

IMPROVING THE FINANCIAL MECHANISM OF SOCIAL PROTECTION OF THE POPULATION

Sherjonov Sherjon Alijanugli

Independent researcher, The Banking and Finance Academy Republic of Uzbekistan, Tashkent, Uzbekistan

Abstract: This article examines the issues of effective use of budget funds in improving the social protection system. In particular, the scientific works of local and foreign scientists in this regard have been studied. The execution of the state budget funds was analyzed and the ways of applying result-oriented budgeting in ensuring the effectiveness of social sector expenditures in the budget system were considered. Conclusions and proposals are formulated.

Keywords. social protection, result-oriented budgeting, state budget, standard of living of the population, social security, social benefits, social sphere, pension provision.

INTRODUCTION

Decentralization of budget policy in Uzbekistan, liberalization of budget planning and the need to transfer some functions of the state to the private sector require financial independence in budget organizations. This prepares the ground for the introduction of modern principles of result-oriented budgeting in the planning of budget expenditures. Also, in the planning of budget expenditures in our country, the relevance of researching the formation of infrastructure that reflects the current-intermediate-final goals of result-oriented budgeting, optimization of some state functions, increased transparency of the budgeting process, and the development of performance criteria indicators shows

LITERATURE REVIEW

Nobel laureates A. Banerjee, E. Duflo and M. Kremer (2019) were recognized for their research on the topic of "Poverty Eradication". According to their conclusions, it is noted that the importance of the education and health sector in the elimination of poverty is primary. In short, it is important to pay special attention to strengthening the quality of social services in the fight against poverty at the national level, and to ensure the effectiveness of budget funds.

S. Fedulova (2011) studies the problems of implementation of result-oriented budgeting. In particular, it focuses on the possibility of eliminating existing problems by creating the following conditions:

- determining goals, tasks and activity results in ensuring the implementation of the priority directions of the state programs for the socio-economic development of the country in the medium-term promising period;
 - formation and adoption of methods for estimating the full value of expenditure obligations;
 - ensuring the motivation of budget organizations from the efficiency of using budget funds;
 - adoption of competitive principles of allocation of budget funds;
- existence and use of methods for evaluating the results of the use of budget funds by budgetary organizations.

Prof. J. Ataniyazov also cites his thoughts. focuses on indicators such as economic efficiency, effectiveness and efficiency of budget expenditures in the application of NYB in school education

RESEARCH METHODOLOGY

Methods of scientific abstraction, logical thinking, comparative analysis, monographic research, data grouping, comparison were used in the dissertation work.

ANALYSIS AND RESULTS

The state budget was created as a necessary factor for the fulfillment of socio-economic tasks in the country. With the emergence of the state category, there was also a demand for the fulfillment of its duties. The emergence of this need requires the introduction of methods that ensure the effective use of funds from the state treasury.

If we analyze the state budget revenues, it has sharp growth indicators in 2018-2022. The main reason for this is the sudden increase in state budget expenses, that is, the need to accumulate funds for their financial support. At the same time, the reforms implemented in the tax policy and the work being carried out on the development of entrepreneurship in our country make it possible to increase the budget revenues;

- state budget expenditures have a sharp growth trend in 2018-2022 and show a higher growth than budget revenues. State budget expenditures show constant and high growth in 2018-2022. The main reason for this is that in the context of the economic reforms being carried out in our country, large-scale works are being carried out to improve the infrastructure, support the population, and develop the activities of budget organizations. At the same time, in order to fight against the pandemic that occurred in 2020 and to eliminate its consequences, large-scale expenditures from the state budget also had an impact on the sharp growth in 2020. In addition, due to the pandemic, the effectiveness and efficiency of budget expenditures has become an urgent issue. Because the increase of the budget expenses in the conditions of the pandemic is primarily aimed at combating the pandemic and eliminating its negative consequences, but at the same time, it showed the need to determine the effectiveness and efficiency of the budget expenses carried out until 2020.

