



Economic and Social Council

Distr.: General
7 December 2023

Original: English

Commission for Social Development

Sixty-second session

New York, 5–14 February 2024

Item 3 of the provisional agenda

**Follow-up to the World Summit for Social Development and
the twenty-fourth session of the General Assembly**

Fostering social development and social justice through social policies to accelerate progress on the implementation of the 2030 Agenda for Sustainable Development and to achieve the overarching goal of poverty eradication

Report of the Secretary-General*

Summary

The present report, submitted in accordance with Economic and Social Council resolution [2023/12](#), provides an overview of the gaps in core social services that hamper social development and social justice. In the report, the Secretary-General highlights pathways for just, inclusive and effective social policies, in particular stepping up efforts to provide universal social protection, affordable and quality health-care services and affordable quality education for all. The Secretary-General examines avenues for mainstreaming social considerations in development frameworks, including by mobilizing domestic resources for social services through progressive taxation and the reprioritization of public spending, strengthening international efforts to create fiscal space for social development and joining up social, economic and environmental policies. He concludes with recommendations on how countries can make further progress on those issues. The recommendations contained in the report include action across three key areas: (a) to reprioritize social development policies that deliver evidence-based quality services for all; (b) to ensure that domestic and international resource mobilization is sufficient to match the scale of the social development challenges that countries face; and (c) to improve the accountability, transparency and capabilities of the public sector and systematize more inclusive institutional arrangements.

* The present report was submitted for processing after the deadline for technical reasons beyond the control of the submitting office.



I. Introduction

1. With the adoption of the 2030 Agenda for Sustainable Development, States Members of the United Nations pledged that no one would be left behind. That commitment is rooted in a social perspective of development, on the basis of equity, social justice and non-discrimination. Similarly, peace and sustainable development can be achieved only if founded on principles of social justice, ensuring the fair and equal treatment of all, including equal access to opportunities and basic services, equal rights and equal sharing of the benefits of economic growth.

2. Social justice cuts across all economic sectors and activities, including health, education, food, water, housing, investment, trade and employment. It acknowledges that not all individuals have the same starting point in life and draws attention to the systemic barriers and societal biases – based on race, gender, disability, socioeconomic status and other factors – that create and perpetuate inequalities. In the world of work, social justice implies non-discrimination, fair wages, labour rights, social dialogue and access to social protection for all. In the educational context, social justice goes beyond academic achievement to encompass a levelling of the playing field and an equal distribution of resources and opportunities among individuals and communities. In the field of health, social justice requires tackling the longstanding inequities in health outcomes and their underlying causes, including by addressing unfair and avoidable differences in access to health services within and between countries.

3. Despite those aspirations, the world is failing in its commitment to foster inclusive social development and social justice for all. At the midway point for implementation of the 2030 Agenda for Sustainable Development, half of the world's people are being left behind.¹ A fundamental shift is needed in commitment, solidarity, financing and action. The present report includes a picture of the state of play and current challenges that are hampering social development and social justice and an outline of the pathways to enhance the effectiveness and equity of social policies. In addition, recognizing that social policies alone cannot deliver social development and social justice, the report contains an exploration of avenues to mainstream social considerations across development frameworks and to promote joined-up and coordinated policies.

II. Gaps in core social services hamper social development and social justice

4. Despite improvements in many aspects of social development, progress has slowed since 2015 and stagnated or reversed since 2020.² In 2022, the number of extremely poor persons was estimated at 667 million globally. On the basis of current trends, it is expected that there will still be 575 million people living in extreme poverty in 2030.³ As a result, only one third of countries will achieve target 1.2 of the Sustainable Development Goals, of halving national poverty rates by 2030.⁴ In 2022, some 735 million people worldwide also suffered from hunger, an increase of 122 million compared with 2019. Globally, 600 million people are projected to face hunger in 2030. Moreover, due to the high cost of nutritious foods, millions cannot afford a healthy diet.⁵

¹ See Department of Economic and Social Affairs, *The Sustainable Development Goals Report 2023: Special edition* (New York, 2023). Available from <https://unstats.un.org/sdgs/report/2023/>.

² See [A/78/211](#).

³ World Bank, *Poverty and Shared Prosperity 2022: Correcting Course* (Washington, D.C., 2022). Available from www.worldbank.org/en/publication/poverty-and-shared-prosperity.

⁴ Department of Economic and Social Affairs, *The Sustainable Development Goals Report 2023*.

⁵ Food and Agriculture Organization of the United Nations et al, *The State of Food Security and Nutrition in the World 2023* (Rome, 2023). Available from www.fao.org/documents/card/en?details=cc3017en.

5. Countries are also losing the battle for Sustainable Development Goal 10, on reducing inequality. While income inequality between countries has decreased since the 1980s, it has been rising steadily within countries over the same period. Since 1990, at least 58 per cent of the world's population has witnessed an increase in income inequality in their country of residence, compared with 26 per cent who witnessed a decline.⁶ Currently, the richest 10 per cent of the world's population earns 52 per cent of the total income, whereas the poorest 50 per cent earns around 8 per cent. Global wealth inequalities are even more pronounced: the richest 10 per cent of the global population owns 76 per cent of all wealth, while the poorest half owns just 2 per cent of the total.⁷

6. Beyond income and wealth, trends in inequality persist in many crucial dimensions of social development and well-being. Progress in universal health coverage has slowed compared with the gains observed prior to 2015. Around 57 per cent of the global population, or 4.5 billion people, lack insurance coverage for essential health-care services.⁸ Despite the availability of simple treatments and preventative measures, diarrhoea kills around 370,000 children under the age of 5 every year,⁹ while approximately 3.2 million people die from indoor air pollution¹⁰ and almost 3 million workers die as a result of preventable job-related accidents and diseases.¹¹ Likewise, high out-of-pocket expenditures for health care create significant health risks and impose a substantial financial burden on populations. Every year, some 2 billion people experience financial hardship owing to expenditures for health care, and 1 billion suffer catastrophic out-of-pocket costs, with spending on health care exceeding 10 per cent of total household expenditures or income. In 2021, household health-care costs pushed 344 million people into extreme poverty. While the affordability of health care is a central concern, so is its quality. Every year, up to 8.4 million people die in low- and middle-income countries because of poor-quality health care. It is estimated that more than half of those deaths would have been averted in high-quality health-care systems.¹²

