



Technical Briefing Note No 2:

Key Concepts for Framing the Republic of Uzbekistan's National Strategy for Social Protection 2030

Social protection, or social security, is a human right and is defined as the set of policies and programmes designed to reduce and prevent poverty and vulnerability throughout the life cycle. Social protection includes benefits for children¹ and families, maternity, unemployment, employment injury, sickness, old age, disability, survivors, as well as health protection. Social protection systems address all these policy areas by a mix of contributory schemes (social insurance) and non-contributory tax-financed benefits, including social assistance (ILO 2017)².

Preamble:

The 2030 Agenda for Sustainable Development agreed by all 193 UN member States ushered in a new era of national action and international cooperation. The 2030 Agenda with its 17 Sustainable Development Goals commits every country to take actions that not only address the root causes of poverty, but also increase economic growth and prosperity and meet people's health-care, educational and social needs, while protecting the environment and leaving no one behind.

The Government of Uzbekistan (GoU) endorsed the Sustainable Development Goals (SDGs)³ in 2015, and in 2018 adopted its 16 national goals and 127 targets until 2030⁴. The GoU also established a coordination council and roadmap to achieve them. In 2019, President Shavkat Mirziyoyev convened a meeting with Ministries, Agencies and Departments (MADs) to discuss priorities in social protection covering pensions and social insurance, social assistance, employment and social care services.⁵

The President acknowledged that achieving the SDGs will, in part, depend on effective implementation of priorities in social protection (see **Box 1**) to complement the GOUs comprehensive process of market-oriented reforms launched in 2017⁶

Box 1: SDGs and Social Protection:

Social protection plays a central role in implementing the 2030 Agenda. Social protection contributes to ending poverty (SDG target 1.3); achieving healthy lives and wellbeing (SDG target 3.8); gender equality (SDG target 5.4); decent work and economic growth (SDG target 8.5); and reducing inequality (SDG target 10.4). Increased investments in social protection are necessary, as reflected in SDG target 1.a on resource mobilisation and SDG indicator 1.a.2 on measuring public spending on social protection, health and education. In particular, SDG target 1.3 calls on countries to implement "**nationally appropriate social protection systems and measures for all, including floors and by 2030 achieve substantial coverage of the poor and the vulnerable**"

Source: *Social Protection Floors Recommendation (ILO Recommendation No. 202, adopted on 14 June 2012)*

Uzbekistan inherited from the Soviet Union a comprehensive system of social protection, based on the principles of full employment, universal childcare, and guaranteed old age income security, the latter of which is funded primarily through social insurance. However, Uzbekistan has neither a formal definition of social protection

¹ UNICEF (2019) *UNICEF Global Social Protection Framework* defines Social protection as: 'a set of policies and programmes aimed at preventing or protecting all people against poverty, vulnerability and social exclusion throughout their life-course, with a particular emphasis towards vulnerable groups' p.2

² ILO (2017) *World Social Protection Report 2017-2019: Universal Social Protection to Achieve the Sustainable Development Goals*, ILO Geneva

³ United Nations (2015) *Transforming our World: The 2030 Agenda for Sustainable Development*, A/RES/70/1, United Nations, New York

⁴ Government Resolution No. 841 *On Measures to Implement the National SDG Goals and Targets until 2030*. October 2018.

⁵ See: <https://president.uz/en/lists/view/3091>

⁶ See: <https://strategy.uz/files/static/77041/stateprogram.pdf>

Box 2: Social Protection Floors

The guidelines are called 'floors' because they represent a minimum level of support which can be expected to rise with time and increasing government resources, resulting in a social security 'staircase'. National social protection floors (SPF) should comprise at least the following guarantees: access to essential health care for all, plus 2) basic income security for children, 3) for persons of working age unable to earn a living (due to sickness, unemployment, maternity or disability), and 4) for old people. This protection can be delivered through social (including health) services, cash transfers and other schemes providing basic income security

Source: ILO (2011) *Social Protection Floor for a Fair and Inclusive Globalization*

nor a dedicated institution to design, coordinate, and manage the many different programmes that currently exist⁷. Social Protection is currently fragmented across various MADs with none responsible for the coordination or integration of interventions⁸. As a result of fragmentation, Uzbekistan's ability to meet its national SDG targets on social protection, integrate a number of programmes, determine the poverty impact of programmes, and create effective the links between individual programmes requires a national strategic approach that ensure effective linkages

between policy, planning, budgeting with performance

and outcomes. More importantly, the effectiveness of substantial resources invested in social protection is not optimised due to fragmentation and lack of an integrated strategic and operational approach to the delivery of benefits and services.

The National Strategy for Social Protection (NSSP) will help the GoU meet *SDG Goal 1.3* - on social protection and establish *Social Protection Floors*

Box 3: Vulnerability and Risk, Poverty, Social Exclusion and Inequality – Definitions and Conceptual Relationships for Social Protection

Vulnerability – begins with the notion of *risk*. Risk is characterised by a probability distribution of events. Examples of risks are natural risks, health risks, economic risks, life-cycle risks, social risks, political risks or environmental risks. Vulnerability refers to the relationship between poverty, risk and efforts to manage risks. One definition of vulnerability is the possibility of suffering a decline in well-being, in particular a fall under some minimum benchmark or poverty threshold. Vulnerability is therefore the expected loss above socially accepted norms, which is caused by uncertain events and the lack of appropriate social protection measures. Thus, it implies both the likelihood of falling into poverty in the future and the severity of poverty

Source: ILO (2005) *Managing Risk and Minimising Vulnerability*

Poverty - There are different definitions and measures of poverty, ranging from income poverty (absolute or relative poverty lines) and social exclusion, to poverty defined by capabilities of individuals. Poverty is also multidimensional. The capabilities approach defines poverty as not being able to do certain things; lacking capabilities to function or lacking freedoms that enable a person to lead the kind of life he or she values. Poverty is typically measured using an absolute poverty line and a relative poverty line. By measuring poverty, countries learn whether their social protection strategies and other policy tools are working. Measuring poverty also helps countries gauge the effectiveness of social protection programmes.

