

INTERNATIONAL MODELS AND MECHANISMS OF SOCIAL PROTECTION FINANCING

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Abstract

This study examines international models and financial mechanisms of social protection, with particular emphasis on the institutional structure, sources of financial resources, and approaches to ensuring the long-term sustainability of social protection systems. The research comparatively analyzes Beveridge, Bismarck, universal, mixed, and targeted financing models and evaluates the role of taxation, social insurance contributions, government transfers, and diversified financing instruments in expanding social protection coverage. Based on statistical evidence from the International Labour Organization, World Bank, and OECD, the study identifies persistent global financing gaps, differences in social protection coverage, and the increasing importance of combining contributory and non-contributory mechanisms to address diverse social risks. The findings demonstrate that sustainable social protection financing requires an integrated approach that links resource mobilization, risk pooling, targeted distribution, digital administration, monitoring, and assessment of social outcomes, while adapting international practices to the fiscal, demographic, and institutional conditions of individual countries.

Keywords: Social protection, social protection financing, international models, Beveridge model, Bismarck model, social insurance, tax financing, social contributions, fiscal sustainability, social assistance, social protection coverage, targeted transfers, financial mechanisms.

Introduction

Social protection financing has become one of the central components of sustainable socio-economic development, as the effectiveness of measures aimed at reducing poverty, protecting vulnerable groups, maintaining household income, and ensuring access to basic social services largely depends on the stability and adequacy of financial resources. In the context of demographic ageing, changes in employment structures, increasing informal employment, economic crises, and the emergence of new forms of social vulnerability, traditional approaches to financing social protection are increasingly being complemented by more flexible and diversified financial mechanisms. According to the International Labour Organization (ILO), global social protection coverage has reached 52.4% of the world's



population, increasing from 42.8% in 2015, although approximately 3.8 billion people still remain without effective access to at least one social protection benefit[1]. At the same time, countries allocated an average of 19.3% of GDP to social protection in 2023, including 12.9% for social protection excluding healthcare and 6.5% for healthcare, which demonstrates substantial differences in the fiscal capacity and institutional organization of social protection financing across countries.

The ILO estimates that the financing gap required to establish a basic social protection floor in 133 low- and middle-income countries amounts to approximately 3.3% of their aggregate GDP annually, consisting of around 2.0% of GDP for essential healthcare and 1.3% for five key social protection cash benefits, while the situation is considerably more difficult in low-income countries where the estimated financing requirement reaches 52.3% of GDP annually. Moreover, global expenditure on non-health public social protection for the working-age population averages 4.8% of GDP, whereas high-income countries allocate approximately 6.3% and low-income countries only 0.4%, indicating that differences in financing capacity directly influence the breadth and adequacy of social protection systems[2]. The World Bank's State of Social Protection Report 2025 shows that social protection programmes in low- and middle-income countries have expanded to reach approximately 4.7 billion people, representing the highest coverage level recorded over the past decade, but around 2 billion people in these countries remain inadequately covered and three out of four people in low-income countries still lack effective social protection coverage[3]. These statistics demonstrate that the principal challenge of contemporary social protection financing is not only increasing public expenditure but also developing sustainable combinations of tax revenues, social insurance contributions, targeted transfers, and other financing instruments that can expand coverage while preserving fiscal sustainability.

International experience demonstrates that social protection systems are formed on the basis of different institutional and financial models, among which tax-financed, contribution-based, mixed, and universal approaches occupy a significant position, while their practical configuration depends on the level of economic development, labour-market structure, demographic characteristics, and fiscal capacity of individual countries. The Beveridge-type model primarily relies on general government revenues and seeks to provide broad social coverage, whereas the Bismarck-type model places greater emphasis on social insurance contributions paid by employees and employers, thereby establishing a direct financial relationship between employment, contributions, and social benefits.

At the same time, contemporary social protection systems are increasingly moving towards mixed financing mechanisms in which government budget resources, mandatory social insurance contributions, employer payments, individual contributions, and targeted transfers are combined to improve both coverage and financial sustainability. Such diversification is particularly important because excessive dependence on a single source of financing can increase fiscal risks, weaken the resilience of social programmes during economic downturns, and create difficulties in maintaining benefit levels when demographic or labour-market conditions change.

