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IMPACT OF THE COVID-19 PANDEMIC ON THE SOCIAL SECURITY SYSTEM IN UZBEKISTAN

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ABSTRACT

In the article is analyzed the population's social security system development stages in Uzbekistan over the years of independence and its priorities. Scientific proposals and practical recommendations have been developed to improve the efficiency of the social security system for the long term.

KEYWORDS: *Social Protection, Socially Vulnerable Groups, Population, Poverty, Social Policy, Income Of The Population, Unemployment, Off-Budget Target Funds.*

INTRODUCTION

An important task is to create a comprehensive system of social protection in the world, including the solution of negative social problems arising in society as a result of market economy, reducing their impact, achieving sustainable socio-economic development based on the principles of social justice.

The priority of the social policy of the United Nations (UN), international economic organizations, nation-states is to identify the socially disadvantaged, to strengthen the targeting of their social protection.

According to the International Labor Organization (ILO), in 2017-2019, 29% of the world's population used social security services, 41.1% of women with children were mothers, 21.8% of the unemployed of working age were unemployed, and 27.8% of people with disabilities were able to work. were able to receive disability benefits.¹

The coronavirus pandemic affects a total of 2 billion people worldwide. led to unemployment in the informal sector (62 percent of the world's total employment, including 90 percent in low-

income countries, 67 percent in middle-income countries, and 18 percent in developed countries).²

According to the World Bank, the Covid-19 pandemic crisis, which began in 2020, will affect the world economy by 5.2%, including GDP growth in developed countries by 7%, per capita income in developing and developing countries by 2.5%, and per capita income. As a result of the 3.6 percent decrease, 60 million people in the world. it is predicted that a person will fall into extreme poverty and millions of people will fall into poverty.³

In order to provide financial support to various social groups, including the socially vulnerable, in the context of the global "Coronavirus" crisis, research is being conducted to improve the economic mechanism of providing them with social services, and targeted anti-crisis government programs are being developed and implemented. being increased.

During the years of independence, Uzbekistan has developed a system of social protection based on the requirements of a market economy and is constantly improving it. In the context of the pandemic, the share of socially vulnerable families in total families increased from 8.0% to 21.0%.⁴ This situation makes it necessary to further improve the system of social protection and increase the effectiveness of poverty reduction programs in the country.

President of the Republic of Uzbekistan Sh.M. Mirziyoyev as noted by, "In our country, the poor make up about 12-15 percent In this regard, it is necessary to create a new methodology that covers the concept of poverty, its criteria and assessment methods on the basis of international standards."⁵ In the pre-pandemic period, the number of unemployed in our country amounted to 1 million. While it was close to 350,000, during the pandemic this figure was about 2 million.⁵ "... the pandemic could seriously affect the incomes of about 450,000 families."⁶ Improving the targeting of the social security system is a socio-economic problem of scientific and practical significance, the provision of social services to the population, the systematization of social reforms in the fight against poverty and increasing the level of social protection.

Setting a scientific problem

In the scientific works of A.V. Vakhobov, T.M. Akhmedov, Q.X. Abdurakhmonov, X.P. Abulqosimov, N.M. Majidov, B.X. Umurzoqov, R.R. Khasanov, M.K. Abdullaeva, R.F. Djumanova, N.Q. Zokirova, M.A. Khakimova, B.Sh. Khusanov⁷ and other uzbek economists studied the methodology of identifying socially vulnerable groups in the context of economic liberalization, directions for assessing living standards and quality of life in the country, the possibility of creative use of advanced foreign experience in social protection. At the same time, the theoretical and practical issues related to the priorities of social protection have not been analyzed in a comprehensive, systematic, special research object.

The main results

In the first years of independence, the macroeconomic situation in the system of administrative management in Uzbekistan deteriorated, leading to social problems and aggravation of socio-economic disparities. This situation has led our government to set socio-economic tasks in the process of reforms aimed at the transition to a market economy, such as ensuring social stability, strong social policy, social protection of the needy.

During the period of independence, the targeting of the existing social security system in Uzbekistan has increased. This situation has allowed the effective use of budget funds in the financing of measures for social protection. In particular, 1991-1999 was a period of formation of the system of social protection of the population and the legal and institutional framework of social protection inherent in the market economy.

