

A KEY FACTOR IN POVERTY REDUCTION REFORMS

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Annotation: *This article analyzes the key factors of poverty reduction reforms in Uzbekistan. It highlights the significance of the development of social protection and targeted assistance systems, local development programs and infrastructure improvement, employment promotion, and macroeconomic stability as essential measures for reducing poverty. Furthermore, it examines the role of cultural and spiritual solidarity, traditional charity practices, and the neighborhood (mahalla) institution in enhancing the effectiveness of social support.*

Keywords: *poverty, social protection, targeted assistance, local development, infrastructure, employment, macroeconomic stability, cultural and spiritual solidarity, charity, state policy*

Introduction. In recent years, Uzbekistan has launched several reforms aimed at reducing poverty:

1. Strengthening social protection and targeted assistance. It was recognized that the previously existing social pension system could not fully cover poverty-the official data indicated that only 23% of the officially recognized poor population received social benefits. This limited coverage meant that some of the most vulnerable remained without assistance. Beginning in 2019, under the initiative of the President, a completely new approach was introduced-a system of household-level surveys conducted through local communities (mahallas) to identify the problems of the population. Local working groups surveyed several million households and compiled a list of families with extremely low incomes and difficult living conditions. This list became popularly known as the “Temir daftar” (Iron Register).

The Temir daftar is a unified registry of poor and socially vulnerable families, which is continuously updated: families whose conditions worsen are added, while those whose incomes increase and improve their situation are removed. Based on this registry, the state began providing relevant assistance measures-pensions, financial aid, subsidies, etc.-in a targeted manner. The principle of “each local leader is responsible for poverty reduction in their area” was implemented at the mahalla and sector level. Unresolved issues were escalated to the district and regional levels, and if necessary, to the national level, ensuring a systematic approach to solutions.

The social benefits system was fully digitized: from September 2020, applications for benefits began to be submitted electronically, candidates’ income levels were verified through state databases, and decisions were made accordingly. This process aimed to reduce human error and increase transparency, resulting in a significant decline in

complaints related to benefit allocation. During the pandemic, in 2020 alone, an additional 380 billion soms were allocated from the state budget as financial aid, specifically targeting families in the Temir daftar and those affected by quarantine measures. In this way, the process of fundamentally reforming the social protection system began.

2. Local development programs and infrastructure improvement. It was recognized that poverty was concentrated primarily in densely populated rural areas and remote districts. Taking this into account, the “Obod qishloq” (Prosperous Village) program was launched in 2018, followed by the “Obod mahalla” (Prosperous Mahalla) program in 2019. Under these programs, substantial funds were allocated to build and repair roads, drinking water networks, electricity supply, schools, kindergartens, and healthcare facilities in thousands of villages and mahallas. For instance, in 2019 alone, 6.1 trillion soms (approximately 600 million USD) were directed to these programs, officially improving the living conditions of 1.7 million people.

Infrastructure improvements not only enhance living standards but also stimulate economic activity: for example, the availability of roads and electricity in villages facilitates small business development, commuting to cities for work, and the affordable transportation of agricultural products to markets. For this reason, the Uzbek government considers the development of prosperous mahallas an essential element in poverty reduction. In 2022, a new phase of the “Obod qishloq” program began, covering thousands more villages. Although the impact of such investments may take time to manifest, in the long run, meeting people’s basic needs and providing access to quality services will contribute to a significant reduction in poverty.

In addition, support for self-employment within the context of local development has also been implemented. Specifically, in 2021, under the President’s initiative, the “Every Family is an Entrepreneur” program was launched. Within this program, families were provided with low-interest microloans and subsidies for purchasing equipment to start their own businesses. The aim was to engage every household in income-generating activities, promote the use of personal plots, and support handicrafts. As a result, thousands of families began small businesses in areas such as poultry farming, beekeeping, sewing, and construction. The government supplied seeds and seedlings for household plots, while agronomists and veterinarians were assigned at the mahalla level. According to official reports, between 2020 and 2023, a total of 35 trillion soms in preferential loans and 7 trillion soms in subsidies were allocated to promote entrepreneurship at the local level. This created opportunities for the population to earn income through their own labor.

As President Mirziyoyev emphasized, “Poverty cannot be overcome by providing benefits alone; the main focus must be on education and employment.” Based on this strategic direction, hundreds of thousands of unemployed citizens were sent to vocational training courses, and a paid learning system was introduced (students received stipends

during their studies). For example, in 2022, over 500,000 unemployed youth and women were trained in various trades. These efforts increase the labor market opportunities for poor populations, providing them with long-term sources of income.

