

THE SOCIO-ECONOMIC IMPORTANCE OF DEVELOPING THE SOCIAL  
INSURANCE SYSTEM

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**Аннотация.** В данной статье рассматривается социально-экономическое значение развития системы социального страхования страны, роль государственных целевых фондов в экономике и вопросы обеспечения их финансовой устойчивости. Проанализированы опыт развитых стран, деятельность негосударственных фондов, инвестиционные механизмы, управление финансовыми рисками, а также направления совершенствования деятельности фондов на основе государственно-частного партнерства. Раскрывается значение модернизации системы социального страхования для обеспечения социальной защиты населения и экономической стабильности.

**Ключевые слова:** социальное страхование, государственные целевые фонды, финансовая устойчивость, инвестиционная деятельность, негосударственные фонды, управление рисками, государственно-частное партнерство, социальная защита.

**Annotation.** This article examines the socio-economic importance of developing the national social insurance system, the role of state targeted funds in the economy, and issues related to ensuring their financial sustainability. The study analyzes the experience of developed countries, the activities of non-state funds, investment mechanisms, financial risk management, and the improvement of fund activities based on public-private partnership principles. The article also highlights the importance of modernizing the social insurance system in ensuring social protection and economic stability.

**Keywords:** social insurance, state targeted funds, financial sustainability, investment activity, non-state funds, risk management, public-private partnership, social protection.

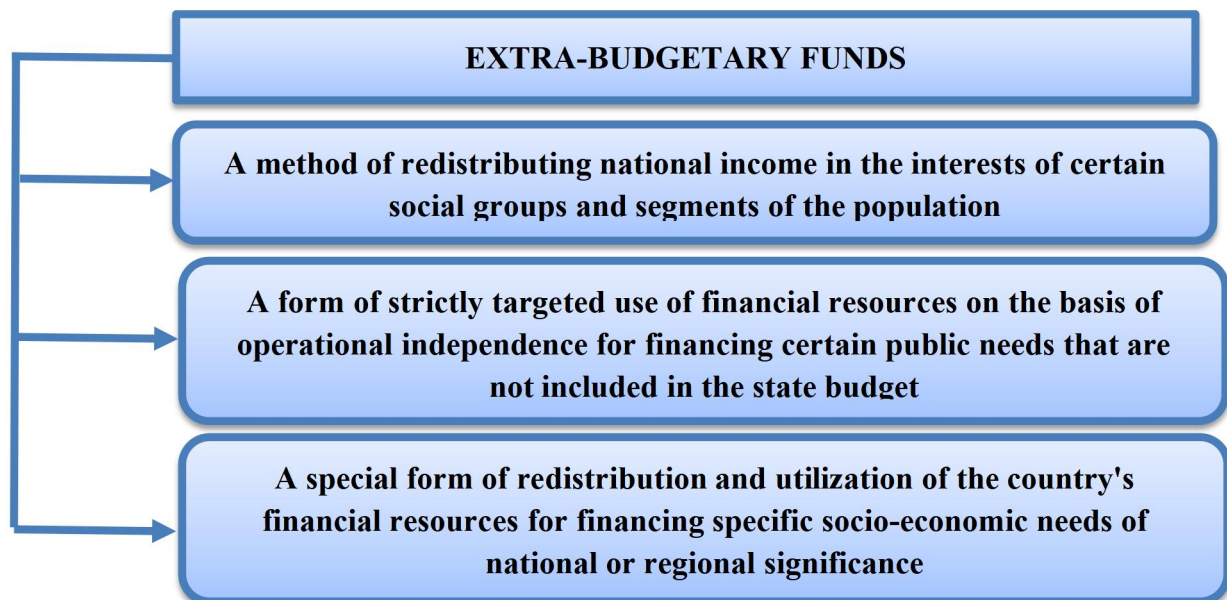
The experience of developed countries shows that demographic changes, improvements in living standards, and the increase in average life expectancy necessitate the further improvement of the social insurance system. In particular, the growing share of pensioners compared to the working-age population highlights the importance of efficient and rational use of state targeted funds as a significant economic necessity. Therefore, ensuring the financially sustainable development of the social insurance system has become one of the priority directions of state social policy today.

Various mechanisms for modernizing the social insurance system have been formed in international practice, the main purpose of which is to strengthen citizens' social protection and ensure the financial stability of targeted funds. In particular, alongside systems based on the principle of intergenerational solidarity, accumulative non-state pension funds also operate in a number of developed countries. This contributes to expanding the financial capabilities of the social insurance system, forming long-term investment resources, and increasing the efficiency of funds. Moreover, directing the temporary free resources of targeted funds toward investment activities, placing them effectively in financial markets, and introducing income-generating mechanisms are considered important factors in the development of the social insurance system. In particular, additional financial resources of funds are being formed through investments in Eurobonds, securities, and other financial instruments. However, issues such as assessing investment risks, ensuring financial security, and maintaining liquidity remain highly relevant [1].

In developing countries, extensive scientific research is also being conducted to improve the efficiency of the social insurance system. Scholars are developing scientific and methodological

approaches for managing the financial resources of targeted funds, increasing their profitability, forecasting potential risks, and assessing them. At the same time, the role of state targeted funds in economic development, their investment potential, and their impact on socio-economic processes still require deeper study.

