| Research Article |

Key Directions for Reducing Poverty in Service Delivery

Saparaov Murod Irgashevich
Independent Researcher, Department of Digital Economy, Samarkand Institute of Economics and Service

Annotation: This article explores the economic essence of poverty reduction in service delivery and highlights the key directions for achieving this goal. Poverty reduction is essential for improving the living standards of the population, particularly in the service sector. The article discusses the significance of entrepreneurial spirit, the full realization of individual potential, and the implementation of comprehensive economic and social policies aimed at job creation. It emphasizes the absence of a universally accepted definition of poverty and poverty thresholds. The article also examines different poverty indicators, including income and consumption, and the challenges of measuring poverty accurately. Furthermore, the food insecurity-based poverty level and international poverty thresholds, set by the World Bank, are discussed. The article concludes by underlining that the primary objective in Uzbekistan is to eliminate poverty by supporting the low-income population and fostering a higher-income society through strategic policies and economic development in the service sector.

Keywords: Poverty, Poverty Reduction, Poverty Indicators, Food Insecurity-Based Poverty, International Poverty Threshold

Introduction

Reducing poverty is a significant issue in our country, and it requires in-depth research, especially in terms of reducing poverty levels through the development of the service sector. In this regard, President Sh. Mirziyoyev, in his speech to the Oliy Majlis and the people of Uzbekistan, stated, "It should be noted that the poverty rate in our country has decreased from 8.9% at the beginning of the year to 5.8%... More than 8.5 million people have escaped poverty, and unemployment has decreased by two times," which indicates that systematic work has been carried out in this area. As economic literature suggests, poverty reduction involves awakening the entrepreneurial spirit among the population, fully realizing individual strength and potential, and implementing comprehensive economic and social policies to create new jobs. It is important to note that there is no universally accepted and agreed-upon definition of poverty or poverty thresholds. Each country defines poverty based on its own criteria. In general, assessing poverty requires the use of specific methods and indicators. Two key indicators are used to measure human well-being during a designated period: income per capita or consumption expenditure per capita. Since income fluctuates in relation to consumption, and there is often difficulty in identifying certain sources of income, as well as a high rate of false reporting regarding income, the second indicator (consumption) is recommended in practice.

Additionally, when using consumption expenditure data as an indicator of well-being, adjustments need to be made over time to account for price changes, price differences between countries, and the prices of goods consumed at home (including food products), as well as the prices of public goods and services consumed by households (such as free or subsidized medical assistance, school meals, public education). Therefore, to determine who is poor or not, knowledge of consumption (income) is typically used to establish what is known as the "poverty line," which represents the highest level of poverty. However, this is a difficult

task, as there is no consensus among experts on the definition of poverty or the threshold that defines it. The most commonly used definitions of the poverty line are as follows:

Food Insecurity-Based Poverty: Poverty takes many forms, and hunger is one of those forms. In this case, well-being is measured by the daily kilocalories consumed per person, and people in this category are compared based on their daily energy expenditure. The United Nations Food and Agriculture Organization recommends setting the daily energy expenditure threshold at an average of 1,800 kilocalories per day [UN Report on Sustainable Development Goals, 2019]. This figure may vary based on age, gender, and activity level. Other forms of nutrient deficiencies, such as protein or certain microelements, may also be considered, and thresholds can be set for these as well. In this case, the overall poverty level can be determined based on the minimum recommended levels. International Poverty Line: This threshold is used by the World Bank for international comparisons. The extreme poverty line is set at $1 per day in terms of purchasing power parity, while the poverty line is set at $2 per day. Recently, these poverty lines have been raised to $1.25 and $2.50, respectively [UN Report on Sustainable Development Goals, 2019]. Based on the above, it is clear that improving the standard of living and ensuring the development of the economy in our country relies heavily on addressing the poverty-stricken population and fostering a higher-income society.

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