USP2030
UNIVERSAL SOCIAL PROTECTION

REDUCING THE SOCIAL PROTECTION FINANCING GAPS TO ACHIEVE MULTIPLE SDGS AND REALIZE THE RIGHT TO SOCIAL PROTECTION

Key messages

1. Social protection is a recognized policy action that effectively contributes to prevent and reduce poverty and inequality, maintain the social contract, boost shared prosperity and support resilient societies, which is vital in the face of economic, compounded crises and climate challenges.

2. Underinvestment in social protection threatens progress towards meeting multiple SDGs and the promise of the realization of the right to social protection.

3. Financing of social protection must adopt a rights-based approach, guided by international standards and principles.

4. The state plays a primary role in ensuring social protection through domestic resource mobilization and spending, complemented by international financial support.

5. Closing financing gaps requires coordinated international financial support for social protection, debt relief and restructuring, tax reform to increase revenues and coordinated international policy advice.

Problem statement

Social protection systems are critical for reducing poverty, enhancing social cohesion, and stabilizing economies. Social protection systems contribute to achieving a range of SDGs, including SDG 1, by reducing both monetary and multidimensional poverty, SDG 3 by ensuring access to healthcare and supporting income during times of illness or unemployment, SDG 4 through the support of children's education, SDG 8 by increasing domestic consumption and productivity, SDG 10 through the support provided to the most vulnerable or SDG 5 as a vehicle for transformative change in gender equity and inclusion.

Despite the overwhelming evidence, countries continue to face critical gaps in social protection coverage. As the recent World Social Protection Report 2024-

RELEVANT ACTION AREAS

Domestic Public Resources
International Development Cooperation
Cross-cutting Issues

ABOUT THIS SERIES

The Financing Policy Brief Series has been prepared by the Inter-agency Task Force on Financing for Development to inform the substantive preparations for the Fourth International Conference on Financing for Development (FfD4), to be held in Sevilla, Spain, from 30 June to 3 July 2025.

The Inter-agency Task Force on Financing for Development is comprised of more than 60 United Nations Agencies and international organizations. The policy briefs in this series were not subject to review by Task Force Members, and represent the views of the authoring organizations.

The full series is available at: https://financing.desa.un.org/iatf/report/financing-policy-brief-series