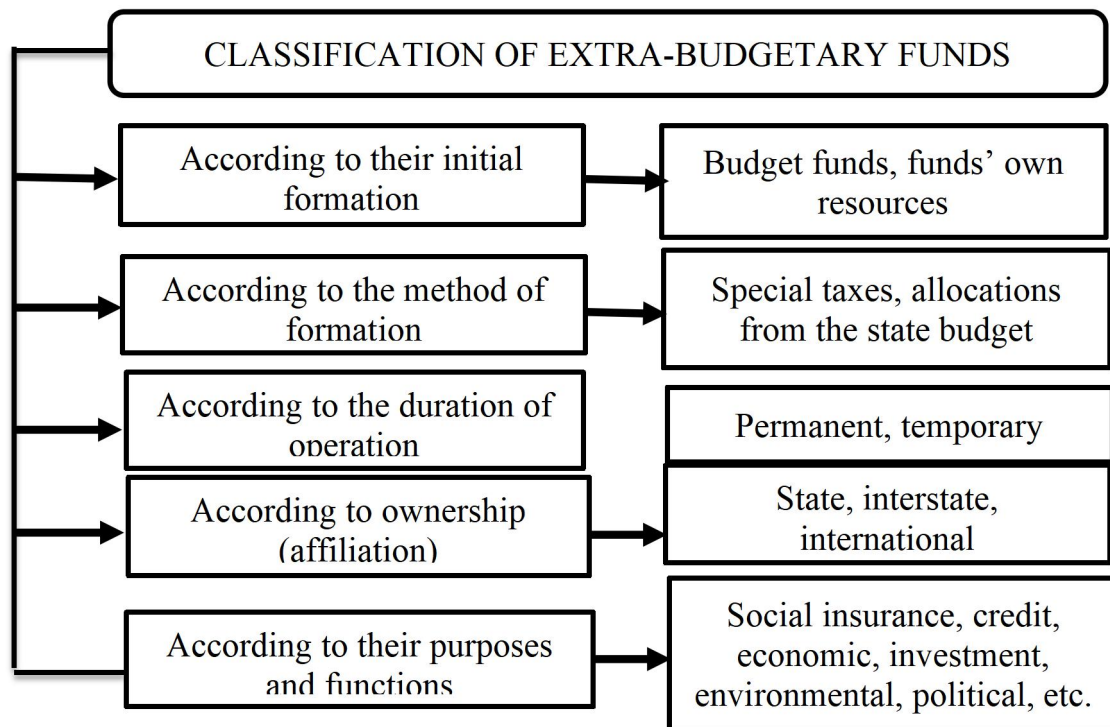
In Uzbekistan, consistent measures are also being implemented to reform the social insurance system, improve the activities of state targeted funds, and increase their efficiency. In particular, ensuring employment, reducing unemployment, increasing family incomes, expanding investments in human capital, and supporting women and youth socially have become important components of the country's social policy. From this perspective, developing the social insurance system serves not only to strengthen social protection for citizens but also to ensure economic stability, improve the investment climate, and reinforce the principles of social justice in society. Therefore, ensuring the transparency, openness, and financial independence of state targeted funds, attracting domestic and foreign investors, and maintaining a balance between revenues and expenditures are among today's urgent tasks [2].



**Figure 1. Methods of redistribution of revenues of targeted funds [3]**

Today, measures aimed at improving and developing the country's financial condition are becoming increasingly important. In solving such issues, the role of targeted funds is highly significant. State targeted funds represent a set of financial resources managed by central or local government authorities and directed toward specific purposes.

Regardless of whether each targeted fund is formed at the state level or within a particular structure, they must be fully independent, transparent, and open to taxpayers. Only under such conditions can these funds attract not only tax and levy revenues but also sponsorship resources at both local and international levels. When defining targeted funds, it is important to consider that they are a structural component of the state finance system while also possessing several unique characteristics [4].



**Figure 2. Classification of state targeted funds [5]**

Currently, various challenges may arise in the formation of non-state funds. The mechanisms for overcoming crises in non-state funds and assessing risks are mainly implemented through the following three methods [6]:

1. Analyzing information generated on the basis of statistical data compared to previous years;
2. Conducting theoretical analysis;
3. Drawing general conclusions through expert evaluations.

Like other subjects of financial relations, non-state targeted funds may face serious financial risks.

Financial risks are classified into the following types:

- credit risk;
- price or market risk;
- liquidity risk;
- currency risk;
- inflation risk;
- exchange risk;
- interest rate risk.

One of the fundamental principles of regulating fund asset management is the management of risks assumed by entities responsible for managing targeted funds in accordance with established regulatory requirements.

It is well known that targeted funds occupy a special place in the financial systems of foreign countries. The volume of funds accumulated in them is quite large. For example, in France and Japan, the size of special funds is close to the state budget of the country. In Japan, more than half of state expenditures are financed through such funds, while in the United Kingdom this figure accounts for one-third of the budget. Naturally, these funds perform important social and economic functions.

The state intervenes in the production process using the resources of these funds, provides loans and subsidies to organizations and institutions, and delivers social services to the population [7].

The above analysis shows that, depending on the use of resources, special funds are divided into economic, social, personal and property insurance, scientific research, military-political, and international funds. The resources of economic funds are mainly directed toward financing private companies and low-profit state enterprises, especially during periods of economic crisis.

Targeted funds are sometimes considered a form of redistribution and utilization of financial resources attracted by the state to finance social needs and spent comprehensively on the basis of operational independence.

As various sectors of the economy continue to develop, public-private partnership mechanisms have become widespread in countries such as the United States, Canada, European Union member states, Australia, India, and other developed countries. Public-private partnership mechanisms are used at both national and international levels to ensure the financing of state and other projects through private investments.

The application of public-private partnership processes has produced positive results by demonstrating real opportunities for solving state problems and challenges through the attraction of private sector funds. The experience of applying public-private partnerships in the United Kingdom contributed to the spread of this practice to other countries. However, in Uzbekistan, this system — namely public-private partnership within the targeted funds system — has not yet been fully formed. Instead, it has largely been established as a monopolistic system maintained within the structure of the Ministry of Finance and financed through state budget resources.

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