



Analysis of the Practice of the Pension System in Uzbekistan

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Abstract: Currently, there is a growing trend in the mortality rate among the population in countries. The changes in the number of pension and social welfare recipients in Uzbekistan over the last 5 years, as well as the dynamics of the income and expenditures of the Pension Fund outside the budget, have been analyzed, and relevant conclusions have been drawn.

Key words: Pension system, improving the pension system, pension security system, social welfare recipients, Pension Fund outside the budget, average life expectancy age.

In Uzbekistan, ensuring sustainable economic and social development geared towards long-term prosperity is outlined as a priority. Enhancing the effectiveness of structural reforms, expanding the population's real incomes and purchasing power, increasing the number of adequately provided families, and reducing the disparity in income levels among the population are identified as key areas of focus. Special attention is given to improving social services. Specifically, the comprehensive measures under the development strategy of the New Uzbekistan for the years 2022-2026 have been formulated with specific objectives for various sectors. Notably, the "improvement of the pension system, indexation of pension and social welfare amounts"¹ is highlighted as one of the significant goals of the development strategy.

In Uzbekistan, the number of pension and social assistance recipients has increased significantly in the last 5 years. In 2018, there were 3 690,0 recipients, and by 2022, this figure has risen to 4 346,2, marking an increase of 17%. Among these, the highest number belongs to elderly pension recipients, constituting 3 124,0. Other categories include recipients of disability pensions, numbering 419,8, recipients of survivor's pensions at 221,8, and recipients of social benefits at 580,5.

3-table The number of pension and social assistance recipients in Uzbekistan²

Year	The total number of pension and social assistance recipients	The number of pension recipients based on age	The number of recipients of disability pensions	The number of recipients of survivor's pensions	The number of recipients of social assistance
2018	3 690 000	2 618 000	380 000	260 000	432 000
2019	3 878 000	2 750 000	392 000	261 000	475 000
2020	4 029 000	2 849 000	396 000	270 000	514 000
2021	4 253 000	2 987 000	409 000	289 000	568 000
2022	4 346 286	3 124 023	419 825	221 844	580 594

According to the situation as of September 1, 2023, the number of pension and social assistance

¹ Ўзбекистон Республикаси Президентининг 2022 йил 28 январдаги “2022-2026 йилларга мўлжалланган Янги Ўзбекистоннинг тараққиёт стратегияси тўғрисида” ПФ-60 сон Фармони. Қонунчилик маълумотлари миллий базаси, 21.04.2022 й., 06/22/113/0330-сон.

² www.pfru.uz – Ўзбекистон Республикаси Иқтисодиёт ва молия вазирлиги хузуридаги бюджетдан ташқари Пенсия жамғармаси расмий веб сайти маълумотлари.

recipients in Uzbekistan increased by 159.1 thousand people (3.7%) compared to the beginning of the year, totaling 4,505.4 thousand people.

4-table Revenue and expenditures of the Pension Fund outside the budget

№	Indicators	2018	2019	2020	2021	2022
	Total revenues	23 240,1	30 106,6	34 321,0	40 570,0	47 186,3
1	Expected surplus at the beginning of the year	3 007,5	6 450,0	5 069,8	2 400,0	4 099,8
	Revenues	20 232,6	23 656,6	29 251,2	25 296,0	29 086,5
1	Allocations from the unified social payment	11 808,0	17 548,5			
2	Compulsory insurance premiums for citizens	4 466,3				
3	Compulsory deductions in the sale of goods (works, services)	2 059,9				
4	Other revenues	1 852,4	207,0			618,5
5	Taxes and duties outside the tax	46,0	9,0			
6	Deductions from individual income tax		1 192,1			
7	Social tax deductions					28 468,0
	Subsidies from the state budget (transfers)		4 700,0	8 000,0	12 874,0	14 000,0
	Total expenditures	23 240,1	30 106,6	34 321,0	36 487,0	47 186,3
	Expenditures	20 475,2	26 970,1	31 921,0	32 404,0	43 936,3
1	Pension payments to non-working pensioners	19 586,9				
2	Pension payments to working pensioners	616,6				
3	Benefits, compensations, and other payments for caregivers and disabled citizens	237,7				
4	Other expenses	34,0	40,0			2,5
5	Expenses for pensions and other benefits		26 930,1			
6	Expenses for all types of state pensions and allowances					43 933,8
	Year-end balance of the fund	2 765,0	3 136,5	2 400,0	4 083,0	3 250,0

If the Pension Fund is primarily involved in the determination and payment of state pensions (old age, disability, survivor), as well as ensuring the rights of pensioners to receive pensions, it can also function as a social support institution aimed at reducing poverty, it would be considered as a secondary role.

The financial indicators of the Pension Fund outside the budget under the Ministry of Economy and Public Finance of the Republic of Uzbekistan show that during the period of 2018-2022, the income and expenditures of the Pension Fund have consistently increased in comparison to its operations. The cancellation of mandatory insurance premiums for workers due to labor activity (which constituted 19.2% of the total income composition of the mentioned income in 2018) had a significant impact on the income of the pension fund.

As a result of more optimistic forecasts in 2019 for the income and expenditures of the Pension Fund, in order to equalize the difference between income and expenditures, subsidies from the state budget in the amount of 4,700.0 billion soums and transfers from unified tax payments in the amount of 1,192.1 billion soums were allocated in 2020. In 2021, the budget transfers amounted to 12,874.0 billion soums, and in 2022, it was 14,000.0 billion soums. For 2023, the allocation of 15,000.0 billion soums from the budget for transfers has been specified.

The presence of a difference between income and expenditures in the activities of the Pension Fund, future financial support for state pensions and social benefits, timely financing, and issues related to

the timely payment of employees' salaries, including their salary arrears, have a significant impact on the activities of the fund. As a result of the analyses, it has been proposed to direct part of the temporary idle funds of the Pension Fund into deposits in commercial banks to further develop the activities of the fund, enhance the efficiency of employees' work, and improve their financial well-being. Consequently, measures to enhance the financial well-being of employees have been further optimized.

SUMMARY

The main conclusions were drawn from the results of scientific research on improving the pension system, taking into account international experience and opportunities for implementation in Uzbekistan.

- the analysis of foreign countries' experiences mentioned above is relevant for Uzbekistan as well, considering the distinctive features of its pension system and the ongoing sustainable economic development in the world. It highlights the importance of continuing reforms in the pension provision system.
- most countries implement various pension programs primarily based on the principle of intergenerational solidarity, and they have developed different pension schemes, including distributive models, funded models, and corporate models. These programs are shaped by the specific characteristics of the models, considering the economic conditions and indicators of economic development in the respective countries.
- in most developed countries, the issue of citizens' pension provision is considered a matter of political importance for the state. Simultaneously, the level of development of private pension systems is directly related to the prosperity of the financial sector in the country and the situation in financial markets;
- from a demographic perspective, the increasing proportion of the elderly population in the world's countries suggests a potential rise in the expenses of pension systems. This is due to the interdependence of pension provision on the solidarity of generations, emphasizing the importance of ensuring that the pension system can sustain itself.

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