

**OPTIMIZATION OF SOCIAL SUPPORT EXPENDITURES WITHIN THE STATE BUDGET EXPENDITURES**

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Abstract

In this article, issues related to financing the needs of the population for social support from the state budget funds have been highlighted and analyzed. Also, attention has been paid to optimizing the costs of social support in the composition of state budget expenditures.

Keywords: social support, social protection, social assistance, social welfare, state budget, budget expenditures, “Temir daftar”, “Ayollar daftari”(“Women’s register”), “Yoshlar daftari”(“Youth register”).

Introduction

Today, Uzbekistan has started a new stage of changes taking place in the country, and it is not a mistake to say so. This is because significant transformations in social, economic, political, and other spheres in our country provide comprehensive integration with the global community. In short, today Uzbekistan is shaping its own path in the world and pursuing an open pragmatic policy. This situation requires improving existing regulations and rules, aligning them with international standards and undoubtedly finding its reflection in the country's social policy.

In his address to the Oliy Majlis at the end of 2020, our President Sh.Mirziyoyev paid special attention to the social sphere: “...social protection of the population is further strengthened. Steps are being taken to bring the "social model" in line with international standards by identifying poverty.

A new system is being implemented to provide prosthetic-orthopedic devices and rehabilitation means for people with disabilities. This opportunity can benefit nearly 50,000 of our fellow citizens.

Our efforts to provide needy families with housing are further expanding. For this purpose, 27 thousand or 2.5 times more families will receive initial payments for mortgage loans and 2.4 trillion soums will be allocated to subsidize the interest rates of the loans.”[1]

The prosperous livelihood of our people is a result of the just policies pursued by our state. As a continuation of the Strategy for Actions aimed at further developing the Republic of



Uzbekistan, the President of the Republic of Uzbekistan adopted Decree No. PF- 60 on January 28, 2022, on the “New Development Strategy of Uzbekistan for 2022-2026,” which will continue the state policy to strengthen the social protection of citizens and reduce poverty.

Material and Methods

The Russian economist O.V. Romashev explained the concept of social security in one of his works as follows: “...social security is the understanding of the legal, social-economic, and socio-psychological system of guarantees provided by the state to industrious citizens for their personal labor achievements, economic independence, and entrepreneurship” [2].

Academic Q.X. Abdurahmonov emphasizes that the social protection system is an important sphere for the vital interests of the population, and its indicators reflect the level of economic, legal, and cultural development of the state and society. Social protection law is considered to be the ability to meet a person’s physiological, social, and spiritual needs necessary for a decent standard of living.[3]

According to the views of A.V. Vahobov, “During the period of market relations, social protection is changing its destination, meaning that it is being purposefully directed towards areas where the population cannot provide for themselves the minimum necessities of life.”[4] In fact, for the current stage, the above definition indicates the relevance and accuracy of its purpose. This is because the precise direction and purposefulness of social protection are currently receiving significant attention.

In the words of Sh.A. Mirzayev, “Social protection encompasses the challenges that a state addresses through various forms and mechanisms to ensure fairness and equal opportunities based on gender, ethnicity, nationality, and age.”[5]

Analysis and results

In recent years, the rational continuation of the process of deepening reforms and transformations in Uzbekistan has reached a new and higher level, based on strengthening the effectiveness, stability, and sustainability of the economy. As a result, significant progress has been made in strengthening the social protection system, increasing its relevance, and implementing active forms of social protection for the well-being of the population.[6]

Nowadays in our country, the following types of social protection funded from the state budget funds and other sources may be established [7]:

Financial support for families with children:

- at the birth of a child;
- for raising a child up to 2 years old;
- for families with children up to 16 years old.

2. Social benefits:

- for disabled veterans and other categories of disabled people;
- for unemployed individuals;
- for families who have lost their breadwinner.



3. Assistance through social support institutions (shelters and homes for the disabled, providing financial assistance to those affected by the Chernobyl disaster, boarding schools and others for mentally weak and sick children).
4. Various privileges (providing free or discounted transportation services and benefits for the disabled, organizing sanatorium-resort trips, prosthetics, tax privileges, and others).
5. Benefits for low-income individuals.

In general, deep social and economic reforms being carried out in our country are aimed at ensuring effective social protection of citizens, especially protecting workers in enterprises, which is one of the most important tasks in making decisions on market economy [8].