Source ILO (2014) *Measures of Poverty*

Social Exclusion - refers to inequality of opportunity which is mediated through social structures (such as gender, ethnicity, age, disability and location) which determine whether a person is able to achieve their social, political and economic potential (associated with access to health, education, employment, social protection etc). There is ample evidence from around the world which shows that the circumstances of one's birth still have a large influence one's life chances in life. Social exclusion restricts people from participating on fair terms in the local and national life of the society in which they live. *Social inclusion* refers to the removal of institutional barriers and the enhancement of incentives that increase access to social and economic opportunities.

UNDP (2012) *Regional Human Development Report*

Inequality - refers differences in social and economic outcomes across different groups in society. Inequality and social exclusion are linked in that one can cause the other and can create a vicious circle of poverty. Inequality can be assessed against income, assets, consumption, health outcomes, and educational attainment.

Source: ILO (2019) *The Global Labour Share and Income Distribution*

⁷ See **Annex 1** for an overview of Social Protection programmes in Uzbekistan

⁸ For example, the Ministry of Finance (MOF) is responsible for the pension fund and for the control of the expenditures of social assistance programmes, while the Ministry of Employment and Labour Relations (until 2017, Ministry of Labour and Social Protection) has responsibility for employment and labour market activation programmes as well as for overall policymaking. The Ministry of Health manages health-related programmes and social care services for the elderly and people with disabilities, and the Ministry of Education oversees schemes for schoolchildren, social care services for children and residential care services for children with special learning needs. In addition, responsibilities for a number of exemptions and tariff subsidies are managed and distributed by range of MADs.

(SPF)⁹ – see **Box 2** - which will ensure (a) social protection is extended to all members of the society along the life cycle and that links are made between social insurance, social assistance, social care and support services, and employment programmes; (b) social protection priorities are aligned with needs and rights; and (c) there is better coordination of MADs involved in design and delivery at all central and sub-national levels of government.

From Fragmentation to Universal Social Protection¹⁰: Tools for Managing Vulnerability, Risk, Poverty, Social Exclusion and Inequality

In the wake of the adoption of the 2030 Agenda for Sustainable Development with the pledge to Leave No One Behind, the World Bank and the International Labour Organisation (ILO) jointly initiated the *Global Partnership for Universal Social Protection (USP 2030)*¹¹. The rationale and logic of USP is based on extensive empirical evidence that people in low-and middle- income countries are often more exposed to risks than in high-income countries, including for example due to low formalisation of the labour market, reducing workers' access to employment-related social protection schemes. A rapidly changing world increases risks (and the frequently and severity with which people are affected by them) such as climate-related shocks, financial crises, forced displacement, conflict or epidemics¹². Such events are becoming more frequent and disproportionately affecting both people and countries with the lowest capacity to cope with them. Therefore, Universal Social Protection systems need to be able to respond and adapt to shocks in order to ensure sustained protection of the population. This may include links to climate action, as well as disaster risk management¹³.

The ultimate aim of USP is to cover all people against all *risks*, and address *vulnerability, poverty, inequality and social exclusion* – see **Box 3** - thus contribute to individual, social and economic

Box 4: SDGs and Measuring Social Protection Coverage:

Coverage may be conceptualised in two distinct ways, either in terms of legal coverage— i.e., the numbers of those who, in principle, are eligible to draw down on some form of social protection provision should they need it, or actual beneficiary numbers at any point in time. **The SDG indicator selected for target 1.3 is 'effective' coverage**, which combines the two ideas of coverage (legal and actual), referring to those who receive contributory and non-contributory social protection programmes plus those people who actively contribute to social insurance schemes. It is, therefore, an aggregate indicator gathering those who receive any form of social security or social assistance payment, and those who contribute to social insurance schemes and who will be eligible to receive benefits in the future

Source: *ILO Social Protection Report (2017)*

development; USP also implies a focus on coordinating and harmonising a range of programmes within and across sectors to build a coherent, overarching system that provides comprehensive coverage to all – see **Box 4**.

This includes reducing fragmentation and inefficiencies of existing programmes, as well as identifying coverage gaps based on context-specific needs. There are many paths towards universal social protection, but three building blocks hold common: (a) national ownership of development processes towards universalism; (b) the choice of a country to aim for gradual and progressive realisation or immediate universal coverage¹⁴; and (c) heterogeneity in the design and implementation of universal schemes. The USP approach represents a new architecture with more universally accessible floors, staircases and

⁹Universal social protection coverage is at the core of the International Labour Organisation's mandate, guided by ILO social security standards including the Social Protection Floors Recommendation, No. 202, adopted by 185 states in 2012.

