PROBLEMS OF FURTHER STRENGTHENING THE FINANCIAL PROVISION OF PUBLIC SOCIAL SERVICES

Bakhodir Khusanov PhD, associate prof.
Samarkand institute of economics and service

Follow this and additional works at: https://uzjournals.edu.uz/interfinance

Recommended Citation

This Article is brought to you for free and open access by 2030 Uzbekistan Research Online. It has been accepted for inclusion in International Finance and Accounting by an authorized editor of 2030 Uzbekistan Research Online. For more information, please contact sh.erno@edu.uz.
PROBLEMS OF FURTHER STRENGTHENING THE FINANCIAL PROVISION OF PUBLIC SOCIAL SERVICES

Abstract. The article describes the state and prospects of financing social services from the state budget provided by the state, such as education, health care, culture and sports, as well as the implementation of a housing construction program and assistance to citizens in need of social assistance. The article focuses on the positive aspects of the social policy of developed countries through the studied literature, as well as the state of public spending in the dynamics of change, its growth and decline in the social sphere and social protection over the past 5 years, analyzed and made the necessary conclusions. In the final and recommended part of the article, scientific proposals are presented to the population to overcome existing problems and further strengthen the financial security of public social services.

Key words: social services, state budget, budget financing, social assistance, social spending.

Introduction

The sustainable policy of the state on social protection of the population and the financial mechanisms of its support are aimed at the most vulnerable segments of the population, especially, one of the most important and topical issues is the provision of social assistance to low-income families, lonely elderly people, the disabled, the temporarily unemployed and the needy. As noted by President Sh.Mirziyoyev, "Our main goal is for everyone living in our country, regardless of nationality, language and religion, to live freely, peacefully and prosperously, to live a happy life today." [1].

The transition to an effective system of social protection of certain segments of the population, which is the basis of public services in connection with the socio-economic reforms carried out in our country under The State Program For Implementation of The National Action Strategy On Five Priority
Development Areas 2017-2021, is one of the most important and urgent issues in achieving strategic goals of socio-economic development. That is why “we have huge tasks ahead of us in this direction. The development of our country and the well-being of our people are closely linked, first of all, with the results of our reforms in the social sphere” said President Sh. Mirziyoyev [1].

Most of the state programs are social programs, which are mainly aimed at improving the quality of education, medicine, science, culture and other social spheres, as well as strengthening the material and technical base.

Review of the literature on the subject

Implementation of the basic principles of state policy in the field of social protection, knowledge of the causes of local poverty and prevention of negative consequences in this area, reducing social inequality and improving the quality of social services, as well as, the development of appropriate conclusions and practical recommendations for strengthening the role of social service organizations to the population remains relevant to this day.

In the scientific views of economists there are different views on the importance and necessity of the types of social services provided by the state and financed at its expense.

In particular, Uzbek scientists have justified the financing of social services provided by the state through the formation of social funds of funds at the expense of part of the national income of the country for the material support and services of citizens [3], Russian scholars have interpreted the influence of the state on social policy from two perspectives. Some researchers argue that it is necessary to strengthen the regulatory influence of the state in the system of providing social services to the population (O.Nikiforova [4], T.Yu.Sidorina [5], M.Yu.Fedorova [6]), the second group of scholars seeks to justify a new (social state) model of the provision of social services by the state (O.V. Rodionova [7], L.S. Mamut [8]). T.S. Gusieva, in her scientific views emphasizes that social services provided by the state should reflect the qualitative and quantitative indicators that characterize the provision of a decent standard of living of citizens, as well as social standards of the state [9].

Well-known economists John Creighton Campbell (University of Michigan, USA), Naoki Ikegami (Naoki Ikegami Keio, University, Japan), Sunman Kwon (Seon National University, Republic of Korea) Long-Term Care (LTC) systems developed in Germany, Japan and South Korea, i.e., medical services, social insurance services, etc. are considered here) and the specific legal and financial provision of the system in these countries is compared [10]. According to scientists, the implementation of the Long-Term Care (LTC) systems is based on the need for centralized funding of social services provided to certain segments of the population (1) from the government budget, or the regional budget, or institutional organizations.