The international practice of Scandinavian countries, European economies, and a number of developing states indicates that the efficiency of social protection financing cannot be assessed



solely by the volume of public expenditure, because the quality of targeting, institutional coordination, administrative efficiency, coverage of vulnerable groups, and relationship between financial inputs and social outcomes are equally important. Therefore, the analysis of international financing mechanisms should focus not only on identifying the sources of funds but also on determining how these resources are accumulated, redistributed, targeted, monitored, and transformed into sustainable social outcomes for households and individuals. In this regard, studying international models and mechanisms of social protection financing is particularly relevant for countries seeking to modernize their national social protection systems and strengthen the financial sustainability of social assistance and social insurance programmes. The purpose of this study is to examine the principal international models of social protection financing, identify the institutional and financial mechanisms that determine their effectiveness, compare the approaches used by different groups of countries, and develop scientifically grounded conclusions concerning the possibilities of adapting relevant international practices to national conditions.

THE RELEVANCE OF THE RESEARCH SUBJECT

The relevance of research on international models and mechanisms of social protection financing is determined by the growing need to establish financially sustainable systems capable of protecting households from income losses, poverty, unemployment, disability, and other social risks under conditions of economic and demographic transformation. The ageing of the global population, changes in labour-market structures, expansion of informal and non-standard employment, and increasing fiscal pressures are creating new requirements for the organization of social protection financing and encouraging governments to diversify the sources of financial resources. International practice demonstrates that the effectiveness of social protection systems depends not only on the volume of public expenditures but also on the institutional balance between tax revenues, mandatory social insurance contributions, employer and employee payments, targeted transfers, and other financing instruments. In this context, comparative analysis of the Beveridge, Bismarck, universal, mixed, and targeted financing models makes it possible to identify the institutional conditions under which financial resources can be accumulated and redistributed more efficiently among different population groups. The relevance of the subject is further strengthened by the persistent global financing gap, since many low- and middle-income countries face difficulties in simultaneously expanding social protection coverage, maintaining adequate benefit levels, and preserving fiscal sustainability. At the same time, the development of digital technologies, integrated social registries, electronic payment systems, and data-based targeting mechanisms is creating new opportunities to reduce administrative costs, improve transparency, and increase the effectiveness of social protection expenditure. Therefore, studying international mechanisms of social protection financing is important not only for understanding differences between national models but also for determining which combinations of financing sources and institutional instruments can provide broader coverage and stronger protection against social risks. The scientific and practical significance of the research lies in developing an integrated understanding of how international financing practices can be adapted to national economic



conditions while maintaining the principles of financial sustainability, targeting, social equity, and efficient use of public resources.

The relevance of research into social protection financing is determined by the persistent gap between the growing scale of social risks and the financial capacity of traditional public financing mechanisms, particularly because the International Labour Organization reports that in 2023 only 52.4% of the global population was effectively covered by at least one social protection benefit, while 3.8 billion people remained completely unprotected, and average social protection expenditure excluding healthcare reached 12.9% of GDP, demonstrating the substantial and continuously growing resource requirements of modern protection systems. The World Bank's State of Social Protection Report 2025 indicates that social protection and labor programs in low- and middle-income countries reached 4.7 billion people, yet approximately 2 billion people remain uncovered or inadequately covered, while three out of four people in low-income countries still receive no form of social protection, which highlights the limitations of relying exclusively on conventional budgetary and contribution-based financing. Moreover, the World Bank estimates that, if current progress continues, it could take 18 years to achieve full coverage among people living in extreme poverty and around 20 years to cover the poorest 20% of households, thereby strengthening the argument for accelerating the search for complementary financing sources and more flexible financial mechanisms. Under these conditions, the involvement of institutional investors and the private sector becomes increasingly important because their long-term financial resources can potentially complement public expenditure and contribute to the development of more diversified and resilient social protection financing systems.

