

FEATURES OF THE IMPACT OF THE CORONAVIRUS CRISIS ON THE SYSTEM OF SOCIAL PROTECTION OF THE POPULATION

Israilova Feruza Nazrillaevna

Tashkent State Economic university, senior lecturer

dloong1507@mail.ru

Abstract. *The article analyzes the essence of the features and sources of the crisis associated with the coronavirus, examines the factors affecting the coronavirus crisis on the socio-economic situation, the system of social protection of the population in the countries of the emerging market economy, in particular Uzbekistan. The work comprehensively examines the state, development trends and problems of reforming the system of social protection of the population. The socio-economic consequences of the pandemic were studied in the form of a decrease in the rate of economic growth and the volume of remittances, the preservation of the volume and deterioration in the structure of foreign trade, imbalance in the balance of payments, a decrease in the volume of foreign investment, an increase in unemployment and poverty of the population. Scientific recommendations aimed at improving the system of social protection of the population and increasing its effectiveness are proposed.*

Key words: *coronavirus, pandemic, social protection system, social protection targeting, poverty, income inequality, economic crisis, recession, lockdown, sanctions, employment, self-employed population, informal sector, informal employment, active and passive social programs, non-monetary inflation.*

Introduction. The coronavirus pandemic that the world economy faced in 2020-2022 has become a key factor affecting the socio-economic development of the world and the national economies of countries, in particular. The economic crisis had a significant impact on export-oriented industries, tourism, and the service sector. This crisis had a strong negative impact on the country's social policy, in particular on the system of social protection of the population, unemployment increased, incomes of the population decreased due to the loss of work in the informal sector of the economy, and the volume of remittances decreased. The above factors contributed in the end to the growth of poverty in the country. In connection with the above-mentioned topical, theoretical and practical aspects of assessing the impact of the coronavirus pandemic on the socio-economic situation of the country, the system of social protection of the population and the development of scientific recommendations aimed at eliminating the consequences of the coronavirus crisis and restoring the standard of living of the population are insufficiently studied.

As an analysis of the economic literature on the coronavirus pandemic shows, a number of works reveal the socio-economic trends and challenges that have arisen for the global economy as a result of the COVID-19 pandemic [1]. A group of scientists and specialists from international economic organizations devoted their scientific work to the study of priority areas of social policy, in particular, the social protection of the population in the world, in emerging market economies in the context of the coronacrisis [2]. The issues of the functioning of the labor market and employment growth, wages and flows in the Russian labor market in the context of the coronavirus are reflected in the scientific works of such Russian scientists as R.I. Kapelyushnikov, V.E. Gimpelson, V.N. Bobkov, A.A. Gulyugina, E.V. Odintsov [3].

Assessment of the impact of COVID-19 on socio-economic conditions and some issues of mitigating the consequences of the COVID-19 pandemic in Uzbekistan have been investigated in scientific reports of the UN Development Program, UNICEF, the World Bank Group [4].

At the same time, the theoretical and practical aspects of the implementation of social policy, in particular the social protection of the population, the features and stages of the implementation of anti-crisis active and passive social programs in Uzbekistan, the impact of global risks such as the impact of breaking global supply chains, the global food and energy crisis caused by the sanctions of developed countries in relation to Russia in our country, economic literature has not been studied enough.

Methods. During the research, the following methods of scientific analysis were used: analysis and synthesis, scientific abstraction, induction and deduction, comparative economic analysis, sociological survey and others.

Analyses and results. In 2020-2021, the global economy faced a crisis associated with the spread of COVID-19. It was a powerful shock experienced by the global economy during the entire post-war (after 1945) period. Contraction of global GDP in 2020 by 3.4% turned out to be significantly more than in the 2009 crisis phase. (-1.3% see table-2). Unlike the “classic” demand crises, where the main blow fell on the share of industrial enterprises, construction and the financial system, the services sector became the main victim of the coronacrisis. At the same time, cross-country differentiation was determined by the peculiarities of the structure of national economies. Previous crises were associated mainly with a sharp drop in demand. During the COVID-19 period, the global economy faced a massive supply shock caused by the forced suspension of economic activity and the implementation of the self-isolation regime. In such situations, the key task of the state anti-crisis policy was to preserve the human capital of companies in order to ensure that they recover as quickly as possible after the removal of anti-epidemic restrictions.

