



## **Socio-Economic Aspects of Poverty Reduction in Uzbekistan**

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**Abstract:** *The year 2020 is special for Uzbekistan not only because of the pandemic, but also because for the first time in the country's history, the concept of poverty was recognized at the level of the head of state, and this direction became the main agenda of the socio-economic policy. The recognition of the problem should be evaluated as an expression of the strong political will of the head of Uzbekistan and the correct beginning of its targeted solution.*

**Keywords:** *country's history, the concept of poverty was, reducing.*

In this way, President Shavkat Mirziyoyev, together with the World Bank and the United Nations Development Program, considered the possibilities of developing a new methodology for determining and assessing poverty based on global standards, and proposed to develop a strategy for reducing poverty. President Shavkat Mirziyoyev identified the support and encouragement of entrepreneurship among the population as one of the main factors for reducing poverty in our country.

According to statistics, every tenth resident of Uzbekistan lives below the poverty line. Just over a fifth of the employed male population and a sixth of the employed female population earn less than \$1.90 a day, the international poverty line. These statistics confirm that the problem of poverty is really urgent for Uzbekistan and it needs effective ways to solve it. Especially the high level of poverty is observed in the following regions of Uzbekistan: Samarkand, Surkhandarya, Syrdarya, Andijan regions and the Republic of Karakalpakstan.

The results of the research conducted by the Economic Research Center of Uzbekistan made it possible to determine the following portrait of low-income households in Uzbekistan. Most low-income families consist of 7 people, the head of the family does not have a higher education (in 93% of cases) and his average age is over 50 years old. In 24% of cases, the head of the family has secondary education, and 11% are unemployed. In addition, 11% of low-income households are unemployed, and 43% do not have a permanent job. In terms of providing basic resources, 93% of these apartments do not have a central heating system, 96% do not have a central sewage system, and 66% do not have a central water supply system.

Based on this, the government of Uzbekistan is actively fighting against poverty. At the same time, the chosen approach to overcome this urgent problem is a synthesis of state support and the freedom of the market economy. The coronavirus pandemic significantly complicated the initial plans, and affected the growth of unemployment and poverty in the country in 2020. However, it should be noted that the government of Uzbekistan received this blow in a timely and appropriate manner. In order to prevent further growth of these indicators, appropriate measures to reduce poverty are already being actively implemented.

One of the distinctive features of Uzbekistan's efforts to reduce poverty was the mobilization of all state and non-state structures to implement targeted practical measures. Thus, in order to effectively fight against poverty, on March 26, 2020, Shavkat Mirziyoyev's decision was adopted to organize the activities of the Ministry of Poverty Reduction and Employment of the Republic of Uzbekistan, as well as its subordinate organizations.

This ministry and its regional units were specially established to fight against poverty in the country. At the same time, the structures of the Institute of Forecasting and Macroeconomic Research under the Ministry of Poverty Alleviation and Employment of the Republic of Uzbekistan and the structure of the Center for the Study of Labor Productivity in Industrial Markets and Production were approved. In order to attract qualified personnel to scientific and research structures, a whole set of incentives for wages, medical assistance, transport and social protection has been developed for the employees of the central office of the ministry. In addition, seniority awards are given to employees, which further encourage long-term work at the institute.

In the aforementioned decision, President Shavkat Mirziyoyev prioritized state initiatives to combat poverty in Uzbekistan and develop research centers aimed at constant monitoring of the situation.

The next step in this direction was the creation of a working group to reduce poverty in 2023 and introduce a new mechanism for supporting the poor and needy segment of the population. The anti-poverty mechanism is based on the methodology of 2019 Nobel laureates Abhijit Banerjee, Esther Duflo and Michael Kremer. According to the new methodology, the poverty level was determined separately for each region and each family, based on many factors, including education, food, income level, transportation infrastructure, etc. The combination of factors involved is specific to each region.

The new approach includes social cash transfers without excessive bureaucratic procedures, affordable medicines (including medical services, preferential provision of medicines, childhood vaccinations, etc.), improving the quality and accessibility of education, microcredit based on priorities such as implementation. To discuss the important details of the introduction of microcredit for the purpose of acquiring additional skills among the population, and how to control that citizens use this service for the purpose of training, and not to cover existing debts? concepts should be given. The experience of some countries shows that microcredits can exacerbate the problem of poverty, because many financially illiterate people do not pay microcredits on time, and the interest in this service sector is much higher than in traditional consumer loans. . Because of this difference, people can fall into the "debt trap" of microcredit.

A pilot test of the new methodology was conducted in two districts of Tashkent region - Boka and Chinoz districts. As a result, specific features and shortcomings of social policy in the region were identified. For example, in the field of social assistance, 20-30% of households that do not belong to low-income families have been identified, and a number of key aspects that are not taken into account when calculating social benefits have been identified, and the poor are not adequately supported. It was found that the level of enrollment of children of low-income families in preschool educational institutions is low, and there is a shortage of personnel in schools.

In addition, there is a shortage of doctors in some areas, registration problems and delays in treatment. Also, despite the allocation of preferential loans, the share of low-income families in the state program "Every family is an entrepreneur" is not showing a tendency to increase, including due to the lack of necessary qualifications or a plot of land.

