



INTERNATIONAL EXPERIENCE IN FINANCING SOCIAL PROTECTION PROGRAMS AND THE POSSIBILITIES OF ITS APPLICATION

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Abstract

This topic analyzes international experience in financing social protection programs and the possibilities of applying it in national practice. The study examines the financing mechanisms of social protection systems in developed and developing countries, including the state budget, social insurance funds, targeted funds, and the participation of international financial institutions. In addition, the effectiveness of targeted assistance, social transfers, and digital management systems is comparatively evaluated. Based on international experience, practical recommendations are developed for improving the financing of social protection programs in the conditions of Uzbekistan, ensuring the efficient use of resources, and increasing transparency.

Keywords: Social protection, financing, international experience, social programs, state budget, social insurance, targeted assistance, social transfers, digitalization, efficiency.

Introduction

The social protection system plays an important role in ensuring the socio-economic stability of any state. Supporting vulnerable groups of the population, reducing poverty, increasing employment, and mitigating social inequality are among the main objectives of social protection programs. In today's globalization process, the effective organization of social protection systems and the improvement of their financing mechanisms have become urgent issues for



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every country. In this regard, studying international experience and applying it to national practice has significant scientific and practical importance.

In developed countries, the financing of social protection programs is mainly carried out through a stable economic system, a developed tax policy, and social insurance institutions. In these countries, social protection is regarded not only as a means of reducing poverty but also as an important mechanism for ensuring economic stability. For example, in European countries, social protection expenditures constitute a significant share of the state budget, and these funds are mainly directed toward healthcare, pension provision, unemployment benefits, and support for low-income families.

In international practice, there are several main models for financing social protection programs. The first is the tax-based model, in which social programs are fully or partially financed from the state budget. The second is the social insurance model, in which mandatory contributions paid by employers and employees serve as the main source of financing. The third model is a mixed system, in which the state budget, insurance contributions, and international financial assistance are used jointly. Each of these models is formed depending on the country's level of economic development, demographic situation, and social policy strategy [1].

In developing countries, the financing of social protection systems relies more heavily on the state budget. However, due to limited resources in these countries, assistance from international organizations and donors also plays an important role. Grants and loans allocated by the World Bank, the Asian Development Bank, and other international financial institutions serve as additional sources for implementing social programs. At the same time, the introduction of digitalization processes in these countries is expanding opportunities for delivering social assistance in a targeted manner and for using resources more efficiently.

In recent years, the Republic of Uzbekistan has also carried out large-scale reforms aimed at improving the social protection system and strengthening its financial foundations. Reducing poverty, supporting vulnerable groups of the population, and organizing targeted social assistance have been identified as priority areas of state policy. At the same time, based on the study of



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international experience, there remains a need to further improve the social protection system, allocate financial resources more efficiently, and optimize the management system [2].

The relevance of this topic lies in the fact that global economic instability, demographic changes, and transformations in the labor market are increasing the demand for social protection systems. Therefore, developing effective mechanisms for financing social programs and adapting international experience to national conditions is an important task. In particular, the widespread introduction of digital technologies, ensuring transparency, and reducing corruption risks are regarded as key factors in improving the effectiveness of the social protection system.

In addition, cooperation between the public and private sectors in financing social protection programs is of great importance. The participation of the private sector increases the financial sustainability of social projects and creates opportunities for introducing innovative approaches. This, in turn, contributes to improving the quality of social services.

In general, studying international experience in financing social protection programs and applying it to national practice serves as an important factor in ensuring social stability, reducing poverty, and improving the living standards of the population. Therefore, conducting an in-depth scientific analysis of this topic and developing practical recommendations are of urgent importance.

Literature Review

The issue of financing social protection programs has been widely studied in economic literature as an important research object within the fields of public finance, social policy, and development economics. Scientific studies conducted in this area are aimed at improving the effectiveness of social protection systems, financing sources, and mechanisms for resource allocation.

Among foreign economists, A. Sen's concept of human development is considered one of the most important approaches that formed the theoretical basis of social protection systems. According to him, social protection should be viewed not only as a means of redistributing income but also as a tool for expanding human capabilities. At the same time, J. Stiglitz substantiated the



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importance of social transfers and budget policy in reducing social inequality in his studies on the role of the state in the economy. R. Musgrave, in the theory of public finance, emphasized the necessity of state intervention to improve social welfare [3].

Reports published by international organizations, particularly the World Bank, the International Monetary Fund (IMF), the Asian Development Bank (ADB), and the OECD, analyze various models of financing social protection programs. These sources broadly discuss tax-based models, social insurance systems, and mixed financing approaches. According to World Bank studies, targeted assistance mechanisms and digital identification systems play an important role in creating an effective social protection system [4].

In scientific works on the experience of European countries, the welfare state model occupies a central place. In Scandinavian countries, social protection expenditures are high and are mainly financed through a progressive tax system. In countries such as Germany and France, however, the social insurance system plays the leading role. These experiences demonstrate the importance of public finance in ensuring social stability.

Studies on developing countries identify the main problems of social protection systems as insufficient financial resources, institutional weaknesses, and the incomplete formation of databases. Reports by the United Nations and the ADB note that international aid and grants are important sources of financing social programs in these countries.