In terms of origin, dynamics and consequences, the coronavirus crisis differs significantly from classical crises. If habitual recessions are predominantly caused by shocks on the demand side, then at the heart of the 2020-2021 crisis. shocks lay on the supply side. The pandemic has contributed to the emergence of a new kind of inequality. These jobs are not the same in terms of the risk of infection. It is estimated that almost half of the workers in OECD countries work in places where there is a high likelihood of infection, as their jobs require direct physical contact with colleagues.[6] As world experience shows, the sources of the coronavirus crisis are:

- voluntary precautions that individuals have begun to take because of fear of getting sick;
- massive bans and restrictions on economic activity, which were forcibly introduced by states;
- the decline in business activity was rapid, deep and forced to reconsider the definition of the concept of "crisis". This is due to the fact that the economy was in the stages of a coronavirus recession for an extremely short time. The US National Bureau of Economic Research estimates that recessions were only two months long;
- the recession turned out to be extremely intermittent and extended in time due to state intervention in full or in part again resorted to;
- a paradoxical result was obtained with a fall in GDP in the OECD countries at the peak of the crisis by 12.4% per year, the real disposable income of households increased by 3.9%, in the USA by 11% and in Canada by 12.6%.[7]

This contrast is predominantly related to the different strategies for dealing with the consequences of the coronavirus, which were chosen by the governments of individual countries. There are two channels through which the government can provide support to workers. Firstly,

through the unemployment insurance system, paying benefits to those who have lost their jobs. Secondly, through enterprises, providing them with funds to pay for underemployed workers whose labor is temporarily unclaimed - either completely or partially.

As world practice shows, four main factors that negatively affect the economies of countries with emerging market economies should be singled out:

internal quarantine factors of various stiffness variations (lockdown) in order to limit the spread of coronavirus;

a sharp collapse in world prices for energy resources, in particular for oil and gas;

the outflow of capital from emerging market countries and the deterioration of the investment climate under the influence of various kinds of global risks (rupture of the global value chain, energy and food crisis, consequences of sanctions by developed countries against Russia due to the military conflict in Ukraine;

reduction in the volume of remittances from labor migrants from abroad;

As evidenced by the analysis of anti-crisis programs, countries with developing market economies suffered from the crisis associated with the coronavirus to a lesser extent than the global financial crisis of 2008 and the crisis in the global commodity markets of 2015 (Table 2). When assessing the impact of COVID-19 pandemics on the social sphere, an important issue is the development of anti-crisis measures and mitigation of the consequences of pandemics in the social protection system of the world:

public policy measures taken in connection with COVID-19 in different countries differ markedly from each other and largely reflect both the assessment of the situation by the government and its financial capabilities;

the pandemic has revealed the existing significant disparities in the field of inequality and problems in the coverage, completeness and decent level of social protection in the countries of the world. This social indicator worsened under the influence of such challenges as high levels of economic insecurity, chronic poverty, growing inequality, the large scale of the informal sector;

in social policy, the COVID-19 pandemic caused an unprecedented reaction. Analysis of many low- and middle-income countries shows that high-income countries struggle to provide sufficient social protection and financial incentives, resulting in a lack of financial incentives due to significant gaps in coverage and funding;

as the analysis shows, the recovery of the social sphere and the economy remains uncertain, the decisive importance will still be given to increasing spending on social protection countries are at a crossroads in relation to the development trajectories of their social protection system ensuring social protection with universal coverage and realizing the human right to social security for all are the cornerstone of a people-centered approach to achieving social justice;

The state of the social protection system in the world is as follows. In 2020, only 46.9% of the world's population could actually benefit from only one social safety net benefit, while the remaining 53.1% were deprived of any protection. The rate of one-benefit coverage of the social protection system in emerging market economies varies significantly between regions and within regions. Access to health care, sickness benefits and unemployment benefits plays an important role in the system of social protection of the population. Two-thirds of the world's population is protected by participating in some form of health programme. In the area of income protection in the event of sickness and unemployment, problems in coverage and decent levels of benefits are more visible.

One third of people of working age stable income in case of illness is provided by law. Only 30.6% of the working-age population is officially covered by the systems.