However, the policy of job creation implemented in Uzbekistan opens up new opportunities for increasing the income of all segments of the population. It is worth noting that in the near future it is planned to establish a minimum wage in Uzbekistan and reduce the share of people employed in the underground economy, and these measures will help reduce inequality among the population and reduce labor exploitation. In addition, in order to alleviate the economic situation in the country after the pandemic and prevent the growth of poverty, it is planned to introduce a system that provides for a threefold increase in the amount of temporary unemployment benefits.

Although poverty is declining nationally, the income gap between urban and rural populations is widening. This trend shows that the problem of population poverty should be considered together with the problem of inequality. One of the main solutions is to develop market mechanisms in agriculture and reduce state control. Employment in this sector can have the strongest impact on reducing poverty and inequality in a country. About 80% of the poor in Uzbekistan live in villages and earn their income directly in the agricultural sector.

World experience shows that by developing agriculture, poverty can be reduced by 2-3 times, and such indicators exceed all sectors of the economy. In addition, most of the jobs created will be available to women in rural areas and small and medium-sized cities of Uzbekistan, and this is the only job opportunity for many of them.

In particular, the issues of reducing poverty, the President Shavkat Mirziyoyev in 2023, another 1 mln. the task of lifting the population out of poverty was set. The amount of credit will be increased to expand the activities of entrepreneurs. In particular, 5 million in 2023. ensuring employment of the population, 2 mln. the need to create permanent jobs was noted. 12 trillion to the family business program. soum is allocated. In 2023, the amount of credit for expanding the activities of entrepreneurs will be 225 mln. 300 million soums. up to soums, the amount of unsecured loans to farmers is 50 mln. will be increased to 33 million soums (actually 33 million soums). Entrepreneurs who first received loans under family business programs and showed good results will be able to receive preferential loans again under these programs (now they can be taken only once). Export-marketable products are grown on vacant lands. It is noted that over 200,000 hectares of land will be given to the population in two years. This is more area than the total cotton and grain land of Samarkand region.

In 2020, the following main strategic directions of poverty reduction tools were put into practice in Uzbekistan.

First of all, the institutional foundations of poverty reduction were created in Uzbekistan, a ministry coordinating issues of poverty reduction and a research center were established in this direction.

Secondly, in order to provide material and non-material support to the needy population in the context of the pandemic, a list of poor and needy families - "Iron Book" system was established together with four local sectors, neighborhood bodies, representatives of the general public and deputies. .

The program [www.sakhovat.argos.uz](http://www.sakhovat.argos.uz), designed to ensure the transparency of this system, register families whose social situation and living conditions have worsened and are under special control by the sector leaders, has been launched, and by ensuring the employment of the unemployed of the families, they have an income. "Temporary procedure" for creating the resource was approved. This list was formed based on the following criteria:

- ✓ the presence of members with disabilities and chronic diseases in the family;
  - ✓ that the family consists of single elderly people, widows, and low-income people who need the care of others;
  - ✓ families with five or more children;
  - ✓ families who lost their source of income as a result of the quarantine measures applied due to the coronavirus pandemic, but were not included in the "iron book";
  - ✓ that the family is really needy, helpless and in need of financial support.
- Thirdly, on the basis of proposals and recommendations of international organizations such as the World Bank and the United Nations Development Program, measures are being taken to implement the procedure for calculating the value of the population's minimum consumption expenses. This methodology is one of the important levers in the social protection of the population in Uzbekistan and is used to define social standards.

- Fourthly, in order to define the strategic goals of reducing poverty in the medium and long term, together with the experts of the World Bank and the United Nations Development Program, the project "Strategy for reducing poverty in Uzbekistan until 2021-2030" was developed and submitted to public discussion. was placed.
- The document envisages a comprehensive approach to reducing poverty in the republic, and implementation of measures within the following priorities:
  - ✓ further improvement of the existing system by increasing the type of assistance and services provided to the needy population and improving their quality;
  - ✓ to further reduce the level of poverty by constantly improving new methods and mechanisms of social protection of the needy stratum of the population;
  - ✓ to develop human capital and achieve full use of health services by increasing the opportunities for quality and continuous education of the needy strata of the population;
  - ✓ introduction of modern mechanisms to increase the employment of the poor population, especially women and youth, by launching new unused resources in regions and economic sectors;
  - ✓ to ensure the effectiveness of the measures implemented by the government and the activities of state and non-state organizations directly related to poverty reduction;
  - ✓ to improve the housing conditions of the poor population in the regions, to increase the level of use of communal services, engineering infrastructure facilities.
- During the past period, international organizations (UN Development Program, Shanghai Cooperation Organization, UNICEF, etc.), financial institutions (World Bank, Asian Development Bank) and countries with advanced scientific experience in this direction have been involved in reducing poverty directly in the country. established strong relations with centers (China International Center for Poverty Reduction).
- In general, in order to reduce poverty in Uzbekistan, a new methodology for identifying low-income families and targeted support is being tested. State programs for financial and non-material support of citizens from low-income strata of the population are being introduced. Entrepreneurial activities are being launched and are being actively promoted among the population. At the same time, preferential loans are already available for citizens, and the state plans to abandon centralized management of resources and develop a market economy in agriculture.
- In this way, the government of Uzbekistan is actively introducing new mechanisms to support the poor segment of the population, and it is worth noting that the multifaceted assessment of the problem inspires confidence and is a reason to expect an early decrease in the level of poverty in the country. takes into account the necessary corrections.

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