

## In 2009 a 6.5 % rise in per capita social protection expenditure matched a 6.1 % drop in EU-27 GDP

Expenditure on social protection consists mostly of payments for social protection benefits, which are transfers to individuals or households covering a set of risks or needs. In 2009, these transfers represented 28.4 % of the EU-27's GDP. Among social protection benefits, those paid in cash and those allocated regardless of the beneficiaries' income level predominated.

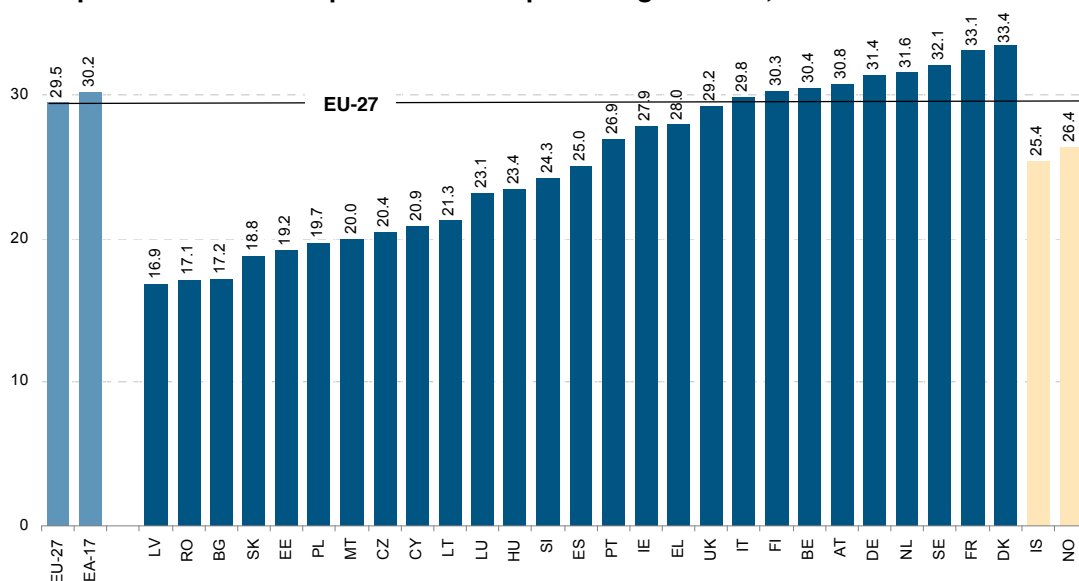
Between 2008 and 2009, in the EA-17 – the geographical aggregate representing the group of countries using the euro as from 1st January 2011 – expenditure on social protection, as a percentage of GDP, rose by 2.7 percentage points. This was the combined effect of a considerable drop in GDP (- 3.3 %) and a substantial increase in social protection expenditure (+6.3 %). This combined effect had more impact at EU-27 level, where the expenditure per capita on social protection grew by +6.5 % and the GDP decreased by -6.1 %.

In 2009, the financing of social protection in the EU-27 favoured social security contributions (56.8 % of total receipts), over general government funding (39.1 % of total receipts).

According to 2009 data, gross expenditure on social protection (see the definition in the methodological notes) accounted for 29.5 % of the EU-27's GDP; within the EA-17 the gross cost of social protection reached 30.2 % of GDP (Figure 1).

Countries exhibit significant differences in the level of expenditure on social protection. Denmark (33.4 %), France (33.1 %), and Sweden (32.1 %) spent the largest proportion of their GDP, following a well established trend. By contrast, Latvia (16.9 %), Romania (17.1 %) and Bulgaria (17.2 %) were the countries with the lowest ratios.

Figure 1: Expenditure on social protection as a percentage of GDP, 2009



Source: Eurostat (online data code: [spr\\_exp\\_sum](#))

## There are significant differences between countries in the level of per capita expenditure on social protection

In order to better compare per capita social protection expenditure across the EU, figures are expressed in terms of purchasing power standards (PPS), see Box 1.

In 2009, per capita social protection expenditure was 6 935 PPS in the EU-27 and 7 695 PPS in the EA-17 (Figure 2).

There are major differences between countries in terms of costs per capita. Within the EU, Luxembourg<sup>1</sup> had the highest expenditure in 2009 (14 495 PPS per capita), followed by the Netherlands, Denmark, Austria and Sweden (all more than 9 000 PPS per capita).

By contrast, the values for the countries with the lowest per capita expenditure – i.e. Bulgaria,

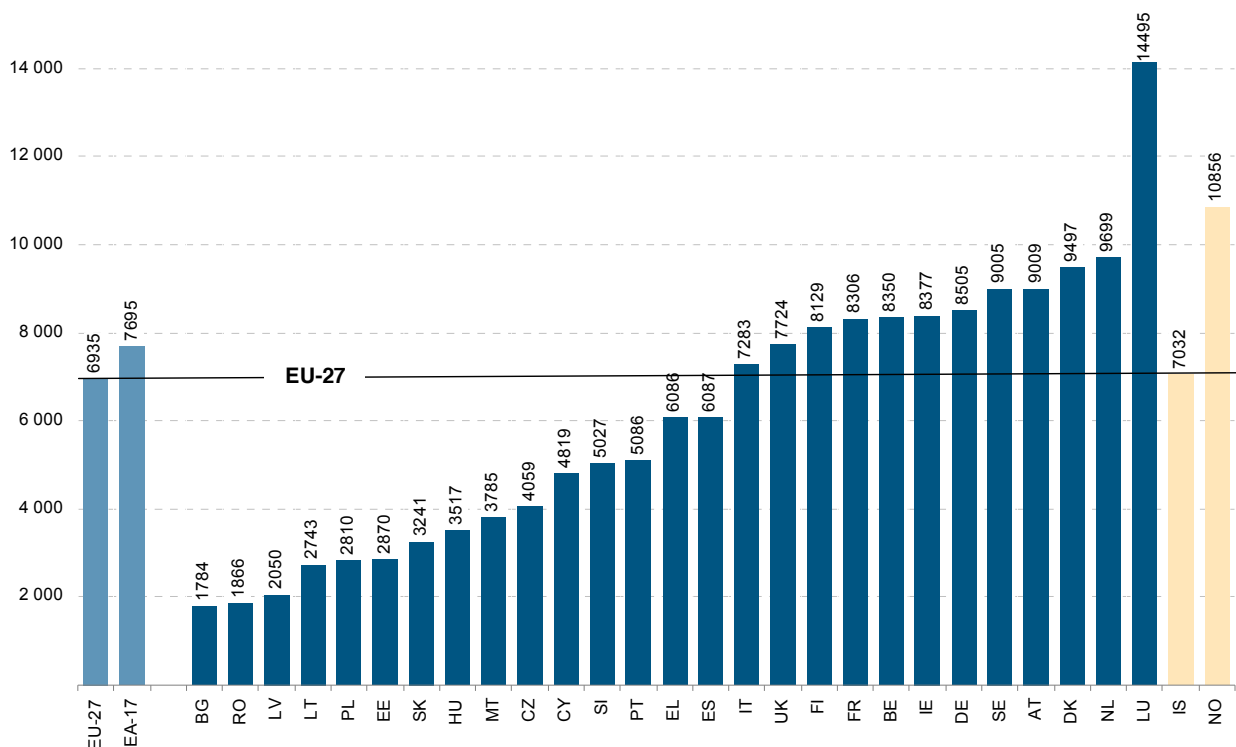
Romania and Latvia (all between 1 784 and 2 050 PPS per capita) – were roughly four to six times smaller than the figures for the group of EU-27 countries (Luxembourg excluded) with the largest expenditure: the Netherlands, Denmark, Austria and Sweden.