¹⁰ The SDGs do not explicitly include the aim of universal provision of social protection by 2030; instead they refer to the implementation of "social protection systems and measures for all", with the goal of "substantial coverage" by 2030. However, the proportion of the population covered by social protection systems/floors is used as an indicator of progress towards universality as well as an indicator of SDG progress

¹¹ See: <https://www.social-protection.org/gimi/RessourcePDF.action?id=53992>

¹² OECD (2020) *Supporting Livelihoods during the COVID-19 crises: closing the gaps in safety nets*, OECD, Paris

¹³ O'Brien, C., Holms, R., Scott, Z., and Borca V. (2018) *Shock Responsive Social Protection Systems Toolkit*, OPM/ODI/CALP/INASP, Oxford

¹⁴ See **Annex 2** for a summary of guiding principles and observations on the relationship between USP, Screening and Targeting

platforms that not only aim to provide paths out of poverty but also lead onto highways towards prosperity¹⁵.

Linking The Life Cycle Approach with Transformation and Risk Sharing:

Uzbekistan will need to develop coherence of its system of social protection at the strategic, institutional, and programme levels. The NSSP will be based on the life cycle approach (see Box 5)

Box 5: Life Cycle Approach

The Life Cycle approach to social protection derives from the idea that individuals face different risks and vulnerabilities at different stages in life, and that social protection can be tailored to address these risks at each stage. A life cycle can be understood as a period in which an individual's level of vulnerability is constant. An individual enters a new life cycle "when the set of risks and certainties that define the level of vulnerability changes in a positive or negative way". Life cycle changes that result from negative shocks in social or economic status lead an individual to enter a new lifecycle marked by higher levels of risk and vulnerability. Social protection can address shocks as they occur, protecting individuals from negative life-cycle changes. Social protection can reduce the vulnerability-proneness of ongoing life-cycles.

Source: ILO *Managing Transitions Over the Life Cycle*, Issue Brief No 7 (2018)

which accords with international social protection standards, to ensure that (a) social protection is extended to all members of the society along the life cycle and the links are made between social insurance, social assistance, social support services, and employment programmes; (b) social protection priorities are aligned with needs and rights;

and (iii) there is better coordination among agencies involved in design and delivery at all levels. International social protection standards will be used as the point of reference for the design of the NSSP. These include Social Protection Floors Recommendation 2012 (No. 202)¹⁶ and Social Security

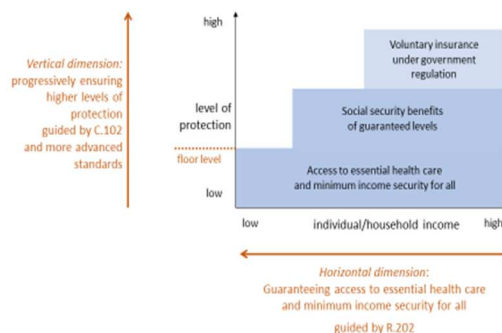
(Minimum Standards) Convention 1952 (No. 102). Social Protection Floors Recommendation No. 202 (see **Figure 1**) calls for national social protection systems to guarantee at least a basic level of social security for all throughout the life course, including effective access to essential health care, maternity protection, and income security.

The NSSP will set out the vision for the country's national social protection floor, prioritising steps for the gradual extension to meet international standards in these areas and agreed requirements (e.g., Convention No. 102).

The strategy will also review and revise the roles of social protection mechanisms by drawing on the Transformative Social Protection (TSP) model¹⁷ which provides a framework for reconceptualising the nature of vulnerability by addressing the increasingly important socio-political drivers that cause and perpetuate poverty and vulnerability to risk. The TSP model provides a four-component model of social protection tools. The first part includes *provision* tools such as social transfers and access to basic social services.

Figure 1: National Strategies for Universal Social Protection

Effective national social security extension strategies: building comprehensive systems
(Normative basis: Recommendation No. 202)



Source: ILO: The Social Protection Floor Initiative. Fact Sheet (2012)

¹⁵ Samson M., and Taylor N. (2015). *Supporting social protection systems*. Concept Paper N° 4. Brussels: Directorate-General for International Cooperation and Development, European Commission.

¹⁶ World Bank and UN (United Nations). (2018). *Mainstreaming, Acceleration and Policy Support (MAPS) for Achieving the Sustainable Development Goals in Uzbekistan*. Washington, DC, and New York: World Bank and UN. www.un.uz/files/UN%20in%20Uzbekistan/MAPS%20Report%202018/UZB-MAPS%20Report%20-%20Final_Eng.pdf.

¹⁷ Devereux, S. and Sabates-Wheeler, R. (2007), *Editorial Introduction: Debating Social Protection*, Institute of Development Studies.

The second module, *prevention*, includes measures to prevent deprivation such as social insurance, informal saving clubs and risk diversification schemes. The third component, *promotion*, consists of livelihood support measures that aim to lift people out of poverty, such as public works and school feeding programmes. The fourth element, *transformation*, tackles social structures that perpetuate poverty and social exclusion through legislation reform, anti-discrimination, affirmative action and civil society mobilisation.

The TSP model has much in common with the Risk Sharing Model (RSM)¹². The RSM approach is built on the insight that individuals are exposed to idiosyncratic risks that reflect life-cycle contingencies, such as a spell of unemployment, death of a primary care giver, an illness or a disabling accident. It also recognises there are co-variant risks, where one adverse event has a high probability of triggering others, and systemic risk, where whole communities are exposed. This leads to the distinction between *shocks* and *hazards*¹⁸. Shocks have become more numerous as result of climate change and economic globalization. Included are sharp economic downturns that affect entire communities, economies or regions. More generally, there are circumstances that can be characterised as socio-economic disasters: quick-onset disasters, as in the case of earthquakes, floods and epidemics or a sudden economic collapse, or slow-onset disasters, as in the case of droughts.