7. Progress towards education for all has also slowed since 2015. As a result of the devastating and long-lasting impacts of the coronavirus disease (COVID-19) pandemic, only one in six countries is expected to achieve universal secondary school completion by 2030, with an estimated 84 million children and young people out of school, and 300 million students lacking basic numeracy and literacy skills.¹³ Poor households often struggle to meet the direct costs and the opportunity costs (foregone income) of sending their children to school. Many children are still recovering from the lost learning opportunities caused by the COVID-19 pandemic. Lower educational attainment is associated with reduced opportunities later in life, including for work, and with diminished access to basic services, including water, sanitation and electricity.¹⁴ Lower education attainment, particularly for mothers, is also associated with stunting and wasting in children under the age of five.

⁶ See www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2021-139-inequality-trends-within-countries-novel-dataset.pdf.

⁷ See https://wir2022.wid.world/www-site/uploads/2022/01/Summary_WorldInequalityReport2022_English.pdf.

⁸ World Health Organization (WHO) and International Bank for Reconstruction and Development, *Tracking universal health coverage: 2023 global monitoring report* (Geneva, 2023). Available from www.who.int/publications/i/item/9789240080379.

⁹ See www.who.int/news-room/fact-sheets/detail/diarrhoeal-disease.

¹⁰ See www.who.int/news-room/fact-sheets/detail/household-air-pollution-and-health.

¹¹ International Labour Organization (ILO), *Enhancing social dialogue towards a culture of safety and health: What have we learned from the COVID-19 crisis?* (Geneva, 2022).

¹² WHO, "Organizing health care services to ensure universal health coverage" (Technical brief, July 2023).

¹³ Department of Economic and Social Affairs, *The Sustainable Development Goals Report 2023*.

¹⁴ Economic and Social Commission for Asia and the Pacific, "Inequality of Opportunity in Asia and the Pacific: Education" (social development policy papers No. 2018-01, Bangkok, 2018).

8. Global enrolment rates can be a misleading indicator of success if attendance and dropouts are not considered. Indeed, global completion rates for primary and upper secondary education stand at 87 and 59 per cent, respectively, but these mask significant disparities across countries.¹⁵ In some countries completion rates for primary education are as low as 19 per cent for girls and 35 per cent for boys.¹⁶ While completion rates differ significantly among countries, so does the quality and relevance of the education being obtained. Although the current shortage of teachers is a global phenomenon, the situation in sub-Saharan Africa is striking: in 2019, there were on average 38 pupils for every teacher in primary education, with several countries having a ratio of more than 50 to 1.¹⁷ These ratios are much higher for qualified teachers: the average share of teachers with the minimum required qualifications was 65 per cent in 2019, down from 84 per cent in 2000; for secondary education, only about half of the teachers in sub-Saharan Africa had the minimum required qualifications in 2019.

9. As of 2020, 53 per cent of the global population was not covered by a social protection scheme, meaning that 4.1 billion people were left wholly unprotected.¹⁸ Even for those who are covered, benefit levels are often below the minimum adequacy standards elaborated in International Labour Organization convention No. 102 concerning minimum standards of social security. For example, in many countries, since 2017 onwards, the benefit level for non-contributory old-age pensions was less than 50 per cent of the national poverty line.¹⁹

10. A primary reason for the lack of universal social protection coverage is the significant underinvestment in national social protection systems. Other factors that impede universal access and delivery are the absence of schemes, institutional and administrative shortcomings, and narrowly defined eligibility criteria, often limited to the poorest segments of society. Two billion workers in the informal economy and their families are either unprotected or must rely on non-contributory benefits, if these exist. Non-contributory schemes are usually financed by a Government's general budget and do not address specific life-course contingencies. Because of the crude means of assessing poverty for the determination of eligibility, often on the basis of obsolete information about income and household characteristics, such schemes regularly result in significant targeting errors and are thus fundamentally unfair and inefficient. The lack of contributory-based schemes for informal workers can be attributed to legal barriers to participate, limited financial capacity to contribute and poor compliance among employers and workers. In many countries, this results in a large, so-called "missing middle" of informal workers who are excluded from contributory-based schemes but not poor enough to qualify for non-contributory ones.

11. The latest data indicate that public spending on social protection, health and education has slowly increased over time, but is far from sufficient to provide all people with adequate quality services. For long-term financial sustainability of social services, funding should primarily come from domestic resources. While global average spending on social protection is 12.9 per cent of aggregate gross domestic product

¹⁵ See <https://unesdoc.unesco.org/ark:/48223/pf0000386852>.

¹⁶ See <https://genderdata.worldbank.org/indicators/se-prm-cmpt-zs/?gender=female&gender=male&geos=WLD&groups=incomeGroup&view=bar>.

¹⁷ International Task Force on Teachers for Education, "Closing the gap: Ensuring there are enough qualified and supported teachers in sub-Saharan Africa" (Paris, 2021).

¹⁸ ILO, *World Social Protection Report 2020-22: Social protection at the crossroads – in pursuit of a better future* (Geneva, 2021). Available from www.ilo.org/global/publications/books/WCMS_817572/lang--en/index.htm.

¹⁹ See <https://social.desa.un.org/sites/default/files/inline-files/Shahra%20Razavi%20-%20PPT%20Presentation%20EGM%20August%202023.pdf>.

