

PROSPECTS FOR IMPROVING FINANCIAL SUPPORT OF THE POPULATION IN UZBEKISTAN

Sholdarov Dilshod Azimiddin ugli
PhD, Associate Professor, Department of Budget Accounting and Treasury

Abstract

In this article, the Universal Declaration of Human Rights, the issue of financial support for the population in need of social protection, social protection in the event of unemployment, illness, disability, widowhood, old age or other circumstances, financial support for the population in need of social protection information on the issue, implementation of other targeted approaches in developing countries, the level of poverty and the procedure for assigning social benefits.

Keywords: Universal declaration of human rights, social protection, social security, financial support of the population, level of poverty, low-income families with children, social benefits, social payments, inflation rate.

Introduction

The issue of improving the material condition of all layers of the population in the countries of the world and achieving a normal life for all members of the society is always an urgent issue, and the fact that this issue is reflected in the “Universal Declaration of Human Rights” also confirms our opinion. Article 25 of this declaration states that every person has the right to have the standard of living necessary to ensure the health and well-being of himself and his family, including clothing, food, medical care and necessary social services and is recognized as having the right to be provided for in the event of unemployment, illness, disability, widowhood, old age, or other circumstances in which there is no means for subsistence.[1] In Uzbekistan, the issue of ensuring the normal life of people is reflected in the relevant articles of the country’s Constitution, in particular, every person has the right to receive social security and social protection in the event of social need.[2].

The above-mentioned aspects create the responsibility of the society to provide enough material for people who need social protection, who are low-income or who have no income, or who have lost the ability to work, to lead a normal life. This objectively creates the realization of this task by the state on behalf of the society. For this reason, social protection of low-income families is one of the important functions of the state. The state always tries to provide people with social security to the maximum extent possible and finances it from the state budget and state special funds. Improves social assistance packages in order to provide sufficient social support to the underprivileged part of the population, to maximize the effectiveness of social assistance.

In this regard, significant work has been done in Uzbekistan in recent years. During 2017-2022, the amount of social allowances will be consistently increased above the rate of inflation, the provision of mandatory social guarantees to the population, the strengthening of social protection of the needy segments of the population and state support for the elderly and disabled persons, and the provision of social services improvement, development of public-private partnership in the provision of social services to the population, further development and improvement of the system of medical and social assistance to pensioners, the disabled, lonely elderly, and other needy categories of the population in

order to ensure their full life significant work has been done. As a result, the poverty rate in Uzbekistan has been significantly reduced, from 17% in 2021 to 11% in 2023[3]. However, these statistics also indicate that in the future, a lot of work needs to be done in terms of social protection of the population and sufficient financial support for the poor.

Literature Review

As mentioned above, the issue of financial support for the population in need of social protection is the most urgent issue for every country. It is important to lift the population out of poverty and achieve sufficient income through the financial support provided by the state, and ultimately ensure the effectiveness of the state's financial resources spent on social protection. In this direction, many scientific studies and researches have been carried out by foreign and domestic economists, besides, financial support of the needy population is a matter of constant focus of international organizations and international financial institutions.

Social assistance programs are developing rapidly in developing countries. Today, safety net programs cover approximately 2.5 billion people. More than 120 low and middle-income countries implement cash transfer programs for low-income families, and more than 70 implement social pension programs (World Bank, 2018). These programs increasingly replace large-scale subsidies for basic goods, promising to improve efficiency and redistribute income to the poor. The COVID-19 pandemic has further expanded these policies, increasing their role in future politics[4]. Developing these programs in developing countries presents challenges that differ from those in developed countries. For example, one of the biggest challenges in this regard is how to implement targeted social assistance programs. However, unlike high-income countries, income information is difficult to track in developing countries, in part because informal work and self-employment are common, and many households are excluded from the income tax system [5]. This means that the standard frameworks used to reason about the targeting of social payments, such as income matching thresholds, endogenous responses of labor to effective marginal tax rates which do not apply in the context of developing countries [6].

This has led to the rise of other targeted approaches in developing countries, which in turn has required research specifically designed to better understand the situation. Similarly, program design can be quite different in developing country settings. For example, one of the successful development measures is providing households with productive livestock - chickens, goats, cows and supporting them in their care [7]. This type of program is based on poverty trap theory, the idea that with non-convex output and savings constraints, large remittances can lead households to higher sustainable income levels.

Although poverty traps can also occur in developed settings, the nature of interventions to mitigate these shocks may differ: 63 percent of the population is engaged in agriculture, while low-income countries promote productive animal husbandry intervention may make sense, but will make less sense in developed countries where the poor and the majority of the poor are not in agriculture [8].

Analysis and Results

In recent years, based on world experience, a number of measures have been implemented in Uzbekistan to improve financial support for the population in need of social protection. In particular, the most important indicator in determining the minimum amounts of social payments and allowances given to the poor is the criterion for determining the "minimum consumption expenditure amount" of

the Cabinet of Ministers of the Republic of Uzbekistan "Implementation of the procedure for calculating the value of minimum consumption expenditure" was developed and implemented on the basis of the Regulation No.544 on implementation[9].¹ Currently, the indicator of minimum consumption expenditure is used as a criterion (or threshold) of poverty.