To ensure effective coordination and integration of various social protection programmes the NSSP will take account of options for consolidating particular social protection functions and institutional arrangements. This will include leadership functions on strategic vision alongside budgetary and administrative accountability and responsibility for the social protection system nationally, as well as serve as an implementing mechanism. The system will encompass social security, social assistance, social services and active labour market programmes. Moreover, it will anchor and develop a national social work system, including introduction of the case management approaches.

The Programmatic Focus of the NSSP:

Universal coverage signifies that the entire population has equitable *access to social protection programmes* that protect them from poverty and the potential negative consequences of risks to which they are exposed. The type of protection required will differ across population groups, as risks emerge out of a variety of intersecting factors such as stage in life, gender, socioeconomic status or location. While the risk and policy objective should determine the type of support, the need should determine the extent of support provided. Non-contributory and contributory schemes may complement each other to achieve universal coverage, as emphasised by the USP2030 Concept Paper¹⁹. Although the risks and the means of protection may vary, the goal is that all people be protected against all risks during their entire life cycle. The NSSP will therefore incorporate the following measures:

Public Expenditure Review of Social Protection

- A Public Expenditure Review (PER) will take stock of fiscal developments and institutions and analyse the key issues that bear on the level, composition, challenges, and effectiveness of

¹² World Bank (2019) *Protecting All: Risk Sharing for a Diverse and Diversifying World of Work*, World Bank, Washington DC

¹⁸Situations of *shock* need to be distinguished from the notion of *hazards*, which are important sources of economic insecurity. Hazards are predictable life events that have a high probability of an adverse effect, or sequence of adverse effects, for an individual or family. They include the death of a parent or relative, the birth of a child, the migration of family members, and the on-set of old age. Whether shock or hazard, the resultant costs can erode a household's capacity to sustain its livelihood base, perhaps by pushing it into debt, or into mortgaging land, or by preventing it from buying seeds and fertilisers. The poor are particularly vulnerable to the manifestation of these risks which can push people into more risk-averse behaviour, especially if the consequences of an adverse outcome could be catastrophic.

¹⁹ ILO (2014). *World Social Protection Report 2014/15. Building economic recovery, inclusive development and social justice*. Geneva: ILO. www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_245201.pdf

government spending on social protection and the stance of fiscal policy. Understanding these issues is essential, as new fiscal pressures are emerging in the process of economic transformation and as citizens demand higher quality of social protection and other public services. The fiscal reform agenda in Uzbekistan remains extensive but working expenditure performance in social protection will provide an opportunity to strengthen the effectiveness of government, boost inclusive economic growth, and enable the GoU to implement social protection floors. In the process of ongoing economic transformation, the government is facing several challenges. The PER will help develop policy options for expanding fiscal space for social protection

Social Dialogue:

- The NSPP will chart processes for Social dialogue which is important for identify policy priorities and ensuring the smooth implementation of reforms in social protection. Experience has shown that policy decisions on social protection reforms usually have a long-lasting effect on the country's national budget, as well as on employers' and workers' contributions to the system. The GoU will therefore need to ensure that such decisions are not taken in isolation. The NSPP will therefore support from measures for policy dialogue across a range of social, economic and political stakeholders (including employers and workers' organisations) in order that decisions are politically sustainable and ensure a better understanding and acceptance of decisions taken.

Social Assistance:

- Establishment and expansion of a Single Registry to provide a basis for more and better coordination between different schemes. Having such unified database in place is crucial, given that the information received through the Single Registry, supplemented by qualitative data and analyses, not only would improve programme design but also provide evidence for decision-making about financial allocations and overall strategy of the development of social policy in the country. The national strategy should envisage the gradual extension of coverage and adequacy of social protection programmes to meet international standards in these areas.
- Expanding coverage and improving design of child benefits and allowances for low-income families²⁰ Given that Uzbekistan is at the early demographic dividend stage, failure to invest in social protection of children could result in significant losses and risks for Uzbekistan's human capital of tomorrow (e.g. worse nutrition, health, and education outcomes leading to lower productivity).
- Measures to ensure coverage for all low-income family allowances and ensure households in need are protected. This will include revisions to address the exclusion of beneficiaries that result from cumbersome targeting processes monthly caps on the number of beneficiaries and the budget. The cap (a) results in rationing behavior, whereby limited resources are spread across eligible households, assigning allowances at a lower amount; or (ii) triggers a rotating approach, such that applications, *de facto*, are postponed or payments of eligible applicants are delayed. The need for more transparent rule-based assignment of categories of households eligible for financial will be incorporated to include adjustments to income calculation rules so as to ensure transparency and fairness

²⁰ In accordance with the recommendations for Uzbekistan by the UN Committee on the Rights of the Child - <https://www.ohchr.org/EN/Countries/ENACARRegion/Pages/UZIndex.aspx>

- Integrating delivery mechanisms is essential in order to improve coverage, effectiveness, and user friendliness. This also requires better social work practice to improve needs assessment and to engage different elements of the system to respond to these needs in an integrated manner.
- Improve operational coordination across programmes (i.e., child and low-income benefits, old age social pensions and contributory schemes) to reduce poverty and build human capital. It will be essential to ensure more effective resource allocation and identify adjustments to programme design (e.g., coverage gaps, households left out of the system etc).

