



UNITED NATIONS
HUMAN RIGHTS
SPECIAL PROCEDURES

SPECIAL RAPPORTEURS, INDEPENDENT EXPERTS & WORKING GROUPS

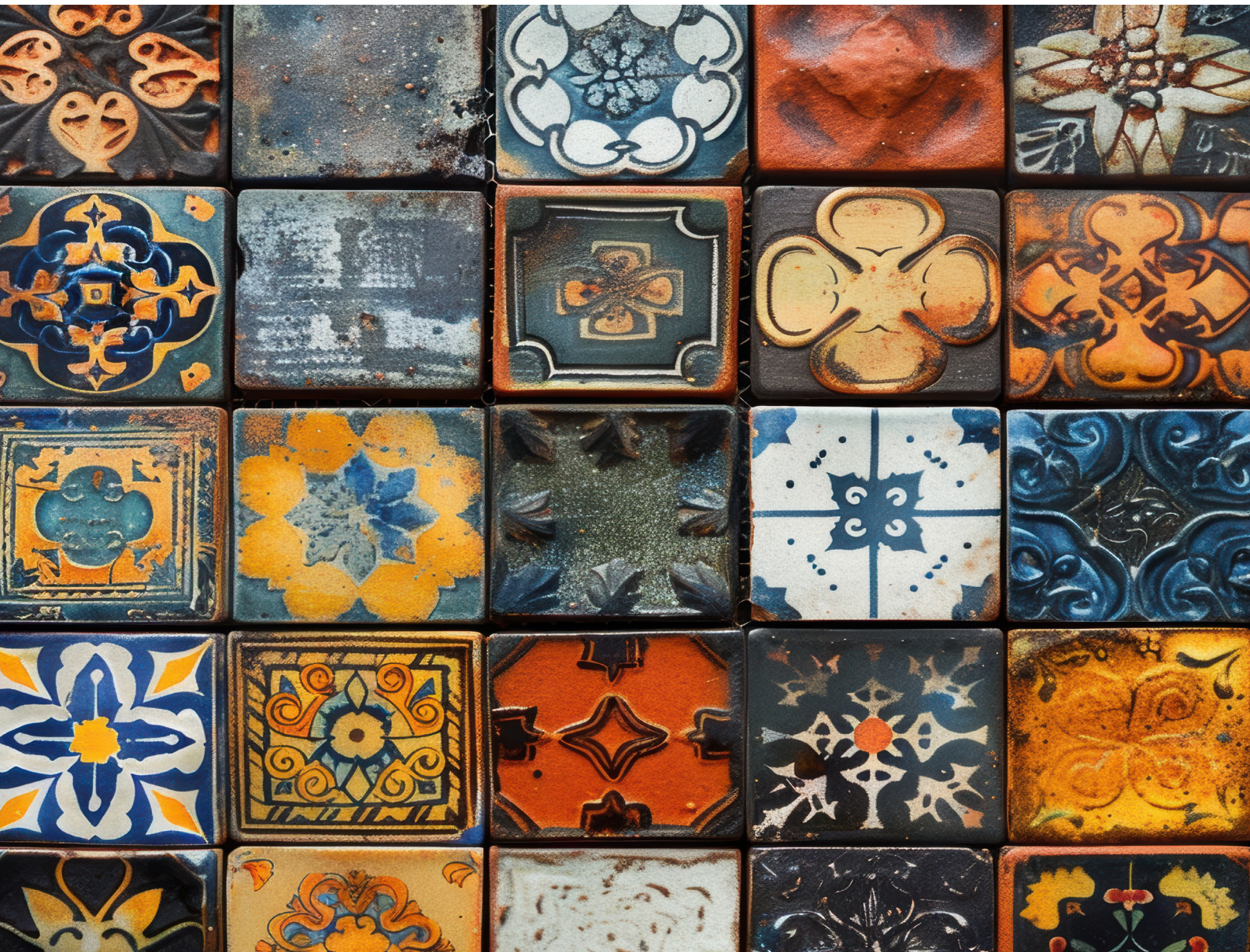
Olivier De Schutter

*United Nations Special Rapporteur
on extreme poverty and human rights*

FINANCING SOCIAL PROTECTION FLOORS

CONTRIBUTION TO THE FOURTH INTERNATIONAL CONFERENCE ON
FINANCING FOR DEVELOPMENT (FfD4)

SEVILLE, SPAIN | 30 JUNE - 3 JULY 2025



Executive summary

The [Fourth International Conference on Financing for Development \(FfD4\)](#) presents a **unique opportunity to improve access to funding for social protection**, which almost half the global population currently lacks entirely. The international community can meet this challenge, starting where the needs are greatest.

Low-income countries (LICs) — the 26 poorest countries, representing 9% of the world's population — would require US \$308.5 billion per year to provide their populations with social protection floors. This represents roughly 1.5 times the current level of official development assistance (ODA), but it amounts to 52.3% of the total GDP of LICs. In the short-term it is thus unaffordable for LICs to close the social protection financing gap, but the international community could afford it. Providing LICs with the required resources to close the financing gap would allow them to provide universal access to five key social protection guarantees (covering children, persons with severe disabilities, mothers of newborns, older persons, and the unemployed), as well as essential healthcare.

ODA could play a role, if donor countries met their pledges and allocated a significant portion of aid to social protection. The potential of ODA remains limited, however, due both to “aid fatigue” from donors and the almost complete neglect of social protection in current ODA streams, a situation which is unlikely to be reversed in the short-term.

Other and perhaps more promising options exist. **Debt-for-social protection swaps** would allow redirecting government expenditures from debt service payments to social protection programmes; a potentially promising avenue, depending on the scale of debt cancelled. The International Monetary Fund could also issue new **Special Drawing Rights (SDRs)**, based on need rather than quota. Thirdly, international tax cooperation could support increased efforts towards **combating base erosion profit shifting (BEPS) and tax evasion by corporations** and towards imposing a **minimum wealth tax on billionaires**, although significant resource-sharing mechanisms would need to be put in place if these reforms are to truly benefit low-income countries. Finally, **solidarity levies**, which include financial transaction taxes, international transportation levies, fossil fuel levies and international carbon pricing offer promising resources if they are underpinned by international solidarity.

This non-paper examines the feasibility of these options, and provides estimates of how much could be mobilised through each. It also discusses the potential gains from **phasing out fossil fuel subsidies**. Such phasing out however, while important to accelerate the energy transition, offers limited resources to bridge the financing gap if not associated with other international financing strategies.

The key message is this: **International solidarity should be placed in the service of the fulfillment of the right to social security and should strengthen the capacity of countries to mobilise resources to finance social protection domestically.** If governments are serious about fulfilling their pledge to make social protection floors universal, they should move away from forms of support that are short-term, ad hoc and essentially of a humanitarian nature. The FfD4 should lead to clear commitments to expand the fiscal space available to low-income countries to allow them to invest in the future, by establishing social protection floors covering their entire population.