As soon as our country gained independence, a series of reforms were implemented in the field of public finance, especially in defining the directions of state budget expenditures. The reforms carried out in the early years aimed to fulfill the primary tasks assigned to the state budget during the period of limited financial resources, particularly strengthening the attention paid to social development and supporting the population socially.

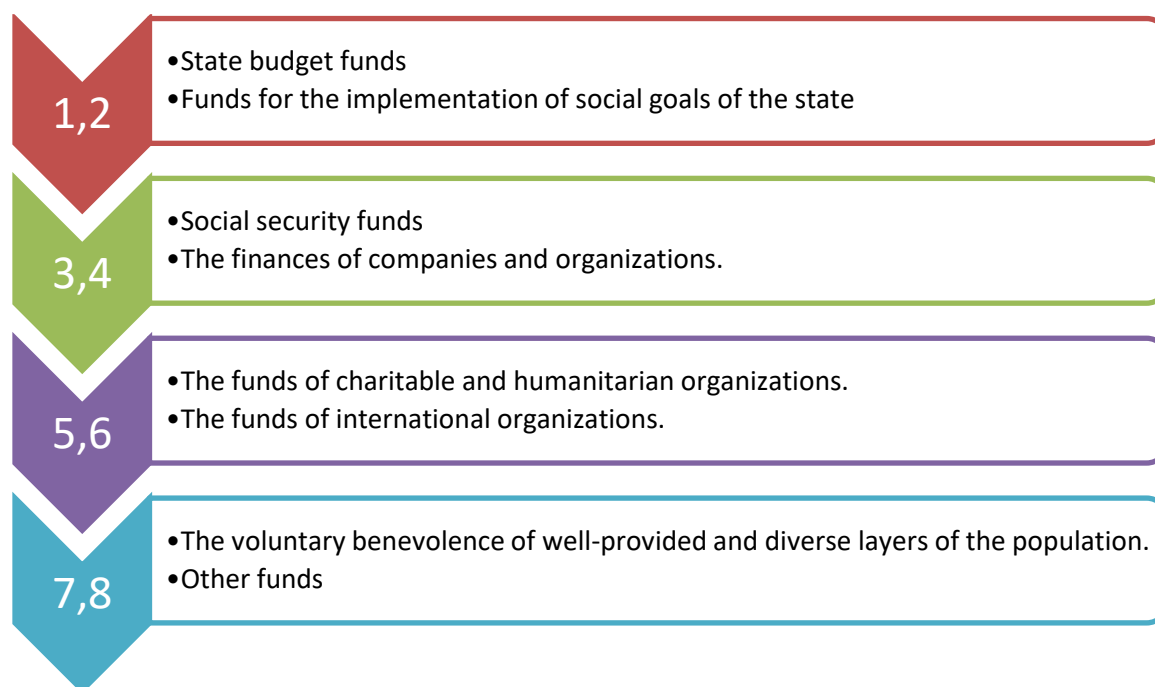


Figure 1. Sources of financing for social protection measures for the welfare of the population [9].

Measures to socially protect the population rely on various financing sources, with state budget funds playing a crucial and substantial role among them. The state budget expenditures increased from 107.1 trillion soums in 2019 to 257.7 trillion soums in 2023. Social sector expenditures as a percentage of total budget expenditures fluctuated, constituting 54% in 2019, 50.4% in 2020, 52.2% in 2021, 49.7% in 2022, and 50.4% in 2023. Notably, social welfare, financial aid, and compensation payments increased from 4.9% in 2019 to 7.0% in 2023. Housing construction program expenditures decreased from 2.8% in 2019 to 0.4% in 2021, while transfers to the pension fund increased from 4.4% in 2019 to 5.8% in 2023. Over the past five years, the proportional share of social welfare,



financial aid, and compensation payments, as well as transfers to the pension fund, has increased in the overall social sector expenditures, while housing construction program expenditures have decreased by 1.4%.