Labour Market Programmes

- Improve the effectiveness of Active Labour Market Measures (ALMMs). A central objective will include strengthening the capacity of Employment Support Centres (ESCs) and technical competences of job counsellors with special attention to disadvantaged groups – women, youth, people with disabilities, and people with low skills and obsolete skills hit by economic restructuring.
- Strengthen coordination of all Labour Market Programmes (LMPs) to improve impact. Measures need to include improved monitoring and evaluation of different programmes²¹ with a view to improving efficiency and performance, expanding and strengthening Technical and Vocational Education and Training (TVET), and ensuring active and passive measures complement each other by providing effective support for different groups of the population, including women and young people.
- Expansion of low-income support for the working age population and coordinated with LMPs to promote inclusion into the labour market. The participation in LMPs should not lead automatically to loss of eligibility for unemployment or low-income benefits, as this can discourage participation and job search. Employment promotion should complement rather than replace social assistance benefits, especially in a context where decent jobs are hard to find.

Social Security Coverage of the Working Age Population:

- Expansion of social security coverage for the working age population (including social insurance, maternity protection, decent working conditions, and minimum wage) by extending social insurance programmes to workers in the informal economy, independent of their status, while also making parallel and concerted policy efforts to formalise employment²².

²¹ Currently delivered by different agencies with insufficient horizontal coordination between them.

²² Successful examples from other countries of extending social security coverage to workers in the informal economy have focused on two broad mutually supportive policy approaches. One could be summarised as “extend social protection by formalisation”. This approach has tended to focus on specific groups of workers that already are close to the formal economy and have some contributory capacity, and which can therefore relatively easily be covered by employment-based social protection mechanisms. The other approach is based on the extension of social security to larger groups of the population through a large-scale extension of non-contributory social protection mechanisms to previously uncovered through a large-scale extension of non-contributory social protection mechanisms to previously uncovered groups—independent of their employment status. This approach could be summarised as “extend social protection independent of status,” based on the conviction that “investing in people” through social protection helps to facilitate access to health and education, enhances income security, and enables workers to take greater risks, thereby enhancing productivity and facilitating the formalisation of employment in the medium and long term.

- Options for bringing all maternity protection benefits under social insurance, as is normal practice²³
- Options for financing insurance in case of unemployment, and design of a scheme on the basis of a financial valuation of possible sources of funding, sustainability, and impact²⁴.
- Comprehensive jobs diagnostic carried out to better understand the challenges and strengths of the labour market and employment/business support services, and to indicate how more and better jobs can be created for the hard-to-employ groups of the population²⁵.

Pension Reform and Coverage

- The NSSP will build and expand on ongoing pension reforms being undertaken by the GoU Pension Fund in collaboration with the World Bank and the IMF. The measures will focus on ensuring that pension coverage is aimed primarily at strengthening state guarantees for citizens to exercise their constitutional rights to retire, and that pension system takes account of the labour market and wage system, the tax and financial systems, and demographic and socio-economic factors in Uzbekistan

Social Care Services for Children and Families, People with Disabilities and Older People

- The NSSP will focus on developing community-based social services and social work functions at the local level and move away from predominantly institution-based provision of social services. Emphasis will be placed better social work practice, the utilisation of a case management approaches, and other measures for ensure engagement of different elements of the system to respond to the needs of service users in an integrated way. Specific measures in the NSSP will focus on:
 - Preparation of Concept Note on best international practice in social service delivery²⁶
 - Preparation of a framework for assessing unit costs of different types of social care services, design of stock and flow data base for case management
 - Workforce planning and skills development²⁷
 - Design of a funding formula for the funding of social care services
 - Design of Community services/care as an entry point into the social service system²⁸.

²³ Maternity protection legislation needs to be analysed in detail and aligned with international standards, including the possible reintroduction of contributory-based maternity protection (social insurance), in line with International Maternity Protection Convention No. 183

²⁴ Mechanisms for insurance in case of unemployment have been blurred with the introduction of the flat-rate tax and lack of clarity around responsibilities to ensure how contributions are made. While the approaches to financing the contingency include contributory (from employer and worker alike) as well as general tax sources, The MoF will need to assess both options, and to design the scheme on the basis of a financial valuation of possible sources of funding, sustainability, and impact.

²⁵ A functional review of employment centres will need to be undertaken to guide investment in increasing their capacity to deliver activation programmes and those aimed at labour market insertion of the particularly hard to employ.

²⁶ Based on the principle that services should be designed to meet the needs of the users first rather than the convenience of providers; and services should be delivered in a manner that enables people to live independently or in families and communities wherever possible. It is considered more appropriate to provide people with much greater access to community services at the local level. These services can address the needs of the families, often in their own home, and can resolve issues effectively at an early stage, before problems become exacerbated. They also are effective at reducing social isolation and social exclusion.

²⁷ Expansion of community-based social care services for different groups of people would entail building and enhancing the skills of professionals, not only in social care, but also in education, employment services, disability determination and service delivery, and other allied institutions to ensure inclusion into mainstream services.

²⁸ Community-based level services aim to prevent families from finding themselves in difficulty but also to identify and meet most of their

- Inspection and quality assurance for social care services
- Partnership arrangements for advocacy and service delivery with civil society actors²⁹
- Specialist social care services – including fostering, adoption and respite care

Poverty Data and Monitoring and Evaluation

- Measures for improving the quality and availability of data. Such information as surveys of the labour force, household budget, migration, and skills demand are essential to conduct labour market and performance analyses of social protection programmes³⁰.
- National monitoring and evaluation (M&E) results framework for the entire social protection system, including indicators and data sources. The M&E mechanism will need to be aligned with SDG indicators. The M&E system will be crucial for informed decision-making of efforts to optimise the operational costs of the individual programmes, to be able to track social protection programme performance indicators, and to ensure that MADs are able to access relevant data³¹
- Complaints and accountability systems. This will focus on increasing the transparency and responsiveness of the social system, it will be crucial to introduce specific complaint mechanisms for each allowance, pension, and service³².