Also, the financing of social services is an important link between the economic and social policy of the state, hence it can be said that the social security
system is not only the main task of social policy, but also its economic policy should provide and strengthen it if necessary. We know from the experience of different competencies that the specificity of social policy financing is assessed only by the final results, which of them are effective and complementary or positive and negative [11].

Methodology of the research

Methods such as induction, deduction, grouping, and comparison were used in research to further improve the financial provision of public social services.

Analysis and results

It should be noted that the expenditures allocated from the state budget to finance the social sphere are on the rise. Figure 1 shows that during 2015-2019, the state budget expenditures and the trends of changes in the state budget expenditures on the social sphere and social protection in relation to GDP have been characterized by growth. We can see a decrease in this year’s project, but in the context of a pandemic, these costs are expected to be actually much higher than the situation shown in the project.

![Figure 1. State budget expenditures and changes in it on the social sphere and social protection in relation to GDP [12]](image)

In the part of the state budget expenditures allocated to the social sphere, we can see an increase in the amount of funds allocated for social protection in quantitative terms compared to previous years. Table 1 shows the amount of money actually spent on the structure of social spending, which is also relatively growing. For example, it should be noted that in 2016 it increased by 113.1% compared to 2015, while in 2019 it increased by 148.2% compared to 2018. The
conclusion is that every year the funds allocated to this area are growing steadily in absolute amounts.

**Table 1**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total budget expenditures</td>
<td>36257,3</td>
<td>40911,3</td>
<td>49343,7</td>
<td>79736,1</td>
<td>118008,6</td>
<td>131104,5</td>
</tr>
<tr>
<td>1. Social costs</td>
<td>21316,9</td>
<td>24101,6</td>
<td>27223,3</td>
<td>42883,3</td>
<td>63542,3</td>
<td>66018,1</td>
</tr>
<tr>
<td>1.1. Social sphere and social protection expenditures</td>
<td>20447,1</td>
<td>22766,0</td>
<td>27009,3</td>
<td>39251,3</td>
<td>59416,5</td>
<td>56113,1</td>
</tr>
<tr>
<td>Including:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>12162,2</td>
<td>13831,7</td>
<td>15979,6</td>
<td>20721,1</td>
<td>33536,1</td>
<td>30047,6</td>
</tr>
<tr>
<td>Health</td>
<td>5218,5</td>
<td>5811,6</td>
<td>7330,0</td>
<td>9408,4</td>
<td>14977,4</td>
<td>14842,6</td>
</tr>
<tr>
<td>Culture and sports</td>
<td>387,5</td>
<td>460,6</td>
<td>750,2</td>
<td>1345,5</td>
<td>2417,3</td>
<td>2290,8</td>
</tr>
<tr>
<td>Social security and social protection</td>
<td>2250,1</td>
<td>2204,3</td>
<td>2238,4</td>
<td>3242,1</td>
<td>4740,3</td>
<td>6573,7</td>
</tr>
<tr>
<td>1.2. Credit line for co-financing the Housing Construction Program</td>
<td>869,8</td>
<td>1335,5</td>
<td>214,0</td>
<td>3631,6</td>
<td>4125,7</td>
<td>1905,0</td>
</tr>
<tr>
<td>GDP</td>
<td>210183,1</td>
<td>242495,5</td>
<td>302536,8</td>
<td>406648,5</td>
<td>511838,1</td>
<td>653546,4</td>
</tr>
<tr>
<td>Share of total budget expenditures in GDP (%)</td>
<td>17,3</td>
<td>16,9</td>
<td>16,3</td>
<td>19,6</td>
<td>23,1</td>
<td>20,1</td>
</tr>
<tr>
<td>Share of social sphere and social protection expenditures in GDP (in%)</td>
<td>9,7</td>
<td>9,4</td>
<td>8,9</td>
<td>9,7</td>
<td>11,6</td>
<td>8,6</td>
</tr>
<tr>
<td>Share of social sphere and social protection expenditures in total budget expenditures (%)</td>
<td>56,4</td>
<td>55,7</td>
<td>54,7</td>
<td>49,2</td>
<td>50,4</td>
<td>42,8</td>
</tr>
</tbody>
</table>

Expenditures in the field of education are among the types of expenditures that have a special significance and a large share in the expenditures of the social sphere and social protection of the population. "We must provide our youth with a decent education, realize their aspirations for science," said President Sh. Mirziyoyev [1].