Scholars from CIS countries have paid special attention to reforming social protection systems and increasing targeting efficiency. Russian economists V. Radaev and T. Maleva emphasized the need to distribute social assistance based on clear criteria and provided recommendations for improving the efficiency of budget expenditures. These approaches are also important for economies such as Uzbekistan [5].

Uzbek scholars have also conducted a number of scientific studies on social protection and poverty reduction. These studies analyze the effectiveness of mechanisms such as the “Iron Notebook,” “Women’s Notebook,” and “Youth Notebook,” as well as the allocation of state budget funds to the social sphere.



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The studies note that the introduction of digitalization and electronic registries increases the targeting efficiency of social assistance.

In general, the analysis of existing literature shows that the main trend in financing social protection programs is the precise allocation of resources, the introduction of digital management systems, and the strengthening of cooperation between the state and international financial institutions. At the same time, scientific sources confirm that the effectiveness of the social protection system is directly linked to financial stability and institutional quality.

Methodology

The study employed methods of scientific analysis, comparative analysis, and statistical generalization. International experience and national practice data on financing social protection programs were examined. In addition, the effectiveness of systems was comparatively assessed based on reports from the World Bank, IMF, and ADB.

Analysis and Results

The study of international experience in financing social protection programs shows that in both developed and developing countries, this system has been formed on the basis of various financial models. The conducted analysis identified three main models of social protection financing: the tax-based model, the social insurance model, and the mixed financing model. Each model may produce effective or limited results depending on the country's level of economic development, demographic situation, and fiscal capacity.

The tax-based model is widely used mainly in Scandinavian countries. Under this model, social protection programs are financed from the state budget, and progressive taxes serve as the primary source of funding. The analysis shows that although this model ensures a high level of social equality, it also places a significant burden on the state budget. Nevertheless, in countries with high economic stability, this model is considered one of the most effective forms of social protection.



Models for Financing Social Protection Programs [6]

Type of Model	Main Source	Countries Where Applied	Advantage
Tax-based model	State budget	Sweden, Norway	High social equality
Social insurance model	Employer and employee contributions	Germany, France	Financial stability
Mixed model	Budget + insurance + international assistance	Uzbekistan, Türkiye	Flexibility

This table demonstrates the main international models for financing social protection programs. In the tax-based model, the state budget plays the leading role and ensures social equality. The social insurance model creates a stable financial system through contributions paid by employers and employees. In the mixed model, several funding sources are combined, increasing flexibility and adaptability to economic changes. Each model is selected according to the country's economic conditions and social policy. These approaches are also important for improving the social protection system in the conditions of Uzbekistan and contribute to the efficient use of resources.

The social insurance model is widely used in countries such as Germany, France, and Austria. Under this model, financing is carried out through mandatory insurance contributions paid by employers and employees. The analysis results show that this model ensures financial stability and reduces pressure on the state budget. At the same time, the large size of the informal labor market segment may reduce the effectiveness of this model.

The mixed financing model is typical for many developing countries, where the state budget, social insurance funds, and international financial assistance are used together. According to data from the World Bank and the Asian Development Bank, this model is distinguished by its flexibility and ability to adapt quickly to changing economic conditions. However, institutional weaknesses and insufficient control systems may lead to the inefficient use of resources within this model.

The analysis of Uzbekistan's practice revealed that significant reforms have been implemented in recent years in financing the social protection system. In particular, within the framework of the poverty reduction policy, mechanisms



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such as social registries, the “Iron Notebook,” “Women’s Notebook,” and “Youth Notebook” have been introduced. These systems increase the targeting efficiency of assistance and make it possible to direct resources to truly vulnerable groups [7].

According to the analysis results, the main financial source of social protection programs in Uzbekistan is the state budget. At the same time, international financial institutions and grant programs also serve as important additional sources. However, it has been identified that the share of local budgets and the insurance system is still insufficiently developed. This situation may affect the long-term financial sustainability of the system.

The analysis of digitalization processes showed that the introduction of electronic databases into the social protection system has significantly increased efficiency. Through unified social registries, it has become possible to assess citizens’ income levels and social conditions. This helps reduce the human factor and lower corruption risks.

The analysis of opportunities for applying international experience to the conditions of Uzbekistan identified several important directions. First, it is necessary to gradually expand the social insurance system. Second, additional resources for social protection can be created by further improving the progressive tax system. Third, it is important to further develop digital management systems in order to increase the targeting efficiency of assistance [8].

In addition, strengthening cooperation between the public and private sectors contributes to increasing the financial sustainability of social protection programs. Through private sector participation, opportunities for financing new social projects expand and innovative approaches are introduced.

Overall, the analysis results show that adapting international experience to national practice significantly increases the effectiveness of the social protection system. By diversifying financial sources, expanding digitalization, and deepening institutional reforms, it is possible to ensure the sustainability of social protection programs in Uzbekistan.



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Conclusion

The study of international experience in financing social protection programs shows that diversity of financial sources, institutional stability, and digital governance play an important role in creating an effective system. The experience of developed countries confirms that stable financing can be achieved through social insurance and progressive tax systems. For developing countries, the mixed model and international assistance are of particular importance. In the conditions of Uzbekistan, the gradual implementation of these experiences will contribute to improving the effectiveness of the social protection system, reducing poverty, and enhancing the living standards of the population.

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