Social protection financing gap in low-income countries

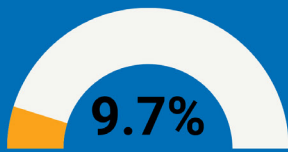
← → | \$ 308.5 billion

Gap as % of total annual GDP in low-income countries

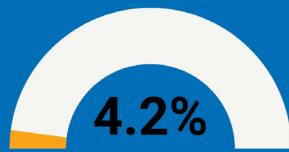


52.3%

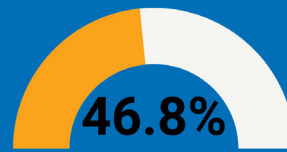
Potential contributions of international financing options to fill the gap



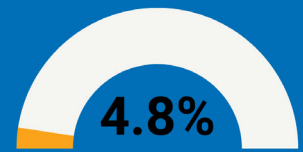
ODA



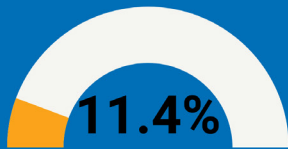
Debt-for-social protection swaps



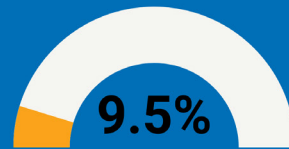
Special Drawing Rights



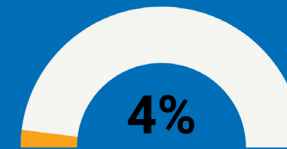
International taxation reforms



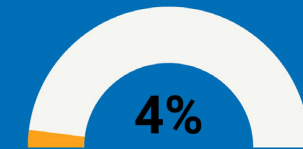
Wealth tax



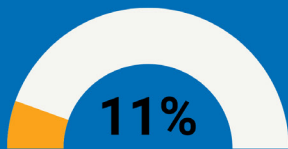
Financial transaction tax



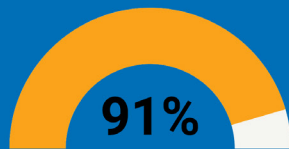
Frequent flyer levy



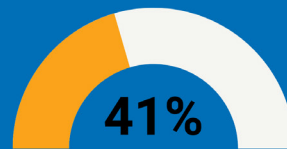
Maritime shipping levy



Windfall profits tax



Climate damages tax

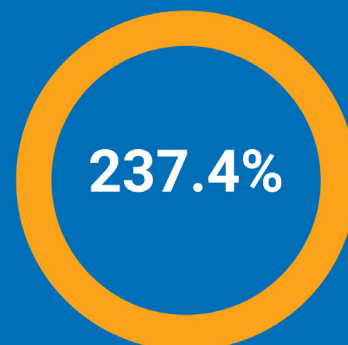


International carbon price floor

Potential revenue for low-income countries from international financing options

↗ | \$ 759.6 billion

Contribution of this revenue to financing the social protection gap



Contents

I. Introduction	5
II. The social protection financing gap	8
III. Options for international financing	10
A. Official development assistance	10
B. Debt-for-social protection swaps	11
C. Special Drawing Rights	12
D. International tax cooperation	14
i. Corporate tax	14
ii. Tax on extreme wealth	15
E. Solidarity levies	17
i. Financial transaction tax	17
ii. International levies on transport	17
iii. Fossil fuel levies (climate damages tax and windfall profits tax)	19
iv. International carbon price floor	19
v. Resource-sharing mechanisms	20
F. Removing fuel subsidies	21
IV. Conclusion	22
Appendix: Summary of international financing options for social protection	23

I. Introduction

The [Fourth International Conference on Financing for Development \(FfD4\)](#) [convened](#) in Seville, Spain between 30 June and 3 July 2025 provides a unique opportunity to deliver on pledges to support the establishment of social protection floors in poor countries. Concrete, time-bound and quantified commitments should be made. Any other outcome will be a defeat of multilateralism.

The Special Rapporteur welcomes the [FfD4 Elements Paper](#) which underscores the need for innovative financing solutions for development and outlines reforms of the international financial architecture. He emphasises the need to place the strengthening of social protection at the heart of development efforts. He joins the [global call to action](#) endorsed by the International Labour Organisation (ILO) and the Global Partnership for Universal Social Protection to Achieve the Sustainable Development Goals (USP2030) advocating for a target of a [minimum 2-percentage-point annual increase in SDG indicator 1.3.1](#), which measures effective coverage by at least one cash benefit. The Special Rapporteur specifically advocates for the inclusion of the 2-percentage-point target in the action areas of the FfD4 outcome document (e.g. the section on Domestic Public Resources).

The right of everyone to social security is firmly enshrined in article 22 of the [Universal Declaration of Human Rights](#) and in article 9 of the [International Covenant on Economic, Social and Cultural Rights](#). The right to basic income security and access to healthcare throughout people's lives was reiterated in the [ILO Social Protection Floors Recommendation, 2012 \(No. 202\)](#), adopted unanimously at the 2012 International Labour Conference. That commitment forms part of the Agenda 2030 for Sustainable Development. Sustainable Development Goals (SDGs) demand action to [implement national social protection systems](#) (SDG target 1.3) and to achieve universal health coverage (SDG target 3.8).

Despite these international commitments to fulfil the right to social protection, coverage remains inadequate: only [52.4%](#) of the world's population is effectively covered by at least one social protection benefit. The main reason for this is the insufficient fiscal space poor countries have to invest in social protection. The financing gap for social protection across all low- and middle-income countries (LMICs) is estimated at [\\$1.4 trillion per year](#), representing 3.3% of the total GDP of these countries. It is therefore essential that the FfD4 outcome document includes concrete commitments to expand social protection coverage and increase social protection financing, leveraging both domestic and international resources and aligning them with the SDGs. Expectations are high. Just like the [2007/08 financial crisis](#) led in June 2012 to the adoption by the International Labour Conference of the Social Protection Floors Recommendation (No. 202), the COVID-19 pandemic revived the consensus on the need to strengthen international solidarity in the service of financing social protection, in order to support poor countries' efforts to close the gaps in social protection and healthcare revealed by the crisis.

To address the financing gap, scale up international solidarity and catalyse efforts to establish social protection floors, the Special Rapporteur put forward a proposal for a new window to support access to funding for the establishment of social protection floors, which he referred to as a [Global Fund for Social Protection \(GFSP\)](#). This proposal was [supported](#) by global unions and by the Global Coalition for Social Protection Floors, a coalition of more than 100 unions and non-governmental organisations across all world regions.

Governments and social partners also endorsed this proposal at the International Labour Conference in June 2021, when they gave a mandate to the ILO to:

“...explore options for mobilizing international financing for social protection, including increased official development assistance, to complement the individual efforts of countries with limited domestic fiscal capacities to invest in social protection or facing increased needs due to crises, natural disasters or climate change, based on international solidarity, and initiate and engage in discussions on concrete proposals for a new international financing mechanism, such as a Global Social Protection Fund, which could complement and support domestic resource mobilization efforts in order to achieve universal social protection.”

(Res. ILC.109/Record No. 7A, para. 21, c)

This mandate remains unfulfilled. However, in his [report](#) “Our Common Agenda”, presented in September 2021, the United Nations Secretary-General noted that a Global Fund for Social Protection could “support countries in increasing levels of funding devoted to social protection over time.” The proposal for the GFSP is now also discussed as part of a broader international conversation on the Global Accelerator on Jobs and Social Protection for Just Transitions, [a vision](#) jointly presented by the UN Secretary-General and the ILO Director-General in September 2021 which seeks, inter alia, to extend social protection floors to the roughly four billion people not currently covered by any social protection scheme, particularly in low- and middle-income countries.

The objectives of the GFSP converge with those set out by the Global Accelerator on Jobs and Social Protection for Just Transitions. The two initiatives are complementary and mutually supportive. They both seek to increase support to beneficiary countries to encourage them to invest more in social protection, through a combination of international assistance and cooperation and increased mobilisation of domestic resources. The GFSP and the Global Accelerator should therefore be developed jointly to support the objectives of both initiatives, which largely overlap when it comes to the social protection component of the Global Accelerator. The bodies that are planned by the two initiatives could thus be developed jointly and streamlined, instead of having several parallel bodies working on similar issues.