The attention paid by the authority to the education sector in the Republic of Uzbekistan can be seen in the amount of funds allocated to this area. The diagram in Figure 2 shows the dynamics of changes in the share of expenditures on education in GDP over the years, based on which the average fluctuation in 2015-2019 was characterized by an increase of 5.8% to 6.6%, but has a tendency to reduce its share in social spending from 57.1% to 52.8%.
In particular, if we look at 2018, education spending tends to increase by 129.7% compared to the previous 2017, but it can be seen that its share in GDP, state budget expenditures and social spending has a declining trend.

In general, we can see the positive shifts in the financing of education from the state budget in Figure 2 above.

A significant part of the budget allocations for education is spent on general secondary education (Table 2). Attention is being paid to the further growth of such expenditures in the future. For example, in accordance with the Decree of the President of the Republic of Uzbekistan No. PP-3651 of April 5, 2018, in order to increase the coverage of preschool children, forms of public-private partnership in preschool education were introduced.

Table 2

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Preschool education</td>
<td>11,7%</td>
<td>13,4%</td>
<td>16,3%</td>
</tr>
<tr>
<td>General education</td>
<td>60,3%</td>
<td>56,8%</td>
<td>65,7%</td>
</tr>
<tr>
<td>Higher education</td>
<td>5,2%</td>
<td>5,3%</td>
<td>7,1%</td>
</tr>
<tr>
<td>Secondary special education</td>
<td>16,8%</td>
<td>7,5%</td>
<td>5,4%</td>
</tr>
<tr>
<td>Allocation to the Fund for Development of Material and Technical Base of Educational and Medical Institutions</td>
<td>5,5%</td>
<td>11,4%</td>
<td></td>
</tr>
<tr>
<td>Agricultural Higher Education Support Fund</td>
<td>0,6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction, reconstruction and overhaul of preschool institutions</td>
<td>5,7%</td>
<td>5,5%</td>
<td></td>
</tr>
</tbody>
</table>
In particular, preferential loans (1% per annum) are provided to preschool educational institutions established on the basis of public-private partnership.

In addition, in order to cover part of the costs of institutions established on the basis of public-private partnership, from 2019 introduced a procedure for allocating subsidies from the state budget in the amount of up to 50% of the amount spent per student of public preschool education.

At the same time, a mechanism was introduced to reimburse 50% of the cost of electricity and natural gas consumed by public preschools, established on the basis of public-private partnership, at the expense of the state budget.

Raising the social status and prestige of teachers in 2019 by the Resolution of the President of the Republic of Uzbekistan dated August 14, 2018 No PP-3907 "On measures to bring up young people spiritually, morally and physically harmoniously, to raise the system of education to a qualitatively new level" and in order to provide them with material and moral incentives, additional funds were directed to the sector in connection with the increase in their salaries by an average of 1.2 times from January 1 of this year [2].

In accordance with our good traditions, in 2019 in our country about 627 thousand 1st grade students were provided with 12 types of school supplies worth more than 38 billion sums.

Also, in order to further deepen the knowledge and skills of students in secondary schools, extensive work has been done to renovate the classrooms for mathematics, physics, biology and foreign languages, especially in these disciplines. Most importantly, such rooms are equipped with modern information and communication technologies and technical means.