- if we pay attention to the difference between budget revenues and budget expenditures, in 2018, budget expenditures exceeded budget revenues and a minimum deficit of 0.6 trillion soums was observed in the period of 2018-2022, and the deficit is increasing starting from 2019. It was 0.6 trillion soums in 2018, and according to the preliminary data of 2022, it will be 34.6 trillion soums;

- if we look at the share of the difference between budget revenues and expenses compared to the total budget expenses, the share will be 14.6 percent by 2022. Of course, the main reasons for this situation are the pandemic that occurred in 2020, as mentioned above, to fight against it and eliminate its negative consequences. the implemented efforts have increased the budget expenses, and in turn, the decrease in the economy as a result of the quarantine has also caused a decrease in the budget revenues.

Such an increase in budget revenues and expenses depends primarily on budget expenses, and it is budget expenses that began to increase sharply in 2019. In our opinion, the main reason for this is the changes in the state policy, the budget funds are implemented mainly by improving the living standards of the population and increasing the wages of employees of state organizations.

In our opinion. the fact that the state budget deficit is observed against the background of such an increase in the state budget expenditures today brings the need to ensure the efficiency and effectiveness of the state budget expenditures to the level of urgent necessity.

At this point, we consider it appropriate to pay attention to changes in the composition and amount of state budget expenditures. Because changes in the composition of state budget expenditures will not fail to have an impact on the directions of effective and efficient use of budget funds.

Table 1

Changes in the amount of state budget expenditures according to the structure of expenditures, trillion. soum (www.imv.uz)

No	Indicators	2018	2019	2020	2021	2022
	Total expenses	79.7	118.0	143.9	188.1	236.6
	<i>including :</i>					
1	Social costs :	42.7	63.5	74.2	92.6	117.7
2	To the economy expenses	7.6	18.5	16.1	21.2	32.4
3	Centralized investments financing expenses	5.4	7.0	18.9	29.9	27.7
4	State authority, management bodies, justice , prosecutor's office and judicial bodies and of citizens itself manage organs storage expenses	3.9	6.0	8.6	13.5	19.3
5	Others	20.2	22.9	26.1	31.0	39.5

From the data of Table 1, we can see that in 2018-2022, there are significant changes in the structure of state budget expenditures. Including:

- the main place in the amount of state budget expenditures is occupied by social expenditures. One of the reasons for the social orientation of the state budget of Uzbekistan is the high percentage of youth in the population. In particular, by the beginning of 2023, the population under 19 years of age is about 13.5 million people, or 38 percent of the total population of 36.0 million. This, in turn, causes higher education costs, which are part of social costs. At the same time, health care costs are also constantly increasing;

- economic expenses show a tendency to increase in terms of quantity. Because the economic reforms being carried out in the country require spending in areas that require large amounts of money, such as infrastructure improvement and entrepreneurship development. In addition, the structure of this cost group is very wide, and even during the pandemic, their types and directions have expanded;

- In 2018-2022, centralized investment costs have a growing trend, but by 2020, a sharp increase is observed. As the main reasons for this, a large amount of money is directed to activities such as the construction and repair of social facilities in our country, especially to increase the level of provision of preschool educational institutions and general secondary education schools, and to improve their quality;

- the costs of maintaining state power, administrative bodies, justice, prosecutor's office and judicial bodies, as well as citizens' self-governance bodies, also have growth indicators. In order to fight against corruption and ensure socio-economic development in the country, the expansion of state authorities and management bodies and the increase of salaries of the employees working in them caused the constant increase of this type of expenses.

In general, the expenses of the state budget are increasing in terms of the expenditure groups allocated for research purposes.

Taking into account that the quantitative growth of the state budget expenses does not give a complete picture of the changes in the spending policy against the background of the increase in general expenses, it is appropriate to analyze their share in the total expenses.