Of all the EEA<sup>2</sup> Member States, Norway registered the second highest expenditure (10 856 PPS), surpassed only by Luxembourg.

Differences between countries' expenditure levels partly reflect diverse levels of wealth, but also diversity in social protection systems, welfare policy, demographic trends, unemployment rates and other social, institutional and economic factors.

**Box 1. Purchasing Power Standard (PPS):** a unit independent of any national currency that removes the distortions due to price level differences. The PPS values are derived by using Purchasing Power Parities (PPPs) obtained as a weighted average of relative price ratios in respect of a homogeneous basket of goods and services, comparable and representative for each Member State.

**Figure 2: Expenditure on social protection in PPS per capita, 2009**



Source: Eurostat (online data code: [spr\\_exp\\_sum](#))

<sup>1</sup> Luxembourg is a special case in that a considerable proportion of benefits are paid to people living outside the country (primarily expenditure on health care, pensions and family benefits). If this particular feature is left out of the calculation, expenditure falls to approximately 11 824 PPS per capita.

<sup>2</sup> The European Economic Area, abbreviated as EEA, consists of the 27 EU Member States and three EFTA countries (all except for Switzerland, namely: Iceland, Liechtenstein and Norway).

## Social protection benefits account for 96.1 % of total expenditure on social protection in the EU-27

Figure 3 presents the structure of total expenditure on social protection for the EU-27 according to 2009 data. It shows the relative importance of each of its components: social protection benefits, administration costs and other expenditure.

Social protection benefits are the largest component of social protection expenditure, accounting for 96.1 % of the total.

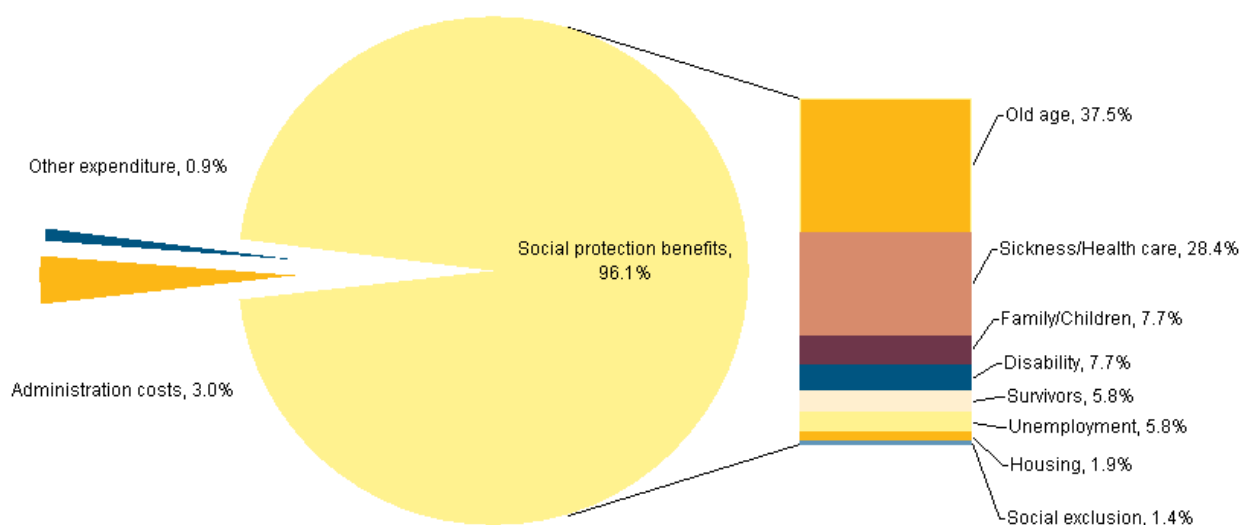
Social protection benefits are transfers to individuals or households intended to relieve them

of the burden of a set of eight risks/needs which in the ESSPROS Manual are named 'functions'.

Expenditure on benefits goes to areas that are either not particularly affected by the economic situation (for example health benefits) or counter-cyclical (unemployment or social exclusion).

Figure 3 shows on the right the weight of each of the eight 'functions' in relation to total expenditure on social protection.

**Figure 3: Structure of social protection expenditure in EU-27, 2009**



*Note: Social protection benefits are classified within ESSPROS by function, i.e. according to the primary purpose for which each benefit is provided and the main risk which it is aimed to offset.*

*Source: Eurostat (online data code: [spr\\_exp\\_sum](#))*

## Cash benefits and non-means-tested benefits are the main forms of transfer for expenditure on social protection benefits

Social benefits in cash, paid out either at regular intervals or as a lump sum (see methodological notes), are by far the main form of expenditure on social protection in the European Union.

In 2009, transfers in cash benefits for social protection accounted for 18.5 % of the EU-27's GDP (see Figure 4), an amount corresponding to 65.1 % of the European Union's total expenditure on social protection benefits (TSB). By contrast, in the EU-27 social protection benefits in the form of goods and services accounted for 9.9 % of the European Union's GDP and 34.9 % of total expenditure on social protection benefits.

Cash benefits had the highest value in Poland, where they accounted for 78.8 % of the total cost of social protection benefits, and Latvia (76.0 %). By contrast, greater use of benefits either paid as reimbursements or provided directly in the form of goods and services (benefits in kind) was made in Sweden (45.0 % of TSB) and Ireland (43.0 %); though Iceland (47.0 %) recorded the highest value.