The objectives of establishing a new international financing mechanism in support of poor countries’ efforts to establish social protection floors are the following:

- to ensure access to a **reliable and predictable source of funding** for the establishment of social protection floors, allowing such floors to be designed as **rights-based** (in accordance with ILO Recommendation No. 202, 2012), moving beyond ad hoc and limited cash transfer schemes and involving an enforceable commitment from governments towards their population and investment in capacity-building within national administrations;
- to provide **positive incentives** to countries, encouraging them to invest in social protection, whereas, in the current context of high levels of indebtedness, countries making such investments are instead penalised by rating agencies and financial markets, as investing in social protection might lead, in the short term, to increased public deficits;
- to recast international support for social protection floors as a **bridge towards increased domestic resource mobilisation**, by financing efforts of developing countries to set up social protection floors against the presentation of **multi-year action plans** based on assessment-based national dialogues (involving line ministries, but also social partners and international partners), including commitments towards domestic resource mobilisation for social protection subject to independent monitoring of progress;

- to provide countries committing to protect their populations through social protection floors with an **insurance against co-variate shocks**, both internal (such as climate disasters) and external (such as a sudden fall of export revenues or a sudden increase of import bills), by increasing the level of international support in times of crisis, when demand for social protection increases at the same time that public revenue falls.

The overall objective is to move away from forms of international support to countries' efforts towards the establishment of social protection floors that are unpredictable and variable year to year, that increase their debt burden, or that impose conditionalities that are incompatible with human rights.

As discussed in [his report \(A/HRC/47/36\)](#) presented to the Human Rights Council in July 2021, the Special Rapporteur proposes that the governance of the GFSP builds on the existing Global Partnership for Universal Social Protection (USP2030), co-chaired by the ILO and the World Bank, and rely on the experience of the ILO's Flagship Programme on Building Social Protection for All, as well as, for the administration of the financial commitments, on the UN Multi-Partner Trust Fund Office (UN MTFO).

Thus, contrary to a widely shared misperception comparing the GFSP to, for instance, the [Global Fund to Fight AIDS, Tuberculosis and Malaria](#), the GFSP is **not** intended as a new institution. Rather, it is an initiative that leverages and coordinates existing mechanisms and organisations to enhance support for country-led social protection systems. It builds on existing mechanisms, but aims to increase the resources available in support of the establishment of social protection floors, to create incentives for low-income countries in particular to invest in social protection.

If financing through the GFSP were to be made conditional upon beneficiary countries investing more in social protection by mobilising domestic resources, it could gradually lead to a virtuous cycle emerging, in which increased international support contributes to social resilience, allowing public revenues to grow, thereby allowing increased mobilisation of domestic resources. It would also act as a financial safety net during economic, climate, or health crises and accelerate progress toward the SDGs, including poverty reduction (SDG 1) and improved health outcomes (SDG 3). This would allow countries to move away from dependency on short-term, ad hoc aid of a humanitarian nature, and to gradually gain the fiscal space required to finance social protection without external support. This should be seen as an investment with potentially high returns, since it leads to building human capital, has significant multiplier effects in the local economy and contributes to resilience in times of crisis.

With the present contribution to the FfD4, the Special Rapporteur explores financing solutions to help bridge the financing gap for social protection in the poorest countries. Besides increasing the portion of Official Development Assistance (ODA) that goes to social protection, he sets forward proposals for debt relief in exchange for a commitment to invest in social protection ('debt-for-social protection swaps') and the issuance of new Special Drawing Rights (SDRs) to be distributed according to needs rather than per quota. This non-paper also assesses the potential of additional financing sources, such as a global corporate tax, a tax on extreme wealth, financial transaction taxes, transportation levies, fossil fuel levies, and the removal of fossil fuel subsidies, emphasising their role in closing the financing gap in LICs.

II. The social protection financing gap

According to the ILO’s [flagship World Social Protection Report 2024-26 report](#), the global share of people covered by at least one social protection benefit is today 52.4%, up from 42.8% in 2015. This marks significant progress. However, at this rate of progress it would take nearly half a century — until 2073 — to achieve universal social protection coverage globally.

Coverage disparities remain stark across income groups. High-income countries have achieved average coverage of 85.9%, moving closer to universal coverage, while upper-middle-income countries stand at 71.2% and lower-middle-income countries at 32.4%. In contrast, low-income countries (LICs), the 26 poorest countries (including 22 African countries) with a 2021 GNI per capita below \$1,085, lag behind. They achieve a coverage rate of only 9.7%, with minimal improvement since 2015.

The primary reason for these low coverage rates is chronic under-investment in social protection. While public spending on social protection (excluding healthcare) averaged 16.2% of their GDP in high-income countries, upper-middle-income countries spent 8.5%, lower-middle-income countries only 4.2%, and LICs allocate a mere 0.8% of GDP, as shown in Table 1.

Table 1: Social protection coverage and public spending

	High-income countries	Upper-middle-income countries	Lower-middle-income countries	Low-income countries
Social protection coverage of at least one benefit (2023)	85.9%	71.2%	32.4%	9.7%
Coverage progress in percentage point (pp) (since 2015)	+4.9pp	+14.7pp	+11.5pp	+2pp
Public spending on social protection (as % of GDP, 2023, excluding healthcare)	16.2%	8.5%	4.2%	0.8%

Source: the author, based on calculations from ILO 2024, [World Social Protection Report 2024–26](#)

The ILO has [estimated](#) the financing gap to achieve universal social protection in 133 low- and middle-income countries (LMICs) at US \$1.4 trillion per year in absolute terms, or 3.3% of GDP annually across these countries, with 2% required for essential healthcare and 1.3% for social protection cash benefits. This would allow ensuring universal access to five key social protection guarantees —covering children, persons with severe disabilities, mothers of newborns, older persons, and the unemployed — as well as providing essential healthcare. Regionally, Africa bears the highest burden, with a financing gap equivalent to 17.6% of its annual GDP, followed by the Arab States (11.4%), Latin America and the Caribbean (2.7%), Asia and the Pacific (2.0%), and Europe and Central Asia (1.9%).

To close this gap, governments in LMICs need to significantly increase their social protection spending. On average, this requires raising expenditures by 10.6% of current government spending, equivalent to 31.6% of their existing social protection expenditure.

For LICs, more than political will is required. For these countries, the financing gap relative to GDP amounts to 52.3%, or \$308.5 billion per year in absolute terms. This financing gap exceeds four times their current government expenditure and a staggering 28 times their current social protection spending (see Table 2). These countries require international solidarity. Without more support, they simply will not be able to make the investments needed.

Table 2: Financing gaps and additional public expenditures per year

	LMICs	LICs
Financing gap (as % of GDP)	3.3%	52.3%
Financing gap (in absolute terms)	\$1.4 trillion	\$308.5 billion
Additional public expenditure required	10.6% of current government spending, equivalent to 31.6% of existing social protection expenditure	Over x4 current government spending, x28 current social protection expenditure

Source: the author, based on calculations from ILO 2024, [Financing gap for social protection working paper](#)

International solidarity is not a substitute for domestic reforms or increased domestic resource mobilisation. Yet these figures show that it has an essential role to play to help close the financing gap. It also serves as a crucial enabler, creating the conditions necessary for successful efforts aimed at increasing domestic resource mobilisation. The remainder of this non-paper identifies options for international financing and assesses the potential of each.

III. Options for international financing

A. Official Development Assistance

In 2022, Official Development Assistance (ODA) from the OECD's Development Assistance Committee (DAC) countries reached [\\$205.9 billion](#). Preliminary data for 2023 indicate a total ODA of a record [\\$223.7 billion](#). This total included significant contributions to global humanitarian needs and specific crises such as the war in Ukraine. The total amount of ODA disbursed specifically to LICs was around [\\$22.4 billion](#) in 2022, accounting for a relatively small proportion of overall disbursements.

Despite the recent increase, the average ODA contribution from high-income countries in 2023 was just [0.37% of gross national income](#) (GNI), falling well short of the internationally agreed target of 0.7%. Only five countries — Denmark, Germany, Luxembourg, Norway, and Sweden — met or exceeded this target. If donor countries were to meet the 0.7% of GNI total ODA target, [\\$197 billion](#) in additional funds could be made available annually. This would increase total ODA from \$223.7 billion to \$423.2 billion annually.