Problems in the coverage, completeness and decent level of payments of social protection systems are closely related to the high deficit of investments in social protection. The countries of the world spend on average 12.9% of GDP on social protection (excluding healthcare). This indicator varies significantly across income groups, with high-income countries spending an average of 16.4%, upper-middle-income countries 8%, lower-middle-income countries 2.5% and in low-income countries, 1.1%;

Since the beginning of the COVID-19 crisis, the funding gap for social protection floors has widened by about 30% due to increased demand for health services and income stability measures and the contraction of GDP amid the crisis. According to calculations by experts from the International Labor Organization, in order to guarantee a basic level of social security through a nationally established minimum level of social protection, lower-middle-income countries require an annual investment of an additional 362.9 billion US dollars, which is equivalent to 5.1% of the countries' GDP. Low-income countries need to invest an additional \$77.9 billion, or 15.9% of GDP.

In 2020, Uzbekistan invested 9.7% of GDP in social protection programs, in particular, 75% of all investments are directed to the old-age pension system, the existing system covers only 55% of the population.

As the data of the household survey “Listening to the citizens of Uzbekistan” in 2020 show, almost half of the population and a third of the low-income segments of the population of citizens are not covered by social protection programs. Compared to many low- and middle-income countries, Uzbekistan provides relatively generous benefits for families and children, but the duration and coverage of these benefits are short. Child care allowance, family allowance and allowance for low-income people in Uzbekistan are targeted programs aimed at reducing poverty in the country and in order to access such benefits, income per family member must be less than 52.7% of the minimum wage fees.

Along with the above programs, they are subject to rationing and are limited in time: households receive childcare benefits for 12 months, and for the other two programs for 6 months. As the analysis of the level of social protection coverage shows, in Uzbekistan the unemployment benefit coverage is only 0.8%, the benefit for the vulnerable part of the population of families is 15.8% and the benefit for mothers with newborn children is 16.0%.

As a result of the anti-crisis measures taken in connection with COVID-19, the level of coverage by the social protection system has increased. Anti-crisis programs in the area of social protection included horizontal and vertical expansion of existing schemes and the introduction of two new lump-sum cash payments to the most “vulnerable” segments of the population. In particular, in January 2020, only 12% of households with children received tax-financed benefits, and in August the share of such households reached up to 15%. For comparison, in January 2020, only 7% of households without children received an allowance, and in October this figure increased to 10%. Benefits-based households lost 6-9% of average wealth as a result of the pandemics, while households relying on remittances, self-employment, and agriculture suffered much more. Consequently, one of the most affected households turned out to be households with unpredictable sources of income outside the social protection system. Thus, despite the fact that government measures to combat COVID-19 have benefited recipient households, the low coverage of the system has led to the fact that most of the population of Uzbekistan was left without support. One of the best ways to deal with the effects of the crisis is to have a sustainable life-cycle social safety net that can be accessed when people are in vulnerable situations.

Global experience shows that since the start of the COVID-19 crisis, the funding gap for social protection floors has increased by about 30% due to increased demand for health services and income

stability measures and the resulting contraction of GDP during the crisis. Recognizing the impact of pandemics on the economy of Uzbekistan, the government has developed an anti-crisis program that has helped mitigate some of the effects of pandemics. The implementation of the anti-crisis program contributed to a sharp recovery in activity in the second half of 2020 and showed economic growth in 2020 at 1.7%, about 4 percentage points less than predicted before the pandemic. In other words, by introducing an effective financial stimulus package, Uzbekistan has reduced the depth of recessions, which contributed to a faster economic recovery.

Table 1.

Growth Forecast for Europe and Central Asia
(GDP at current prices USD at average prices 2010-2019)¹

	2019	2020	2021	2022 f	2023f
Azerbaijan	2,5	-4,3	5,0	3,1	2,7
Albania	2,1	-4,0	7,2	3,8	3,7
Armenia	7,6	-7,4	6,1	4,8	5,4
Belarus	1,4	-0,9	1,9	-2,8	2,3
Bulgaria	3,7	-4,2	3,3	3,8	3,6
Bosnia and Herzegovina*	2,8	-3,2	4,0	3	3,2
Hungary	4,6	-4,7	6,8	5	4,3
Georgia	5,0	-6,8	10,5	5,5	5
Kazakhstan	4,5	-2,5	3,5	3,7	4,8
Kosovo	4,8	-5,3	7,1	4,1	4,4
Republic of Kyrgyzstan	4,6	-8,6	2,3	4,7	4,3
Moldova	3,7	-7,0	6,8	3,9	4,4
Poland	4,7	-2,5	5,1	4,7	3,4
Russian Federation	2,0	-3,0	4,3	2,4	1,8
Romania	4,2	-3,7	6,3	4,3	3,8
North Macedonia	3,9	-6,1	4,0	3,7	0,4
Serbia	4,3	-0,9	6,0	4,5	4
Tajikistan	7,4	4,5	7,0	5,5	4,5