The amount of educational expenses is the highest in the structure of social sector expenses, and it is growing sharply in 2018-2022. The main reason for this, as mentioned above, is the large part of the population of the educational age. At the same time, in 2018-2022, large amounts of funds are being allocated to increase the salaries of pedagogues in all stages of education, i.e. preschool education, general secondary education, vocational education and higher education, and to improve conditions in educational institutions;

- the amount of health care expenses is the second highest area in the structure of social sector expenses, and the funds allocated to it are increasing. Despite the fact that a large amount of funds were allocated to this sector from the state budget even before the pandemic, it became clear during the pandemic that these funds were not enough for the development of the sector. During the pandemic, problems in the field of health care in our country became apparent. This made it necessary to further increase budget expenditures;

- the increase in social security and pension costs is also significant, which can be said to be the result of the attention to reducing poverty in our country and the work done to reduce the negative effects of the pandemic.

At this point, it is appropriate to analyze the changes in the total share of expenditure groups within social sector expenditures.

From the data of Figure 1, we can see that during 2018-2022, there have been significant changes in the share of social sector expenditures in total expenditures. In particular, if we pay attention to the share of education expenses in the total social sector expenses, we can see that in 2018 it was 48%, and according to the preliminary data of 2022, it decreased to 43%. The share of health care expenses in the total social sphere expenses was 22 percent in 2018 and reached 23 percent by 2022. But in terms of quantity, it has increased almost 3 times. Although there have been no significant changes in the share of funds allocated to the sphere of culture and sports in the total social sector expenditures, the share of social security and allowances is increasing. The main reason for this is economic reforms and support for the poor part of the population during the pandemic. In particular, during the pandemic, with a number of decisions and decrees of the President, in order to support the less well-off part of the population, the terms of payment of social benefits to thousands of families were extended and their number increased.

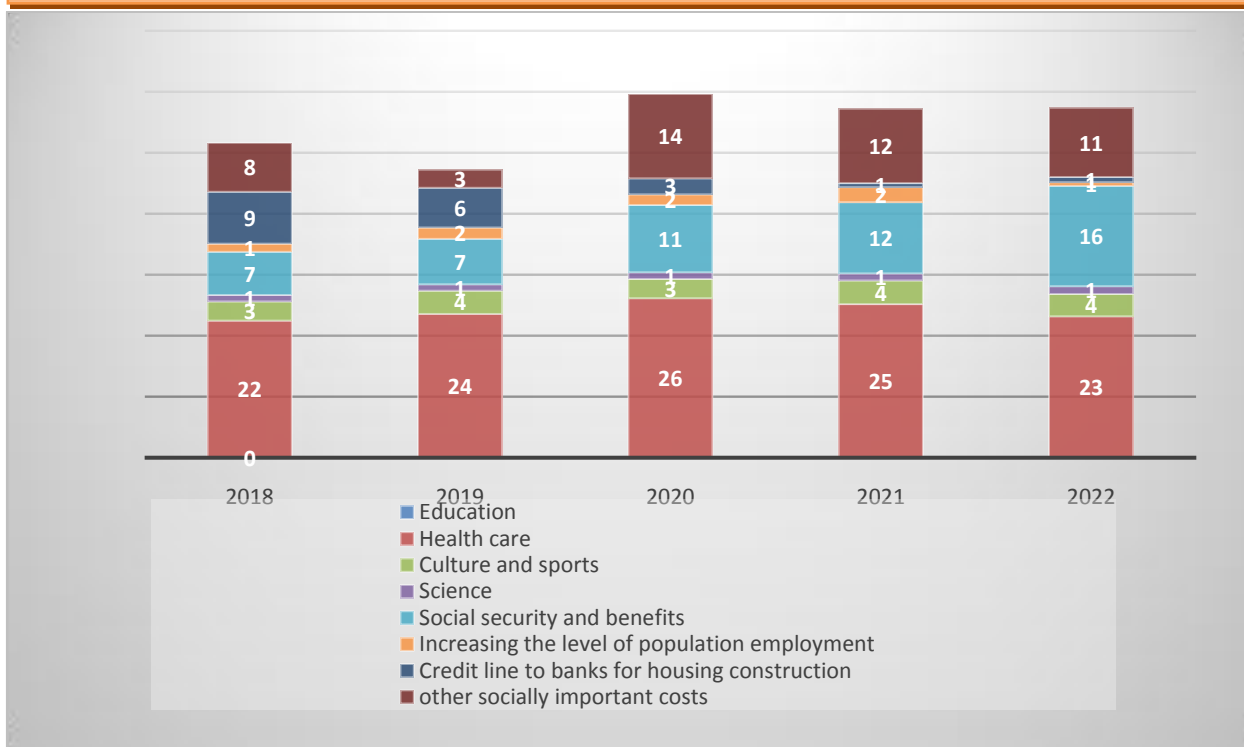


Figure 1. Information on changes in the share of social sector expenditures in total expenditures(www.imv.uz)