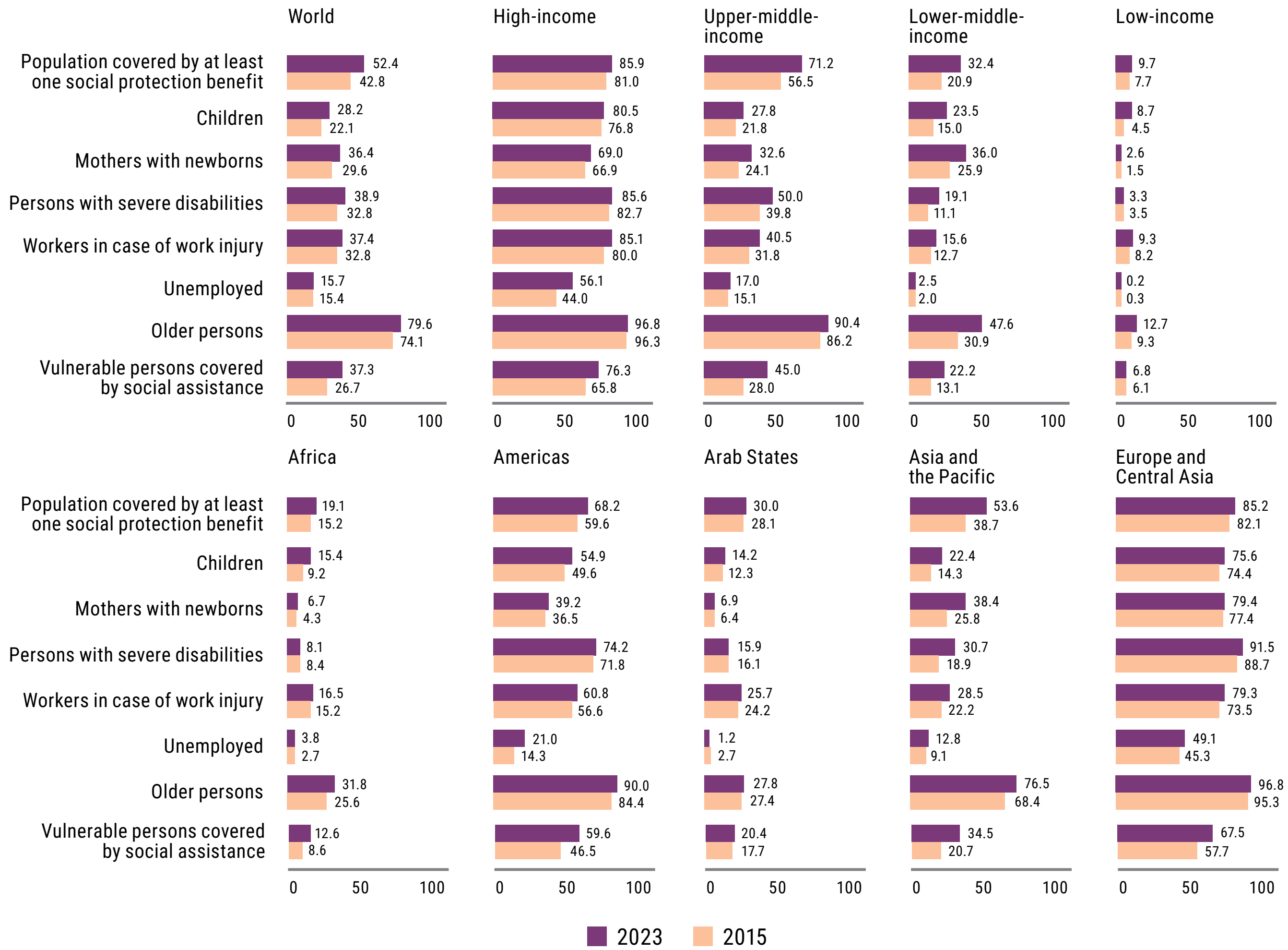
MORE ABOUT THIS TOPIC

The brief was developed by the USP2030 Financing Social Protection Working Group. For further information on the topic of this brief, please see:
https://usp2030.org/financing-social-protection-working-group/
https://usp2030.org/wp-content/uploads/FfD4_2-pager_final.pdf

2026[1] shows, despite that for the first time, more than half of the world's population (52.4 per cent) are covered by at least one cash social protection benefit (SDG indicator 1.3.1), an alarming 3.8 billion people remain unprotected, without any access to social protection. The global figures hide important coverage gaps of different categories of the population as well as uneven coverage in different contexts and regions. The pandemic exacerbated inequalities and demonstrated the weaknesses in existing social protection systems, particularly in informal economies.