¹ World Bank January 2022 <https://www.vsemirnyjbank.org/ru/publication/wdr2022>

Turkey	0,9	1,8	9,5	2	3
Uzbekistan	5,7	1,7	6,2	5,6	5,8
Ukraine	3,2	-4,0	3,4	3,2	3,5
Croatia	3,5	-8,1	9,4	5,4	4,4
Montenegro	4,1	-15,3	10,8	5,6	4,8

Table 2

**Dynamics and forecasts of economic growth rates
(real GDP in%)²**

	2019	2020	2021e	2022f	2023f
World	2,6	-3,4	5,5	4,1	3,2
Advanced Economies	1,7	-4,6	5,0	3,8	2,3
USA	2,3	-3,4	5,6	3,7	2,6
euro area	1,6	-6,4	5,2	4,2	2,1
Japan	-0,2	-4,5	1,7	2,9	1,2
Emerging market and developing countries	3,8	-1,7	6,3	4,6	4,4
China	6,0	2,2	8,0	5,1	5,3
Europe and Central Asia	2,7	-2,0	5,8	3,0	2,9
the Russian Federation	2,0	-3,0	4,3	2,4	1,8
Turkey	0,9	1,8	9,5	2,0	3,0
Uzbekistan	5,7	1,7	6,2	5,6	5,8
High income countries	1,7	-4,6	5,0	3,8	2,4
Developing countries	4,0	-1,4	6,5	4,6	4,5
Low income countries	4,6	1,3	3,3	4,9	5,9

Discussions. Throughout the world, in particular in emerging market economies, social protection has played a critical role in responding to the COVID-19 crisis. The coronavirus crisis has exposed deficiencies in current social protection systems in terms of coverage, benefit worthiness and completeness, due to problems specific to the current state of the world of work, in particular the increase in precarious employment and rising inequality. The crisis has confirmed the importance of pre-emptive investment in building comprehensive and viable social protection systems. The key findings and lessons learned from the impact of the coronavirus crisis on the social safety net can be summarized as follows.

As the implementation of the anti-virus program shows, social security needs to be extended to workers in formal and informal forms of employment, workers in the digital platform economy, and migrant workers.

In order for social protection systems to effectively provide access to secure income and health services, sufficient resources and budgetary space must be allocated. Economic stimulus and social protection measures have placed a significant strain on government budgets and affected the long-term sustainability of social protection systems.

² World Bank January 2022 <https://www.vsemirnyjbank.org/ru/publication/wdr2022>

The most important problem is to improve the financing of social protection through a combination of sources associated with the payment of social contributions.

In most OECD countries, even before the pandemic, telecommuting practices were regulated by legislation or collective bargaining agreements. While in the EU countries in 2015 only 3% of workers were employed remotely on a permanent basis, 5% worked regularly in several places. During the pandemic, teleworking has come to be seen as an important means of coping with the spread of infections. The share of teleworkers ranged from 30% in Sweden, Canada, Poland to 50% in Australia, the UK, and New Zealand to 60%. Most researchers agree that remote work may become commonplace in the labor market even after the pandemic. So, according to some estimates, in the US, about 34% of jobs can be transferred to a remote mode.

At the same time, there are large differences in the spread of remote work between countries with different levels of economic development and labor market structure. The share of potential remote jobs in less developed countries is much lower than in more developed ones. In emerging market economies with a GDP per capita of 1/3 of the U.S. average, the share of telecommuters could be half that.

The lower figure in less developed countries is associated with a high share of the self-employed, who find it more difficult to work remotely (they are employed in trade, in the service sector), as well as a higher share of low-skilled jobs, including in the service sector. There are certain differences between professional groups: if up to 70% -77% of all managers and specialists can work remotely, then only half among office workers.

One in three OECD countries saw significant increases in unemployment benefits. For example, in the US it was increased by \$600 per week for all recipients for up to four months.

In the United States, Japan and the Republic of Korea, direct cash payments were made to almost the entire population. The attractiveness of such a system of material support lies in its efficiency and simplicity of administration. In the US, all citizens earning up to \$75,000 a year were paid \$1,200. Families received an additional \$500 for each child under 17. The disadvantage of this approach is that it violates the principle of targeted social assistance provided.

