	-0.4	-0.2	-0.2	1.0	-0.1	0.3	4.1
Finland	1.3	-0.2	0.0	-0.2	-0.1	0.0	0.7	0.4	-0.1	5.0
France	-1.6	0.0	0.2	1.7	0.1	-0.1	0.6	0.0	0.0	2.2
Germany	-0.5	0.2	0.1	0.0	0.1	-0.4	1.0	0.0	0.4	0.8
Greece	-3.7	-0.8	0.6	-0.2	0.6	0.0	-0.7	0.2	0.4	4.1
Hungary	-1.4	-0.2	0.2	1.5	-0.1	-0.2	-0.4	1.5	-0.8	-4.5
Iceland	-2.8	0.0	0.1	-0.7	0.0	0.2	0.3	-0.2	-0.8	2.8
Ireland	-0.7	-0.1	-0.6	-1.3	-0.6	-1.0	-1.5	-0.1	-1.2	-4.2
Israel	-3.4	-1.7	0.1	0.4	0.0	-0.2	0.6	0.2	0.6	0.7
Italy	-1.7	0.1	0.0	0.0	0.1	-0.2	0.1	0.1	-0.5	3.7
Japan	-0.6	0.1	0.0	0.2	0.0	-0.1	1.5	0.1	-0.1	2.7
Korea	-0.4	0.2	0.1	-1.1	-0.1	-0.2	1.6	0.2	0.5	2.2
Latvia	-0.2	0.5	-0.2	-0.2	-0.3	-0.2	0.2	-0.2	0.2	4.2
Lithuania	-0.9	-0.1	-0.3	-1.3	-0.5	0.2	1.0	0.1	-0.4	1.5
Luxembourg	0.2	0.2	0.3	0.0	0.2	0.0	0.3	0.0	0.3	2.8
Netherlands	-1.4	0.0	0.0	-0.5	-0.1	-0.1	1.0	-0.1	-0.1	1.0
Norway	-1.1	0.3	0.4	2.2	0.4	0.3	1.8	0.5	0.7	4.2
Poland	-1.2	-0.3	-0.2	-0.1	-0.1	-0.2	0.4	0.2	-0.7	1.1
Portugal	-0.4	-0.4	-0.1	-0.5	0.0	-0.2	-0.6	-0.2	-1.5	2.0
Slovak Republic	1.3	0.3	0.1	0.9	0.1	-0.1	1.5	0.4	0.6	1.4
Slovenia	-0.3	-0.4	-0.1	0.4	-0.2	-0.2	0.7	0.1	-0.4	0.2
Spain	0.5	-0.2	0.0	-1.4	-0.1	-0.5	0.4	-0.4	0.0	4.5
Sweden	-0.8	-0.3	0.0	0.5	0.0	0.2	0.6	0.1	0.7	-1.0
Switzerland	0.0	0.0	0.2	0.3	-0.1	0.1	0.5	0.0	0.6	1.0
United Kingdom	0.1	-0.2	-0.5	0.7	-0.3	-0.3	1.2	-0.3	-0.8	0.5
United States	-0.2	-0.6	-0.2	-0.3	0.0	-0.1	1.6	0.0	-0.4	0.9
OECD	-0.5	-0.2	-0.1	0.0	0.0	-0.2	1.1	0.0	-0.1	1.4
OECD-EU	-1.0	0.0	0.1	0.1	0.0	-0.2	0.5	0.0	0.0	1.8
Romania	-0.2	-0.1	-0.2	-3.7	0.3	-0.4	1.4	0.0	-0.2	1.8

Source: OECD National Accounts Statistics (database); Eurostat Government Finance Statistics (database).

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