"Poverty" is defined in accordance with the regulation "On the minimum consumption expenditure of the population and the procedure for calculating the poverty line", as "The inability of the population's economic capabilities to meet the minimum needs for living." The poverty line is defined as the minimum consumption expenditure for one person, which is calculated based on the composition of the population's real expenses. The minimum consumption expenses are represented by the calculated value of the minimum expenses for food and non-food products and services necessary for their healthy life based on the study of the real consumption values and composition of households.

Currently, the level of poverty in Uzbekistan is determined by the ratio of the population whose expenditure (or income) is below the minimum expenditure value to the total population, and this level is carried out based on accurate calculations and analysis.

With the Decree of the President of the Republic of Uzbekistan No. PD-6277 "On measures to provide financial assistance to low-income families and further expand the scope of fighting poverty" to families with children under 14 years of age child allowance was introduced for low-income families and the allowance for caring for the child until he turns 2 years old. The age of children taken into account when assigning child allowance has been increased from 14 to 18 years, and the payment period has been increased from 6 to 12 months, its amount is determined based on the number of children in the family.; It was determined that financial assistance will be assigned to single citizens, low-income families without children or all children over 18 years of age.[10].

When assigning these allowances, the allocation of allowances to low-income families with children is determined based on the value of minimum consumption expenses. [11].

It is determined to fully automate the appointment of social benefits on the basis of the information system of the "Unified Register of Social Protection".

As a result of these reforms, it was possible to improve and ensure the transparency of mechanisms for assigning social benefits to low-income families. Also, specific criteria for determining the poverty line were developed. A system of indexation of the amount of social allowances at a level not less than the level of inflation has been established.

Based on the income level of the population, it is possible to keep accurate accounts of those living below the poverty level.

As we mentioned above, as a result of the reforms and analysis, existing problems regarding financial support of the population in need of social protection were identified and it is necessary to implement reforms and measures to solve these problems in the future.

In the development strategy of the new Uzbekistan, it is necessary to provide mandatory social guarantees for the population, to systematize and improve the legislation on strengthening the social protection of the needy strata, to control the strict provision of the specified social protection, to expand the possibility of using the types of social protection due to the digitization of the sector,

¹ <https://lex.uz/docs/5606697> Regulation No. 544 of the Cabinet of Ministers of the Republic of Uzbekistan "On implementation of the procedure for calculating the value of minimum consumption costs"

implementation measures such as introducing the principles of openness and transparency into this process are reflected [12].

Improving the financial support of the population in Uzbekistan can lead to the general well-being and socio-economic development of the country. To achieve this, some promising indicators are considered important:

Expanded social assistance programs: Social assistance programs should be expanded and improved to cover a wider segment of the population in need of social assistance. This includes improving the coverage and adequacy of social allowance such as pensions, disability allowance, child allowance and unemployment allowance.

Poverty targeting: Targeted poverty alleviation programs targeting vulnerable populations such as low-income families, single parents, the elderly, and the disabled can effectively address specific socioeconomic challenges.

Employment initiatives: Investing in job creation initiatives, especially in sectors with high growth potential such as agriculture, manufacturing and services, can reduce unemployment and improve household incomes possible.

Financial inclusion and microfinance: Expanding access to financial services, including microfinance, enables individuals and small businesses, especially in rural areas, to invest in income-generating activities and increase financial stability.

Education and skills development: Strengthening education and training programs will help increase the employability of the workforce and increase incomes. This includes investing in vocational training, adult education and digital literacy programs.

Improving health infrastructure: Investing in health infrastructure and increasing access to affordable health services can reduce the financial burden of households on health care costs and thereby increase their financial well-being.

Promoting gender equality: implementing policies and programs aimed at gender equality and women's empowerment can help reduce poverty and improve family financial security.

Enhancing fiscal sustainability: ensuring fiscal sustainability through budget management, revenue diversification and effective public spending can create fiscal space for social spending and reduce dependence on external financing.

Strengthening social protection systems: Strengthening the institutional capacity and governance of social protection systems can increase their effectiveness, transparency and accountability in providing financial assistance to the population.

International cooperation and assistance: International cooperation and the use of development assistance from multilateral organizations and donor agencies can provide additional resources, technical expertise and best practices to support efforts to improve financial support for the people of Uzbekistan.

With these prospects in mind, Uzbekistan can make significant progress in strengthening financial support for the population, reducing poverty, and promoting inclusive socio-economic development by implementing comprehensive policies and programs.

Conclusion

By the end of 2023, more than 11% of the population in Uzbekistan is below the poverty line, which means that there are still problematic aspects of supporting the population in Uzbekistan. This shows the need to implement reforms to make the system more effective in the future;

The policy of financial support for the needy segments of the population should be focused not only on providing sufficient financial support for their living, but also on their future release from poverty as a result of the provided support.

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