Costings and Fiscal Space Assessment for the NSSP

In terms of meeting financing needs for social protection, the challenge is much higher for low-and-middle income countries, both in terms of the relative cost to them and their relative capacity. This situation will need to be considered as a critical factor in the formulation of a specific policies in Uzbekistan. The NSSP will therefore be accompanied by comprehensive analysis and costings of measures for consolidating and expanding existing programmes and achieving improvements in governance and administration.

The NSSP will be accompanied by analysis of coverage and financing gaps and the identification of measures the GoU will need to consider in order to fill these gaps³³. A robust tax framework is required to realise the goals and objectives of the NSSP³⁴. The fiscal space assessment will focus on measures for maximising tax revenue through initiatives such as such digital taxation, collection of

needs should they require assistance. Assistance provided at this level is usually sufficient to resolve the issue. Sometimes, however, the person may need more specialist care and referred to the next level in the system.

²⁹ To prevent social isolation and promote information sharing and support in the community and home settings.

³⁰ Lack of up-to-date demographic data (the last census was carried out in 1989) makes it difficult to conduct long- and medium-term forecasting of need, especially with regard to the pension system. A pilot for the Single Registry is currently being implemented in one region. Once rolled out nationally, the single registry will play a critical role in obtaining better data for policy making and budgeting as well as administration of benefits and services.

³¹ The M&E system would have to be based on an expanded data base, including a publicly available data base relating to the national household budget survey, coupled with a labour force survey. This would help with the evidence base required to monitor the impact of LMPs and benefits on labour market inclusion, poverty reduction and human capital development.

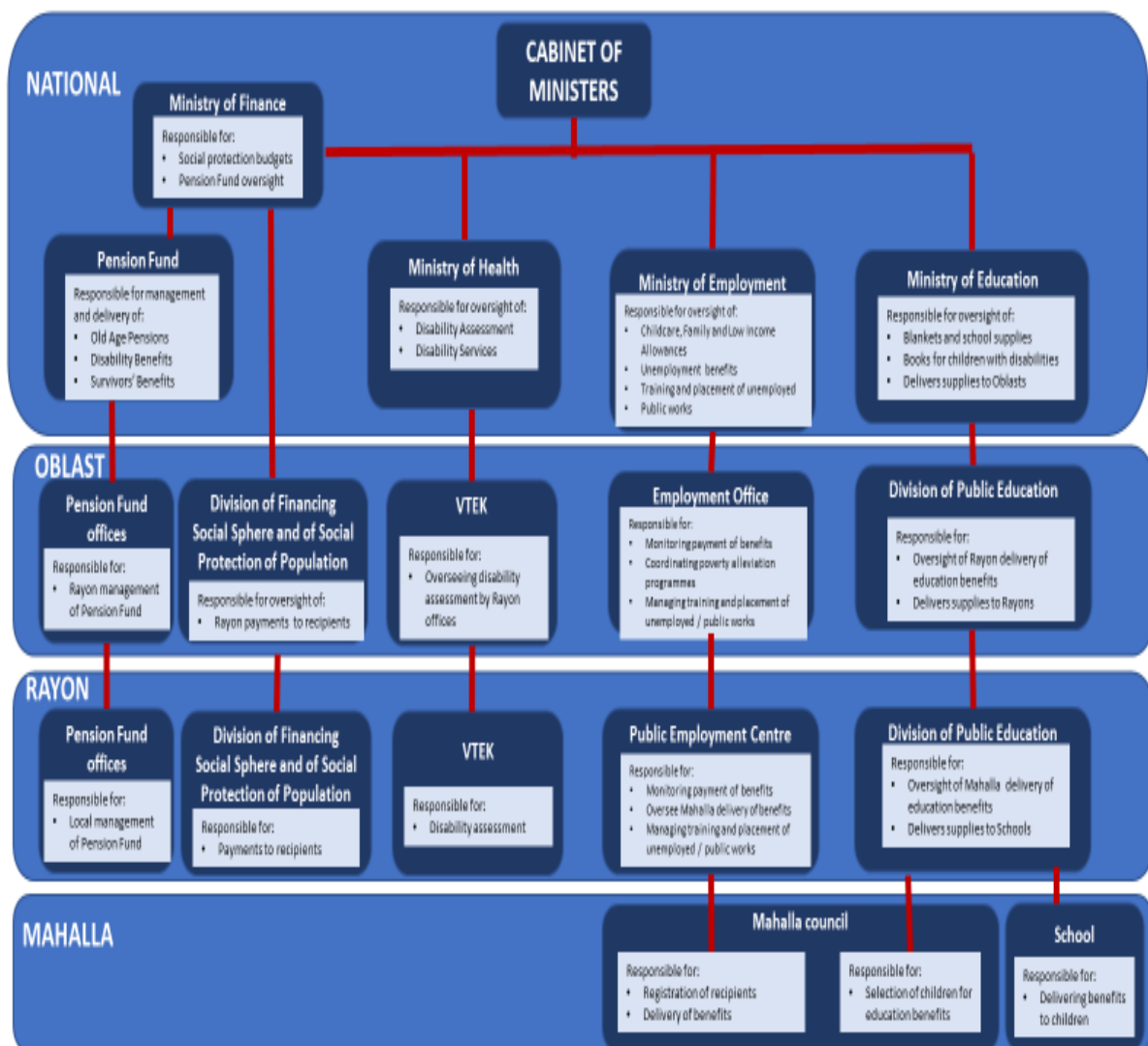
³² This system will not only enhance accountability but also will help ensure better effectiveness of programmes. There is a need to introduce a culture of outreach into all of the MADs responsible for delivering programmes. At present, the system of controls encourages preventing inclusion of those who are not eligible, sometimes at the expense of outreach to those eligible. Such information would include their rights, the rule of eligibility, and an encouragement to apply for support. Outreach should include improved information about programmes, less bureaucratic application procedures, and effective complaint mechanisms.