The financial capacity of institutional investors provides a substantial basis for expanding such mechanisms, as OECD data show that assets earmarked for retirement in OECD countries reached a record USD 69.8 trillion at the end of 2024, representing a 7.1% increase during 2024, while pension providers alone managed approximately USD 63.1 trillion, indicating the enormous scale of long-term capital that can be connected, under appropriate institutional safeguards, with socially significant investment objectives. At the same time, the development of impact-oriented investment demonstrates that private capital is already being increasingly associated with measurable social and environmental outcomes, with the Global Impact Investing Network estimating the global impact-investing market at USD 1.571 trillion in assets under management in 2024, managed by more than 3,900 organizations, while the market has recorded an estimated compound annual growth rate of 21% since 2019. These figures indicate that the financial architecture of social protection can potentially move beyond a predominantly state-funded model toward a diversified system in which institutional investors, private enterprises and innovative financial instruments participate in mobilizing and allocating long-term capital, provided that investment risks, social outcomes, transparency and beneficiary protection are appropriately regulated. Consequently, researching the institutional conditions and financial mechanisms for integrating these actors is important not only for increasing the volume of resources available to social protection, but also for improving the efficiency, sustainability and measurable social impact of their use.



THE PROBLEM OF THE RESEARCH

The central problem of the research is that many countries face difficulties in establishing a social protection financing system that simultaneously ensures broad population coverage, adequate benefit levels, financial sustainability, and efficient use of limited public resources. The increasing dependence of social protection systems on public budgets, combined with demographic ageing, informal employment, labour-market transformation, and economic instability, creates additional pressure on traditional sources of financing and increases the risk of persistent financing gaps.

Another important problem is the substantial variation among countries in the institutional distribution of financial responsibilities between the state, employers, employees, and households, which makes it difficult to determine a universally applicable financing model. Existing international mechanisms also differ considerably in their approaches to contribution collection, targeted transfers, social insurance, tax-based financing, and redistribution, while weaknesses in coordination and administration can reduce the effectiveness of even adequately financed programmes. Consequently, there is a need for a systematic comparative assessment of international financing models in order to identify mechanisms that can simultaneously strengthen social protection coverage, improve the targeting of financial resources, and preserve long-term fiscal sustainability. The research problem therefore consists in determining the most effective combination of financing sources, institutional arrangements, and allocation mechanisms that can be adapted to different socio-economic conditions while ensuring equitable and sustainable social protection.

THE PURPOSE OF THE RESEARCH

The purpose of the research is to conduct a comprehensive comparative analysis of international models and mechanisms for financing social protection and to identify the institutional, fiscal, and organizational factors that determine their effectiveness and sustainability. The study aims to examine the specific characteristics of tax-based, contribution-based, mixed, universal, and targeted financing models and to determine their advantages and limitations under different socio-economic conditions. Particular attention is given to the structure and diversification of financing sources, including government budget revenues, social insurance contributions, employer and employee payments, and targeted social transfers, as well as their role in ensuring stable financial resources for social protection programmes.

The research also seeks to assess the relationship between financing mechanisms, social protection coverage, targeting efficiency, fiscal sustainability, and the ability of systems to respond to emerging social risks. Based on the comparative assessment of international practices, the study aims to identify effective financial and institutional mechanisms that can improve the efficiency of resource mobilization and distribution within social protection systems. Ultimately, the research is intended to formulate scientifically grounded conclusions and practical recommendations for adapting relevant international approaches to national conditions while strengthening the financial sustainability, accessibility, and social effectiveness of social protection.