(GDP), more than one third of all countries spend less than 2 per cent of GDP.²⁰ For health services, the total global average spending sits around 11 per cent of GDP. However, average domestic general government health expenditures are significantly lower, at 5.8 per cent of GDP. There are, however, significant variations – notably, almost one third of countries devote less than 2 per cent of their GDP to health.²¹ The picture for education is somewhat different. With the adoption of the Incheon and Paris Declarations, member States of the United Nations Educational, Scientific and Cultural Organization (UNESCO) agreed to allocate at least 4 to 6 per cent of their GDP, or 15 to 20 per cent of public expenditures, to education.²² While spending in developing countries appears to be relatively higher on education compared with social protection and health, most countries are still below the lower target of 4 per cent of GDP.²³

12. Without access to social protection, families are left on their own to manage normal life contingencies or unpredictable covariate shocks, breeding vulnerability and insecurity, often with devastating impacts. Without access to affordable health care, workers often face the choice of continuing to work while ill (and possibly contagious) or face a loss of income. Catastrophic health expenditures can push families into poverty. In other cases, it means that people often avoid seeking treatment or wait until it may be too late, resulting in premature death. Without access to quality education, chances are slim to find better jobs with higher incomes and options to escape poverty and vulnerability. It also means that many forego information and knowledge about nutritional needs and general health standards. Low educational opportunities for girls, among other factors, can lead to unwanted or unplanned pregnancies and marriages. For children, particularly during their first 1,000 days, poverty and deprivation can lead to malnutrition and health deficiencies, with severe consequences for educational achievements and future employment opportunities in adulthood. For people of working-age, becoming unemployed, obtaining a disability or simply falling ill can push whole families into poverty. A pregnancy or childbirth often reduces women's chances to obtain or retain a job, or worse, risk the life of both the child and mother. Without a pension or health care, many older persons are forced to continue working or rely on financial support from other family members. All of these challenges have disproportional impacts on women and girls.

13. Inequality in access to fundamental social services, such as education, health care and social protection, exacerbates power asymmetries, weakens social cohesion and undermines stability. To have a chance to escape poverty and lead a secure, healthy and productive life in which aspirations can be fulfilled, development gains must be distributed in a just and inclusive way. For this to happen, the social sector cannot be treated as an afterthought.

14. The rapidly changing world brings an array of opportunities and challenges. To benefit from those transformations and not become a victim of them, Governments need to increase investments in people. This promotes social progress, trust and solidarity. A business-as-usual approach will, on the contrary, risk widening existing gaps and leave a growing share of people behind. This becomes even more central at a time when multiple and overlapping crises intersect and many countries are unprepared to face the imminent challenges of climate change, population ageing and digitalization.

²⁰ ILO, *World Social Protection Report 2020–22*.

²¹ See <https://apps.who.int/nha/database/Select/Indicators/en>.

²² See https://uis.unesco.org/sites/default/files/documents/education-2030-incheon-framework-for-action-implementation-of-sdg4-2016-en_2.pdf.

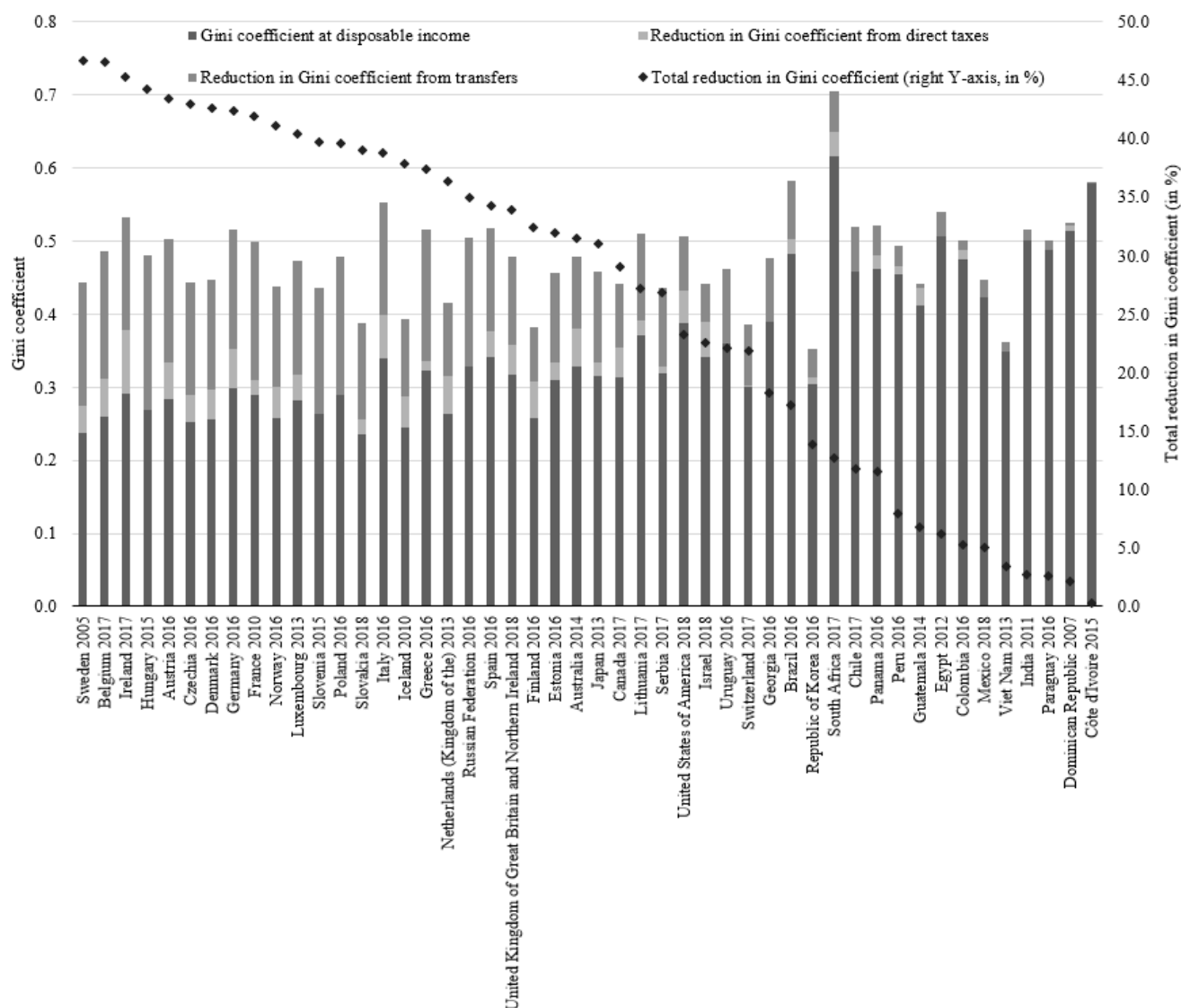
²³ See <http://data.uis.unesco.org/index.aspx?queryid=3865>.