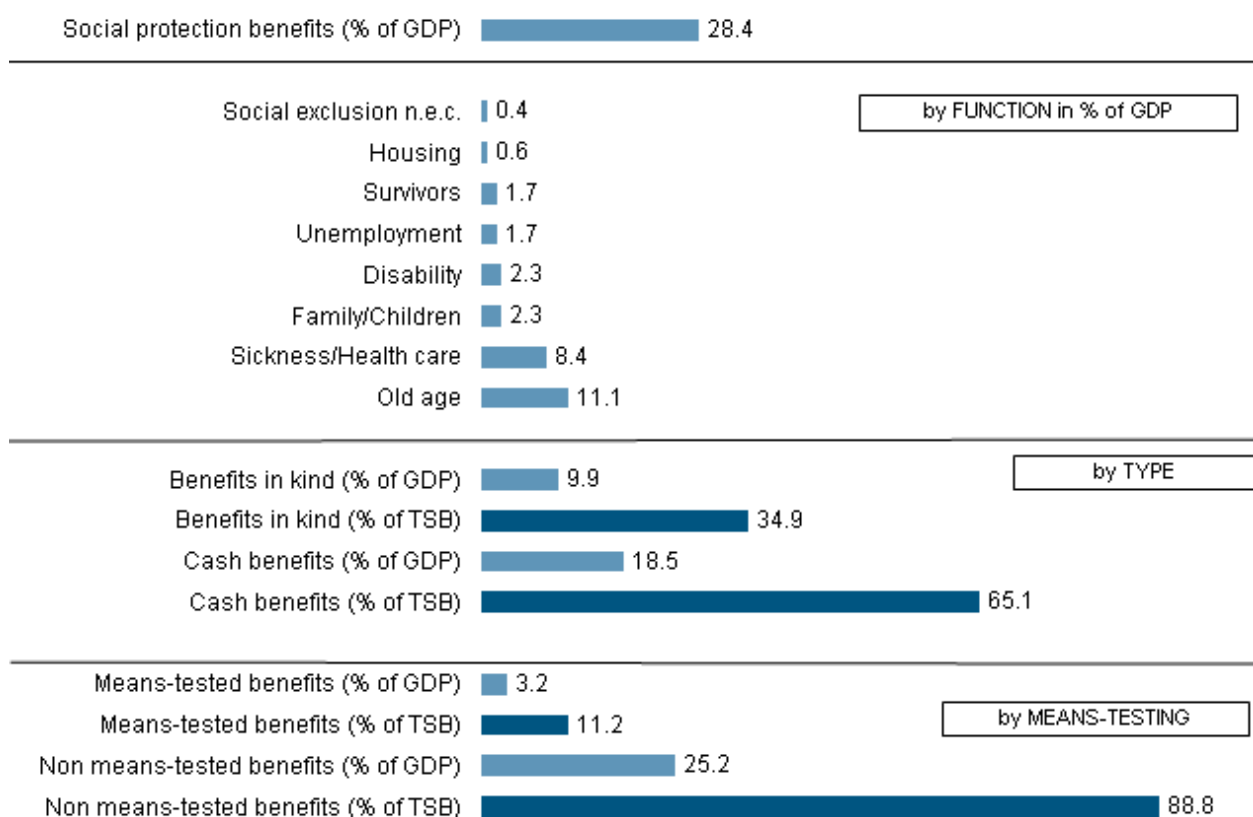
In 2009, payments executed without explicitly or implicitly checking the beneficiary's income level (i.e. non means-tested benefits, see methodological notes), were the main form of expenditure for social benefits, accounting for 25.2 % of the

European Union's GDP: an amount corresponding to 88.8 % of the EU-27's total expenditure on social protection benefits.

Conversely, benefits paid out after means-testing accounted for 3.2 % of the EU-27's GDP and 11.2 % of total expenditure on social protection benefits and were disbursed mainly in respect of 'housing and social exclusion': 28.7 % of all means-tested benefits.

Of all the European Union countries, expenditure on social benefits paid out without any means-testing were very high in Estonia (99.5 % of all social protection benefits). On the contrary, means-tested benefits were well above the EU-27 level (11.2 %) in Ireland, where they represent the 25.5 % of total expenditure on social protection benefits.

**Figure 4: EU-27 structure of social protection benefits by function, type and means-testing, 2009**



Source: Eurostat (online data code: [spr\\_exp\\_gdp](#))

### In 2009 'old-age and survivors' benefits accounted for 12.8 % of the EU-27's GDP

In Table 1, 2009 expenditure on benefits for each function is expressed as a percentage of the total expenditure on social protection benefits (% of TSB): these columns describe, country by country, the structure of expenditure on social protection benefits. A second set of columns shows expenditure on benefits as percentage of GDP (% of GDP), thus expressing the amounts spent on each function in terms of country's wealth.

Most of the expenditure went on benefits within the 'old-age and survivors' group and the 'sickness/health care' function. These benefits represented 45.0 % and 29.6 % respectively of the

total cost of social protection benefits in the EU-27. 12.8 % of the European Union GDP was spent on social protection benefits for 'old age and survivors', while 8.4 % of the EU-27 GDP was used for benefits related to 'sickness and health care'.

Overall, in the EU-27 expenditure on benefits classified under a function other than 'old-age and survivors' and 'sickness/health care' (i.e. 'disability', 'family/children', 'unemployment' and the 'housing-social exclusion' group) accounted for 25.4 % of the total expenditure on social protection benefits,

corresponding to 7.2 % of the European Union's GDP.

In Italy<sup>3</sup> and Poland<sup>4</sup>, the social protection systems typically allocate large proportions of expenditure to 'old-age and survivors' benefits (in both countries around 60.0 % of TSB). In 2009, for Italy this amount corresponded to 17.1% of the national GDP, a value considerably higher than the European Union average.

By contrast, across Europe the lowest proportion of expenditure assigned to this group of functions, in terms of percentage of GDP, was recorded in Iceland (5.9 %) and Ireland<sup>5</sup> (6.7 %). For Ireland, this is also due to the fact that its population is the 'youngest' in Europe. The significant proportion of

young people in the structure of the Irish population implies that a larger proportion of expenditure goes to cover functions other than 'old age and survivors'.

In 2009, Ireland stands out as the country with the largest percentage of TSB (40.6 %) devoted to the 'sickness/health care' function; also in terms of percentage of GDP, Ireland recorded the largest value in Europe for this function (10.7 %), with the Netherlands (10.3 %) being the only other European country to reach a double-digit figure. On the contrary, Bulgaria and Latvia recorded the lowest value for the 'sickness/health care' function: 3.9% of GDP in both cases.

**Table 1: Social protection benefits by function group as percentage of total social protection benefits (TSB) and as percentage of GDP, 2009**