THE SCIENTIFIC ESSENCE OF THE RESEARCH

Current scientific research on social protection financing increasingly focuses on identifying sustainable financial models that can simultaneously expand population coverage, maintain adequate benefit levels, and reduce fiscal pressure on national budgets. A significant body of research examines the institutional differences between tax-financed and contribution-based social protection systems, emphasizing that the effectiveness of each model depends on the structure of employment, demographic conditions, fiscal capacity, and the maturity of public administration. International scholars also pay particular attention to the diversification of financing sources, including social insurance contributions, general taxation, earmarked revenues, government transfers, and innovative financial instruments, because reliance on a single source may increase the vulnerability of social protection systems to economic and demographic shocks. Another important research direction concerns the relationship between social protection expenditure and poverty reduction, income redistribution, labour-market participation, and the resilience of households to economic crises, which allows the effectiveness of financing mechanisms to be assessed through broader socio-economic outcomes rather than expenditure volumes alone. Recent studies increasingly investigate the role of digital technologies, integrated beneficiary databases, electronic payment systems, and data-driven targeting in improving the transparency and efficiency of social protection financing, particularly by reducing administrative costs and limiting errors in the allocation of benefits. At the same time, international research highlights the persistent financing gap in low- and middle-income countries, where limited fiscal space and large informal employment sectors constrain the ability of governments to establish comprehensive social protection systems.

Particular scientific attention is therefore directed towards mechanisms for expanding fiscal space, strengthening contributory capacity, subsidizing social insurance contributions for vulnerable workers, and improving coordination between social insurance and tax-financed assistance programmes. In this context, the scientific essence of the present research lies in the comparative examination of international financing models through the integrated relationship between financial resource mobilization, institutional organization, targeted distribution, coverage expansion, fiscal sustainability, and measurable social outcomes.

Cichon examine social protection financing as an institutional process involving the effective mobilization, allocation, and utilization of available financial resources, emphasizing that the long-term financial sustainability of social protection systems is closely connected with the quality of their planning and management mechanisms[4]. Loewe and Schüring emphasize that financial capacity is a fundamental component of effective, equitable, and institutionally coherent social protection systems, while fragmentation of programmes and insufficient financial resources may limit their ability to achieve comprehensive social protection objectives[5]. Schmitt, Lierse, and Obinger, based on a comparative analysis of social protection financing structures across up to 192 countries, demonstrate that countries differ considerably in the composition of financing sources and in the role of the state in funding social protection programmes, reflecting significant institutional and economic differences[6]. Barrientos examines the financing of social protection for poor and vulnerable populations and highlights the complementary roles of national governments and international organizations,



particularly in countries where domestic fiscal resources are insufficient to provide adequate social protection[7]. Leisering analyzes the development of social protection systems from a global perspective and shows that universal social protection[8], social insurance, social assistance, and international financial support are combined in different ways across countries, suggesting that diversification of financing sources and strengthening institutional capacity are particularly important for developing economies.

Berkinov, Ashurova, Abdullaeva et al. (2010) examine the forecasting of regional socio-economic development and emphasize that long-term development requires the identification of alternative scenarios, clearly defined socio-economic objectives, and scientifically grounded mechanisms for achieving them, which provides an important methodological basis for assessing regional development prospects[9]. Karimov (2022) focuses on improving mechanisms for attracting temporarily free funds of the population to the securities market and demonstrates that the development of primary and secondary public offerings can contribute to expanding investment opportunities, increasing household income, and strengthening the participation of domestic and foreign investors in financial markets[10,11]. The study also highlights the importance of analyzing the circulation of money and securities within the global economy, since changes in financial-market activity can influence investment flows, household financial resources, and the broader development of national capital markets. Taken together, these studies demonstrate that forecasting socio-economic development and mobilizing household financial resources should be considered interconnected components of sustainable economic development, while effective financial mechanisms can contribute to expanding investment opportunities and strengthening the financial capacity of households and regions. The analysis of existing scientific approaches confirms that the financing of social protection is a multidimensional economic and institutional process in which the effectiveness of resource mobilization, allocation, and utilization directly determines the coverage, adequacy, and sustainability of social protection systems. Comparative studies demonstrate that although tax-financed, contribution-based, mixed, and internationally supported financing models differ in their institutional structure and fiscal mechanisms, their effectiveness largely depends on the diversification of funding sources, the targeting of social expenditures, and the ability of public institutions to respond to demographic, economic, and labour-market changes. The scientific literature also indicates that the long-term development of social protection requires not only an increase in financial resources but also the introduction of digital technologies, transparent monitoring mechanisms, evidence-based targeting, and integrated approaches that connect social assistance with employment, income generation, and access to social services. Therefore, the scientific essence of this research is to develop a comprehensive approach to international models and mechanisms of social protection financing by identifying their institutional and financial characteristics, assessing their sustainability and effectiveness, and determining the possibilities for adapting the most effective practices to the socio-economic conditions of developing countries.