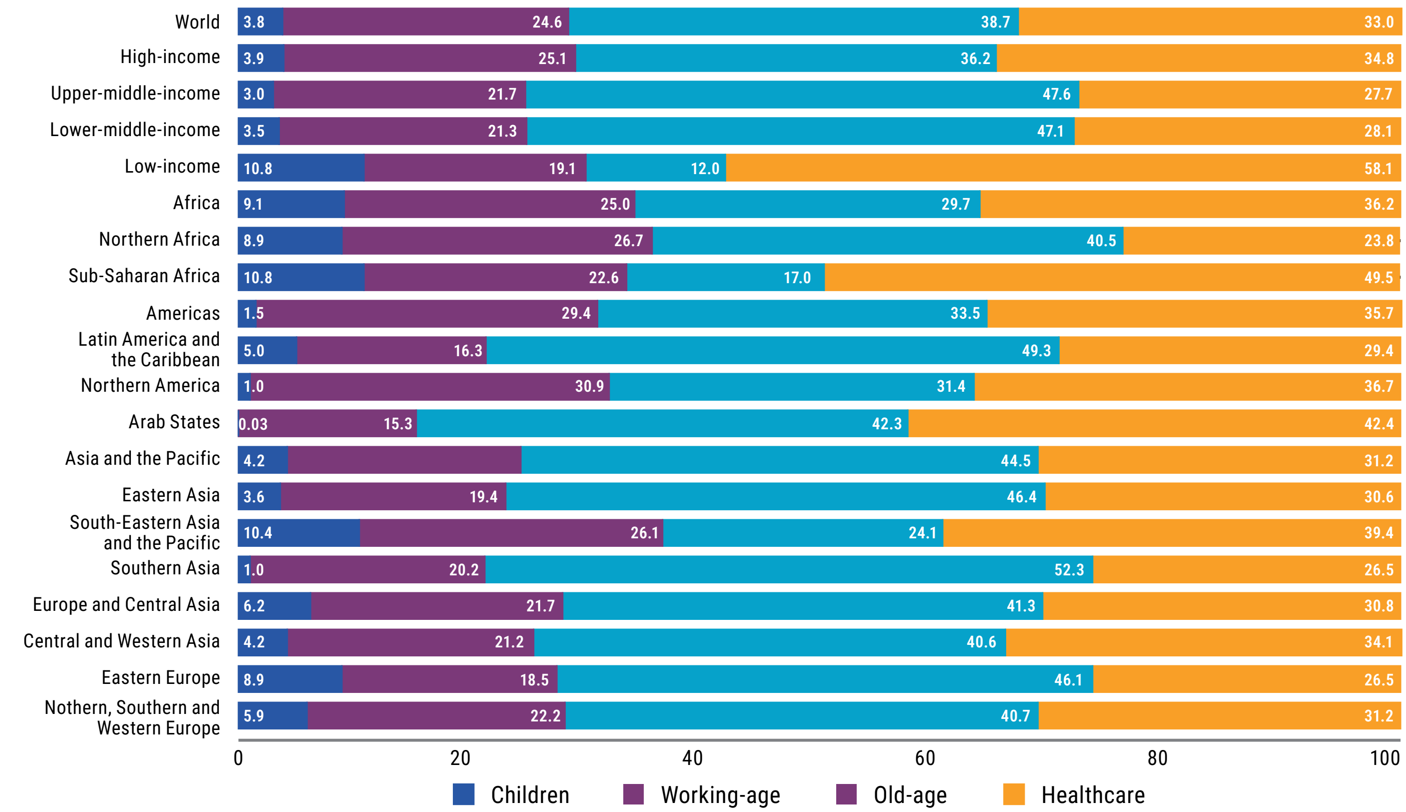
Large gaps in financing also persist, especially in low- and middle-income countries, with again large inequities of spending. Countries spend on average 19.3 per cent of their GDP on social protection (including health). This figure hides wide variations: high-income countries spend on average 24.9 per cent, upper-middle-income countries 11.8 per cent, while lower-middle-income countries spend only 5.8 per cent, and low income countries 2.0 per cent of their GDP. Analysing the structure of social protection expenditure shows that globally, the bulk of total social protection spending is devoted to old-age pensions (38.7 per cent) and healthcare (33.0 per cent). The remainder is distributed among benefits for the working-age population (24.6 per cent) and children (3.8 per cent).

Figure 1.
SDG Indicator 1.3.1: Effective social protection coverage, global, regional and income-level estimates, by population group, 2015 and 2023 *(Percentage of the population group)*



1 ILO, World Social Protection Report 2024–26, Universal social protection for climate action and a just transition, 2024

Figure 2.
Distribution of social protection expenditure by social protection gurantee, 2023 or latest available year, by region, subregion and income level *(Percentage, share of total social protection expenditure)*



Note: See Annex 2 for a methodological explanation. Global and regional aggregates are weighted by GDP. Estimates are not strictly comparable to the previous *World Social Protection Report* due to methodological enhancements, extended data availability and country revisions.
Source: ILO estimates, *World Social Protection Database*, based on the *Social Security Inquiry*; ADB, GSW, IMF; OECD; UNECLAC; WHO, national sources.

Inadequate investments are made in social protection. To close these gaps and ensure universal coverage, it is estimated that an additional USD 1.2 trillion is needed annually in low- and middle-income countries. Without adequate investment, global efforts to achieve the Sustainable Development Goals (SDGs) and ensure social protection for all will be severely compromised.