	Old-age and survivors		Sickness/Health care		Disability		Family/children		Unemployment		Housing and social exclusion		Social Protection Benefits	
	% of TSB	% of GDP	% of TSB	% of GDP	% of TSB	% of GDP	% of TSB	% of GDP	% of TSB	% of GDP	% of TSB	% of GDP	% of TSB	% of GDP
<b>EU-27</b>	45.0	12.8	29.6	8.4	8.0	2.3	8.0	2.3	6.1	1.7	3.4	1.0	100.0	28.4
<b>EA-17</b>	45.2	13.1	29.9	8.7	7.1	2.1	8.1	2.3	6.8	2.0	3.1	0.9	100.0	29.0
BE	40.2	11.6	28.2	8.2	7.1	2.1	7.7	2.2	13.3	3.8	3.5	1.0	100.0	28.9
BG	51.8	8.6	23.5	3.9	8.3	1.4	12.0	2.0	3.1	0.5	1.3	0.2	100.0	16.7
CZ	45.8	9.1	32.3	6.4	7.7	1.5	7.3	1.4	5.3	1.1	1.6	0.3	100.0	19.8
DK	37.2	12.1	23.3	7.6	15.1	4.9	12.9	4.2	6.6	2.2	5.0	1.6	100.0	32.5
DE	40.3	12.1	32.1	9.7	8.1	2.4	10.5	3.2	6.3	1.9	2.8	0.8	100.0	30.1
EE	42.5	8.1	28.4	5.4	9.9	1.9	11.9	2.3	6.5	1.2	0.8	0.2	100.0	19.0
IE	25.2	6.7	40.6	10.7	5.1	1.4	13.9	3.7	11.7	3.1	3.5	0.9	100.0	26.4
EL	49.6	13.5	29.1	8.0	4.7	1.3	6.7	1.8	5.9	1.6	4.0	1.1	100.0	27.3
ES	40.1	9.8	29.8	7.3	7.0	1.7	6.2	1.5	15.0	3.7	1.9	0.5	100.0	24.5
FR	45.6	14.4	29.7	9.4	5.9	1.9	8.4	2.7	6.1	1.9	4.4	1.4	100.0	31.7
IT	60.1	17.1	25.7	7.3	6.1	1.7	4.9	1.4	2.8	0.8	0.4	0.1	100.0	28.4
CY	44.2	9.1	24.6	5.1	3.6	0.8	10.7	2.2	4.6	1.0	12.3	2.5	100.0	20.6
LV	47.1	7.8	23.6	3.9	7.8	1.3	10.4	1.7	9.5	1.6	1.6	0.3	100.0	16.6
LT	43.8	9.0	26.2	5.4	10.1	2.1	13.7	2.8	4.3	0.9	1.9	0.4	100.0	20.6
LU	36.2	8.2	25.4	5.8	11.4	2.6	17.8	4.0	5.6	1.3	3.6	0.8	100.0	22.7
HU	45.5	10.5	24.7	5.7	9.1	2.1	13.2	3.0	4.2	1.0	3.3	0.8	100.0	23.0
MT	52.3	10.3	30.8	6.1	4.7	0.9	6.4	1.3	3.0	0.6	2.8	0.6	100.0	19.8
NL	39.4	11.7	34.8	10.3	8.4	2.5	4.4	1.3	4.9	1.5	8.1	2.4	100.0	29.7
AT	49.2	14.7	25.5	7.6	7.6	2.3	10.3	3.1	5.9	1.8	1.5	0.5	100.0	29.9
PL	61.1	11.8	24.5	4.8	7.4	1.4	3.9	0.8	2.0	0.4	1.1	0.2	100.0	19.4
PT	50.7	13.0	28.4	7.3	8.4	2.2	5.8	1.5	5.3	1.4	1.3	0.3	100.0	25.6
RO	52.1	8.8	24.6	4.2	9.6	1.6	10.0	1.7	2.4	0.4	1.4	0.2	100.0	16.9
SI	46.2	11.0	33.0	7.8	7.3	1.7	8.9	2.1	2.5	0.6	2.2	0.5	100.0	23.8
SK	42.0	7.7	31.3	5.7	9.4	1.7	9.2	1.7	5.7	1.0	2.3	0.4	100.0	18.3
FI	38.6	11.3	25.6	7.5	12.3	3.6	11.3	3.3	8.2	2.4	4.1	1.2	100.0	29.4
SE	42.1	13.3	25.4	8.0	14.4	4.6	10.2	3.2	4.1	1.3	3.8	1.2	100.0	31.5
UK	43.2	12.2	30.8	8.7	10.6	3.0	6.5	1.8	3.0	0.8	6.0	1.7	100.0	28.2
IS	23.7	5.9	36.0	9.0	14.1	3.6	12.6	3.2	6.8	1.7	6.8	1.7	100.0	25.1
NO	31.2	8.1	32.8	8.5	17.2	4.4	12.6	3.3	2.8	0.7	3.6	0.9	100.0	25.9
CH	:	:	:	:	:	:	:	:	:	:	:	:	:	:

Note: In Italy, old-age and survivors benefits also include severance allowances (TFR – trattamento di fine rapporto), which partly come under unemployment. In Luxembourg the disability function also includes 'dependence insurance' benefits. (According to the ESSPROS Manual, some of these benefits should be recorded under 'old-age benefits', but the breakdown is not available).

Source: Eurostat (online data code: [spr\\_exp\\_sum](#))

As a percentage of TSB, the share of the 'old-age, survivors' and 'sickness/health care' functions taken together was lowest in Iceland, Denmark, the other Scandinavian countries, Luxembourg and Ireland,

with values ranging from 59.7 % to 67.5 %. Therefore, these were the countries that spent relatively more than the rest of the EEA member States on other functions: 'disability',

<sup>3</sup> In Italy people aged 60 or over accounted for 26.1 % of the population in 2009, compared with 22.8 % for the EU-27.

<sup>4</sup> In Poland people aged 60 or over accounted for 18.6 % of the population in 2009.

<sup>5</sup> In Ireland in 2009 around 27.2 % of the population were under 20 years of age, compared with 21.5 % in the EU-27, and 15.7 % were aged over 60

'family/children', 'unemployment' and the 'housing/social exclusion' group. It was in the same countries that expenditure on functions other than 'old age, survivor' and 'sickness/health care' reached the highest values in terms of percentage of GDP.

Overall, the countries with the lowest values for total expenditure on social protection benefits as a percentage of GDP (namely Latvia, Bulgaria, Romania and Slovakia) spent an amount which was less than the EU-27 average expenditure for the

'old-age, survivors' and 'sickness/health care' functions taken together.

In relation to the 'unemployment' benefit, the highest values in terms of percentage of GDP were recorded in Belgium (3.8 %) and Spain (3.7 %). Finally, the cost of 'housing and social exclusion' varied significantly among the EEA Member States; when considered as a percentage of GDP, it registered an average value of 1 % within the EU-27.

### In 2009 a +6.3 % rise in gross expenditure on social protection matched a -3.3 % drop in GDP in the EA-17

In the EA-17, expenditure on social protection as a percentage of GDP rose between 2002 and 2003 (Table 2). From 2003 to 2005 the ratio remained fairly stable; thereafter it contracted in 2006 and even further in 2007. In 2008, the trend changed again and it increased in 2009, when expenditure on social protection as percentage of GDP exceeded 30 % in the EA-17 while it was 29.5 % in the EU-27.

Between 2005 and 2006, the cost of social protection as a ratio of GDP was roughly 0.6 percentage points higher in the EA-17 than in the EU-27. This gap widened over the years reaching 1 percentage point in 2007, then began closing again: it was 0.7 in 2009. Throughout the whole period,

the diversity between the two groups of countries can be explained by considering that the EU-27 includes a number of non-euro countries with low values for the ratio; in most cases, these countries exhibited small increase in social protection expenditure though they experienced strong GDP growth (i.e. Bulgaria, Latvia and Romania).