III. Key pathways for just, inclusive and effective social policies

15. Access to basic social services is first and foremost a human right. The Universal Declaration of Human Rights (1948), the Convention on the Rights of the Child (1990) and the International Covenant on Economic, Social and Cultural Rights (1966), firmly anchor social protection, health and equitable opportunities for education as rights to be enjoyed by all without discrimination and obligate the signatory States to guarantee them. Those three fundamental social services also play central roles, both directly and indirectly, in achieving the Sustainable Development Goals. Inclusive social policies – through regular, predictable and adequate income security, affordable health care and quality education for all – promote upward mobility and social progress, which are catalysts for accelerating the implementation of the 2030 Agenda for Sustainable Development.

16. Promoting a trajectory of inclusive, equitable and resilient societies requires urgent comprehensive reforms of social, economic and tax policies. Direct taxes, together with inclusive and adequate social protection systems, can have significant impact on inequalities (see figure I below).

Figure I
Taxes and transfers can have significant impact on income inequality



Source: Department of Economic and Social Affairs.

Note: Household income is equivalized using the square root scale. Top and bottom coding (see <http://www.lisdatacenter.org/wps/techwps/9.pdf>) is applied based on interquartile range (three times below or above the interquartile range). For the following countries, income data are net of (income) taxes: Chile, Côte d'Ivoire, Egypt, Georgia, Hungary, India, Mexico, Paraguay, Russian Federation, Slovenia, Uruguay, Viet Nam. For France and Poland, data are mixed, that is, gross of income taxes but net of contributions, or vice versa. The Gini coefficient is calculated for the complete population.

17. The extent to which the combination of social protection benefits and taxes reduce income inequality in a country depends on how effective the systems are, which, in turn, is linked to the overall level of development of the country. Central to such reform processes are capable, transparent and accountable institutions that are well coordinated within government administrations. In Sweden and many other European countries, transfers and taxes reduce the Gini coefficient by more than 40 per cent, while in countries such as Côte d'Ivoire, the Dominican Republic, India, Paraguay and Viet Nam, the corresponding impact is below 4 per cent.

A. Moving towards universal social protection

18. The central aims of social protection systems are to secure decent living standards, alleviate poverty and reduce inequalities. Social protection does so by increasing labour productivity and by supporting behavioural shifts towards healthier lives and longer-term planning, including the accumulation of assets. Universal, comprehensive and adequate social protection systems also allow households to afford nutritious food, prioritize children’s education and support girls and women’s empowerment. It helps protect people from “routine” life-cycle contingencies, for instance by preventing poorer households from selling productive assets because of illness or job-loss, and enables, for example, persons with disabilities and older persons to live independently and in dignity.

19. A critical determinant of social protection coverage is formal (decent) employment. Workers in the formal sector are typically covered by contributory social protection schemes, in most cases social insurance, covering a range of different life contingencies. Those schemes have higher benefit levels, and coverage is often extended to other family members. In most cases, schemes are funded by contributions from employers and employees, with risks being pooled among the membership in solidarity. Women are underrepresented in those schemes because of their lower labour force participation and, often, overrepresented in informal employment.

20. A universal approach to social protection ensures income security and support over the life course through a combination of contributory and non-contributory schemes. Universal coverage is not only a wise investment but also an affordable one. Estimations from Asia and the Pacific reveal that a basic package of universal non-contributory child, disability and old-age benefit schemes at modest global average benefit levels could slash poverty by, on average, 42 per cent and significantly increase access to other basic opportunities.²⁴ In countries such as Mongolia, Sri Lanka and Thailand, poverty would drop by 60 to 80 per cent. The cost for this basic package would range from 2 to 6.1 per cent of GDP, well below the global average of 12.9 per cent.²⁵

21. Building an inclusive and effective social protection system that is sustainable over time needs to be based on a clear vision and shared understanding by key stakeholders. It needs to be rights-based and ensure coverage for all, throughout their life, for key life contingencies. Financial resources need to be available, but with political will, sufficient funding can usually be mobilized. To maintain trust in the system, entitlements and eligibility assessments need to be clear, easily understood and communicated, with regular and predictable benefit payments. This requires capable institutions that are well governed and accountable with external mechanisms to monitor schemes’ performance.

B. Providing affordable and quality health services for all

22. Providing affordable and quality health care for all is a prerequisite for well-being and a productive life. It shields households from financial hardship caused by health emergencies, contributes to economic growth and helps build trust in the Government.

23. The centrality of universal health coverage stands out among the lessons learned during the COVID-19 pandemic. Universal health coverage is characterized by affordable quality health care for all. This is particularly important, in a world of

²⁴ Economic and Social Commission for Asia and the Pacific, *The Workforce We Need: Social Outlook for Asia and the Pacific* (Bangkok, 2023). Available from www.unescap.org/kp/2022/workforce-we-need-social-outlook-asia-and-pacific.