Expenditure on increasing population employment is the expenditure group showing the greatest growth in social sector expenditure. In particular, in 2018, a total of 570.0 billion soums were allocated for this direction, and by 2020 it will reach 1.3 trillion soums. The fact that employment is one of the main problems in the course of reforms to reduce poverty in our country makes it necessary to increase the share of expenses. At the same time, during the pandemic, the issue of preventing and reducing unemployment has become one of the most urgent problems. In particular, "Obzor mejdunarodnoy practical podderzhki ekonomiki i naseleniya v usloviyax borby s pandemicey coronavirus v Armenia, Great Britain, Germany, Denmark, Spain, Italy, Kazakhstan, China, Netherlands, USA, Finland, France, Switzerland, prepared by the Institute of Social Policy of the Russian Federation" According to the report "South Korea, Japan", in 9 of the 15 countries studied, including the USA, Germany, France, Finland, South Korea, Spain, Denmark, Italy, and Kazakhstan, the conditions for the appointment and payment of unemployment benefits during the pandemic have been revised and changed.

Also, the cost of the credit line to the banks participating in the co-financing of the housing construction program is getting its permanent place in the structure of social sector costs. Because through this expenditure, on the one hand, the population's demand for housing is met, and on the other hand, it is possible to reduce unemployment by creating jobs due to the expansion of housing construction. Therefore, the share of this expenditure remains constant in the structure of state budget expenditures.

Other socially important expenses are expenses that are not included in the above-mentioned groups of social expenses, and we can see a big increase in this group of expenses in 2020. This is the growth caused mainly by the subsidies allocated from the State budget to the extra-budgetary pension fund. In 2022, a total of 13.4 trillion soums were allocated for these purposes.

In general, the expenses of the social sector are undergoing structural changes, and today the expenses of the social sector include not only education and health care, but also various directions of supporting the socially disadvantaged part of the population, and actually reducing poverty, helping economic growth through the development of entrepreneurship, economic has become a complex cost group that performs the tasks of mitigating the negative effects of reforms.

The following conclusions can be drawn from the above analysis:

- state budget expenditures are increasing in terms of amount, and a budget deficit is observed in 2018-2022. In our opinion, the observed budget deficit justifies the need to pay special attention to the effectiveness and efficiency of budget expenditures;

- there have been changes in the share of state budget expenditures in total expenditures. This can be explained by the decrease in the share of social sector spending and the increase in the share of spending on the economy and centralized investment;

- significant changes are also taking place in the structure of social sector expenditures. In particular, the share of education and health care expenses in all social sector expenses is decreasing, and the share of directions such as support of low-income population and employment provision is increasing. Of course, the ongoing economic reforms and the pandemic had a great impact on this.

CONCLUSION

In our opinion. the fact that the state budget deficit is observed against the background of such an increase in the state budget expenditures today brings the need to ensure the efficiency and effectiveness of the state budget expenditures to the level of urgent necessity.

In general, the expenses of the social sector are undergoing structural changes, and today the expenses of the social sector include not only education and health care, but also various directions of supporting the socially disadvantaged part of the population, and actually reducing poverty, helping economic growth through the development of entrepreneurship, economic has become a complex cost group that performs the tasks of mitigating the negative effects of reforms.

In our opinion, implementation of the result-oriented budgeting system is easy on the one hand in terms of quantity, but on the other hand, it is complex in terms of quality. Since the most important indicator that can be determined in terms of quantity is the coverage of children of preschool age by preschool educational institutions, it is difficult to assign any results in terms of quality to this process in the conditions of the deficit in the number of places.