The [Addis Agenda Action Agenda](#) reaffirms commitments contained in both the Monterrey Consensus and the Doha Declaration on Financing for Development, to dedicate at least 0.15-0.2% of GNI to ODA benefiting the least developed countries. Taking this pledge as a benchmark, within the total ODA level of \$423.2 billion, the allocation to LICs (based on an allocation of 0.2% of ODA/GNI) could amount to \$120.9 billion. This would be a significant improvement over current levels of \$22.4 billion. This alone could provide the equivalent of 40% of the total financing gap for social protection in LICs, if the full increase of ODA were to be earmarked for this objective. More realistically, by attributing even a share of this total to social protection — e.g. targeting 25 % of total ODA, or \$30.2 billion — ODA could bridge nearly 10% of LICs' social protection financing gap, thus significantly contributing to strengthening long-term, rights-based social protection systems.

This scenario assumes, of course, that a much more significant portion of total ODA be dedicated to social protection. In 2022, the total amount of ODA allocated to social protection globally was only [\\$4.6 billion](#), representing just 1.7% of total ODA from all official donors. This is starkly insufficient to address the social protection financing gap in developing countries, particularly LICs. To address this issue, it is critical for all DAC members to meet the UN target of allocating 0.7% of GNI to ODA (with 0.2% for least developed countries specifically) and to dedicate significantly larger allocations to the establishment of robust social protection systems. This would support countries with large financing gaps in meeting the [ILO-USP2030 call to action](#), which urges prioritisation of public investments to increase social protection coverage by at least two percentage points annually.¹

For low-income countries specifically, the objective of increasing coverage of social protection by 2% per year requires an increased financial investment of \$2.5 billion annually, representing 0.4% of their GDP and less than 1% of their total social protection financing gap. A very modest and attainable percentage of ODA could be allocated to this objective, to be

1 More precisely, the call advocates for a target of a minimum 2-percentage-point annual increase in SDG indicator 1.3.1, which measures effective coverage by at least one cash benefit.

increased progressively over time to ensure that ODA fosters the long-term development of social protection programmes, rather than simply providing short-term relief.

Table 3: ODA for LICs

	LICs	Relative to LICs' financing gap
Current ODA	\$22.4 billion	7.2%
Total ODA if pledges were met	\$120.9 billion	39.2%
25% of ODA earmarked for social protection	\$30.2 billion	9.7%
Additional spending to achieve a 2 pp increase in social coverage	\$2.5 billion	0.8%

Source: the author, based on OECD's [Creditor Reporting System](#) and ILO 2024, [Financing gap for social protection working paper](#)

Table 3 illustrates the various levels of ODA and their relationship to the financing gap in LICs, highlighting the substantial resources required beyond current commitments. It underscores the extent to which achieving these ODA levels would demand a strategic prioritisation of social protection within international aid frameworks, an objective that remains constrained by competing global priorities and the current underperformance in meeting ODA targets.

B. Debt-for-social protection swaps

Insufficient fiscal space is a major obstacle to establishing social protection floors in developing countries. In 2023, total debt servicing costs (i.e. the sum of principal repayments and interest paid on total long-term debt) for low- and middle-income countries reached a historic high of [\\$1.2 trillion](#), more than double the amounts recorded a decade ago and close to the total financing gap of social protection for LMICs. For countries eligible for the World Bank's International Development Association (IDA), which includes all LICs, debt servicing costs totalled [\\$96.2 billion](#), and interest payments alone reached \$34.6 billion; a four-fold increase over the past decade. This significantly restricts the fiscal space available for these countries. In 2024, a record [54 developing countries](#) allocated 10% or more of government revenue to paying off the interest on their debt, diverting critical public spending away from essential services like social protection and healthcare. Today, [3.3 billion people](#) live in countries that spend more on interest payments than on either education or health.

Against this background, debt-for-social protection swaps could offer an innovative instrument to reallocate resources from debt servicing to the provision of essential social services. In practice, the mechanism involves a creditor agreeing to cancel or restructure part of a debtor country's debt, in exchange for a binding commitment from the debtor to redirect the freed-up resources to social protection programs. Bilateral creditors could deduct the equivalent amount from their ODA budget.

The Global Fund for Social Protection could play a central role in operationalising this type of debt swap. Drawing on its expertise and status as an intermediary between creditors and indebted poor countries, the GFSP could facilitate negotiations between these parties, reduce transaction costs, provide technical assistance to debtor nations, oversee monitoring, and design the process consistent with the principles of transparency, accountability, inclusivity and local ownership. It would also disburse funds in local currency to reduce reliance on foreign reserves and ensure investments remain localised and impactful. With these high integrity principles, the proposal for debt-for-social protection swaps could sidestep the [legitimate concerns and critiques](#) surrounding other type of debt swaps, such as debt-for-nature or debt-for-climate swaps.

The total debt servicing payments of LICs (i.e. the sum of principal repayments and interest paid on total long-term (public and private) debt amounted to about [\\$13.1 billion](#) in 2023. This represents 4.2% of the social protection floors financing gap for LICs. While \$13 billion is far from closing the financing gap, it must not be understated: it is almost equivalent to the annual cost of supporting 165 million people who fell into poverty (using the \$3.65-a-day poverty line) in low- and lower-middle-income economies due to economic shocks between 2020-2023, according to a [UNDP policy brief](#). Redirecting these payments toward social protection could, therefore, provide a meaningful expansion of the fiscal space necessary to finance social protection floors.

Table 4: Debt-for-social protection swap’s potential contribution

	LICs (2023)	Relative to LICs financing gap
Total debt servicing payments	\$13.1 billion	4.2%

Source: the author, based on World Bank Group’s [International Debt Report 2024](#) and [online data](#)

C. Special Drawing Rights

Special Drawing Rights (SDRs) constitute an international reserve asset created by the International Monetary Fund (IMF) to supplement member countries’ official reserves. It is not a currency, but its value is based on a basket of five currencies (the US dollar, the euro, the Chinese renminbi, the Japanese yen, and the British pound sterling). SDRs can help LICs by providing them with additional liquidity without increasing their debt burden, enabling them to finance critical investments such as social protection, healthcare, and economic recovery, particularly during crises.

Allocations of SDRs by the IMF are currently distributed to IMF member countries in proportion to their IMF quotas, which are based on the relative size of their economies. As a result, wealthier nations with larger economies receive a disproportionately larger share of SDR allocations. Thus, in August 2021, the IMF allocated the equivalent of [\\$650 billion](#) in SDRs to help stabilise the global economy during the COVID-19 pandemic. Yet, only around \$275 billion was allocated to emerging and developing countries, and just a meagre [\\$21 billion](#), or about 3.2% of the total, was allocated to LICs. Nonetheless, many LICs, converted them into hard currency and used them for fiscal purposes to support the budget.

This could be done differently. The High-Level Advisory Board on Effective Multilateralism (HLAB), established by the UN Secretary-General António Guterres in 2022, [has called](#) for a fundamental review of the SDR mechanism to ensure it fulfils its original purpose as a key

component of global reserves. This review should include regular annual allocations of SDRs, designed to maximise their benefit for developing countries. Economist Jayati Ghosh [has further suggested](#) that the IMF could play a pivotal role in supporting the establishment of social protection floors by issuing new SDRs, with allocations distributed based not on quotas but rather on predetermined needs aligned with globally defined norms. This approach would address disparities in resource access and ensure SDRs are allocated where they are most needed. Indeed, the [2009 report of the Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System](#) proposed an annual SDR emission equivalent to the reduction in global purchasing power resulting from reserve accumulations. The Commission proposed an annual emission of between \$150-300 billion.²

The Prime Minister of Barbados has called for a 500 billion annual issuance of SDRs (\$650 billion) to help finance the transition to renewable energy. O’Hare and Hall³ suggest distributing the proposed annual SDR allocation of \$650 billion to countries according to population and need, using the World Bank income grouping to quantify need (noting, that other indices of vulnerability, when formalised, may provide more comprehensive guidance⁴). Using the income group to weigh the need, they assume that each low income country is allocated SDRs 32 times that of high-income countries, each lower-middle income country is allocated 16 times and each upper-middle income country is allocated four times (see Table 5).