Policy solutions

To address social protection financing gaps, the following solutions can support sustainable and equitable financing of social protection, ensuring the sustainability and fairness of social protection systems:

1. **Protect and prioritize social protection spending within government budgets, reallocating funds from less impactful sectors to social protection.** In Senegal, the family grant benefit level was for instance increased by 40% by reallocating fuel subsidies, benefiting more than 350,000 households.

2. **Prioritize reliable and equitable forms of domestic financing.** Tax systems can be improved to be more progressive, ensuring that those with greater

capacity contribute more while protecting low-income households from unaffordable taxes and fighting tax-evasion.

3. **Complement domestic resource mobilization and spending where necessary with international financing and support through integrated financing mechanisms.** International support can be increased through mechanisms such as debt relief and coordinated financial assistance to countries with limited fiscal space. Global initiatives like the Global Accelerator on Jobs and Social Protection for Just Transitions, which brings together Member States, UN agencies, international financial institutions, public development banks, social partners, civil society, and the private sector can support bridging financing gaps and developing integrating financing strategies for policies that aim to both expand social protection and increase the number of decent jobs, overcoming policy silos and fragmented approaches.

4. **Invest in social protection and employment policies to contribute to the formalization of jobs and businesses, and thus increase the number of workers capable of contributing through their work, and their taxes, to the country's economic and social development.**

5. **Direct international climate finance towards social protection, recognizing its contribution to climate change adaptation, mitigation and loss and damage.** Social protection is key to accelerate progress towards climate goals while leaving no one behind. Policy alignment is a critical step to access climate financing: social protection policies should be informed by climate risks and social protection needs should be integrated into climate change and DRRM policies. International institutions, partnerships, and funds providing climate finance should consider including explicit reference to social protection and its relevance to achieving climate goals, and relevant social protection ministries should be involved in the design, planning, and implementation of climate change investments (NDCs etc).

6. **Enhance transparency and efficiency in social protection financing, reducing fragmentation and increasing accountability across government agencies.** Assessing the effectiveness of resource allocation for social protection across the budget cycle, by carrying out public expenditure and funding flow analyses to ascertain the effectiveness of resource allocation while minimizing exclusion errors. Ensure there is strong, effective, and transparent governance and administration of social protection systems by building accessible and well-supported accountability and compliance mechanisms (eg public reporting obligations), including sound financial management and measures to prevent corruption and fraud.

In this process, it is important that finance of social protection take a rights-based approach: States have the obligation under international human rights treaties and international social security Conventions to progressively realize the universal right to social protection, including to allocate maximum available resources to realize this right of all individuals.

Specific recommendations for FFD4

1. **Highlight the importance of the inclusion of social protection financing within the broader SDG financing strategies given the role of social protection systems in achieving multiple SDGs.** By doing so, countries can ensure that social protection systems are more adequately resourced and integrated into broader development plans. This approach allows for better coordination between social protection initiatives and other development priorities at country level, generating synergies between stakeholders and in funding for better coherence and efficiency in implementation.

2. **Emphasize the need to prioritize social protection spending within government budgets and increase international financial support as part of integrated financing strategies, such as those developed by pathfinder countries who are in the Global Accelerator (GA) on Jobs, Social Protection for a just transition.** FfD4 could advocate for greater ODA allocations toward social protection, along with tapping into other sources of financing such as climate financing. The GA is an important means to catalyze political and financial commitments at national level to critical areas that can accelerate

progress and address gaps on expanding social protection coverage for all, including children, through contributory and non-contributory mechanisms, and linking it to decent job creation.

3. **Support domestic resource mobilization for social protection:** FfD4 can emphasize the importance of progressive taxation and other mechanisms to increase national investments in social protection, while also facilitating debt relief and restructuring for highly indebted countries. Extend debt relief, as well as renegotiate debt and support debt conversions, to avoid unsustainable debt burdens that constrain countries' capacities to invest in social protection.

4. **Reiterate the global commitment to universal social protection and the importance of protecting and prioritize social protection spending within government budgets**

5. **Promote coordinated policy advice and call for the provision of coherent and consistent policy advice that aligns with international social protection standards.**