RESEARCH METHODS

The research methodology is based on a systematic and comparative approach that allows the institutional structures, financing sources, and operational mechanisms of international social



protection systems to be examined within a unified analytical framework. The study applies comparative analysis to identify similarities and differences between Beveridge, Bismarck, universal, mixed, and targeted social protection financing models, while institutional analysis is used to assess the distribution of financial responsibilities among governments, employers, employees, and social insurance institutions. Statistical analysis is employed to examine indicators of social protection expenditure, population coverage, financing gaps, and the structure of social insurance contributions using official data published by the International Labour Organization, World Bank, and OECD. The research also applies synthesis, classification, and generalization methods to establish relationships between financing sources, institutional arrangements, targeting mechanisms, fiscal sustainability, and social outcomes, while the analytical framework integrates quantitative indicators with qualitative assessment of national practices. Based on the results obtained, a comparative evaluation framework is developed to determine the advantages, limitations, and applicability of different financing mechanisms under varying demographic, labour-market, and fiscal conditions. The methodological approach ultimately enables the formulation of scientifically grounded conclusions and proposals aimed at improving the diversification, efficiency, targeting, and long-term financial sustainability of social protection financing systems.

ANALYSIS AND RESULTS

Social protection financing represents a system of economic and institutional relations through which financial resources are mobilized, accumulated, redistributed, and transformed into social benefits and services designed to protect individuals and households from major social risks. The theoretical foundations of this financing system are closely associated with the principles of social solidarity, insurance, redistribution, universality, targeting, adequacy, and fiscal sustainability, whose relative importance varies depending on the institutional model adopted by a country. From the perspective of public finance, social protection may be financed through general taxation, mandatory social insurance contributions, earmarked revenues, government transfers, employer and employee payments, or combinations of these sources. The choice between these mechanisms is determined by such factors as the structure of employment, demographic composition, income distribution, size of the informal economy, fiscal capacity, and administrative effectiveness. Consequently, the financial sustainability of a social protection system cannot be evaluated exclusively by the amount of resources allocated, because the efficiency of collection, targeting, redistribution, administration, and monitoring also determines the final social outcome. Therefore, international models should be examined as integrated institutional-financial systems in which the source of funding, method of resource accumulation, mechanism of benefit allocation, population coverage, and fiscal responsibility are interconnected.

The concept of social protection financing refers to the process of forming and using financial resources to provide individuals and households with protection against social risks, including old age, unemployment, disability, maternity, poverty, loss of income, and other circumstances that reduce economic security. Within this concept, contributory financing is based primarily on mandatory payments by employees, employers, and in some cases self-employed persons, with the resulting benefits generally linked to participation in the social insurance system and



contribution records. In contrast, tax-financed social protection uses general government revenues to fund benefits and services, which makes it possible to extend protection to individuals who have limited or no contribution history. The mixed financing model combines contribution-based and tax-based resources, thereby allowing the state to maintain insurance principles while using budget transfers to compensate for coverage gaps and support economically vulnerable groups. The principle of universality implies that social protection should be accessible to the population broadly, whereas targeting concentrates financial assistance on groups whose income, living conditions, or exposure to social risks justify additional public support. Financial sustainability means that current social commitments must be supported by stable and predictable sources of revenue without creating excessive long-term fiscal pressure, while adequacy requires benefits to be sufficiently large to provide meaningful protection against poverty and income shocks. The interaction between these concepts demonstrates that a technically efficient financing mechanism must simultaneously consider resource mobilization, risk pooling, redistribution, coverage, benefit adequacy, administrative costs, and fiscal sustainability. Thus, the scientific interpretation of social protection financing should move beyond the simple classification of revenue sources and consider the entire financial cycle from resource formation to measurable social results.