²⁵ ILO, *World Social Protection Report 2020–22*.

rapidly ageing populations. Here, comprehensive policies for promoting healthy ageing can limit future needs and costs significantly.

24. Governments therefore need to provide adequate funding to expand health coverage, particularly to those in vulnerable situations. In 2019, spending in high-income countries, with 15 per cent of global population, made up around 80 per cent of total global spending. The share in low and lower-middle income countries, with 51 per cent of global population, accounted for just above 4 per cent of total global health spending.

25. Strategic shifts towards the timely delivery of quality health care for all over the life course should start by expanding health coverage for lower income groups and those in vulnerable situations. In terms of system changes, focus should be on strengthening primary health care as the entry point of services in an integrated and coordinated way. This needs to go together with expanding the availability of primary health care centres and care and health personnel.²⁶

26. For workers, health care protection should be extended to all household members. Integrating universal health coverage within social protection can ensure that no one is left behind. In this respect, social health protection can facilitate access to health care without financial hardship, including compensating workers for their lost earnings when ill.²⁷

C. Ensuring affordable quality education for all

27. Countries need to step up investments in quality education for all. Such investments can address the challenges of the shortage of teachers and their qualifications, as well as obsolete curriculums and outdated school equipment and infrastructure. All of those factors need to be updated and revised to meet future labour market needs and to smoothen the school-to-work transition, but also to meet the educational needs of vulnerable and marginalized social groups, including persons with disabilities and Indigenous Peoples, while giving future generations a better chance to escape poverty and vulnerability and find a decent job to their likings.

28. Few social areas are as well researched and documented as the economic returns from education. Despite this wealth of knowledge, investment in quality education is far from sufficient. This is the case for all levels, from primary to tertiary education, but also for life-long learning opportunities. In addition, there is an urgent need to increase the numbers of qualified teachers. From a societal view, a new and comprehensive approach is needed towards teaching, education, training and skills upgrading, not least to meet the green transition associated with climate change, the demographic transition associated with rapid population ageing and the digitalization linked to technological advancements. Each of those very different transitions requires new and specific skills relevant for the labour markets of today and tomorrow.

IV. Mainstreaming social considerations in development frameworks

29. The 1995 Copenhagen Declaration on Social Development recognizes that social development cannot be effectively pursued through social sectors alone, nor through piecemeal initiatives. Tackling poverty and inequality and promoting social justice require values, objectives and priorities to be oriented towards advancing

²⁶ See www.who.int/health-topics/universal-health-coverage#tab=tab_1.

²⁷ See www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_740724.pdf.

social progress and well-being for all. Yet social considerations are insufficiently integrated into economic, employment and environmental frameworks and policies, with dire impacts for individuals, families and societies.

30. Economic and employment policies need to ensure that the new jobs that are being created are decent jobs and that the jobs for two billion workers, or 60 per cent of the global workforce, who are currently employed informally are being transitioned to the formal economy. This means having an employment contract, adequate earnings, regular working hours and safe working conditions, with rights in the workplace. This is particularly important for women and young people, who tend to be overrepresented in informal jobs. This would help lift more than 200 million workers who, despite having a job, are living in poverty.²⁸

31. Increased investments are also needed in infrastructure to help people realize their full potential and live in dignity. This includes securing access to safe drinking water, sanitation, hygiene and electricity for the billions of people who still lack such access. It also means extending access to the Internet for an estimated one third of the world's population currently without access.²⁹

A. Mobilize domestic resources for social services

32. Domestic public finance remains the primary source of financing for social spending globally. Nonetheless, in many countries, domestic public resources are insufficient to match peoples' needs and expectations, as well as the scale and ambition of the 2030 Agenda for Sustainable Development. Domestic resource mobilization to finance social investment needs to be a priority of fiscal policy.

33. There are a range of ways that Governments can mobilize resources to ensure fiscal and economic sustainability of core social services. These include increasing the tax base, re-allocating public expenditures and adapting macroeconomic frameworks. An overarching effort should, however, be to ensure that existing informal jobs, as well as newly created ones, are decent jobs. Macroeconomic policy can be an option for freeing up funds for social investments. Rather than focusing on short-term stabilization measures, such as keeping inflation and fiscal deficits low, Governments could allow for somewhat higher budget deficits and levels of inflation.

Increasing taxes on income, profit and wealth

34. Expanding the tax base by enforcing compliance frameworks and using progressive scales for taxing incomes, wealth and profit is an effective way to broaden fiscal space. A progressive tax system with clear redistributive aims, underpinned by the principles of solidarity, is also central for reducing wealth and income inequalities. Moving in this direction requires a shared understanding and strategic vision between the State and its citizens, based on trust and principles of solidarity.