An increase in funding from the state budget for health care reform and the provision of quality medical services to the population can be observed (Figure 3). It should be noted that:

- Increase in the state budget expenditures compared to previous years for the purpose of strengthening the supply of medicines and medical supplies to health care facilities, especially family clinics, emergency and emergency care facilities;
- Fully equip medical institutions, especially rural medical centers and clinics with the necessary diagnostic and treatment equipment;
- to continue the renewal of medical care vehicles, to cover the costs of creating a single information network for the transmission of data from the national and regional coordination dispatch services.
In addition, the Resolution of the President of the Republic of Uzbekistan dated August 2, 2018 No PP-3894 "On measures to introduce an innovative model of health management in the Republic of Uzbekistan" takes into account the development strategy of the health system, advanced international standards and best practices. Development of proposals for the introduction of an innovative model of health management, improvement and digitization of the system of collection and analysis of medical statistics, the introduction of a system of registration of doctors and pharmacists, the organization of public health and health under the Ministry of Health. The National Chamber of Innovative Health was established on the basis of the research institute and its regional divisions, while maintaining the current order of their financing.

Analyzing the expenditures of the health sector over the years, Figure 3 shows that the share of expenditures in GDP did not change significantly in 2015-2019, but we can see that the funds allocated to this sector are increasing from year to year. We can also see that the share of expenditures in this sector in total budget expenditures and social sector expenditures is declining.

In 2020, 14,842.6 billion sums was allocated from the state budget for health care. According to the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated September 30, 2019 No 832 "On approval of the Regulation on the procedure for forming the list of guaranteed volumes of medical care covered by the state budget of the Republic of Uzbekistan":
- emergency medical care;
- scheduled medical care (including primary health care);
- specialized medical care (including high-tech medical care);
- palliative care.

The list approved by the Cabinet of Ministers includes the provision of certain types of medical services, including medicines, consumables and medical supplies. Citizens of the Republic of Uzbekistan, foreign citizens and stateless persons permanently residing in the territory of the Republic of Uzbekistan, foreign citizens have the right to receive registered medical care with substantiated appeals in the presence of medical indications.

Table 3 of this manuscript shows the amount of funds to be spent on funding programs in the health sector in 2019-2020. The table shows that the funds allocated for the financing of programs "Retraining, advanced training and professional organization of medical personnel of public medical organizations", "Maintenance and supply of medical equipment", "Expenditures on prevention of communicable diseases" and others. is growing sharply compared to previous years.