Table 1. Theoretical classification of international social protection financing models

Financing model	Main source of resources	Institutional principle	Typical benefits	Main advantage	Main limitation
Beveridge model	General taxation	Universal state responsibility	Pensions, healthcare, unemployment and family support	Broad population coverage	High dependence on fiscal capacity
Bismarck model	Social insurance contributions	Employment-based insurance and solidarity	Pensions, unemployment, sickness, maternity	Strong link between contributions and benefits	Risk of excluding informal workers
Universal tax-financed model	General budget revenues	Universal social citizenship	Basic income support and social services	High inclusiveness	Significant budgetary burden
Mixed model	Taxes + social contributions	Combination of insurance and redistribution	Insurance benefits + social assistance	Flexible allocation of financial responsibility	Complex administration
Targeted assistance model	Budget transfers and earmarked revenues	Concentration on vulnerable groups	Cash transfers, family and poverty benefits	Efficient concentration of scarce resources	Risk of exclusion errors
Multi-source model	Taxes + contributions + transfers + other revenues	Diversified financing	Comprehensive social protection	Greater financial resilience	Requires strong institutional coordination

The classification demonstrates that there is no single financing model that can be considered universally optimal, because each approach reflects a particular combination of labour-market institutions, fiscal capacity, demographic structure, and social policy objectives. In high-income economies, contribution-based financing remains important, but it increasingly operates together with general budget resources, while developing countries generally face a stronger need to expand tax-financed social assistance because large informal employment sectors restrict contribution collection.

Table 2. Social protection financing mechanism

Stage	Main process	Financial instruments	Expected result	Evaluation indicator
1	Identification of social risks	Social registries, labour-market and demographic data	Identification of vulnerable groups	Coverage of identified population
2	Resource formation	Taxes, SSCs, employer/employee payments, transfers	Stable financial resources	Revenue volume and predictability
3	Resource pooling	Social insurance funds, state budget, special funds	Risk-sharing and redistribution	Pooling ratio
4	Resource allocation	Pensions, allowances, cash transfers, services	Delivery of social support	Benefit coverage
5	Targeting	Income assessment, social registry, digital verification	Concentration of resources on eligible groups	Targeting accuracy
6	Monitoring	Digital systems, audits, performance indicators	Transparency and control	Administrative efficiency
7	Social outcome assessment	Poverty, income, employment and resilience indicators	Improvement in household welfare	Poverty reduction and resilience

International practice demonstrates that countries have developed significantly different approaches to distributing financial responsibility for social protection between the government, employers, employees, and households. The United Kingdom represents a predominantly tax-financed Beveridge-type tradition in which general government revenues play an important role in providing broad social protection, whereas Germany represents the Bismarck tradition, where statutory social insurance is strongly connected with employment and contribution payments. Sweden and other Nordic countries combine universal social protection with relatively high levels of public expenditure and extensive tax financing, while maintaining contribution-based elements in specific insurance programmes. The United States applies a more fragmented mixed system in which federal social insurance programmes coexist with tax-financed assistance and means-tested programmes, resulting in a differentiated distribution of social protection responsibilities. France and Germany demonstrate relatively strong social insurance financing, although general government revenues also play a significant role in maintaining the financial balance of social programmes. In many developing economies,

particularly where informal employment is widespread, tax-financed social assistance has become an important mechanism for extending minimum protection to people who are not sufficiently integrated into contributory insurance systems. Consequently, the international comparison suggests that the most resilient systems increasingly combine contributory and non-contributory instruments rather than relying exclusively on one financing source.