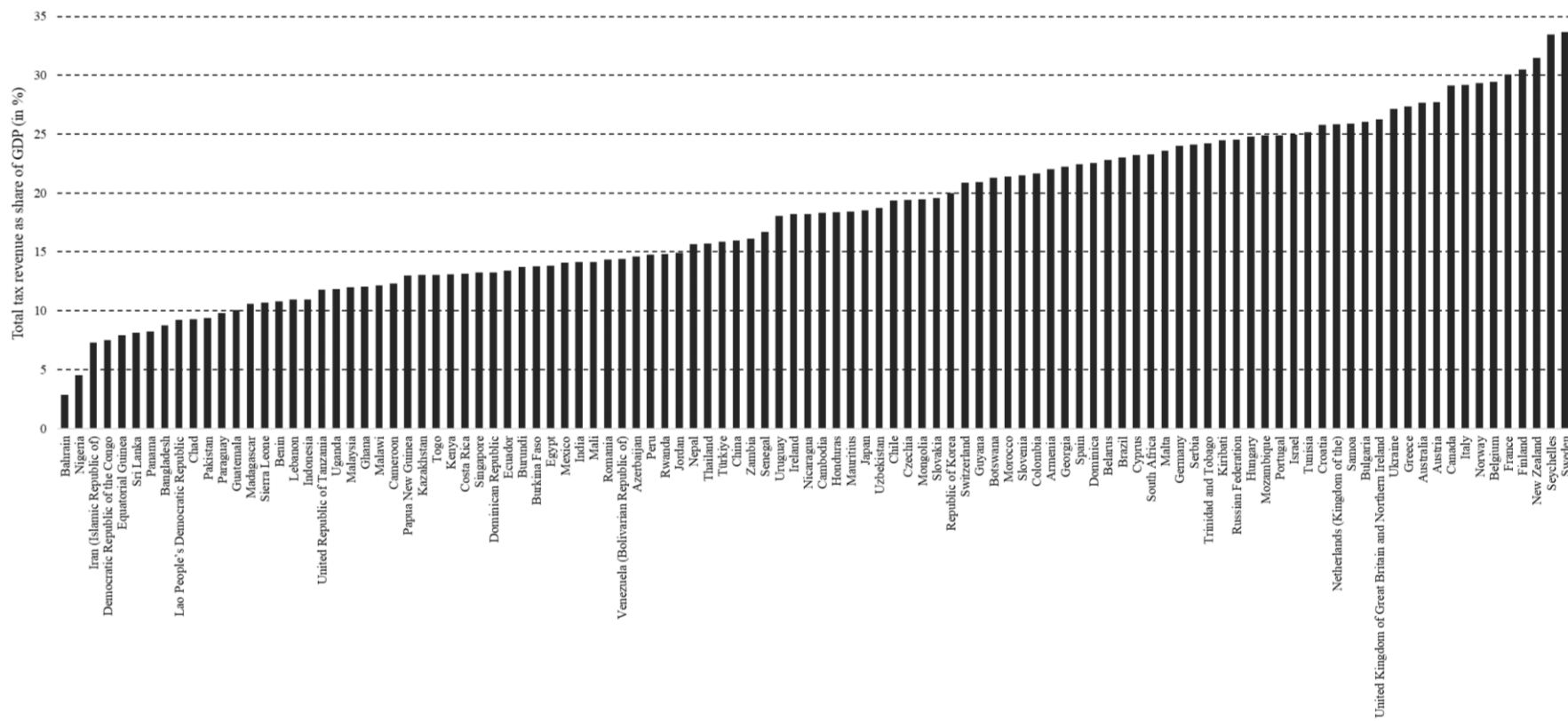
35. Well-designed tax regimes can raise sufficient revenue to support investments in critical areas, including the social sector and the transition to a greener economy. If the additional revenue is spent well, Governments would also see strengthened solidarity and deepened trust across socioeconomic groups and generations, as well as in government institutions. In many countries, there is clear scope to increase tax revenues (see figure II below). As a share of GDP, tax revenues vary tremendously across countries, from less than 3 per cent to 34 per cent.³⁰

²⁸ ILO, *World Employment and Social Outlook: Trends 2023* (Geneva, 2023). Available from www.ilo.org/global/research/global-reports/weso/WCMS_865332/lang-en/index.htm.

²⁹ Department of Economic and Social Affairs, *The Sustainable Development Goals Report 2023*.

³⁰ In Denmark, the tax-to-GDP ratio (not shown in the figure) reaches almost 47 per cent.

Figure II
Scope to increase tax revenue in many countries (selected countries, latest year)



Source: Department of Economic and Social Affairs.

36. Taxing basic consumption is generally regressive and anti-poor. Still, in many countries, those taxes make up a significant share of the total tax revenue. Progressive income, profit and wealth taxation implies a shift away from taxing consumption (which is typically easier to capture) to taxing personal and corporate income. Because of high labour informality, policies also need to focus on transitioning to formal employment.

37. Indirect taxes, such as excise and sin taxes, have a role to play by mitigating negative externalities or curbing goods recognized as harmful. Some countries, such as Mongolia and the Republic of Korea, have used those forms of taxes to fund education and social protection.³¹

38. In many countries, mobilizing revenue through effective and progressive tax systems will require the strengthening of national tax services to ensure that they have the capacity to design, administer and enforce such policies. Official development assistance (ODA) could support such capacity-building activities, and international cooperation on taxation matters could also reinforce national efforts to reduce tax avoidance and stem illicit financial flows.