As Figure 5 shows, between 2008 and 2009 the EA-17 exhibited a significant growth in social protection expenditure in terms of percentage of GDP. This was the combined effect of a significant drop in nominal GDP (-3.3 %) and a substantial increase in nominal expenditure on social protection (+6.3 %).

**Table 2: Expenditure on social protection as a percentage of GDP**

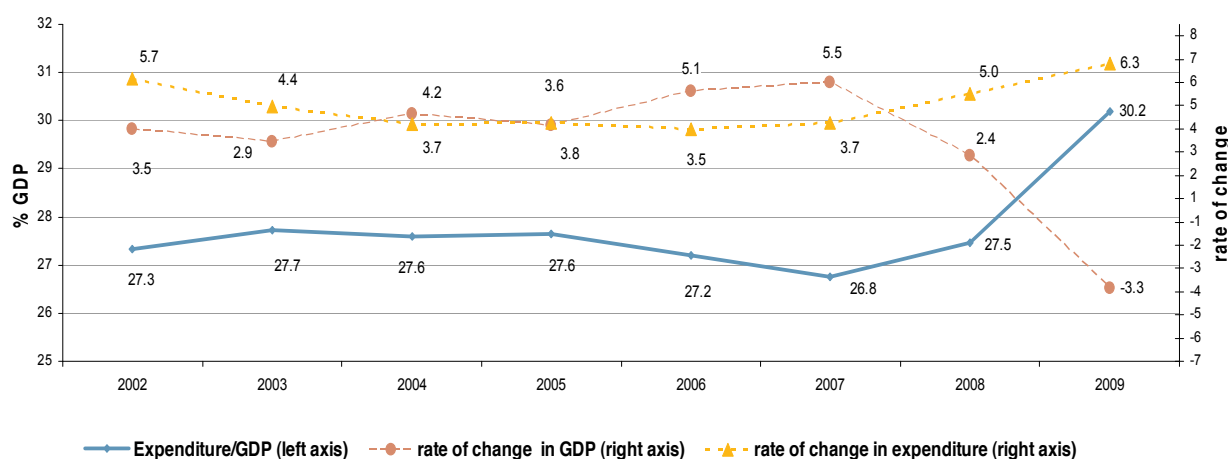
	2002	2003	2004	2005	2006	2007	2008	2009
<b>EU-27*</b>	:	:	:	27.1	26.6	25.7	26.7	29.5
<b>EA-17</b>	<b>27.3</b>	<b>27.7</b>	<b>27.6</b>	<b>27.6</b>	<b>27.2</b>	<b>26.8</b>	<b>27.5</b>	<b>30.2</b>
<b>BE</b>	26.7	27.4	27.4	27.3	27.1	26.8	28.1	30.4
<b>BG*</b>	:	:	:	15.1	14.2	14.2	15.5	17.2
<b>CZ</b>	19.4	19.4	18.6	18.4	18.0	18.0	18.0	20.4
<b>DK</b>	29.7	30.9	30.7	30.2	29.2	28.8	29.6	33.4
<b>DE</b>	30.3	30.7	30.1	30.0	28.9	27.8	28.0	31.4
<b>EE</b>	12.7	12.5	13.0	12.6	12.1	12.1	14.9	19.2
<b>IE</b>	17.0	17.7	17.9	18.0	18.3	18.8	22.0	27.9
<b>EL</b>	24.0	23.5	23.6	24.9	24.7	24.8	26.3	28.0
<b>ES</b>	20.0	20.3	20.3	20.6	20.5	20.7	22.1	25.0
<b>FR</b>	30.5	31.1	31.4	31.5	30.9	30.6	31.0	33.1
<b>IT</b>	25.3	25.8	26.0	26.4	26.6	26.7	27.8	29.8
<b>CY</b>	16.3	18.5	18.2	18.4	18.5	18.2	18.5	20.9
<b>LV</b>	14.3	14.0	13.2	12.8	12.7	11.3	12.7	16.9
<b>LT</b>	14.0	13.5	13.4	13.2	13.4	14.4	16.1	21.3
<b>LU</b>	21.6	22.1	22.3	21.7	20.4	19.3	20.3	23.1
<b>HU</b>	20.4	21.3	20.8	21.9	22.5	22.7	22.9	23.4
<b>MT</b>	17.6	17.9	18.6	18.4	18.3	18.0	18.5	20.0
<b>NL</b>	27.6	28.3	28.3	27.9	28.8	28.3	28.5	31.6
<b>AT</b>	29.0	29.4	29.1	28.7	28.2	27.8	28.4	30.8
<b>PL</b>	21.1	21.0	20.1	19.7	19.4	18.2	18.6	19.7
<b>PT</b>	22.9	23.3	23.9	24.6	24.6	23.9	24.4	26.9
<b>RO</b>	13.6	13.1	12.8	13.4	12.8	13.6	14.3	17.1
<b>SI</b>	24.3	23.7	23.3	23.0	22.7	21.3	21.4	24.3
<b>SK</b>	19.1	18.4	17.2	16.5	16.3	16.0	16.0	18.8
<b>FI</b>	25.7	26.6	26.7	26.7	26.4	25.4	26.2	30.3
<b>SE</b>	31.3	32.2	31.6	31.1	30.4	29.2	29.5	32.1
<b>UK*</b>	25.7	25.7	25.9	26.3	26.0	23.3	26.3	29.2
<b>IS</b>	21.2	23.0	22.6	21.7	21.2	21.4	22.0	25.4
<b>NO</b>	26.0	27.2	25.9	23.8	22.6	22.9	22.5	26.4
<b>CH*</b>	28.5	29.2	29.3	29.3	28.0	27.3	26.4	:

(\*) See methodological notes on specific countries for details on calculations.

Source: Eurostat (online data code: [spr\\_exp\\_sum](#))



**Figure 5: Social protection expenditure as a percentage of GDP, rates of change in expenditure and GDP, EA-17**



Source: Eurostat (online data code: [spr\\_exp\\_sum](#))

### From 2002 to 2009 an average year-on-year increase of 1.8 % was recorded in per capita social protection expenditure at constant prices in the EA-17

Table 3 analyses the time series in terms of euro per capita at constant prices. It shows a general increase in the annual rate of change of social protection expenditure in both the EA-17 and the EU-27.

In the EU-27, from 2005 to 2009 the per capita cost of social protection grew by an annual average of 2.6 %. Year-on-year values vary considerably, ranging from -0.6 % to +6.5 %. The rate of change was positive in 2006 (+1.1 %). It turned negative in 2007 (-0.6 %), and began rising again from 2008 onwards: +3.5 % in 2008, +6.5 % in 2009.

By comparison, in the EA-17 the year-on-year average rate of change was +1.8 % over 2002-2009 period, which is much smaller than for the EU-27. If only the 2005-2009 period is considered, the difference between the two groups of countries decreases, though the EA-17 continues to show a lower increase in the annual average rate of change of per capita expenditure in social protection (+2.3 %). This is partially explained by the high values recorded in some non-Euro countries, namely Lithuania (+11.6 %), Bulgaria (+9.7 %) and Romania (+9.4 %).