Table 3. Comparative characteristics of social protection financing in selected countries[12,13]

Country	Dominant financing approach	Main financing sources	Institutional characteristic	Main social protection emphasis	Key financial challenge
United Kingdom	Beveridge-type / mixed	General taxation + contributions	Broad state responsibility	Universal/basic protection and income support	Fiscal pressure and ageing
Germany	Bismarck-type / mixed	Employer and employee SSCs + taxes	Employment-related insurance	Pensions, unemployment, sickness insurance	Ageing and contribution base
Sweden	Universal / mixed	Taxes + social contributions	Universal welfare orientation	Broad social services and income protection	High public expenditure requirements
France	Bismarck-type / mixed	SSCs + taxation	Strong social insurance institutions	Pensions, healthcare and family benefits	Long-term expenditure pressures
United States	Mixed / fragmented	Payroll taxes + federal/state revenues	Multiple programmes and eligibility rules	Social insurance and targeted assistance	Unequal coverage and programme fragmentation
Brazil	Mixed	Social contributions + taxes	Combination of insurance and assistance	Pensions and poverty-oriented transfers	Informality and fiscal sustainability
South Africa	Predominantly tax-financed assistance	General revenues	Strong social assistance component	Grants and poverty reduction	Limited fiscal space
Japan	Mixed insurance-tax model	SSCs + taxes	Social insurance with substantial public support	Pensions, healthcare and long-term care	Rapid population ageing

The comparison indicates that institutional diversity is not necessarily a weakness, because countries can combine financing mechanisms according to their demographic and economic circumstances, but the sustainability of any model depends on whether its revenue base can keep pace with expenditure obligations. In particular, countries with ageing populations face

increasing pension and healthcare expenditures, whereas countries with large informal sectors face difficulties in generating sufficient contribution revenues, making tax-financed mechanisms especially important for minimum income protection.

Table 4. Indicators of social protection financing and coverage

Indicator	Global / country group	Real value	Analytical interpretation
Population covered by at least one social protection benefit	World, 2024	52.4%	Global coverage has exceeded half of the population, but 47.6% remains without any effective benefit coverage.
Population without any social protection benefit	World, 2024	47.6% / about 3.8 billion people	The remaining protection gap demonstrates the scale of unmet financing and institutional needs.
Average social protection expenditure excluding healthcare	World, 2023	12.9% of GDP	Represents the average level of resources devoted to non-health social protection.
Total social protection expenditure including healthcare	World, 2023	19.3% of GDP	Shows the substantial macroeconomic role of social protection financing.
Social protection expenditure excluding healthcare	High-income countries, 2023	about 16.2% of GDP	Higher fiscal capacity allows considerably greater allocation to income-security programmes.
Income guarantees excluding healthcare	Low-income countries, 2023	0.8% of GDP	Indicates substantial underinvestment relative to the needs of vulnerable populations.
Additional financing required for a basic social protection floor	Low- and middle-income countries, 2024	3.3% of GDP annually	Indicates the global financing gap necessary to achieve minimum universal protection.
Additional financing required	Low- and middle-income countries, 2024	US\$1.4 trillion annually	Demonstrates the absolute scale of the financing challenge.
Additional financing gap	Low-income countries, 2024	52.3% of GDP annually	Shows that domestic fiscal resources alone are insufficient in many low-income economies.
Social protection coverage	Low- and middle-income countries, 2022	51%	Coverage increased from 41% in 2010, representing a 10-percentage-point improvement.
People with inadequate or no effective coverage	Low- and middle-income countries, 2025 report	2 billion people	Indicates that expansion in nominal coverage has not eliminated adequacy and access gaps.
Social security contributions as share of social spending	OECD countries, 2023	43%	Demonstrates that contribution-based financing remains a major component of social protection financing.
Social security contribution financing	OECD countries, 1995	47%	The decline to 43% by 2023 indicates a gradual increase in the role of general-revenue financing.

Source: compiled by the author based on ILO, World Bank and OECD official data.