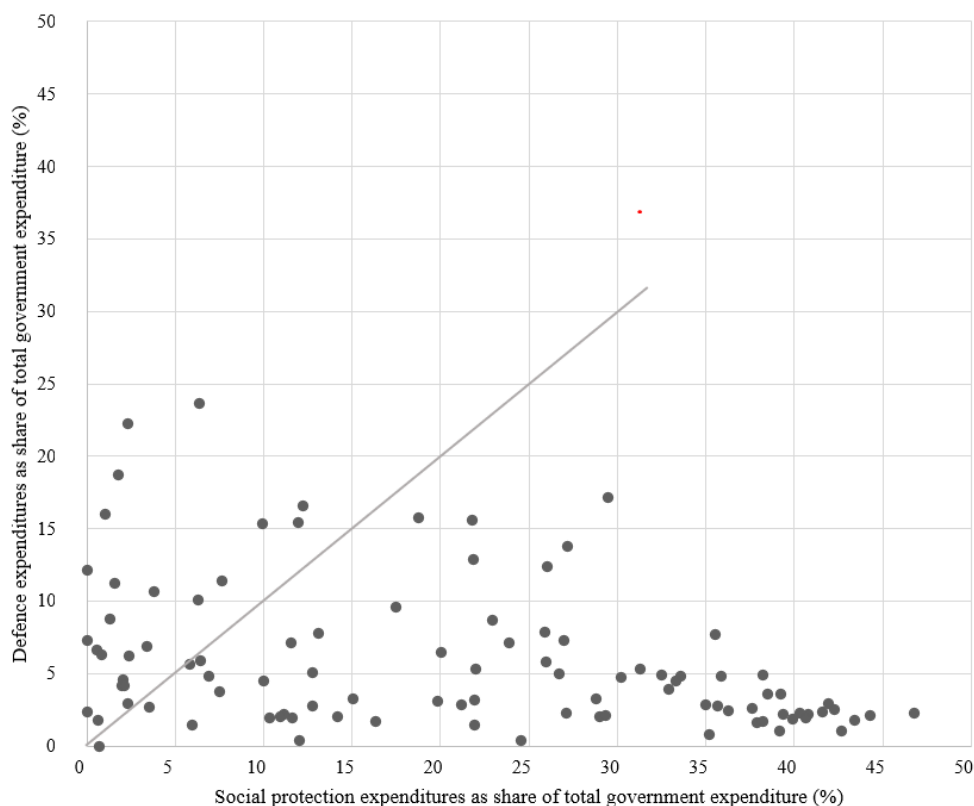
Reprioritizing public spending towards social development

39. Allocating fiscal resources to fund social services is, in most countries, a question of political priority. The shortage of funds for comprehensive, inclusive quality social services is linked to political priorities that often tend to reduce social spending to a marginal area of public policymaking.

40. Governments should consider options to reprioritize existing public expenditures in favour of social services. One way is to redirect high-cost and, potentially, low-impact spending towards investments in, for example, social protection. This would, from a government revenue perspective, be a spending-neutral approach and would only require discussions within the Government. As an illustration of such possible reprioritization, the share of government expenditures on social protection is compared with that on defence (see figure III below). In almost a quarter of the countries for which data exist, spending on the defence sector exceeds that of social protection. All higher-income countries tend to spend significantly more on social protection than on defence. For developing countries, the picture is very mixed and does not seem to be linked to their income situation.

³¹ Economic and Social Commission for Asia and the Pacific, “How to Finance Inclusive Social Protection” (Bangkok, 2018). Available from www.unescap.org/resources/policy-guide-how-finance-inclusive-social-protection.

Figure III
Almost one quarter of countries spend more on defence than on social protection, latest year



Source: Department of Economic and Social Affairs.

41. Another option is to reprioritize (remove) subsidies on, for example, fuel and electricity. In many cases, those subsidies are fundamentally unfair owing to their disproportionate benefits for the affluent, who consume more of those products.

42. Reprioritization can also take place within a particular social area, such as social protection. In many developing countries, social protection schemes tend to be small, uncoordinated and fragmented. They also tend to overlap with other similar schemes. Often, such schemes are ineffective and relatively costly compared with their impact. Replacing them with a comprehensive and well-coordinated system, along the social protection floor, would generate greater socioeconomic impact and significantly reduce high administrative costs, often associated with ineffective poverty targeting. Many countries would benefit from further strengthening of the capacities of national evaluation services to confidently identify evidence-based good practices that are effective and efficient.

B. International efforts can create fiscal space for social development

43. Domestic and international efforts must go hand-in-hand in creating the fiscal space needed to safeguard development gains and accelerate progress towards the 2030 Agenda for Sustainable Development. The COVID-19 pandemic had a devastating impact on most countries' balance sheets. Many low- and middle-income countries are now crippling under debt and interest repayments, making it difficult to make the necessary social investments. At the same time, the volume of corporate

profits shifting to tax havens has increased from 2 per cent in 1970 to 37 per cent in 2019. This is equivalent to a global loss of public revenue of around \$217 billion annually.³²

44. In 2020, the poorest 64 countries in the world spent more on debt repayments to rich countries and institutions than on health care.³³ Multilateral cooperation at the international level can also help create fiscal space for social spending, by ensuring that the lending capacity of regional, subregional and national development banks is commensurate with the financing needs of developing countries. ODA commitments to developing countries to achieve the target of 0.7 per cent of gross national income of donors is crucial in order to deliver the financial support that countries need. Preserving sustainable debt levels and tackling the risk of debt distress require reforms of the international debt architecture.

45. Efforts are ongoing to create a more sustainable and resilient international financial architecture and strengthen greater international taxation cooperation, which remains essential in the fight against illicit financial flows, including tax avoidance and tax evasion. For the African continent, it is estimated that the annual loss due to illicit financial flows amounts to 3.7 per cent of the aggregated GDP, or almost twice the amount of ODA.³⁴ Restricting these flows could generate resources to cover half of its Sustainable Development Goals financing gap. In the Political Declaration adopted at the High-level Political Forum on Sustainable Development, under the auspices of the General Assembly in September 2023,³⁵ Member States expressed support for many such reforms to scale up financing for sustainable development.

C. Connect social, economic and environmental policies for social development and social justice

46. Social policies alone cannot ensure social progress if policies in other spheres do not support, or even end up undermining, these objectives. The three dimensions of sustainable development – economic, social, and environmental – are closely interlinked. Integrated solutions are needed to tackle cross-cutting problems. Synergies between these domains need to be articulated conceptually and clearly reflected in coordinated policy agendas as well as in institutional architectures. Yet economic transformation, sustainability and inclusion are objectives often pursued independently by many Governments and international agencies.

47. The incorporation of broad social objectives into economic policies can lead to better social and economic outcomes. By the same token, only if economic growth is inclusive can it be truly sustainable. At the national level, as elaborated above, fiscal policy can have a direct impact on the poor through the distributional implications of tax policy and public spending. Likewise, as countries shift towards green economies, social policies can ensure that the benefits of this transition are distributed equally across society. Well-managed transitions toward environmentally and socially sustainable economies can support poverty eradication, social justice, job creation and economic growth.