<table>
<thead>
<tr>
<th>№</th>
<th>Government programs</th>
<th>2019 is expected (mln. sums)</th>
<th>2020 (forecast) (mln. sums)</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Further improvement of the system of protection of motherhood and childhood</td>
<td>41 600,0</td>
<td>62 938,0</td>
<td>151,3</td>
</tr>
<tr>
<td>2</td>
<td>State Program for the Development of the Aral Sea Region for 2017-2021</td>
<td>10 680,0</td>
<td>10 680,0</td>
<td>100,0</td>
</tr>
<tr>
<td>3</td>
<td>Costs of preventing the spread of infectious diseases</td>
<td>6 300,0</td>
<td>13 700,0</td>
<td>217,5</td>
</tr>
<tr>
<td>4</td>
<td>Expenses for the donation program of blood and its components</td>
<td>2 500,0</td>
<td>2 900,0</td>
<td>116,0</td>
</tr>
<tr>
<td>5</td>
<td>Costs of early detection of congenital and inherited diseases in children</td>
<td>29 493,9</td>
<td>29 977,8</td>
<td>101,6</td>
</tr>
<tr>
<td>6</td>
<td>For operations using cochlear implants in children with neurosensory deafness or hearing loss</td>
<td>26 500,0</td>
<td>26 500,0</td>
<td>100,0</td>
</tr>
<tr>
<td>7</td>
<td>The cost of increasing the effectiveness of nephrology and hemodialysis care to the population</td>
<td>90 700,0</td>
<td>136 045,1</td>
<td>150,0</td>
</tr>
<tr>
<td>8</td>
<td>To improve oncology care to the population and further develop oncology services</td>
<td>47 382,0</td>
<td>55 000,0</td>
<td>116,1</td>
</tr>
<tr>
<td>9</td>
<td>Combating the spread of disease caused by the human immunodeficiency virus</td>
<td>42 102,8</td>
<td>50 849,0</td>
<td>120,8</td>
</tr>
<tr>
<td>10</td>
<td>Further improvement of the system to combat the spread of influenza and other acute respiratory infections</td>
<td>5 000,0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Storage and delivery of medical equipment</td>
<td>1 918,1</td>
<td>5 000,0</td>
<td>260,7</td>
</tr>
<tr>
<td>12</td>
<td>Retraining, professional development and effective organization of professional skills of medical staff of state medical organizations</td>
<td>4 500,0</td>
<td>15 000,0</td>
<td>333,3</td>
</tr>
<tr>
<td>13</td>
<td>Providing endocrinology care to the population of the republic</td>
<td></td>
<td>49 000,0</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Specialized phthisiology and pulmonology care</td>
<td></td>
<td>16179,2</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Costs associated with vaccinating children</td>
<td>138 600,0</td>
<td>198 600,0</td>
<td>143,3</td>
</tr>
<tr>
<td>16</td>
<td>Expenses for medical and social care for children with rare (orfan) and other inherited genetic diseases</td>
<td>32 100,0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Costs of improving the quality of health care for women of reproductive age, pregnant women and children</td>
<td>25 132,0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
It should be noted that a significant part of the budget allocated to the health sector in the short term will be spent not only on financing hospital services, but also on outpatient services. At the same time, it was determined that the volume of expenditures allocated to this area from the State Budget for 2020 will be 2.27% of GDP.

In order to rationally use budget funds, the activities of rural medical centers have been radically reconsidered in line with modern requirements. Most importantly, over the past 5 years, measures have been taken to further optimize the number of such medical facilities, equip them with modern diagnostic and medical equipment, provide qualified personnel and strengthen incentives for their work.

From 2018, the science sector was transferred to the Ministry of Innovative Development, the culture sector to the Ministry of Culture, and the sports sector to the Ministry of Physical Culture and Sports. Also, this year, 0.6% of the total state budget expenditures were directed to science, 1.1% to culture and 0.7% to sports.

Expenditures on science will be directed to the following areas:
- fundamental and applied research, innovative developments;
- postgraduate education (doctoral studies) - scholarships for doctoral students and salaries paid to their supervisors;
- basic funding of research institutes, including the research institute of the Academy of Sciences of the Republic of Uzbekistan;
- Activities of state archives.

Expenditures on culture:
- state cultural institutions: theaters, circuses, concert organizations, museums, museum-reserves, galleries, libraries, zoos, cultural and educational institutions, cultural and recreational centers of the population, etc.;
- holding cultural events of national or international significance in the country and abroad: Days of Culture of Uzbekistan, international and national art festivals in the framework of visits of the Uzbek delegation abroad (“Maqom”, “Shark Taronalari”, “Nihol” and etc.).

Expenditures on sports:
- maintenance of sports and physical education development institutions; to organize and conduct sports events;
- expenses related to awarding the winners of competitions, world championships and Olympic Games;
- costs of participation in international and national competitions.

Funding for culture and sports from the state budget is constantly changing (Figure 4).
Within the framework of the five initiatives adopted in our country, a significant part of the funds allocated from the state budget for culture and sports is used to finance services in the field of culture, as well as radio and television broadcasting, publishing, as well as funding for film production services.

We can see from the below given figure that the financing of social protection from the state budget is growing by an average of 28.3% per year. A significant part of the budget allocations for social protection was spent on financing families and children (Figure 5).
Figure 5. The share of social security and social protection expenditures in GDP, total budget and social expenditures, and the trend of change relative to previous years [12]

At the same time, in the State Budget for 2020, social benefits, financial assistance and compensation payments to low-income families are projected at 1.0% of GDP. It is planned to increase the state budget expenditures on social security by more than 1.3 times this year, which will increase the chances of gradually improving the welfare of the population.