Table 1. In 2019-2023, the place of social protection security of the population within the resources of the state budget of the Republic of Uzbekistan [10]. (bn. soums)

	Expenditures	In 2019	In 2020	In 2021	In 2022	In 2023
	State budget expenditure,	107118,4	131104,5	188257.1	236692,0	257 734
	Social sector expenditure	57822,3	66018,1	92013.6	117691,9	129 891
	As a % of total budget expenditures	54,0	50,4	48.9	49.7	50.4
1	Expenditures on benefits, financial aid, and compensation payments	5267,2	6 573,70	10 880,3	19 397,1	18 067
1.1	As a % of total budget expenditures	4,9	5,0	5,8	8,2	7,0
1.2	As a % of social sector expenditures	9,1	9,9	11,8	16.5	14
2	Housing and urban development program expenditures ⁱ	2978,1	1 905	2409	1 010,8	1 100
2.1	As a % of total budget expenditures	2,8	1,5	1,5	0,4	0,4
2.2	As a % of social sector expenditures	5,2	2,9	2,8	0,9	0,8
3	Transfers to the Pension Fund	4700	8 000	14 700	11 092,0	15 000
3.1	As a % of total budget expenditures	4,4	6,1	8,9	4.7	5.8
3.2	As a % of social sector expenditures	8,1	12,1	17,0	9.4	11.5

The COVID-19 pandemic exacerbated social protection challenges in all countries. In the priorities of supporting the population, attention was directed towards budgetary issues related to supporting socially vulnerable groups. In 2021, the trend of securing families with social benefits continued to grow. The number of families receiving social assistance increased by two-fold compared to the beginning of 2020. In 2021, more attention was given to supporting orphaned children. For the first time, an allocation of 50 billion soums was earmarked in the budget specifically for providing housing for orphaned children.

**Table 2. Information about social benefits recipients and budget expenditures [10].**

	Indicators	In 2021		In 2022		In 2023)	
		Number of receivers, thousand people	Cost amount, bn. soums	Number of receivers, thousand people	Cost amount, bn. soums	Number of receivers, thousand people	Cost amount, bn. soums
	Total social protection expenditures	2 861,9	10 880,3	3 783,3	19 397,1	3 642,0	18 067
1	Financial assistance for large and low-income families	1 236,9	5 435,7	2 059,8	11 416,8	1862 ,7	10 529
2	financial aid provided once to needy families in the Republic of Karakalpakstan and the Khorezm region	17,9	17,4	24,2	19,2	24,2	19
3	Financial assistance for infants	306,4	2 012,8	324,0	2 645,0	341,5	2 884
4	A one-time payment upon a child's birth	901,1	487,8	904,0	566,4	920,0	600
5	Compensation payments for communal services instead of privileges for certain categories of the population	69,3	107,1	90,8	141,8	84,1	131
6	Benefits for individuals without mandatory work experience and those facing hardship	144,3	609,4	214,1	1 410,9	238,9	1 663
7	Burial allowance	185,2	205,1	166,0	208,6	170,0	220
8	Providing homes for orphaned children and those deprived of parental care.	0,8	83,0	0,5	57,0	0,7	120

The information regarding expenditures from the state budget for social benefits, financial aid, and compensation for food prices is provided in the above-mentioned Table 2. Analyzing the data from the table, it is evident that the number of social benefits recipients and the total amount allocated for social protection expenses have been increasing year by year. Specifically, in 2023, compared to 2020, the total number of social benefits recipients reached 780,102, and the overall allocated budget amount increased to 7,186.7 billion soums. Notably, the recipients of financial aid for families with children and those in need increased to 625,800, while the number of recipients of one-time financial aid in the Republic of Karakalpakstan and Xorazm region reached 6,219. The number of individuals receiving financial aid due to child disability increased to 35,062. In terms of expenditure,



the total amount for these categories was 5,093.3 billion soums, 1.6 billion soums, and 871.2 billion soums, respectively. One-time payments for financial aid upon a child's birth were provided to 18,920 recipients, with a total expenditure of 112.2 billion soums. For individuals without the required work experience and those with disabilities, the number of recipients was 94,561, with an expenditure of 1,053.6 billion soums. Additionally, in 2023, the number of recipients for funeral expenses was 15,228, with an increased expenditure of 14.9 billion soums.

Social benefits, financial aid, and financial support for low-income families, as well as financial assistance to families affected by natural disasters, are financed from the budgets of the Republic of Karakalpakstan, regions, and the city of Tashkent, as well as the budgets of districts and cities subordinate to them.