In 2000-2009, a specific mechanism of targeted social protection was created by increasing the role of citizens' self-government bodies in social protection. 2010-2015 was a period of increasing the targeting of social protection and improving the regulatory framework for the targeted use of budget funds.

Legal and institutional reforms in the field of social protection implemented in the country since 2016 are aimed at ensuring a decent standard of living and quality of life, sustainable improvement of their welfare and expanding the quality and scope of social services.

In recent years, 9.7% of GDP in Uzbekistan has been directed to the social security system. In particular, 72.0% of these funds or 6.9% of GDP will be spent on financing pension services. 23.0% of the population is provided with pensions and social benefits, 63.0% of families with children under 2 years of age receive childcare benefits, 88.0% of families with many children do not receive benefits under 14 years of age. Despite the targeted orientation of the social security system in Uzbekistan, only 48.0% of needy families are covered by social protection programs.⁸

According to the international poverty line, it is recommended to apply the low-income level for low-income countries at \$ 3.2 per day, and for middle-income countries at \$ 5.5 per day. Based on this approach, the level of poverty in the country was 36.6% when taking the limit of \$ 5.5 and 9.6% when taking the limit of \$ 3.2. According to the World Bank, high levels of poverty are observed in Samarkand, Surkhandarya, Syrdarya, Andijan regions and the Republic of Karakalpakstan.⁹

According to the survey, 7,192,000 households are registered in Uzbekistan, of which more than 300,000 are in need of social assistance.¹⁰ The low-income family consists of an average of 7 people, the average age of the head of the family is over 50 years and he has no higher education. In particular, 11 percent of the heads of low-income families are unemployed, 93 percent have no higher education, and only 24 percent have secondary special education. 43% of able-bodied members of low-income families do not have a permanent job, 93% are not connected to the central heating system, 96% are not connected to the central sewerage system and 66% are not connected to the central water supply.¹¹

In accordance with the Decree of the President of the Republic of Uzbekistan dated May 18, 2020 No PF-5996 "On the next measures to support the population and businesses during the coronavirus pandemic" benefits for families with children under 14 the number of beneficiaries has been increased by an additional 10 percent since June 1, 2020, and 220 billion UZShas been earmarked to fund these programs. soums were allocated.

The shortcomings of the social security system in our country are as follows:¹²

- Low level of coverage of protective tendencies (including children);
- Low amount of benefits;

- Most low-income families do not receive benefits;
- The complexity of the process of awarding benefits;
- Lack of funding.

A number of factors affect the effectiveness of the social security system in Uzbekistan, and by addressing them, it will be possible to fully cover the population in our country with social protection programs by 2030:

- in 2010, child care benefits for low-income families were reduced from 3 to 2 years in the name of strengthening the targeting of the social security system;
- The allowance for minors to large families has been reduced from 16 to 14 years;
- Poor provision of targeted social assistance to the poor (52% of low-income families are not covered by social protection programs);
- The complexity and inefficiency of determining the level of income due to the high level of informal employment in the country (in 2019, the number of people employed in the informal sector, excluding migrant workers was 5,368.3 thousand¹³). It also creates difficulties in identifying the socially vulnerable population as a result of short-term fluctuations in family income;
- Recipients of child benefits may be deprived of the right to receive child benefits if they go to work in the labor market. The result is a decline in the family's desire to expand their sources of income.

As market relations develop in the country, the state will gradually transfer its obligations in the field of social protection to extra-budgetary targeted social funds and charitable foundations. This creates a basis for increasing the coverage of social protection of the population and its targeting. The effectiveness of extra-budgetary trust and charitable foundations is reflected in the fact that at least 85% of their expenditures are directed to their functional purpose.¹⁴