Table 5: Weighed proportion of SDR allocation according to population and need (income group)

	New scenario based on population and needs
Low-income	32
Lower-middle income	16
Upper-middle income	4
High income	1

Source: O’Hare and Hall, Social Protection in Low-Income Countries. Submission to the Special Rapporteur on extreme poverty and human rights, 28 November 2024 (unpublished)

² The Commission of Experts on Reforms of the International Monetary and Financial System estimated that annual SDR emissions should be targeted to offset increases in (non-borrowed) reserves, addressing the reduction in global purchasing power caused by reserve accumulations. The figure of \$150 - \$300 billion reflects the world demand for reserves between 1998-2000. Figures for more recent years, (2021-2024), show that the average year-on-year change in global foreign exchange reserves was \$300 billion.

³ Bernadette O’Hare and Stephen Hall, from the Government Revenue and Development Estimations (GRADE) project at the Universities of St Andrews and Leicester. Social Protection in Low-Income Countries. Submission to the Special Rapporteur on extreme poverty and human rights, 28 November 2024, updated 14th January 2025 (unpublished). Their proposal aligns with the evolving needs of developing countries and ensures a more robust and equitable allocation of resources.

⁴ The Multidimensional Vulnerability Index (MVI) incorporates dimensions of social, economic and environmental resilience and vulnerability and was developed to capture the complex, multi-faceted aspects of vulnerability. MVI is not yet a formal UN standard but its use to measure vulnerability is growing.

Considering the total number of countries involved (217), of which only 26 are LICs — accounting for just 8.89% of the global population but facing the greatest need — the total SDR allocation to LICs would amount to 27% (rather than the 3.2% allocated in 2021) of the global allocation envelope, equating to \$175 billion. This allocation would address almost half of their financing gap for social protection, as shown in Table 6. The issuance of SDRs could be planned annually for a period of five years, to support domestic resource mobilisation and other forms of international support to close the financial gap by 2030. Under these assumptions, a new SDR issuance according to needs, and channelled through the GFSP, could contribute very significantly to closing the financing gap of LICs.

Table 6: SDR allocation for LICs

	Absolute terms (2023)	Relative to LICs financing gap
Annual issuance of new SDRs according to needs	\$175 billion	46.78%

Source: The author, based on O’Hare and Hall (2024)

D. International tax cooperation

In some areas of international tax cooperation, international agreements already exist. In others, reforms are currently being discussed in multilateral fora. This section reviews to what extent progress in international tax cooperation can support LICs in closing their financing gap.

i. Corporate tax

In October 2021, the [OECD/G20 Inclusive Framework](#) on Base Erosion and Profit Shifting (BEPS) resulted in an agreement on a “Two-Pillar Solution”, which included both unitary taxation of multinational enterprises (Pillar One) and a global minimum effective tax rate of 15% (Pillar Two), to address corporate tax avoidance. Pillar One introduces unitary taxation for multinational enterprises (MNEs), reallocating 25% of “residual profit” (profit exceeding a 10% margin) to countries where sales and consumers are located. However, this applies only to the largest and most profitable MNEs, those with global turnover exceeding \$20 billion and profit margins above 10%, covering around 100 firms globally. The taxable base for redistribution is therefore very narrow, with modest revenue implications. Pillar Two, on the other hand, introduces a global minimum effective corporate tax rate of 15%, targeting a much larger group of MNEs: those with annual revenue over €750 million. This seeks to disincentivise profit shifting by ensuring profits declared in low-tax jurisdictions are taxed at a minimum rate of 15%. Despite its broader application, Pillar Two has faced criticism for being set below the [global median corporate tax rate of 25%](#), creating [potential loopholes](#) and risks of becoming a de facto “maximum tax” due to competitive pressures among jurisdictions. Indeed, the Special Rapporteur has joined other independent experts within the Special Procedures of the Human Rights Council in raising concerns around the fairness to developing countries, and low-income countries in particular, of the “Two-Pillar Solution” that emerged from the BEPS initiative of the OECD.

Pillar One is expected to generate [between \\$9.8 billion and \\$22.6 billion](#) globally. The total amount is relatively modest, due to the narrow scope of companies covered. In contrast, Pillar Two is projected to bring in [\\$155 billion to \\$192 billion](#) annually. The estimated additional global revenues from both pillars thus range from \$165 billion to \$215 billion annually (Table 7). The distribution of revenues is highly unequal across countries from different income

groups. High-income countries, where most MNEs are headquartered, are poised to benefit the most, with new revenues representing around [18% of existing corporate tax collections](#). Upper middle-income countries would see only around 3% additional revenue, and lower middle-income countries just 1%. The gains for low-income countries, which host only minimal multinational activity, will be negligible. Thus, while significant progress has already been achieved to strengthen international tax cooperation through the Inclusive Framework on BEPS, it will have limited impact, in itself, in increasing the public revenue in low- and middle-income countries, at least as long as the minimum tax level is not high enough.⁵ If, however, the increased total public revenue raised thanks to the implementation of the “Two-Pillars Solution” were to be reallocated on the basis of population, with 9% of this total going to LICs, this could contribute significantly to increasing their fiscal space. Taking as a departure point the lowest estimates of what each of the Pillars could generate in additional revenue (\$9.8 billion and \$155 billion respectively for Pillars One and Two), it would represent a total of 4.79% of the financing gap of \$308.5 billion.

Table 7: Global corporate tax revenue potential

Scenario	Global revenue potential (billion)	LICs allocation (9% of global revenue, using lowest estimates) (billion)	Contribution to LICs financing gap (% of \$308.5 billion)
Pillar one (unitary taxation)	\$9.8–\$22.6	\$0.9	0.3%
Pillar two (15% minimum tax rate)	\$155–\$192	\$13.9	4.5%
Total	\$165–\$215	\$14.8	4.8%

Source: The author, based on [OECD data](#)

ii. Tax on extreme wealth

The distribution of global wealth reveals stark inequalities: the poorest half of the population collectively own just [2% of total wealth](#), and the richest half 98%. The richest 1% hold 38%, and the top 0.1% control an astonishing 19%, highlighting the extreme concentration of resources at the very top. Effectively taxing wealth is a powerful means to reduce inequality, enhance the progressivity of tax systems, and generate domestic revenue. As recently highlighted by [UNDESA](#), technological advances, growing public support, and improved tax transparency have opened a new window of opportunity for implementing effective net wealth taxes.

In the 2024 [Rio de Janeiro Leaders’ Declaration](#), G20 Leaders committed to engage cooperatively to ensure that ultra-high-net-worth individuals are effectively taxed. In his [report for the G20 summit](#), economist Gabriel Zucman proposed a coordinated minimum effective taxation standard on the wealth of the super-rich. In short, individuals with more than \$1 billion in wealth net of all debts (a total of about 3,000 taxpayers) would be required to pay a minimum amount of tax annually, equal to 2% of their wealth. Such a tax would raise \$200-\$250 billion per year globally. If extended to centi-millionaires, the tax would add \$100-\$140

⁵ Notably, raising the global minimum tax rate from 15% to 25% could generate [more than \\$500 billion](#) annually, highlighting the significant revenue potential of a more ambitious tax floor.

billion. With a 3% rate, revenues are huge: if applied to all centi-millionaires the tax would raise \$550-\$690 billion.