The 2009-2008 year-on-year rate of change in expenditure grew significantly in both the EU-27 (+6.5 %) and the EA-17 (+6.1 %). The higher percentage displayed by the whole European Union aggregate hides a smaller increase in absolute

terms, as the difference in the ratios of the EU-27 and the EA-17 is explained by the different amounts in per capita expenditure recorded in 2008 in the two groups of countries. Indeed, in 2009 the largest increases are displayed by countries belonging to the EA-17: Ireland (+17.0 %), Slovakia (+14.3 %), Portugal (+11.1 %), Estonia (+10.6 %), Cyprus (+10.0 %), Spain (+8.6 %) and Germany (+7.9 %).

Over the whole period, the EU-27 countries with the lowest year-on-year increase in per capita expenditure on social protection at constant prices are Germany (+1.0 %), Hungary (+1.6 %), Austria (+1.6 %), Italy (+1.7 %), France (+1.7 %), Slovenia (+1.8 %) and Denmark (+2.4 %): all of them have values below the EU-27 average.

Conversely, Sweden and the United Kingdom were the only EU member States recording a negative annual average rate of change in expenditure on social protection. While for the Scandinavian country this is mainly the result of a strong contraction in costs in 2007-2008 (-4.1 %) and 2008-2009 (-7.3 %), for the United Kingdom it is the outcome of a general fluctuation over the whole period – which displays the highest peak between 2006 and 2007 (-9.0 %) – and to some extent it is linked to methodological issues related to the reclassification of benefits recently adopted by national institutions.

**Table 3: Per capita expenditure on social protection at constant prices (year-on-year rate of change and annual average growth for 2002-2009)**

	2003 2002	2004 2003	2005 2004	2006 2005	2007 2006	2008 2007	2009 2008	Annual average rate of change for 2002-2009
<b>EU-27*</b>	:	:	:	1.1	-0.6	3.5	6.5	2.6
<b>EA-17</b>	1.6	1.0	1.0	0.7	0.9	1.7	6.1	1.8
<b>BE</b>	3.7	2.9	0.5	0.3	0.5	4.1	6.5	2.6
<b>BG*</b>	:	:	:	5.5	6.7	18.1	8.5	9.7
<b>CZ</b>	1.6	0.7	11.2	8.8	7.9	10.7	3.0	6.3
<b>DK</b>	4.5	2.4	1.8	-0.3	0.6	2.0	5.6	2.4
<b>DE</b>	0.5	-1.0	-0.5	-0.8	-0.4	1.1	7.9	1.0
<b>EE</b>	9.7	11.8	7.5	10.2	11.1	14.9	10.6	10.8
<b>IE</b>	5.2	4.3	4.6	5.7	3.7	6.5	17.0	6.7
<b>EL</b>	3.8	4.7	10.4	3.7	3.1	5.8	4.7	5.1
<b>ES</b>	3.8	2.3	4.0	2.6	2.6	5.2	8.6	4.2
<b>FR</b>	2.2	2.4	1.7	-0.3	1.3	0.2	4.2	1.7
<b>IT</b>	1.5	1.3	1.2	1.6	1.3	1.4	3.3	1.7
<b>CY</b>	12.6	2.2	4.1	4.6	1.0	3.3	10.0	5.4
<b>LV</b>	-3.9	-1.2	3.8	16.4	6.8	6.0	4.5	4.6
<b>LT</b>	7.7	9.8	11.8	11.6	22.0	14.3	4.3	11.6
<b>LU</b>	6.7	3.1	2.8	1.4	0.6	5.3	5.2	3.6
<b>HU</b>	5.4	2.7	10.2	0.2	5.0	1.9	-14.4	1.6
<b>MT</b>	-0.1	1.2	1.4	2.2	3.3	5.2	5.7	2.7
<b>NL</b>	2.2	1.9	0.4	6.4	1.8	3.2	6.6	3.2
<b>AT</b>	1.5	0.6	-0.2	1.2	1.2	3.0	4.2	1.6
<b>PL</b>	-9.4	-1.0	15.1	8.2	4.6	14.5	-11.5	2.9
<b>PT</b>	0.4	3.5	2.9	0.9	-0.6	0.9	11.1	2.7
<b>RO</b>	-9.8	1.4	28.5	11.7	29.0	7.3	-2.2	9.4
<b>SI</b>	-3.1	0.7	1.9	3.8	-0.2	2.3	7.2	1.8
<b>SK</b>	2.7	0.5	5.7	9.2	17.7	12.3	14.3	8.9
<b>FI</b>	5.2	4.1	2.4	2.4	1.4	2.5	5.7	3.4
<b>SE</b>	5.6	1.2	-0.5	2.1	0.1	-4.1	-7.3	-0.4
<b>UK*</b>	-5.8	5.7	2.1	1.8	-9.0	-4.6	-5.4	-2.2
<b>IS</b>	8.7	4.1	13.7	-9.8	5.6	-39.1	-14.8	-4.5
<b>NO</b>	-1.3	-1.8	5.6	2.0	4.5	1.1	-1.1	1.3
<b>CH*</b>	-1.7	0.6	1.1	-2.4	-2.8	0.5	:	-0.8

(\*) See methodological notes on specific countries for details on calculations.

Source: Eurostat (online data code: [spr\\_exp\\_sum](#))

## From 2002 to 2009 'housing and social exclusion' benefits all together exhibited the highest increase in per capita expenditure in the EA-17

Trends in expenditure over time depend on a combination of factors, the most important being the adjustments made to social benefits. As a consequence, in each country the rates of change for total benefits in 2002-2009 were affected by variations in each of the eight functions and by the relative importance of each function in the total benefits (Table 4).

From 2005 to 2009 the EU-27 displayed a high increase in expenditure on 'unemployment' benefits: +4.0 %. This can reasonably be seen as a consequence of the economic crisis, since the rate of change in expenditure for 'unemployment' is negative in 2006 (-6.7 %) and 2007 (-9.6 %), turns positive in 2008 (+1.9 %) and booms in 2009 (+30.2 %).

By contrast, within the EA-17 'housing and social exclusion' are the functions exhibiting the highest increase if grouped together: from 2002 to 2009, they recorded an average rise of 4.7 %. The rate of change in per capita expenditure for 'housing and social exclusion' in the EA-17 was quite stable until 2005, when it rose sharply (+11.6 %). A substantial increase was also seen in 2006 (+7.6 %). Thereafter the increase in the rate of change slowed down – it was +2.1 % in 2007 and +0.9 % in 2008 – only to boom again in 2009 (+8.2 %).

Lithuania is the country with the largest average increase in per capita expenditure on social benefits at constant prices. In particular, its figures are high for the 'unemployment' (+26.3 %) and 'family and children' (+21.1 %) functions. With a +13.4 % annual average increase, expenditure on disability also rose sharply, followed by expenditure on 'old



age and survivor' (+10.6 %) and 'sickness/health care' (+9.7 %). Over the period 2002-2009, the smallest increase in Lithuania was on 'housing and social exclusion' benefits (+4.5 %).