Reference

[1]. Mau V.A. Economic policy in a pandemic: experience 2021-2022 // Issues of Economics. 2022. No. 3. S. 5—28 [1]

[2]. Global Social Protection Report 2020-2022. ILO. 2022. 48 st.; Vishnevskaya N. OECD countries: labor market policy in a pandemic. // MEMO Journal. 2022. No. 1 p. 110-118.; COVID-19 in Central Asia: economic recovery and challenges ahead. OECD. 2020. 33 p.; Sinyavskaya O., Andreeva E., Gorvat E. Kareva D. COVID-19 and social policy in relation to citizens of the aging generation: a review of measures taken by foreign countries with different levels of development. Institute for Social Policy, National Research University Higher School of Economics. <http://isp.hse.ru>; Dombrovki, 30 years of economic reforms in the post-Soviet space: macroeconomic processes // Questions of Economics No. 2, 2022p. 5-32.

[3]. Kapelyushnikov R.I. Anatomy of the coronacrisis through the prism of the labor market. // Issues of Economics. 2022. №2. pp. 33-68.; Gimpelson V.E. Salary and flows in the Russian market

[4]. Road to recovery: how social protection can mitigate the impact of the COVID-19 pandemic in Uzbekistan. United Nations Children's Fund (UNICEF). November. 2021. 30 p.; Assessment of the impact of COVID-19 on the socio-economic situation in Uzbekistan: incomes, labor markets and access to social protection. The International Labour Organization. September.

2020. 80 p.; Assessment of the transition process in Uzbekistan. Country Economic Memorandum 2021. World Bank 324p.

[5]. Vishnevskaya N. "OECD countries: labor market policy in the context of pandemics // World economy and international relations" No. 1.2022 p.111

[6]. Kapelyushnikov R.I. Anatomy of the coronacrisis through the prism of the labor market//Economic Issues No. 2, 2022, p.35

[7]. Mau V.A. Economic policy in a pandemic: experience 2021-2022 // Issues of Economics. 2022. No. 3. S. 5-28.

[8]. Global Social Protection Report 2020-2022. ILO. 2022. 48 st.; Vishnevskaya N. OECD countries: labor market policy in a pandemic. // MEMO Journal. 2022. No. 1 p. 110-118.;

[9]. Kapelyushnikov R.I. Anatomy of the coronacrisis through the prism of the labor market. // Issues of Economics. 2022. №2. pp. 33-68.;

[10]. Road to recovery: how social protection can mitigate the impact of the COVID-19 pandemic in Uzbekistan. United Nations Children's Fund (UNICEF). November. 2021. 30 p.;

[11]. Vishnevskaya N. OECD countries: labor market policy in the context of pandemics // World Economy and International Relations” No. 1.2022 p.11

[12]. Kapelyushnikov R.I. Anatomy of the coronacrisis through the prism of the labor market. // Issues of Economics. 2022. №2. pp. 33-68.;

[13]. Dombrowski M.P. 30 years of economic reforms in the post-Soviet space: macroeconomic processes // Questions of Economics No. 2, 2002 p.26

[14]. Global Social Protection Report 2021-2022. Social protection at a crossroads on the way to a better future. International Labor Organization 2021

[15]. Report on social protection in the world in 2020-2022 // International Labor Organization. 2021 p.12.

[16]. Yuldashev N. K. et al. Formation of clusters is a priority direction of innovative development of the agricultural sector of Uzbekistan //IOP Conference Series: Earth and Environmental Science. - IOP Publishing, 2022. - T. 949. - No. 1. - S. 012070.

[17]. Djurabaev O. METHODOLOGICAL APPROACHES AND A SYSTEM OF INDICATORS FOR ASSESSING EFFICIENCY IN THE BEEKEEPING INDUSTRY: METHODOLOGICAL APPROACHES AND A SYSTEM OF INDICATORS FOR ASSESSING EFFICIENCY IN THE BEEKEEPING INDUSTRY // Archive of scientific research. - 2021. - Vol. 1. - No. one.

[18]. <https://www.vsemirnoybank.org/ru/publication/wdr2022>

[19]. <https://www.gazeta.uz/ru/2022/04/01/ebrd-on-economic-growth-slowdown/>

[20]. <https://www.worldbank.org/>

[21]. <https://www.oecd.org>

[22]. <https://www.ilo.org/>

[23]. <https://www.unicef.org/uzbekistan/>