However, this tax would hardly raise revenues in developing countries, [according to the IMF](#), which reduces its relevance for financing the gap of social protection in low-income countries. To address this issue, the design of such a tax should include revenue-sharing mechanisms to the benefit of LICs, that could be set up under the GFSP.

To illustrate the potential allocation of funds under a resource-sharing mechanism, we assume that proceeds from a global minimum wealth tax are distributed to LICs proportionally to their share of the global population ([approximately 9%](#)). This allocation is justified on multiple grounds. First, it acknowledges the systemic inequities in global wealth distribution, recognising that LICs have historically been excluded from wealth-generating systems while disproportionately suffering the consequences of resource extraction and labour exploitation. Second, it addresses historical responsibility by compensating LICs for their substantial contributions to global wealth creation, whether through colonial legacies, global trade systems, or supply chains. Third, it accounts for LICs' vital role in sustaining global public goods, such as biodiversity, climate stability, and food security, ensuring that wealth derived from global systems is redistributed to maintain these collective benefits. Finally, this approach reflects an ethical imperative and commitment to global solidarity, underscoring the moral obligation to narrow the extreme wealth gap between the richest individuals and the world's poorest populations. These different reasons resonate with [the call from more than 150 economists](#) asking Global North Leaders to redirect trillions coming from international tax cooperation, with an initial ["1.5% for 1.5°C"](#) tax on extreme wealth, to support the Global South in tackling inequalities and climate change. Under this assumption, these revenues could provide significant resources for social protection in these countries. Table 8 provides a detailed analysis of the potential proceeds under the different tax scenarios envisaged and their corresponding contributions to LICs' financing needs.

Table 8: Global wealth tax scenarios and LICs allocation

Scenario	Global revenue potential (billion)	LICs allocation (9% of global revenue) (billion)	Contribution to LICs financing gap (% of \$308.5 billion)
2% rate for billionaires only	\$200–\$250	\$18–\$22.5	5.8%–7.2%
2% rate for billionaires & centi-millionaires	\$300–\$390	\$27–\$35.1	8.7%–11.4%
3% rate for all centimillionaires and billionaires	\$550–\$690	\$49.5–\$62.1	16%–20.1%

Source: The author, based on [Zucman's 2024 report for the G20 Summit](#)

E. Solidarity levies

The political feasibility of implementing resource-sharing mechanisms to the benefit of LICs may be higher in the case of other forms of international tax cooperation. In November 2023, French President Emmanuel Macron, Barbadian Prime Minister Mia Amor Mottley, and Kenyan President William Ruto proposed implementing ‘[solidarity levies](#)’ to raise substantial funds for climate action and social protection in low- and middle-income countries, a call reiterated [a year later](#). These levies target global financial markets and high-emission sectors. While the impact assessment of these different levies will be published by the Global Solidarity Levies Task Force (GSLTG) in early 2025, existing research already provides an order of magnitude of their potential proceeds. The following sections explore the different types of solidarity levies, assess their revenue potential, and provide illustrative estimates of their contribution to closing the financing gap in LICs if the proceeds were to be redistributed through a resource-sharing mechanism.

i. Financial transaction tax

The first proposed ‘solidarity levy’ concerns the financial transaction tax (FTT). The FTT has a [long history of international discussions](#), and already exists in various forms at national level. A globally implemented FTT would generate revenue by imposing a small levy on financial market transactions, such as the trading of stocks, bonds, and derivatives, while also discouraging excessive speculation and promoting financial market stability. The introduction of a FTT by one jurisdiction alone, or in one regional group of countries, may be difficult to achieve, since it could distort competition and undermine a level playing field for global financial actors. A coordinated global initiative on a FTT, on the other hand, would ensure equitable outcomes. Political acceptance of a global FTT is likely to increase if revenues are earmarked for global public goods, such as climate funds or social protection, fostering international solidarity.

The impacts could be significant. A global FTT applied to all financial asset types, with a 0.1% tax on the trading of stocks and bonds and a 0.01% tax on derivative transactions, [could yield](#) between \$237.86 billion and \$418.84 billion annually, with a baseline projection of \$326.89 billion, equivalent to 0.43% of global GDP. Comparable [estimates from the IMF](#) suggest revenues in the range of 0.3% to 0.4% of global GDP. While most of the revenue raised would be concentrated in high-income countries which have more active financial markets, a globally coordinated FTT could allocate a portion of the proceeds to LICs. For instance, if 9% of the total revenue raised on the basis of the baseline projection went to LICs, this would represent \$29.42 billion, or 9.53% of the funding shortfall LICs face for covering their populations with social protection floors.

ii. International levies on transport

International transport, including the aviation and maritime sectors, enjoys significant tax exemptions (unlike domestic transport fuels), while these sectors account for 2% and 3% respectively of global greenhouse gas (GHG) emissions. The much-needed decarbonisation of these sectors can therefore contribute to climate mitigation, effectively apply the polluter pays principle to individuals with high-polluting lifestyles, and provide revenues for low-income countries, often also the victims of climate-induced loss and damage.

Among other options (such as emissions trading systems), carbon pricing can take the form of a carbon tax, which imposes charges based on the carbon content of fuel consumption, calculated as the amount of jet or bunker fuel used multiplied by their respective emissions factors. The tax rate is predetermined, allowing market forces — such as the demand for air travel and shipping, as well as the cost of mitigation technologies — to dictate the resulting emissions levels. By increasing the price of aviation and maritime fuels, the tax leads to

higher flight ticket prices and shipping costs. This price increase would be largely passed on to consumers, thus reducing demand and fostering other behavioural changes to lower emissions. [According to the IMF](#), to ensure a net-zero pathway, the carbon price applied should increase linearly from \$20 per tonne in 2028 to \$170 in 2035, and to \$500 per tonne by 2050. Such a global carbon tax on fuels used in international aviation and maritime could yield revenues of up to [\\$200 billion](#) a year. Examining these two sectors individually, the following sub-sections analyse various forms of aviation levies and maritime shipping levies.

1. Aviation levies

Under the auspices of the International Civil Aviation Organization (ICAO), the international aviation sector has set itself an objective of net-zero emissions by 2050 with the [Long-Term Aspirational Goal](#) (LTAG) and initiatives like the [Carbon Offsetting and Reduction Scheme for International Aviation](#) (CORSIA). Despite these commitments, international aviation benefits from VAT and fuel tax exemptions, which could be revised to curb emissions and balance the tax burden with other sectors. Revenues from such measures could compensate affected countries.

Different forms of aviation levies can be envisaged. A kerosene levy is a levy on fossil fuels used in the aviation sector. According to [Ferdi](#), an excise duty on jet fuel consumed by international flights set at a rate of €0.1 per litre would raise €5.8 billion per year, while a tax of €0.33 per litre would raise €18 billion (or \$19 billion) per year.

An aviation ticket levy is an additional levy applied to purchased plane tickets. Although it targets air transport services that contribute to climate-related negative externalities, it is not directly tied to the GHG produced by kerosene consumption. Different options for aviation ticket levies exist. An Air Passenger Duty (APD) is a uniform ticket levy or flat per-flight tax, which can be differentiated according to the ticket classes. For instance, economists Thomas Piketty and Lucas Chancel proposed implementing a flight levy of \$20 for economy class tickets and \$196 for business class tickets, with the aim of raising approximately [\\$150 billion](#) to support climate adaptation in developing countries.

Another option comes in the form of a more progressive Frequent Flyer Levy (FFL) which taxes consumers as if it were a person's second flight within the same year. A recent [study of the International Council on Clean Transportation](#) shows that an FFL starting at \$9 for a person's second flight and increasing to \$177 for their twentieth within the same year would generate \$121 billion. To reach the same amount a flat tax would need to be set at \$25 tax per one-way flight. The study also shows that an FFL is fairer as it shifts the tax burden from occasional flyers to frequent flyers and from low-income to high-income countries, aligning better with historical emissions responsibilities.