³³The additional spending needs for achieving SDGs (including social protection) are estimated by IMF at around 9 percent of GDP each year until 2030 - IMF Country Report No.19/129 – *Republic of Uzbekistan 2019 Article iv Consultations* – Press Release and Staff Report, May 2019, p.50.

³⁴ Significant tax reforms were implemented on January 1, 2019. These included the establishment of a unified tax rate of 12 percent for personal income tax, corporate income tax, and payroll tax for both large and small firms. Other changes included the reduction of the unified tax rate for small firms to 4 percent, the property tax rate from 5 percent to 2 percent and the dividend tax from 10 percent to 5 percent.

property taxes, closing loopholes against tax avoidance ('fiscal optimisation') and combatting tax evasion. The identification of new revenue streams will be particularly important in Uzbekistan where income tax alone may not offer sufficient revenue opportunities to finance USP. Options for freeing-up fiscal space will also be identified by relocating resources from less efficient or low-priority social protection programmes to finance USP. In the event of limited resources and institutional capacity being identified as constraints on increase domestic resource mobilisation in the short term, the role of international development partners, multilateral institutions and development banks will be identified for the expansion of social protection – particularly in its early stages, when countries like Uzbekistan are likely to incur high initial costs in the reform of existing systems and building new technical and organisational capacities.

Annex 1: Overview of Social Protection Programmes and Delivery Systems in Uzbekistan



Source: Core Diagnostic Report Instrument (CODI) Joint Report by ILO, UNICEF and the World Bank (2019)

Annex 2: Universal Social Protection, Screening and Targeting: Some Guiding Principles and Observations

1. Social protection should be universal, comprehensive and adequate. The social protection floor is by nature universal, which means that all residents and all children in a country should be able to exercise their rights to it. At the same time, the level of the floor cannot be minimalistic because, it should “secure protection aimed at preventing or alleviating poverty, vulnerability and social exclusion”³⁵. Levels of benefits and services should, therefore, be provided at a level that is deemed adequate to live a life in dignity. Finally, protection should be provided not only for specific categories of people or at certain points in life but across the life cycle, which refers to the comprehensiveness of social protection. According to the life-cycle approach reflected in the Social Protection Floors³⁶ at least four guarantees should be included in all national social protection floors: access to essential health care, including maternity care; basic income security for children; basic income security for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and basic income security or pensions for older persons.

2. Recent social protection spending pronouncements by the GoU have been accompanied by weak articulation of detailed policy development or plans for improving social protection delivery systems. Spending on social protection is not a standard sectoral heading in the budget, which means that overall spending has to be constructed from different ministerial programme headings in the budget – this approach makes it difficult to clearly determine: why particular social protection programmes are prioritised for funding increases, why other programmes are omitted, the extent to which programme targeting methodologies are technically efficient and administratively effective, and the extent to which technical and organisational competencies of implementing agencies need to be rationalised and targeting methods enhanced.

3. The articulation of policy and measures for strengthening systems for budgeting, administration and governance for expanded social protection programmes are crucial to the task of ensuring that increased levels of social protection spending translate into improved welfare outcomes while at the same time not threatening budget stability. Recent events, mostly exogenous factors such as floods and COVID-19 have exposed the weaknesses of existing social protection programmes as effective tools for managing shocks and protecting the right to right to social protection. These weaknesses have included the *ad hoc* nature of existing systems, the absence of coherent and flexible systems for identifying people in need, and technical and organisational capabilities to scale-up programmes to reach larger populations during crises, and the absence of adequate monitoring and evaluation capacities to make mid-course corrections or assess the effectiveness of separate or combined programmes to manage risks and mitigate the effects of shocks.

4. Targeting is a means of increasing programme efficiency by increasing the benefit that the poor can access within a fixed programme budget. How can public spending assist those who have been left behind by economic growth? It may take a long time for some subgroups in society to gain access to social protection. Studies of chronic poverty and adaptive social protection³⁷ have shown that the experience of poverty is not homogenous over time; some individuals experience poverty only once, others regularly and some only know a life of poverty. In terms of priority, the chronic poor are a group that should receive special attention from policymakers. Some, such as the elderly, parents with many children and people with disabilities are particularly susceptible to chronic poverty. Others may well be hurt in the short run by policy reforms that ultimately would benefit the poor.

³⁵ ILO strategy adopted by the International Labour Conference in 2011

³⁶ ILO Social Protection Floors Recommendation, 2012 (No. 202)

³⁷ World Bank (2020) *Adaptive Social Protection: Building Resilience to Shocks*, World Bank, Washington DC

5. There may be related concerns about regionally unbalanced growth. How can public spending help deal with vulnerability? Incomes can be highly variable over time, particularly in poor rural areas where the population is vulnerable to risks induced by climate change, relative price shifts, or the collapse of community support systems. How can public spending meet these objectives adequately with limited resources? The answer often given to all three questions is “targeting” and “screening” – a social protection programme is targeted if it is intended for a specific group, defined by some test of eligibility, and is selective if it uses some specified criteria to screen for eligibility. In all cases of entitlement, criteria for support must be defined and eligibility verified (e.g. age, ideally on the basis of a social register). Forms of targeting that are broadly accepted include special support to children in need, people with disabilities (long-term targeting), or support to those affected by a short-term setback, such as temporary disaster relief, or temporary unemployment.