Conclusions and suggestions

Today, in the context of the spread of the coronavirus pandemic and the impact of the global economic crisis on the economy of our country, extensive measures are being taken to prevent the growth of poverty, maintain employment and reduce unemployment.

In addition to the sharp decline in production and services of thousands of enterprises in Uzbekistan, which creates a large number of unemployed, citizens working abroad are unable to find work due to the global problem and return to our country, which requires the government to take immediate action.

From a social point of view, it is necessary to develop a clear financial and economic mechanism of the state to provide financial assistance to the majority of our citizens who are unemployed and without income.

One-time assistance to families in need of such specific measures, the automatic extension of benefits to certain segments of the population (for example,
pensions for 2-year-olds and 14-year-olds, which expire in March-June, are automatically extended without any documentation required, except for the 2-year and 4-year age limits), the establishment of the Fund "Sakhovat va kumak " and its branches in the Republic of Karakalpakstan, regions and the city of Tashkent and district (city) - as an important measure of encouragement.

In this regard, it should be noted that the Fund "Sakhovat va kumak" provides funds to families with many children, people with disabilities and the elderly, temporarily unemployed individuals who have lost their income, daily necessities, medicines in times of coronavirus pandemic and quarantine. tools and other products.

Also, in order to reduce unemployment, the country is implementing various projects based on the natural location and capabilities of each region. In particular, the involvement of unemployed people in public works, the construction of greenhouses through subsidies and subsidies to families with land, the creation of conditions for livestock, poultry, beekeeping, handicrafts, the involvement of young people in cooperatives on non-agricultural land, vocational training is supported by providing various benefits to home-based earners.

Supporting people with disabilities, the bereaved, the lonely elderly, and those in need in general, will certainly remain a priority.

In general, social spending should be recognized as the driving force of the economy. The increase in social spending, especially in relation to the poor, leads to the innovative development of any type of production and services.

Even the increase in the level of social assistance and comprehensive protection for people with disabilities, who have completely lost their ability to work, forms some modern infrastructure. For example, the organization of the Paralympic Games leads to the development of sportswear suitable for its participants, the formation of housing, recreation, etc., adapted to them. The enterprises that produce their goods and services are now among the most competitive. They have been taking orders from all over the world. The revenue from their brand can now cover the costs incurred to ensure that they live well in all respects. This will be enough to reduce the budget in each country and to finance the costs to which other external sources account.

We consider it necessary to implement a set of measures aimed at ensuring social equality, increasing the importance of social protection in society, including:

- Providing state support to the population in need of social protection in the form of taxes, customs benefits, subsidies, price preferences and grants;
- provision of preferential services to the population in need of social protection;
- As a result of the announcement of the types of services provided to the population in need of social protection, the basis will always be created for the protection of the interests of the needy. It is also possible to establish "Government-enterprise-makhalla" centers of targeted social support, which will create the basis for the creation of a fund for additional financial support of the poor and vulnerable. This fund will be formed from charitable and similar sources.
All citizens have equal access to the services provided to them. This will increase the volume of various services provided to the population by 3-7%.

**List of used literature**

1. President of the Republic of Uzbekistan Shavkat Mirziyoyev’s Address to the Oliy Majlis // “Khalk suzi”, December 29, 2018. № 271-272 (7229-7230)

2. Resolution of the President of the Republic of Uzbekistan dated August 14, 2018 No PP-3907 “On measures to bring up young people spiritually, morally and physically harmoniously, to raise the system of education to a qualitatively new level”


8. Mamut L.S. Social state from the point of view of law // Gosudarstvo I pravo 2001, No.7. p. 5-14


11. Enrique Delamonica and Santosh Mehrotra How can Financing of Social Services be Pro-Poor?. UNITED NATIONS RESEARCH INSTITUTE FOR SOCIAL DEVELOPMENT. February 2008.

12. [https://openbudget.uz/](https://openbudget.uz/)