2. Maritime shipping levies

The [International Maritime Organization \(IMO\)](#) is currently facilitating discussions among governments to develop strategies for achieving net-zero emissions in the maritime sector by 2050. The key approach under consideration is the implementation of a levy on GHG emissions from shipping. A maritime shipping levy would require shipowners to pay for each tonne of greenhouse gases emitted by their vessels, from well-to-wake⁶, increasing the cost of using more polluting fuels such as oil-based bunker fuel, thereby encouraging a shift towards cleaner alternatives.

⁶ A well-to-wake levy refers to a carbon pricing mechanism that accounts for the entire lifecycle emissions of a fuel, from its production (the "well") to its final use in powering a ship (the "wake").

Pacific and Caribbean states, the EU countries, China, and the shipping industry have submitted [proposals](#) for a global carbon price, ranging from \$100 to \$150 per tonne of carbon dioxide equivalent (CO₂e) greenhouse gases emissions. Stepping up from the previous proposal of \$100/tn [led by the Marshall Islands and Solomon Islands](#), the proposal made by Pacific and Caribbean Small Island States is driving IMO levy negotiations with a levy of \$150 per tonne of CO₂e emitted. This approach is considered the [most ambitious and equitable](#). In a draft report (currently inaccessible) prepared for the IMO, the United Nations Conference on Trade and Development (UNCTAD) projects that a well-to-wake levy of \$150 per tonne of CO₂e could generate up to \$127 billion annually between 2027 and 2030, with revenues averaging \$103 billion in 2031–2040 and \$36 billion in 2041–2050.

iii. Fossil fuel levies (climate damages tax and windfall profits tax)

A fossil fuel extraction levy is a payment imposed on companies for extracting fossil fuels, in addition to existing national taxes or consumer-level carbon pricing. Such levies aim to generate revenues while discouraging fossil fuel extraction. [Greenpeace](#) proposed such a fossil fuel extraction levy, called a Climate Damages Tax (CDT), a fee on the extraction of each tonne of coal, barrel of oil, or cubic metre of gas, calculated at a consistent rate based on how much CO₂e is embedded within the fossil fuel. Fossil fuel extractors would be legally obligated to pay the CDT under the threat of significant financial penalties, just as they are required by law to report the volumes of coal, oil, or gas they extract in order to pay royalties or similar fees to the country granting their extraction license. Considering that a carbon tax should start low to gain support, the CDT would start at a low initial rate of \$5 per tonne of CO₂e with a progressive annual ratchet of \$5 per tonne. Based on this design, the CDT is estimated to yield \$900 billion if implemented by OECD countries between 2024 and 2030, and \$3.5 trillion if implemented globally. The important gap between the two numbers stems from the inclusion of OPEC and BRICS countries in the non-OECD figures.

The Multilateral Carbon Tax Treaty (MCTT) is another [proposal](#) for a coordinated global tax on fossil fuel extraction, with rates negotiated based on carbon cost estimates from the Intergovernmental Panel on Climate Change (IPCC). Rates range between \$20 and \$80 per tonne of CO₂ by 2030, scaling to \$30 to \$50 by 2050. High-income countries would apply higher rates, while low-income countries could set lower thresholds.

The Windfall Profits Tax focuses on taxing excess profits (i.e. profits that are abnormal, due to external factors) earned by top fossil fuel and financial companies during periods of high oil and gas prices. In [their report](#) looking at the windfall profits of 36 companies (14 in the fossil fuel industry and 22 in the banking sector) between 2021 and 2023, Oxfam and Action Aid found that these companies made windfall profits (i.e. profits above the massive normal profits plus 20%) of \$424 billion. Considering two tax rates of 50% and 90%, a windfall profits tax on the biggest 36 companies over the period of 24 months before July 2023 would have raised between \$212 and \$382 billion globally. That last figure corresponds to almost 20 times as much money as was spent globally on climate adaptation in 2021, and more than required to bridge the financing gap of social protection in LICs.

iv. International carbon price floor

The International Carbon Price Floor (ICPF) is a [proposal by the IMF](#) aimed at enhancing global coordination on carbon pricing. It establishes minimum carbon price thresholds that differ by income level such as \$75, \$50, and \$25 per tonne of CO₂ for high-, middle-, and low-income countries, respectively. Countries retain flexibility in how they implement carbon pricing, such as through taxes or Emission Trading Schemes, as long as they meet the required emissions outcomes. The ICPF mitigates risks of carbon leakage and trade distortions, addressing competitiveness concerns that arise from uneven carbon pricing across borders.

Such a mechanism of differentiated carbon pricing levels could mobilise global revenues exceeding \$1.4 trillion annually by 2030, an amount equivalent to the total financing gap of social protection for LMICs. While only a small fraction of this total amount would relate to emissions in low-income countries, the total revenue from the coordinated introduction of a price on carbon through the ICPF mechanism could be redistributed in part, in order to be allocated to financing the establishment of social protection floors. If based on the needs of LICs, this apportionment alone could suffice to bridge the social protection financing gap. If based on population, 9% of the total revenue would yield \$126 billion for LICs, representing 40.8% of their financing gap.

v. Resource-sharing mechanisms

Redirecting funds from ‘solidarity levies’ can help bridge existing gaps in social protection, enabling LICs to support their most vulnerable communities and invest in climate resilience and low-carbon transitions. The [stated objective of the GSLTG initiative](#) is to “mobilise more climate finance for developing countries” and “channel proceeds to developing countries”. Its [latest progress report](#) acknowledges that “there is also a strong case for a form of an international allocation of revenues as emissions and climate change’s impacts accentuate existing inequalities”. A substantial share of the revenues generated by these solidarity levies, indeed, should be allocated to low- and middle-income countries.

Of course, each levy considered above requires a dedicated international agreement on how revenues should be allocated across countries. Two approaches could be adopted for allocating the proceeds of these levies. The first one distributes revenues across the global population on a per-capita basis. In this scenario, LICs would receive 9% of the revenues generated by solidarity levies. A second, and more ambitious, approach is needs-based. In this scenario, revenues could be distributed proportionally to these countries’ share of the total social protection financing gap. Since LICs account for 22% of the total \$1.4 trillion financing gap for LMICs, they would receive 22% of the total revenues stemming from solidarity levies.

Table 9: Solidarity levies contribution to the social protection gap

Levy type	Global revenue potential (\$billion)	LICS per capita allocation (9%) (\$billion)	LICs needs-based allocation (22%) (\$billion)	Contribution to LICs financing gap (% of \$308.5 billion)
Frequent flyer levy	121	10.9	26.6	3.5% - 8.6%
Maritime shipping levy	127	11.4	27.9	3.6% - 9%
Climate damages tax	3,500	280	770	90% - 249%
Windfall profits tax on fossil fuel extraction	382	34.4	84.4	11.1% - 27.3%
Financial transaction	418	37.6	91.9	12.2% - 29.8%
International carbon price floor	1,400	126	308	40.8% - 100%
Total (all levies)	5,948	500	1,309	162% - 424%

Source: the author, based on a compilation of data cited above

Table 9 summarises each levy’s potential contribution range to LICs’ financing requirements for social protection by order of revenue potential. While further detailed studies on designing resource-sharing mechanisms for each levy are needed, the table demonstrates that, even under the more conservative per capita allocation scenario, solidarity levies have the potential to fully bridge the social protection financing gap for low-income countries.

F. Removing fuel subsidies

While not strictly a source of international financing, the removal of regressive fossil fuel subsidies (explicit subsidies) or the imposition of carbon taxes that accurately reflect the environmental costs of carbon-intensive goods and services (implicit subsidies) at national level are often presented as significant untapped funding opportunities, alongside other domestic [tax reforms](#) to increase domestic resource mobilisation and support public spending on social protection programs.