48. Social protection systems have a crucial role to play in supporting the mitigation and adaptation of individuals and families to environmental degradation and climate

³² See www.wider.unu.edu/publication/new-global-estimates-profits-tax-havens-suggest-tax-loss-continues-rise.

³³ Ibid.

³⁴ United Nations Conference on trade and Development, *Economic Development in Africa Report 2020: Tackling Illicit Financial Flows for Sustainable Development in Africa* (Geneva, 2020). Available at https://unctad.org/system/files/official-document/aldcafrica2020_en.pdf.

³⁵ General Assembly resolution 78/1, annex.

change. The growing frequency and intensity of extreme weather events (such as droughts, typhoons, heatwaves or floods) and their disproportionate impact on lower-income economies and population groups in vulnerable situations threaten to increase inequalities. Similarly, social protection measures can minimize the negative impacts that certain environmental policies may have. For instance, reduced fossil fuels subsidies, closures of mines and limitations on exploitation of forests can have negative impacts on the livelihoods of the poor and rural populations; shutting down polluting industrial operations can result in unemployment of workers, even as new green jobs are added. Unemployment benefits, upgrading of skills and re-skilling are some of the measures that need to be designed alongside environmental policies to support a just transition towards a green economy. Similarly, education policies are best designed alongside national industrial policies. This involves aligning national curricula with future labour market needs and skills projection on the basis of national strategies for industrial transformation, as well as increasing support for life-long learning.

49. To enhance joined-up policymaking, dedicated national ministries or agencies can help to support interministerial coordination for better social outcomes. For instance, in Indonesia, the National Development Planning Agency formulates and determines the Government's development policies and builds synergy between planning, budgeting, regulations and institutions at the central and regional levels.

50. A participatory process in the design, implementation and follow-up of social policies and other sectoral policies is central to fostering social justice. The 1995 Copenhagen Declaration aspired to "place people at the centre of development by ensuring full participation by all". Almost 30 years on, many countries have not delivered on that goal. Population groups in vulnerable situations are all too often insufficiently represented and involved in decision-making processes, despite often being those in most need of the policies. Their voice, knowledge and engagement are crucial building blocks to the creation of schemes and programmes that are trusted and broadly supported and thereby address structural inequalities and foster fairer societies. Institutionally, establishing the conditions for an inclusive decision-making process involves reinforcing social dialogue, strengthening mechanisms for multistakeholder engagement, and supporting civil society organizations that give a voice to people in vulnerable situations.

V. Conclusion and policy recommendations

51. **High, persistent and, in many countries, increasing inequality in income and wealth has detrimental impacts on households and societies. It restricts economic growth and efforts to eliminate poverty and hunger, but also weakens bonds of trust and solidarity. Income and wealth inequality is compounded by inequality in access to basic services, such as quality education, health care, clean water, sanitation, electricity and many more. Through vicious cycles, often across generations, those gaps in access to basic opportunities create poverty traps, impede aspirations as well as work and income prospects. The world is failing to achieve social justice and deliver on the pledge at the heart of the 2030 Agenda for Sustainable Development to create a "just, equitable, tolerant, open and socially inclusive world in which the needs of the most vulnerable are met". With billions of people being left behind, trapped in a cycle of poverty, informal employment, uncertainty and vulnerability, the outlook for achieving the pledge and the Sustainable Development Goals is bleak.**

52. **The proposed World Social Summit in 2025 would be a timely opportunity to forge such new global consensus around these opportunities and to make concrete commitments to promote inclusive, equitable and resilient societies.**

With an action plan for social development fit for the twenty-first century, the Summit would lay a solid foundation for achieving the Sustainable Development Goals and safeguarding progress in the long run.

53. Building on the implementation of the outcome of the 1995 World Summit for Social Development to accelerate progress in achieving the Sustainable Development Goals, and mindful of the related commitments made by Member States in the outcome of the Sustainable Development Goals Summit in 2023, Member States may wish to consider the following recommendations:

(a) Re-prioritize social development policies that deliver quality services for all:

- Promote a rights-based approach to social services and improve the design and implementation of evidence-based policies for the effective and fair distribution of social services that ensure universal health and social protection coverage, as well as quality education for all, including by increasing infrastructure investments, notably water, sanitation, hygiene and energy infrastructure
- Establish comprehensive and well-coordinated universal social protection schemes by investing in evidenced-based good practices, including by strengthening the capacities of national evaluation services to direct public funds towards social protection policies and schemes that have proven to be effective and efficient

(b) Ensure that domestic and international resource mobilization is sufficient to match the scale of the social development challenges that countries face:

- Increase social investment through domestic resource mobilization for social policies by broadening the tax base, making use of the progressive taxation of income, profit and wealth, and reprioritize public spending, including away from regressive subsidies (for instance, on fuel and electricity), and by strengthening national tax services to ensure that they have the capacity to design, administer and enforce such policies
- Strengthen multilateral cooperation to support fiscal space for social spending by ensuring that the lending capacity of regional, subregional and national development banks is aligned with national development priorities and financing needs of developing countries
- Ensure that donor countries deliver on their ODA commitments and pursue reforms that support a sustainable and resilient international financial architecture, improved international debt mechanism and stronger international taxation cooperation

(c) Improve the accountability, transparency and capabilities of the public sector and systematize more inclusive institutional arrangements:

- Place social considerations at the heart of development frameworks by joining-up social, economic and environmental policies, including by conceptually articulating synergies between them in the design and implementation of policies at all levels, and designing an institutional architecture that supports interministerial coordination and a joined-up approach
- Take steps to ensure an inclusive and participatory approach in the design, delivery and follow-up of policies, including by strengthening social dialogue and mechanisms for multi-stakeholder engagement, and by supporting civil society organizations.