The statistical evidence confirms that the central challenge of contemporary social protection financing is not merely increasing expenditure but ensuring that additional financial resources are translated into effective and adequate coverage. According to the ILO, 52.4% of the global population was covered by at least one social protection benefit, while 47.6%, or approximately 3.8 billion people, remained without such coverage; therefore, the quantitative expansion of financing must be accompanied by improvements in institutional accessibility and targeting. The ILO also estimates that low- and middle-income countries require an additional 3.3% of aggregate GDP annually, equivalent to approximately US\$1.4 trillion, to establish a basic social protection floor, while the financing gap reaches 52.3% of GDP in low-income countries. This difference illustrates that the same financing mechanism cannot be applied uniformly across countries because fiscal capacity and the size of the formal contribution base differ substantially. The World Bank similarly reports that social protection coverage in low- and middle-income countries increased from 41% in 2010 to 51% in 2022, but approximately 2 billion people remain inadequately covered, including people who receive no benefits and households receiving benefits that are insufficient to protect them from poverty.

The OECD data provide an additional perspective by demonstrating the continuing importance of contribution-based financing in developed economies, where social security contributions financed 43% of social spending in 2023, compared with 47% in 1995. This decline indicates a gradual strengthening of general-revenue financing, which may be associated with the need to support groups whose participation in formal employment is limited and whose contribution records are insufficient. At the same time, OECD evidence shows that the financing structure differs according to the type of benefit, with social security contributions financing a much larger share of earnings-related old-age and unemployment benefits than family benefits. Thus, the comparative analysis supports the conclusion that a sustainable social protection financing system should combine insurance-based mechanisms for employment-related risks with tax-financed instruments for universal and redistributive objectives. The most appropriate institutional configuration should therefore be determined according to the country's fiscal capacity, employment structure, demographic profile, coverage gap, and administrative capabilities rather than through mechanical replication of a foreign model.

CONCLUSIONS AND PROPOSALS

The analysis demonstrates that international social protection financing systems differ substantially in their institutional structures, sources of financial resources, and approaches to redistribution, although their common objective is to provide sustainable protection against major social risks. The comparison of Beveridge, Bismarck, universal, mixed, and targeted models confirms that the effectiveness of a particular model depends primarily on fiscal capacity, demographic conditions, labour-market structure, and the level of institutional development of the country.

The statistical analysis shows that despite the expansion of global social protection coverage, a significant proportion of the world's population remains outside effective protection, while the financing gap is particularly pronounced in low- and middle-income countries. Therefore, increasing the volume of social protection expenditure alone cannot resolve existing problems,



because financial resources must also be directed towards improving coverage, benefit adequacy, targeting accuracy, and administrative efficiency.

One of the main conclusions is that mixed financing models provide greater opportunities for combining the principles of social insurance and social solidarity, because mandatory contributions can finance employment-related risks while general budget revenues can support persons who are unable to participate fully in contributory schemes. In this regard, it is proposed to establish a balanced distribution of financial responsibilities among the state, employers, employees, and other economic actors, while introducing mechanisms that compensate for insufficient contribution capacity among vulnerable population groups.

The international experience also demonstrates that the diversification of financing sources can strengthen the resilience of social protection systems against economic crises, demographic changes, and fluctuations in employment. Therefore, governments should gradually develop a multi-source financing architecture that combines general taxation, social insurance contributions, targeted budget transfers, earmarked revenues, and, where institutionally appropriate, innovative financing instruments, while ensuring transparency and clear accountability for the use of resources.

Another important conclusion concerns the role of digital technologies in improving the financial effectiveness of social protection, since integrated social registries, electronic verification, automated eligibility assessment, and digital payment systems can improve targeting and reduce administrative costs. It is therefore proposed to strengthen the integration of social, fiscal, employment, and demographic databases and to introduce regular performance assessments based on indicators such as coverage, adequacy of benefits, targeting accuracy, administrative costs, poverty reduction, and household income resilience.

Based on the comparative analysis, it is proposed to view social protection financing as an integrated cycle consisting of social-risk identification, financial-resource mobilization, resource pooling, targeted distribution, monitoring, and assessment of social outcomes, rather than as a simple mechanism for allocating budgetary expenditures. Such an approach would enable countries to adapt international practices to their own institutional and economic conditions while simultaneously strengthening financial sustainability, expanding effective social protection coverage, improving the efficiency of public expenditure, and ensuring a stronger relationship between financial resources and measurable improvements in household welfare.

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