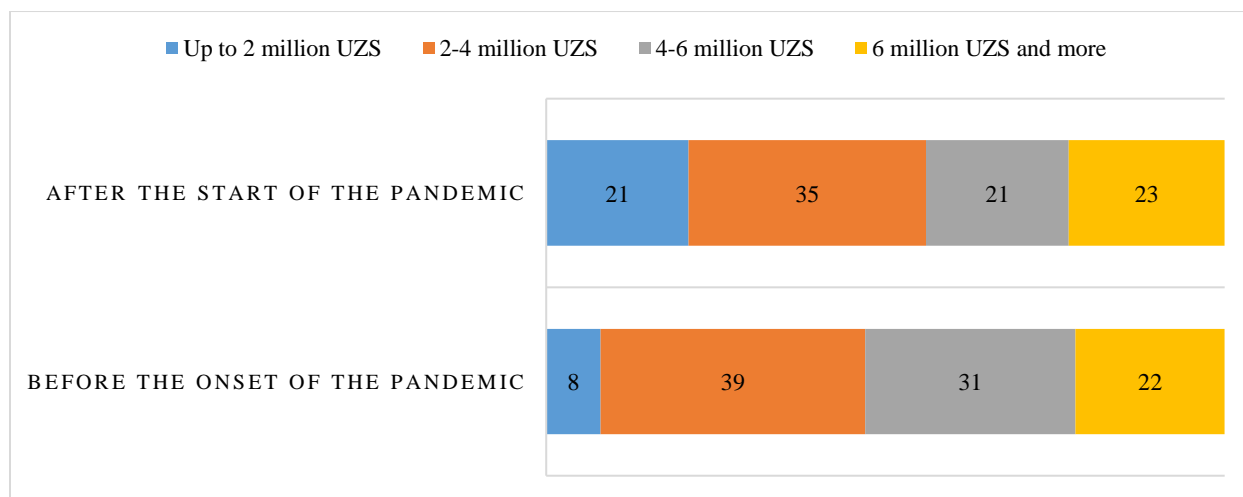


Figure 1. Information on average monthly income of households (in percent)¹⁵

The Covid-19 pandemic, which began in 2020, has seriously affected the incomes of about 450,000 families in the country. In particular, the number of families who lost their breadwinners was 155,000, the number of low-income families with more than 5 children was 81,000, and the number of elderly people living alone was 16,000.¹⁶ This indicates that the majority of middle-income families in our country live below the poverty line. The fact that the share of poor households in the country has increased from 8% to 21% in 6 months due to the coronavirus pandemic, which began in 2020, is proof of the above. According to the results of the Household Expenditure and Income Survey conducted by the Central Bank of the Republic of Uzbekistan in 2020 to collect statistics on household income and consumption expenditures, 56% of households lost income and 15% lost all income due to the pandemic. Identified (see Figure 1).¹⁷

The survey was conducted by the Central Bank of the Republic of Uzbekistan using the method of selective observation, which covered a total of 6,987 respondents. The results of the survey showed that while 15 percent of families were left without income due to the pandemic, 56 percent reduced their household incomes. At the same time, it was found that while 48% of families had reduced their savings, 28% of families were left without a fund (see Figure 2). According to official data, when assessing the level of poverty in the country on the basis of basic consumption expenditures, it was found that due to the pandemic, this figure increased by 1.5 times. This situation highlights the need to further strengthen the income base of families by increasing the effectiveness of active social protection programs.