3. Macroeconomic stability and overall growth. Changes were also made at the macroeconomic level in tax and investment policies to reduce poverty. The tax burden was primarily reduced—for instance, since 2018, personal income tax has been unified at a 12% rate, down from the previous 22% for higher earners—stimulating wage growth in the labor market. Certain tax exemptions were abolished, creating a level playing field that encouraged business activity. The liberalization of the currency market and simplification of foreign trade regulations contributed to the expansion of small and medium-sized enterprises and the creation of new jobs. Between 2017 and 2023, Uzbekistan’s annual GDP growth ranged between 5% and 7%, outpacing population growth.

Macroeconomic growth directly contributes to poverty reduction: at the end of 2022, the World Bank noted that according to the lower poverty line (\$3.65/day), poverty in Uzbekistan had fallen to 5%, and according to the higher line (\$6.85/day), it had declined from 36% in 2015 to 17% in 2022. This represents a rapid decline—poverty halved in just seven years. The main factor behind this reduction was the growth of economic incomes: between 2015 and 2022, real incomes steadily increased. In particular, the number of workers in rural areas earning at least 3–5 million soms per month doubled, while those earning 5–7 million soms tripled, indicating significant wage growth. As a result, poverty has reportedly decreased by an average of 3% per year.

At the same time, officials acknowledge that poverty reduction rates remain uneven across regions. For example, at the beginning of 2023, while poverty in some developed cities and regions had fallen to just a few percent, in several remote districts it remained above 20%. In the first half of 2023, poverty in Navoi, Surkhandarya, Fergana, and Tashkent city did not decline, although it decreased in most other areas. This highlights the problem of regional disparities. Consequently, since 2023, the government has strengthened the principle of working at the local “mahalla-by-mahalla” level—identifying the specific causes of poverty in each mahalla (such as unemployment, unproductive land, etc.) and finding targeted solutions.

For instance, in agricultural regions, measures such as introducing double cropping, developing intensive household gardens, and providing modern agrotechnical support for existing crops have helped reduce poverty by half in some districts within two years. Similarly, in several districts of Andijan province, the “2–3 harvests per year” practice yielded positive results, increasing farmers’ and peasants’ incomes and significantly lowering poverty. In this way, different models are being tested at the local level.

4. Cultural and Spiritual Cohesion. The majority of Uzbekistan’s population (approximately 95%) identifies as Muslim. Historically, the tradition of Islamic charity—*ehson*, *zakot*, and *fitr sadaqasi*—has been strong in the country. In particular, during Ramadan and Eid al-Adha, it is customary for wealthy individuals to distribute charity to

the poor and share sacrificial meat. This represents an informal, non-state method of supporting the underprivileged.

Although specific statistics are not available, media reports highlighted that during the pandemic, many generous entrepreneurs and citizens actively carried out charitable initiatives, providing food, medicine, and financial assistance to thousands of families. Such private charity and community cohesion complement the state's targeted social assistance, forming an important component of social support.

In Uzbekistan, the mahalla institution is traditionally based on neighborhood solidarity and collective responsibility, which ensures that the hardships of community members are closely monitored. Previously, this oversight was limited to events organized by local citizen assemblies; today, the state supports the mahalla system and integrates it into the social protection framework. For instance, in forming the "Temir Daftar" (Iron Register), mahalla leaders and active community members participated, while local sector heads (governor, prosecutor, police, and tax officials) monitored conditions in each mahalla. This system aims to ensure that no needy family is left unnoticed.

Furthermore, initiatives such as the Youth Register and Women's Register have been used to identify unemployed youth and women, providing them with targeted support in employment and education.

According to official Uzbek data, in 2020, an estimated 23% of the population was living in poverty—approximately 7.5 million people—before the establishment of national measurement standards. As a result of ongoing reforms, within three years, 3.5 million people escaped poverty, reducing the national poverty rate to 11% by the end of 2023. This represents a historic change. In other words, whereas one in four people had previously lived in hardship, now only one in ten does.

At the end of 2023, President Mirziyoyev announced new targets for further reducing poverty: to reach 9% by the end of 2024 and 6% in subsequent years. Achieving these goals will require the continuous and expanded implementation of the measures described above. President Mirziyoyev proposed transforming the fight against poverty into a "nationwide movement," emphasizing that every leader, down to ordinary citizens, should participate. This initiative reflects a fundamental shift in public consciousness in Uzbekistan—moving from a tendency to conceal poverty toward openly acknowledging it and actively combating it in an organized manner.

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