Of all the EEA Member States Estonia showed the greatest increase in per capita expenditure for 'unemployment' benefits: +62.6 %, a value remarkably higher than the +2.3 % recorded in the

EA-17 over the same period. Nonetheless, per capita expenditure for 'unemployment' in 2009 was still much smaller in Estonia than in the EA 17. Moreover, Estonia's 'unemployment' figures fluctuated widely throughout the whole period, reflecting both the economic crisis and the recent broadening of the social protection system.

**Table 4: Per capita expenditure on social protection benefits at constant prices, annual average rates of change by function, 2002-2009**

	Old-age and survivors	Sickness/Health care	Disability	Family/Children	Unemployment	Housing and social exclusion	Total benefits
EU-27*	2.3	3.2	2.2	2.7	4.0	2.5	2.6
EA-17	1.6	2.6	0.6	1.2	2.3	4.7	1.9
BE	1.8	5.0	-2.2	1.7	3.5	11.4	2.6
BG*	10.1	5.3	9.6	27.0	26.0	-6.9	9.8
CZ	7.5	5.1	6.3	5.4	14.5	-1.2	6.3
DK	2.2	4.0	4.8	1.9	-0.5	-0.1	2.4
DE	0.3	2.3	0.4	-0.2	-1.4	9.9	0.9
EE	10.1	9.6	12.6	12.4	62.6	-5.4	10.9
IE	5.6	7.3	7.8	5.5	13.7	3.7	7.0
EL	4.9	6.8	3.8	4.6	4.6	2.7	5.2
ES	2.8	3.9	2.6	8.2	9.4	6.2	4.2
FR	2.5	2.1	1.7	1.4	-0.9	1.7	2.0
IT	1.1	1.7	1.4	3.7	9.1	4.5	1.5
CY	3.9	5.1	4.5	10.8	3.8	12.8	5.5
LV	2.3	7.8	5.1	5.5	26.8	8.7	5.0
LT	10.6	9.7	13.4	21.1	26.3	4.5	11.7
LU	3.2	3.5	0.8	5.0	10.8	6.5	3.6
HU	2.4	0.0	0.1	2.3	6.5	4.9	1.6
MT	3.0	4.2	-0.1	0.4	-3.9	5.9	2.7
NL	2.4	5.2	-0.8	2.8	3.4	7.1	3.3
AT	2.0	1.6	-0.9	1.3	3.3	3.6	1.7
PL	3.9	6.1	-4.7	0.3	-7.3	15.7	3.0
PT	4.8	2.1	-1.5	1.9	9.2	1.9	3.2
RO	11.0	9.3	12.5	6.9	5.0	9.7	9.5
SI	1.8	2.6	-0.3	2.4	0.5	4.2	1.8
SK	10.3	7.9	10.4	11.2	18.8	-4.0	9.0
FI	4.1	3.9	2.1	2.9	1.1	6.9	3.4
SE	0.9	-1.9	0.5	1.1	-3.6	-1.3	-0.3
UK*	-2.6	-1.1	-0.8	-3.2	-1.1	-3.8	-2.2
IS	-7.9	-4.1	-4.1	-4.6	30.1	11.2	-4.4
NO	1.8	0.6	0.9	1.8	7.0	2.2	1.2
CH*	0.1	-0.3	0.0	-0.5	-3.2	0.1	-0.2

(\*) See methodological notes on specific countries for details on calculations.

Source: Eurostat (online data code: [spr\\_exp\\_sum](#))

## Social protection receipts: different systems of financing across Europe

In 2009, in the EU-27 the main sources of funding for social protection (Table 5) were social contributions, accounting for 56.8 % of all receipts, and general government contributions from taxes (39.1 %). Social contributions are payments by employers on behalf of their employees or by protected persons (employees, self-employed persons, retired persons and others) to secure entitlement to social benefits. Accordingly, they

can be broken down into two categories: contributions paid by the protected persons and those paid by employers.

The European Union average for 2009 hides major national differences in the structure of social protection funding. In Estonia and the Czech Republic more than 70 % of all receipts came from social contributions. Denmark and Ireland, on the other hand, financed their social protection systems

largely from taxes, which accounted for over 55 % of total receipts. Sweden, the United Kingdom, Cyprus, Bulgaria, Finland, Luxembourg and Romania were also heavily dependent on general government funding, which provided more than 45 % of their receipts.

In general, the figure for 'other receipts' (including property income) was low in the EU-27 (4.1 %). However, in Poland, Hungary, Cyprus, Portugal and Slovakia it was well over 10 %.

Stemming from the institutional rationales underpinning social protection systems, these differences are historical: Northern European countries, where government funding predominates and flat benefits are accentuated, are steeped in the 'Beveridgian' tradition (where it is sufficient to be a resident in need in order to be eligible for social benefits). Other countries are strongly attached to the 'Bismarckian' tradition, based on an earnings-related component (in the form of contributions).

However, in some countries the structure has changed over time (in relation to the reference year 2002), following different patterns. Greece, Spain, Malta and Romania have substantially increased their share of government capital. In particular, in Romania social protection funding has shifted dramatically towards government contributions, which rose from 18.5 % to 48.1 % between 2002 and 2009. Conversely, the share of social contribution dropped below the EU-27 average, moving from 76.9 % to 50.6 %.

By contrast, a considerable change in favour of social contributions was observed in Estonia, Poland and Lithuania, all of which displayed also an increase in 'other receipts'. In most of the countries, a substantial increase in government funding was associated with a decrease in social contributions and 'other receipts'.