In our opinion, the determination of performance indicators in the field of higher education, regardless of the source of its financing, is considered performance indicators for the entire socio-economic development.

Rapid and large-scale reforms are being implemented in the health sector in our country. In particular, the funds allocated to the sector from the state budget increased sharply, especially in 2020, due to the pandemic. However, our analysis above shows that the funds directed to the sector in many cases serve only to "waste time" without solving the problem. Of course, current problems can be solved with the allocation of funds, but strategic and systemic problems such as staffing adequacy and quality require time as well as funds. In addition, in most cases, among the systemic problems, there are also primary problems such as coverage, building and equipment capacity, which definitely require large amounts of money to solve.

In general, the question of whether it is possible to achieve the expected results by allocating funds from the state budget should always be on the agenda. Because usually funds, especially budget funds, are always limited and it is not possible to increase them continuously. In such cases, the result-oriented budgeting system is used in international experience.

Focusing on the result implies first defining the goals of this activity, not just the result of a particular cost. Through this, the industry and its main goals will be determined, and the infrastructure will need to be created to achieve these goals. As a result of such analyses, mutual "intersections" of the activities of sectors and industries are visible. Just like the role of higher education in pre-school and general education, as we mentioned above, they are closely related to each other. In such cases, the result orientation should be discussed comprehensively.

REFERENCES

Press release: The Prize in Economic Sciences 2019
<https://www.nobelprize.org/prizes/economic-sciences/2019/press-release/>

Fedulova S.F. Problemy vnedreniya budgetirovaniya, orientirovannogo na rezultat//Vestnik Udmurtskogo Universiteta, 2011 - №1. - P.97-104.

www . imv. en- Uzbekistan Republic Economy and finance ministry official website information .

Tursunov, J., and F. Ametova. "THE REFORM OF PENSION PROVISION SYSTEM IN UZBEKISTAN." *International Finance and Accounting* 2019.2 (2019): 28.

Tursunov, J. "SPECIAL FEATURES OF PENSION SYSTEM IN UZBEKISTAN AND INTERNATIONAL PRACTICE." *International Finance and Accounting* 2018.3 (2018): 19.

PULATOVICH, TURSUNOV JAKHONGIR. "WAYS TO REFORM THE PENSION SYSTEM BASED ON FOREIGN EXPERIENCE." *International journal of economic perspectives* 17.1 (2023): 64-71.

Tursunov J. Ways to ensure stable implementation of the pension system in Uzbekistan in the future //Economics and education. - 2023. - T. 24. – no. 1. – S. 327-333.

Karimovna, AbduraximovaDilora. "ISSUES OF WIDE IMPLEMENTATION OF FINANCIAL TECHNOLOGIES IN THE GLOBAL FINANCIAL MARKET." *European Journal of Interdisciplinary Research and Development* 20 (2023): 67-76.

Абдурахимова, Дилора. "БанкларИнновациялариОрқалиМиллий Ипотека ИнструментлариБозориниРивожлантириш." *Iqtisodiy taraqqiyot va tahlil* 1.2 (2023): 96-102.

Т. Yu. Manjula " Role of Gosudarstvennogo budgeta v sotsialno- ekonomicheskom razvitii gosudarstva" Internet source: <https://esj.today> . Vestnik Evrazyskoy nauki, Date of application 11.03.2021.

Jakhongir Tursunov . (2022). THE STATE OF THE PENSION SYSTEM IN UZBEKISTAN. Proceedings of International Conference of Educators, 1(3), 29–32. Retrieved from <https://econferenceseries.com/index.php/iec/article/view/533>

Institute of Social Policy NIU VShE "Overview of international practical economic support and conditions in the fight against the coronavirus pandemic in Armenia, Great Britain, Germany, Denmark, Spain, Italy, Kazakhstan, China, Netherlands, USA, Finland, France, Sweden, South Korea, Japan ". Internet source: <https://isp.hse.ru> . The date of application is 07.03.2021.

Tursunov, JP "Reforms in pension supply system in Uzbekistan." *European Journal of Research* 3 (2019): 43.