



SUMMARY — SELECTED ISSUE

TOWARDS A BETTER UNDERSTANDING OF DRUG-RELATED PUBLIC EXPENDITURE IN EUROPE

Introduction

A confirmed political will to address the drugs problem in Europe lies not only in the development of appropriate policies, but in the amount of public funds assigned to implement such policies. One of the aims of the EU drugs action plan (2005–08) is to produce estimates of public expenditure on drug-related issues. Doing so is a challenge, due to the range of political structures and government accounting systems present in Europe. Testing a common methodology that combines available data and estimations and applying accepted classification systems, this Selected issue brings together current public expenditure figures provided by the Reitox national focal points and other EMCDDA partners. Over time, the implementation and refinement of this methodology should lead to more robust figures and a stronger comparability of results across countries, which will in turn lead to a clearer picture of how much European governments are spending on this key issue.

Definition of public expenditure

- The term ‘public expenditure’ refers to the value of goods and services purchased or utilised by the government of a state in order to perform each of its functions. Quantifying a government’s drug-related expenditure is a first step in formulating an economic evaluation of drug policy interventions. This evaluation will provide information that can be used to determine whether or not intended outcomes are being achieved.
- In order to establish first estimates of European drug-related public expenditure, this Selected issue uses two components: ‘labelled’ and ‘non-labelled’ expenditure to cover both figures from official government budgets on planned expenditure and an estimate of other expenditure not easily identifiable as being specifically devoted to the drugs issue, often embedded in broader programmes or actions (for example routine law enforcement actions of police).

Report methodology

- As part of the national reporting exercise for 2007, labelled drug-related expenditure per country was identified by the EMCDDA’s network of national focal points (NFPs) set up in the 27 EU Member States, Norway, and the candidate countries to the EU. The NFPs were asked to list any budgeted drug-related funds found after reviewing central, regional and local government budgets, or year-end reports, for the 2005 fiscal year.
- In order to ensure consistency in comparing budget expenditure over time and across countries, labelled expenditure was classified by means of two systems: the International Classification of the Functions of Government (COFOG) and the Reuter’s drug programme division. COFOG is a detailed classification of the functions, or socioeconomic objectives, that general government units aim to achieve through a range of outlays. Reuter’s drug-specific programme division considers the likely effects of drug-related policy programmes (i.e. prevention, treatment, enforcement, or harm reduction).
- Unfortunately, not all drug-related expenditure is identified as such in national budgets or year-end reports. To overcome this problem, specific modelling approaches were used to estimate the amount embedded in other programmes and interventions. This non-labelled drug-related expenditure was obtained by using a top-down costing approach to estimate the proportion of expenditure causally attributable to drug use. Wherever possible, NFPs explored and suggested feasible definitions of ‘attributable proportions’ suitable for estimating non-labelled drug-related expenditure under two COFOG functions: public order and safety (i.e. police services, law courts and prisons) and health (i.e. medical products, outpatient, hospital and public health services).

First results

- Twenty-three countries out of thirty (77 %) considered labelled expenditure in the calculation of total estimations on drug-related public expenditure, with 21 giving details of such expenditure and two providing information in an aggregated form. Ten countries (33 %) assigned COFOG codes to the detailed labelled expenditure and eight (27 %) used Reuter's classification.
- Regarding non-labelled expenditure, nine countries (30 %) reported estimations on public order and safety and six (20 %) on health functions of government.
- By country, the percentage of total expenditure explicitly labelled as drug-related varied from 1 % to 47 %. Prisons (31 %) and police services (16 %) covered the majority of labelled expenditure on public order and safety, while law courts accounted for only 0.06 %. On health, labelled expenditure related mainly to outpatient (68 %) and hospital (16 %) services, followed by medical products (7 %) and public health services (7 %).
- The non-labelled estimations obtained suggest a different balance in the allocation of money between health and public order and safety. The overall total amount estimated on health (EUR 828 million) sharply contrasts with the amount estimated by the same countries on public order and safety (EUR 6.07 billion). By country, while non-labelled drug-related expenditure on police services, law courts and prisons represented between 2 % and 11 % of total general government expenditure on public order and safety, the same percentages ranged only from 0.15 % to 1.25 % in the case of labelled expenditure on the same functions. The range of percentages over the total general expenditure on health were more comparable (0.03 %—0.51 % of non-labelled expenditure versus 0.02 %—0.8 % of labelled). This means that, despite public order and safety functions attaining higher levels of expenditure than health functions, health expenditure is more present in accountancy documents.
- In general, countries have a considerable amount and quality of information on drug-related public expenditure: a total of EUR 15.4 billion of drug-related public expenditure was identified in 11 countries for 2005, representing between 0.05 % and 0.48 % of their national GDP. By extrapolating these figures to the remaining countries in the study, the total drug-related public expenditure in Europe for that year was estimated to be around EUR 34 billion, which is equivalent to 0.3 % of the sum of the GDP of all of the countries. This means that on average, for each million EUR of a European country's GDP in 2005, EUR 3 000 were publicly spent on drug-related matters. This represents an average expenditure of EUR 60 per European citizen per year.

Conclusions

- The figures presented in this Selected issue are indicative and cross-country comparisons should be avoided at the present time. Budget lines on drug-related issues are still too generic, too aggregated, over-inclusive, or simply unidentifiable. The estimation methods used in the report are still heterogeneous and require fine tuning ⁽¹⁾.
- Furthermore, the disbursements identified in the report mainly refer to public expenditure made at central government level. The future inclusion of sub-national government expenditure will certainly increase the amounts of public expenditure estimated.
- This Selected issue highlights the need to continue improving and refining the data available on public expenditure. The dual methodology proposed for producing estimates of public expenditure proposed and used in this Selected issue, although preliminary, has proven to be feasible and scientifically robust.

Three in-depth reviews of topical interest are published as Selected issues each year, based on information provided to the EMCDDA by the EU Member States and candidate countries and Norway (participating in the work of the EMCDDA since 2001) as part of the national reporting process.

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⁽¹⁾ See <http://www.emcdda.europa.eu/publications/selected-issues/public-expenditure> for a presentation of the estimation strategies used by selected countries.