**Table 5: Social protection receipts by type (as percentage of total receipts)**

	General government contributions		Social contributions						Other receipts (2)	
			Total		Employers		Protected persons (1)			
	2002	2009	2002	2009	2002	2009	2002	2009	2002	2009
EU-27*	:	39.1	:	56.8	:	36.7	:	20.1	:	4.1
EA-17	33.3	36.6	63.1	60.1	40.8	38.0	22.3	22.1	3.6	3.3
BE	30.0	33.6	66.6	63.8	44.4	42.7	22.3	21.1	3.3	2.6
BG*	:	48.7	:	49.6	:	31.2	:	18.4	:	1.8
CZ	24.1	24.3	75.0	74.8	50.4	50.3	24.6	24.5	0.9	0.9
DK	62.4	64.1	31.6	31.2	9.7	11.1	21.9	20.1	6.0	4.7
DE	33.8	35.2	64.4	62.9	37.0	34.0	27.4	28.9	1.9	1.9
EE	22.2	18.0	77.6	81.7	77.6	77.8	0.0	4.0	0.2	0.3
IE	54.9	55.4	40.1	40.3	25.4	24.6	14.7	15.7	5.0	4.3
EL	27.2	38.3	62.5	52.5	39.4	31.9	23.1	20.6	10.3	9.2
ES	32.5	43.1	65.3	55.5	51.1	43.4	14.2	12.1	2.2	1.4
FR	30.2	31.9	66.2	64.6	45.7	43.6	20.6	21.0	3.6	3.5
IT	41.5	43.8	56.8	54.6	41.7	39.0	15.1	15.6	1.7	1.6
CY	42.8	49.8	42.0	38.6	25.9	23.3	16.0	15.3	15.2	11.6
LV	33.6	43.2	66.4	55.9	49.9	41.7	16.5	14.2	0.0	0.9
LT	39.6	33.0	59.5	64.0	53.4	48.8	6.1	15.2	0.9	3.0
LU	43.5	45.1	52.1	50.3	27.3	27.0	24.9	23.3	4.3	4.6
HU	36.4	34.8	55.8	52.1	42.7	32.8	13.0	19.3	7.9	13.1
MT	29.8	43.4	67.2	54.0	46.9	37.8	20.2	16.2	3.1	2.6
NL	18.4	24.7	67.4	65.4	33.8	33.3	33.7	32.0	14.1	9.9
AT	33.4	34.8	64.9	63.4	38.3	37.0	26.6	26.4	1.7	1.7
PL	34.9	18.9	49.2	60.7	26.2	43.6	23.0	17.2	15.9	20.4
PT	38.9	44.3	52.9	44.7	35.8	30.3	17.1	14.4	8.2	11.0
RO	18.5	48.1	76.9	50.6	46.6	35.1	30.3	15.5	4.6	1.3
SI	32.0	33.2	66.4	65.2	26.6	26.4	39.8	38.8	1.6	1.7
SK	33.4	26.7	64.7	62.1	46.2	42.7	18.5	19.4	1.8	11.2
FI	42.8	45.2	50.5	48.4	39.5	37.2	10.9	11.2	6.7	6.5
SE	47.0	51.9	51.1	46.0	41.9	36.4	9.2	9.6	2.0	2.1
UK*	51.0	48.9	47.6	43.9	32.6	32.1	15.0	11.8	1.5	7.2
IS	51.5	53.9	48.3	41.3	38.9	34.4	9.4	6.9	0.3	4.8
NO	52.4	52.5	47.4	47.3	32.4	32.4	15.0	14.9	0.2	0.2
CH*	23.9	:	67.4	:	32.4	:	35.0	:	8.7	:

(\*)See methodological notes on specific countries for details on calculations.

(1) Employees, self-employed, pensioners and other persons; (2) Miscellaneous current receipt; among which property income (income receivable by the owner of a financial asset or a tangible non-produced asset in turn for providing funds to, or putting the asset at the disposal of, another institutional unit), proceeds of collections and claims on insurance companies.

Source: Eurostat (online data code: [spr\\_rec\\_sumt](#))

## METHODOLOGICAL NOTES

### Methods and concepts

The data on social protection expenditure and receipts have been drawn up according to the methodology of the European System of Integrated Social Protection Statistics (ESSPROS). The 'ESSPROS Manual 1996' was used until the 2007 collection, while a different 'ESSPROS Manual' has been used as from the 2008 collection. More recently, the new 'ESSPROS Manual – 2011 edition' has been published. Expenditure includes social benefits, operating expenditure and other expenditure incurred by social protection schemes. Social protection encompasses all interventions from public or private bodies intended to relieve households and individuals of the burden of a defined set of risks or needs, provided neither a simultaneous reciprocal nor an individual arrangement is involved. The ESSPROS Manual classifies social benefits under the following eight risks or needs: sickness/health care, disability, old age, survivors, family/children, unemployment, housing, social exclusion and 'not elsewhere classified' (n. e. c.).

**Social benefits (gross)** are recorded without deduction of taxes or other compulsory levies payable by recipients. 'Tax benefits' (tax reductions granted to households as part of social protection) are generally excluded.

A **cash benefit** is a benefit that i) is paid in cash and ii) does not require evidence of actual expenditure by the recipients.

**Benefits in kind** are benefits granted in the form of directly provided goods and services (granted without any pre-financing by the beneficiary). They may be provided in the form of reimbursement (payments that refund the recipients in whole or in part for certified expenditure on specified goods and services).

**Means-tested benefits** are social benefits that are explicitly or implicitly conditional on the beneficiary's income and/or wealth falling below a specified level.

### Legal basis

Starting with the 2008 collection, the following legislation applies to ESSPROS data: 1) Regulation (EC) No 458/2007 of the European Parliament and of the Council of 25 April 2007 on the European system of integrated social protection statistics (ESSPROS); 2) Commission Regulations (EC) No 1322/2007 and No 10/2008 implementing the EP and Council Regulation.

For **Bulgaria** data for the years 2002-2004 are recorded as not available. Consequently, the values of the **EU-27** related to the same period have been omitted. When calculating average values over a time series, both data of Bulgaria and the EU-27 refer solely to the years for which they are available (2005-2009).

For **Switzerland** 2009 data are not available. Therefore, when calculating average values over time series Swiss data refers solely to the years for which they are available (2002-2008).

For the **United Kingdom**, benefits provided by the Department of Work and Pensions have been reclassified as from 2007 data. This has led to breaks in the time series of the functions concerned. Nonetheless, those data have been involved in all calculations as partial explanation for breaks was provided by the national Statistical Office.

### Statistical symbols and abbreviations

The EU-27 comprises Belgium (BE), Bulgaria (BG), the Czech Republic (CZ), Denmark (DK), Germany (DE), Estonia (EE), Ireland (IE), Greece (EL), Spain (ES), France (FR), Italy (IT), Cyprus (CY), Latvia (LV), Lithuania (LT), Luxembourg (LU), Hungary (HU), Malta (MT), the Netherlands (NL), Austria (AT), Poland (PL), Portugal (PT), Romania (RO), Slovenia (SI), Slovakia (SK), Finland (FI), Sweden (SE) and the United Kingdom (UK).

The EA-17 includes BE, DE, IE, EE, EL, ES, FR, IT, CY, LU, NL, MT, AT, PT, SI, SK and FI.

The European Economic Area, abbreviated as **EEA**, consists of the 27 EU Member States plus Iceland, Liechtenstein and Norway.

IS = Iceland, NO = Norway, CH = Switzerland.

'.' indicates data not available.

### Remarks concerning the data

Data for the EU-27 are available from 2005. For CH data are not available in 2009. The 2009 data are provisional for DE, ES, FR, IT, LV, LT, NL, SI, SK, SE and UK. The 2008 data are provisional for ES, IT and CH. The 2007 data are provisional for UK. All aggregates are provisional for those three years. The GDP, PPS, population and consumer price index data (in national currency for households and NPISH final consumption expenditure) were extracted in October 2011.

## Further information

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Eurostat Website: <http://ec.europa.eu/eurostat>

Data on 'Social protection'

[http://epp.eurostat.ec.europa.eu/portal/page/portal/social\\_protection/data/database](http://epp.eurostat.ec.europa.eu/portal/page/portal/social_protection/data/database)

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