In 2021, the "Women's Register" system was introduced by the Resolution No.2 of the Council of Ministers of the Republic of Uzbekistan dated January 8, 2021, on additional measures for the implementation of additional measures to support women. The main purpose of this system is to address issues among women and establish a temporary system for the regulation of social support, and a temporary Regulation on the organization of the system was approved. This regulation identified 30 types of women aged 30 and over who would be included in the "Women's Register."

In 2021, to provide initial installment payments for mortgage loans and purchase social housing for women listed in the "Women's Register", the Republic of Karakalpakstan budget, regional budgets, and Tashkent city budgets allocated:

- 10 billion soums for providing social housing to women residing in disadvantaged areas;
- 5 billion soums were allocated for providing social housing to widows and daughters who are either separated from their parents or are in a difficult situation, including living with a single mother or father.

In order to implement the Decree of the President of the Republic of Uzbekistan "On Additional Measures to Support Youth in All Directions and Further Increase their Social Activity" No. PF-6260 dated July 13, 2021, the Resolution No. 637 of the Council of Ministers of the Republic of Uzbekistan was adopted on October 12, 2021, providing for additional measures for the construction of additional housing for families registered in the "Temir Daftar" and "Women's Register", as well as new families registered in the "Youth Register" living in a rented room in a single order.

Previously, in the process of determining the amount of social benefits to be provided to needy families during the process of granting social benefits and financial assistance, state funds were allocated to ensure that social assistance provided from the state budget is targeted, purposeful, and in line with progressive and social justice principles, and the system for determining the average total income of a family was automated.

The State Tax Committee of the Republic of Uzbekistan has been assigned the task of compiling the list of land plots owned by individuals by March 2022 and submitting this information to the "Single Registry of Social Protection" information system.

In line with the President's decree "On Measures to Further Improve the System of Social Protection of the Population in 2021-2030" dated February 17, 2021, the national strategy



for social protection for 2021-2030 has been approved. This strategy aims to simplify the process of receiving social benefits. By 2030, 1.5% of the state budget will be allocated for social protection. A single responsible body in the field of social protection has been established.

Additionally, with this document, the national strategy concept and roadmap for developing the "Roadmap" for the period 2021-2030 to protect the population socially have been approved. The national strategy for social protection outlines the fundamental guarantees of social assistance and services in the field of social protection.

The following measures have been introduced for this purpose:

- Providing assistance to children who do not have the opportunity to obtain basic food products, education, upbringing, and other necessary goods and services.
- Ensuring the provision of guaranteed income with targeted allowances for able-bodied citizens who, due to circumstances such as illness, unemployment, single parenthood, and disability, are unable to fully provide for themselves.
- Providing guaranteed income with targeted allowances for elderly citizens.

Together with the above, there are fundamental challenges that pose obstacles to the effective functioning of the national social protection system outlined in the concept of the national strategy for social protection. These challenges include the following:

- The absence of comprehensive coordination in the field of social protection, meaning the lack of a single coordinating body by the state to harmonize relationships in the field of social protection;
- The fact that disabled and socially vulnerable segments of the population have not been sufficiently covered from the perspective of social protection;
- The absence of basic social protection, including essential medical care, ensuring longevity, and providing guarantees for basic income, for all citizens throughout their lives;
- The lack of transparency, meaning the absence of favorable conditions for monitoring the process of obtaining social benefits;

The preservation of such a system exacerbates existing problems and contributes to the inadequacy of ensuring the well-being of the population.

Summary and Suggestions

Firstly, the social reforms implemented in the country are designed to ensure the social protection of vulnerable segments of the population, aligning with the strategic goals of development. Establishing social inclusion based on existing norms, identifying issues of inadequate provision, mitigating their negative consequences, and promoting the improvement of the quality of social services necessitate the activation of organizations contributing to achieving these goals.

Secondly, our country's National Strategy for Social Protection until 2030 was developed with the participation of a group of experts consisting of representatives from the International Labour Organization, UNICEF, the UN Development Program, and the World Bank. Effectively utilizing international experience in reducing disability and strengthening social protection aligns with the global goals of the National Strategy for Social Protection.



Thirdly, to ensure the effective results and implementation control of ongoing activities, there is a need to establish a single authority responsible for implementing state policies in the field of social protection.

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