6. In order to provide relevant benefits and services to the right people at the right time, information on a person’s situation is required. This is the basis for determining the extent of support to be provided and the definition of criteria triggering the provision of benefits and services. This entitlement is *universally applicable* to all those to whom the defined criteria apply. Targeting to determine entitlement is thus a crucial aspect of USP.

7. Targeting methods all have the same goal – to correctly and efficiently identify which households are poor or which are not, but there are options. Targeting social protection programmes can be complex. The appropriateness of targeting is determined by the costs of targeting and screening. Financial cost is important, and often the main measurement used. But there are a whole range of costs that should be considered: administrative costs, incentive effects, private costs borne by beneficiaries, stigmatisation and social discrimination, and political costs. The degree of importance attached to the various costs is influenced by social and cultural factors and by the political environment. In all types of social protection programmes there are two key errors that need to be balanced – *inclusion errors* which result from making benefits/services available to individuals/households who do not need them, and *exclusion errors* which result from excluding some individuals/households who should be receiving them.

8. These two measures of poverty-reduction efficiency – vertical and horizontal - involves the former measuring the extent to which money intended for the poor goes to the non-poor, and the latter measuring the extent to which the poor are actually helped. The difficulty with this dualism is that there is no way to minimise exclusion and inclusion errors at the same time. It is important to realise that the problem of under-coverage in social protection programmes represents a missed opportunity in terms of poverty reduction while at the same time is the result of (increased) targeting efficiency. The key point, however, is not whether a social protection programme avoids targeting errors, but how well it meets its objectives given budget constraints, the information that is available to policy makers, and the behavioural and political responses to targeted interventions. There are a number of options for targeting, the most prominent being individual/household targeting, geographical targeting, self-targeting, and group targeting. The Table below provides an overview of targeting and the advantages and disadvantages of each option.

Type	Approach	Description	Advantages	Disadvantages
Individual/Household targeting	Verified Means Test	Aimed at the poorest, based on measurement of the recipient’s income, assets, nutritional status. A variation is the <i>simple means test</i>	Focused on the poor Reduces inclusion errors	Can be very costly and difficult to administer Requires regular and frequent monitoring

		which is based on qualitative [visual] assessment		Administrative compliance results in exclusion errors
	Proxy Means Test	Aimed at the poorest, based on more easily observable “proxy” measures of socio-economic status (e.g., location, facilities, assets, quality of housing, possessions, levels of education). Programme eligibility is determined by comparing a household’s score against a predetermined cut-off point.	Requires less information than Verified Means Test Focused on the poor Ranks the poor Reduces inclusion and exclusion errors Can be used to target a single programme with large benefits or to target several programmes	Possible stigma Difficult to construct proxy indicators Requires frequent updating of indicators Can be insensitive to quick changes in household welfare Costly and difficult to administer due to need for extensive outreach and wide-spread access to computer trained staff
	Community-based	Aimed at the poorest, based on community perceptions of poverty	Reflects the idea that local understanding of poverty is more accurate than a means test and data collection costs are less onerous	Significant inclusion and exclusion errors Perpetuates local patronage structures
Self-targeted	Self-selection	Open to all (i.e., universal] but offers a benefit/service to which only the poorest will be attracted	Lower administrative costs Recognises differences in the private participation costs between poor and non-poor households	Can be divisive High exclusion errors of all who cannot participate Opportunity costs to participation
Group Targeting	Categorical or demographic	Aimed at specific identifiable categories of the population associated with poverty (e.g., the elderly, children, PWD)	Easy to administer given verifiable correlates to poverty Objective/transparent measures of eligibility High level of public support	Inclusion and exclusion errors due to pooling of resources within households Demographic targeting based on age may be weakly correlated with poverty
	Geographical	Aimed at specific geographical areas associated with poverty – particularly where	Easy to administer Useful as a first level targeting approach based on poverty	Inclusion and exclusion errors Can encourage migration to areas

there are considerable variations in living standards across regions and ecological zones	maps generated by Geographical Information Science (GIS). Can be combined with other methods	or regions with programmes Requires accurate poverty maps linked to Geographical Information Science (GIS)
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9. Targeting of benefits to those most in need is widely practiced, and many high, low and middle-income countries prioritise access to the poorest, i.e., poverty targeting. However, the fluctuating nature of poverty makes it difficult to identify those in need. Costs include data collection and analysis – which can be expensive, especially to keep information up-to-date. Inclusion and exclusion errors in Uzbekistan can be as high as 60 per cent (i.e., paying benefits to some who should not receive them (inclusion error) or excluding some households who would be eligible (exclusion error)).

10. Universal programmes can save expenditures on poverty targeting and investing these sums in providing benefits to all those who need them. By avoiding exclusion errors, these programmes ensure that all those in need are reached. At the same time, they can also increase acceptance and buy-in among all sections of the population. USP measures can embolden people living in poverty to take economic risks (such as launching a micro business enterprise), rather than hoarding savings ‘for a rainy day’ at the expense of other outlays such as children’s schooling.

11. Including in a system based on universality, targeting in the broad sense, i.e. selecting and applying criteria that trigger the provision of a given service, is always necessary to determine who benefits from which social protection in the context of USP. This means that collecting and analysing information on people’s situation is essential to orient service delivery. For this purpose, most OECD countries and many low-and middle-income countries (LMICs) have developed integrated social protection information systems. Information collected by existing social protection programmes can form the basis for a social registry when expanding coverage towards USP.