

PROBLEMS OF FINANCING THE PENSION SYSTEM IN UZBEKISTAN

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Abstract: This article examines current issues related to financing the pension system of the Republic of Uzbekistan, as well as factors affecting its sustainability and effectiveness. It analyzes the growing number of pensioners, insufficient revenues to the Pension Fund, and the impact of the shadow economy and inflation on pension provision. Particular attention is paid to reforming the pension system, studying international experience, and developing proposals for improving pension financing mechanisms in the current economic environment. The study identifies key areas for improving the financial sustainability of Uzbekistan's pension system.

Keywords: pension system, pension system financing, public finance, Pension Fund, pension provision, financial stability, inflation, shadow economy, pension reform, social protection of the population

Relevance of the Research Topic.

In the current context of the rapidly developing global economy and the implementation of large-scale socioeconomic reforms in the Republic of Uzbekistan, the issue of improving the social protection system has become particularly pressing. In this context, the pension system is a key element of the state financial system, playing a vital role in ensuring a decent standard of living for citizens, maintaining social stability, and guaranteeing the material security of the population in old age.

Uzbekistan is currently undergoing a consistent modernization of its public finance system, aimed at improving the effectiveness of budget policy, the transparency of financial flows, and strengthening the social focus of the state. In these circumstances, ensuring the financial stability of the Pension Fund is particularly important, as the timeliness and completeness of pension payments directly depend on its effective functioning.

The relevance of this topic stems from the significant demographic and economic changes that have been observed in the country in recent years. The increasing number of pensioners, rising life expectancy, inflation, and the increasing expenditure burden on the state budget are increasing pressure on the pension system. Furthermore, the existence of a shadow economy and high levels of informal employment lead to reduced revenues to the Pension Fund and limit its financial capacity.

It should be noted that, in the context of global economic instability, the issue of sustainable financing of the pension system is becoming one of the most pressing issues both for the Republic of Uzbekistan and for many countries worldwide. Therefore, studying international experience, analyzing various pension models, and developing effective mechanisms for adapting them to national conditions is of particular importance.

It is also important to consider that the Republic of Uzbekistan is actively implementing reforms aimed at digitalizing the economy, increasing the transparency of public finances, and improving the social protection system. Under these conditions, an effective pension system must not only ensure the stability of social payments but also foster public confidence in public financial institutions.

Therefore, researching current issues related to financing the pension system in the Republic of Uzbekistan, identifying factors affecting its financial sustainability, and developing scientifically sound proposals for its improvement are of significant theoretical and practical importance for the further development of the public finance system and enhancing the level of social protection for the country's population.

Overview of the problem under study.

Pension system financing issues occupy a key place in public finance and are widely considered in economics, both theoretically and in practical terms. With the economy transforming and the state's growing social role, pension provision is becoming a key area of public policy, requiring ongoing analysis and improvement.

In scientific literature, the pension system is viewed as a complex financial and economic mechanism that ensures income redistribution between generations and guarantees social protection for citizens in old age. Researchers note that the sustainability of this system directly depends on the state of the economy, the employment rate, the demographic structure of society, and the effectiveness of the state's fiscal policy.

Special attention in scientific research is given to the financial sustainability of pension funds. Many economists emphasize that one of the main reasons for the imbalance in pension systems is the growing number of retirees and the simultaneous decline in the share of the working-age population. This demographic factor leads to an increased burden on working citizens and a decrease in the ratio of contributors to recipients of pension payments. Furthermore, the level of the shadow economy significantly impacts the functioning of the pension system. Informal employment leads to a shortfall in mandatory social contributions, which negatively impacts the Pension Fund's revenue and limits its ability to meet its obligations.

Research by foreign and domestic authors also notes the importance of inflation, which reduces the real purchasing power of pension payments and requires constant adjustments to pension amounts. Therefore, issues of pension indexation and maintaining their real value are pressing areas of scientific research.

A separate area of research is the analysis of various pension provision models used internationally. There are pay-as-you-go, funded, and mixed pension financing systems, each with its own advantages and disadvantages. International experience shows that mixed models, combining state guarantees and elements of funded pension insurance, are the most sustainable.

In the Republic of Uzbekistan, the pension system is also undergoing reform. Scientific and analytical studies emphasize the need to increase the transparency of financial flows, digitalize accounting and administration processes, and improve the Pension Fund's revenue generation mechanisms.

Thus, an analysis of scientific literature and practical experience demonstrates that the problem of pension system financing is complex and multifaceted. It encompasses demographic, economic, institutional, and social aspects, requiring a systematic approach. Therefore, further study of this problem and the development of effective mechanisms for its solution are essential for ensuring the sustainability of the public financial system of the Republic of Uzbekistan.

Purpose of the Study.

The purpose of this study is to examine current issues related to financing the pension system of the Republic of Uzbekistan, identify factors affecting its financial sustainability, and develop scientifically sound proposals and recommendations for improving the mechanisms for the formation and use of Pension Fund resources.

This objective includes analyzing the current state of the pension system, identifying the main causes of emerging financial imbalances, including demographic changes, the impact of the shadow economy, and inflation, and examining international experience in pension provision.

Particular attention is given to developing strategies for improving the efficiency of pension resource management, ensuring the stability of pension payments, and strengthening social protection for the population in the context of current economic transformations.

Solution.

The analysis shows that the sustainability of the pension system in the Republic of Uzbekistan largely depends on the balance of financial resources, the level of official employment, the effectiveness of social contribution collection, and the overall macroeconomic

situation. Therefore, addressing the identified issues requires a comprehensive approach aimed at strengthening the Pension Fund's revenue base and improving the efficiency of pension management.

One key area is expanding official employment and reducing the share of the shadow economy, which will increase the collection of social contributions. At the same time, it is necessary to improve the system for collecting mandatory payments and strengthen controls over their timely payment.

Further digitalization of the pension system is crucial, including the introduction of electronic accounting and automated control mechanisms, which contribute to increased transparency and the efficiency of financial flow management.

Furthermore, it is necessary to take demographic changes into account and improve pension indexation mechanisms to maintain their real purchasing power. In the long term, a phased implementation of elements of a funded pension system, taking into account international experience, is advisable. Thus, the implementation of these measures will strengthen the financial stability of the pension system and increase the level of social protection for the population of the Republic of Uzbekistan.

Conclusion.

This study of current issues in financing the pension system of the Republic of Uzbekistan allows us to conclude that this area is one of the most important and, at the same time, complex components of the public finance system. Pension provision for the population is directly linked to the country's level of socio-economic development, the stability of the budget system, and the efficient allocation of financial resources.

This study revealed that the sustainability of the pension system is influenced by a number of key factors, including demographic changes, the growth in the number of pensioners, insufficient revenues to the Pension Fund, the existence of a shadow economy, inflation, and the level of official employment. These factors collectively create additional burden on the financial system and require a systematic approach to addressing them.

The analysis revealed that the current pension system requires further improvement, particularly in terms of increasing the transparency of financial flows, expanding the revenue base, implementing digital technologies, and improving social contribution administration mechanisms. Adapting the pension system to demographic changes and ensuring the preservation of the real value of pension payments is of particular importance. The paper also emphasizes the importance of studying international experience, which demonstrates the effectiveness of combining pay-as-you-go and funded pension systems. The use of such approaches in Uzbekistan's context can contribute to improving the long-term financial sustainability of pension provision.

Thus, it can be concluded that implementing the proposed approaches will strengthen the financial stability of the pension system in the Republic of Uzbekistan, improve its efficiency, and ensure a higher level of social protection for the population.

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