

DIRECTIONS FOR IMPROVING THE ECONOMIC ASPECTS OF THE SOCIAL PROTECTION SYSTEM

Dilmurodov Khurshidbek Bahodir ugli

Lecturer, Department of Economics,
Asia International University

Annotation: This article analyzes the economic dimensions of the social protection system in the Republic of Uzbekistan, identifies existing challenges, and proposes solutions for improvement based on international experience. The study examines key reforms such as the “*From Poverty to Prosperity*” program, the “*INSON*” project, the establishment of the Unified Social Register, and the introduction of digital technologies in public welfare management. The author explores crucial issues such as financial sustainability, targeted assistance, service quality, the involvement of the private sector, and the implementation of modern monitoring and evaluation systems. Drawing on the experiences of developed countries, the article proposes measures aimed at increasing efficiency, transparency, and inclusiveness of the national social protection framework. Special attention is given to the need for institutional innovation, digital transformation, and the integration of market-oriented tools to enhance the long-term sustainability of the system.

Keywords: social protection, social policy, targeting, financial sustainability, digital technologies, service efficiency, Uzbekistan, inclusive development, social innovation.

The social protection system represents one of the core socio-economic foundations of any democratic state, ensuring social justice, reducing poverty, and maintaining social stability while fostering economic growth. Since independence, Uzbekistan has placed the development of social protection at the center of its national policy priorities. In recent years, large-scale reforms have been introduced, including the creation of the Unified Social Register, the launch of the “*INSON*” project, and the national program “*From Poverty to Prosperity*.” These initiatives have aimed to improve transparency, strengthen targeting, and implement digital governance principles within the social welfare system.

Despite these achievements, a number of economic challenges persist. These include inefficiencies in financial management, limited targeting accuracy, disparities in service delivery, and insufficient participation of private and community-based institutions. In the modern context of globalization, social protection should not be viewed merely as a safety net or charitable mechanism but as a strategic tool for enhancing human capital, increasing labor market participation, and stimulating long-term productivity.

International experience provides valuable insights into how an economically efficient social protection system can be structured. In countries such as Sweden, Denmark, Mexico, and Brazil, social protection systems are characterized by stable financing, strong institutional capacity, and the active use of digital technologies. In Brazil and Mexico, for example, artificial intelligence is used to identify eligible beneficiaries, while social services are delivered through “one-stop-shop” digital platforms that minimize bureaucracy. European Union countries integrate data-driven monitoring systems, continuously assessing the impact of welfare programs on poverty reduction and employment outcomes. Such approaches demonstrate that the economic sustainability of social protection depends not only on funding but also on innovation, accountability, and cross-sectoral cooperation.

In Uzbekistan, major reforms have been undertaken to modernize and optimize the system. The Presidential Decree of June 30, 2021, introduced the *National Strategy for Social Protection of the Population until 2030*. Within this framework, the \$100 million *INSON* project was launched to expand access to services for vulnerable groups, create facilities for persons with disabilities, and develop local service centers. The “*From Poverty to Prosperity*” program has further institutionalized multidimensional support, combining financial assistance with social, psychological, legal, and health-related services. According to statistical data, the number of families receiving social assistance increased from approximately 595,000 in 2019 to 2.2 million in 2022. Moreover, the national poverty rate declined from 17 percent in 2021 to 12 percent in 2023. These improvements reflect significant progress; however, challenges remain, particularly in ensuring effective targeting, achieving financial sustainability, and equalizing access to services across regions.

To further enhance the economic foundations of the social protection system, several interconnected strategies must be pursued simultaneously. Strengthening the targeting of social assistance is of primary importance. The modernization of the Unified Social Register through artificial intelligence-based need assessments and its integration with local *mahalla* institutions can help ensure that assistance reaches those most in need. Improved targeting not only increases fairness but also allows for more efficient allocation of limited budgetary resources.

Equally critical is the process of digital transformation. By expanding the use of electronic platforms, mobile applications, automated control systems, and digital auditing mechanisms, Uzbekistan can make the social protection system more transparent, efficient, and responsive. The introduction of blockchain-based registries could also be considered as a way to prevent corruption and data manipulation, ensuring accountability in the disbursement of social benefits. The sustainability of social protection is closely tied to its financial structure. Ensuring long-term financial stability requires the diversification of funding sources, the expansion of social insurance schemes, and the alignment of budgetary planning with long-term fiscal forecasts. The integration of social protection with tax and employment policies can create a more resilient and self-sustaining system. Additionally, public-private partnerships can reduce fiscal pressure on the state by involving private enterprises and non-governmental organizations in the delivery of social services.

Involving the private sector and civil society is particularly important in the modernization of the social protection framework. By promoting social entrepreneurship and community-based initiatives, the government can foster local employment, stimulate innovation, and improve the quality of social services. For instance, microenterprises that provide home care, vocational training, or community health services can play an active role in the system, while simultaneously contributing to local economic development.

Another critical direction is the establishment of a comprehensive monitoring and evaluation system to assess program efficiency. By using modern performance indicators such as *Value for Money (VfM)*, *Return on Investment (ROI)*, and user satisfaction indices, policymakers can measure outcomes objectively and allocate resources more effectively. Evidence-based decision-making will help improve program design, reduce inefficiencies, and ensure that every dollar spent produces tangible social and economic benefits.

In conclusion, Uzbekistan has made substantial progress in reforming its social protection system, moving toward greater inclusivity, transparency, and digitalization. However, achieving long-term sustainability requires further economic and institutional modernization. The social protection framework must evolve from a reactive system of aid distribution into a proactive mechanism for economic empowerment, social innovation, and human capital development. By

combining digital transformation, sound fiscal management, and active multi-sectoral collaboration, Uzbekistan can build a modern and sustainable social protection system that meets international standards and contributes to inclusive national development.

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