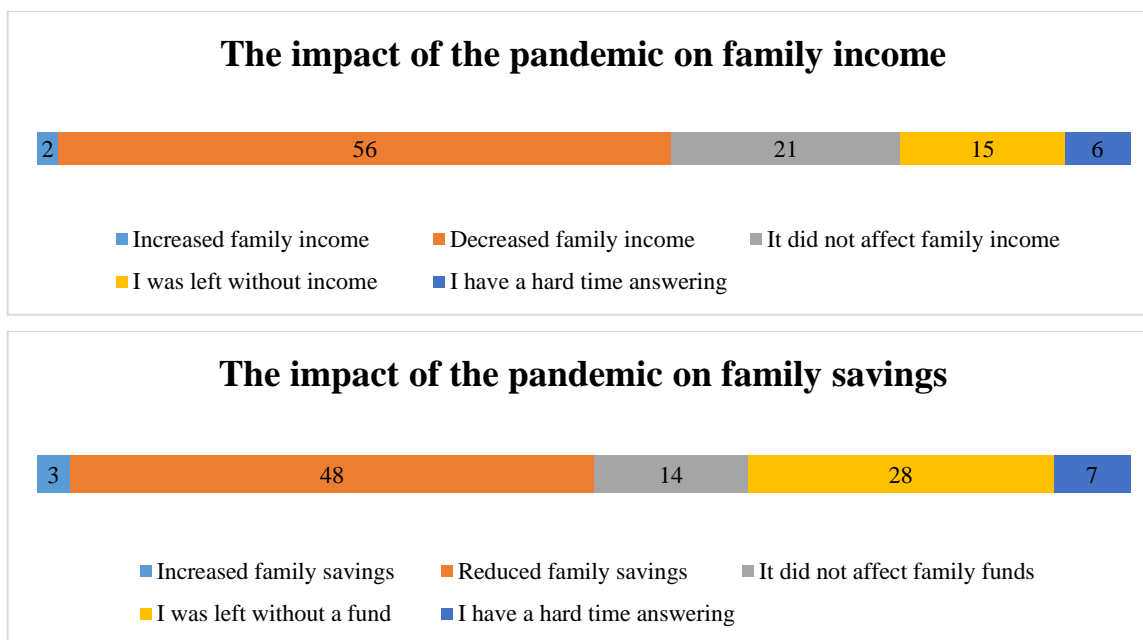


Figure 2. Impact of pandemic on family income and savings (in percent)¹⁸

One of the factors influencing the emergence of poverty and its development is the inability of this family to manage its financial resources and not to form funds for various contingencies. Analyzes show that today, 37.4 percent of families do not have the funds to live for a certain period of time when their sources of income are interrupted or they stop working. 23.6% of families were found to have sufficient savings for up to 1 month and 21.7% of families for 1-3 months (see Figure 3).

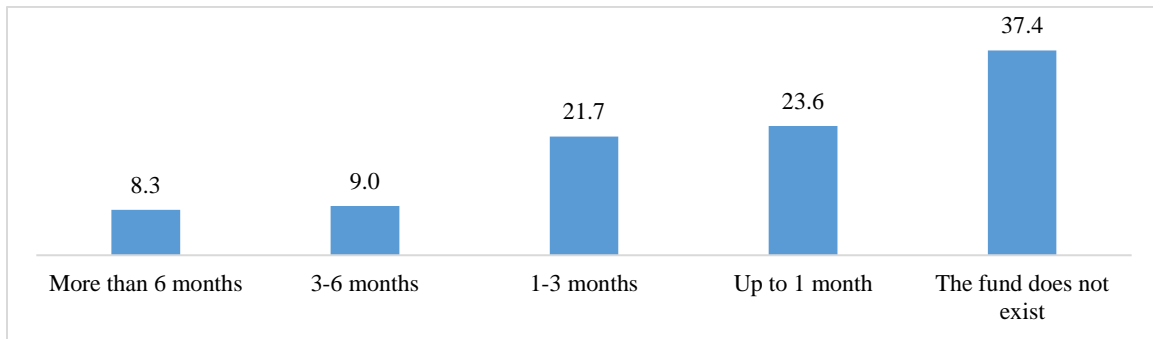


Figure 3. When the source of income of families ceases, the sufficient period of savings formed for average living¹⁹

In our opinion, it is expedient to take the following measures to increase the targeting of the social security system in Uzbekistan:

- improving the quality of social services provided to the population, including education, health care, in order to ensure the effectiveness of active social protection programs implemented in Uzbekistan;
- development of the boundaries of social needs of the population and the introduction of social standards of subsistence in practice, taking into account the socio-economic characteristics of the country, based on the practice of developed countries in the field of social protection;
- development of employment programs aimed at strengthening the income base of the poor, and at the same time should be considered as a stimulus for family business. Expansion of microfinance institutions that provide soft loans to low-income families in need of social protection for the development of family businesses;
- expanding the involvement of extra-budgetary sources, including charities and sponsors, to finance social protection measures, as in a pandemic. This will lead to a significant increase in the amount of social benefits and payments, as well as increase the level of coverage of low-income families with social protection;
- Introduction of targeted and targeted subsidies from the state budget in the process of payment of housing and communal payments to low-income families.

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