At global level, fossil fuel subsidies were estimated at [\\$7 trillion](#) in 2022 (7% of global GDP). Removing fuel subsidies offers a promising avenue for LMICs, although the sequencing and the redistribution of gains matter: the phasing out of fossil fuel subsidies should be preceded by the expansion of support to low-income households, in order to avoid any regressive impacts and to overcome resistance from communities who rely heavily on fossil fuels, particularly for transport and for heating. For LMICs as a whole, explicit subsidies to fossil fuels represent 1.2% of GDP, and implicit subsidies another 9.8% of GDP. Getting rid of these subsidies would cover much more than the total social protection financing gap (3.3% of GDP).

However, the potential contribution of removing fossil fuel subsidies is much more limited when considering the case of LICs specifically, as [highlighted by the ILO](#). In LICs, explicit and implicit subsidies amount to 1% and 2.6% of GDP respectively (a total of around \$21.2 billion in absolute terms), while the social protection financing gap is 52.3% of GDP. In other terms, subsidies account for 7% of the financing gap in LICs. As far as LICs are concerned, the removal of fuel subsidies is thus a necessary but insufficient financing option. This further highlights the need for a broader strategy of international solidarity mechanisms and domestic resource mobilisation.

Table 10: Fossil fuel subsidies in relation to the social protection gap

	Explicit subsidies (% GDP)	Implicit subsidies (% GDP)	Social protection gap (% GDP)	Explicit Subsidies as % of gap	Implicit subsidies as % of gap	Total subsidies as % of gap
LICs	1%	2.6%	52.3%	1.91%	4.97%	6.88%
LMICs	1.2%	9.8%	3.3%	36.36%	296.97%	333.33%

Source: the author, based on calculations from ILO 2024, [Financing gap for social protection working paper](#)

IV. Conclusion

The financing gap for social protection in low-income countries represents a major obstacle to achieving the right to social security and advancing the Sustainable Development Goals, particularly SDG 1 (ending poverty) and SDG 3 (ensuring healthy lives).

The priority should be to identify avenues to support LICs in addressing the financing gap they encounter to expand social protection, in order to achieve universal coverage of five key social protection guarantees (child benefits, disability allowances, maternity benefits, old age pension and unemployment benefits) and the provision of essential healthcare. The gap amounts to an annual \$308.5 billion. This represents 52.3% of the GDP of LICs, and it is therefore impossible for these countries to bridge. It is affordable, however, through international solidarity mechanisms, combined with innovative financing mechanisms and strengthened governance frameworks.

This non-paper assessed the various tools that could be used to support the establishment of social protection floors in developing countries and in LICs in particular. In order to encourage these countries to invest in social protection, they should be provided with incentives to do so. The international community could provide matching funds, through a mechanism such as the Global Fund for Social Protection, to reward countries making such investments and to support efforts to increase domestic resource mobilisation.

An increase of ODA (combined with a higher proportion of ODA going to social protection), debt-for-social protection swaps, and the issuance of Special Drawing Rights allocated on the basis of need, provide feasible pathways to unlock significant resources. In parallel, innovative mechanisms such as global solidarity levies — including financial transaction taxes, international transportation levies, and fossil fuel levies — present important opportunities if coupled with fair and equitable revenue-sharing frameworks. This non-paper presents the figures, to guide the discussions in preparation of FfD4.

A Global Fund for Social Protection can play a central role as a conduit to mobilise and channel international support, and thus to encourage the establishment of rights-based social protection systems. The opportunity to close the financing gap and secure universal social protection is within reach. This would improve economic and social resilience, and it would contribute to the reduction of inequalities. The success of these proposals hinges on political will, global collaboration, and well-designed mechanisms to ensure transparency, accountability, and alignment with country-led strategies.

The 4th International Conference on Financing for Development should be seized as a unique opportunity for the international community to translate commitments into concrete actions, mobilise innovative solutions, and ensure that universal social protection is accessible to all. The Special Rapporteur looks forward to supporting the efforts of the negotiators in this regard, and will provide his expertise where needed.

The Special Rapporteur thanks, for his outstanding research and support in drafting, François Denuit, his Senior Advisor. While he takes full responsibility for the final content, he is also grateful to a number of experts for the comments they provided on various parts of this paper, in particular Bernadette O'Hare, Iolanda Fresnillo, Jean Saldanha, Sanjay Reddy, Shahra Razavi and Umberto Cattaneo.

Appendix: Summary of international financing options for social protection

N.B This table does not include the removal of fossil fuel subsidies as a financing option, since this does not correspond to an international financing option.

Financing option	Total global revenue (\$ billion)	Portion of revenue going to LICs (\$ billion) (based on the assumptions above, using a 9% allocation basis corresponding to the share of the LICs population)	Potential contribution to Financing Gap of Social Protection (%)	Assessment
Official Development Assistance	423	30.2	9.7%	This assumes that rich countries respect their pledge to dedicate 0.20% of their GNI to ODA going to LICs (for a total of \$120.9 billion going to LICs in ODA), and that one quarter of the additional ODA is dedicated to social protection.
Debt-for-social protection swaps	96.2 (for IDA countries)	13.1	4.2%	The potential of this source of funding remains modest and depends on creditor agreements and political will.
Special Drawing Rights	175	175	46.78%	This source of funding has significant potential. The amount corresponds to an annual allocation of SDRs equivalent to \$650 billion, based on a combination of population and needs.
Reduced BEPS and minimum corporate income tax (implementation of the OECD Two-Pillars Solution)	164.8	14.8	4.79%	The benefits to LICs remain limited under the current Inclusive Framework on BEPS, however LICs could benefit if this were combined with robust revenue-sharing mechanisms.

Financing option	Total global revenue (\$ billion)	Portion of revenue going to LICs (\$ billion) (based on the assumptions above, using a 9% allocation basis corresponding to the share of the LICs population)	Potential contribution to Financing Gap of Social Protection (%)	Assessment
Wealth tax (based on the median scenario of a 2% wealth tax on billionaires and centi-millionaires, with 9% of the revenue going to LICs)	390	35.1	11.4%	LICs would only benefit from the adoption of the “billionaires tax” if this were to include robust revenue-sharing mechanisms.
Financial transaction tax (using the baseline scenario)	326.89	29.42	9.53%	Significant potential.
Frequent flyer levy	121	11	4%	This levy has limited potential, and requires resource-sharing mechanisms to provide revenues to LICs
Maritime shipping levy	127	11	4%	This levy has limited potential, and requires resource-sharing mechanisms to provide revenues to LICs.
Windfall profits tax (fossil fuels exploitation)	382	34	11%	Significant potential if resource-sharing mechanisms provide revenues to LICs.

Financing option	Total global revenue (\$ billion)	Portion of revenue going to LICs (\$ billion) (based on the assumptions above, using a 9% allocation basis corresponding to the share of the LICs population)	Potential contribution to Financing Gap of Social Protection (%)	Assessment
Climate damages tax (fossil fuels)	3,500	280	91%	Very high potential; substantial revenues can be redirected if global agreement is achieved.
International carbon price floor	1,400	126	41%	High potential; carbon pricing aligned with global climate targets can yield transformative results.
TOTAL	7,105.89	759.62	237.4%	

Olivier De Schutter is the United Nations Special Rapporteur on extreme poverty and human rights. He is appointed in accordance with resolutions 8/11 and 53/10 of the Human Rights Council. His mandate is to examine and report back to Member States on initiatives taken to promote and protect the rights of those living in extreme poverty, with a view to advancing the eradication of such poverty.



**UNITED NATIONS
HUMAN RIGHTS
SPECIAL PROCEDURES**

SPECIAL RAPPORTEURS, INDEPENDENT EXPERTS & WORKING GROUPS

info@spoverity.org

srpoverty.org

 [@srpoverty](https://twitter.com/srpoverty)