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Article

Ways to Improve The Methodology of Increasing The Effectiveness of Poverty Reduction

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Abstract: Currently, when the household wellbeing of the population is influenced by the forces of social inequality and labour-market pressures, this study explores the ways in which the effectiveness of poverty reduction in Uzbekistan can be improved. While recent reforms have improved employment programmes, social protection and others, there remains an evident methodological gap in developing adaptive, data-drive and region-specific responses. In order to overcome this problem, the research is based on an analytical comparative-statistical approach, supplemented with sociological survey data and legal analysis, to assess existing policies and propose viable improvements. The results highlight that achieving poverty outcomes will be closely tied to the right kind of job creation, an updated education system, responsive and transparent cash transfers, and a contemporary use of digital technologies, including digital platforms, AI-based targeting, and green-economy elements. Findings suggest that when combined with robust accountability systems and a level of community engagement, structured programs such as the newly-announced State Targeted Fund and recommended Poverty Reduction Innovation Labs can offer major improvements in efficiency. Such insights suggest that the impact of poverty alleviation is enhanced, if the focus will shift from fragmented effort to a coordinated framework, based on evidence, innovation, spatial differentiation and longterm social investment. In future studies, these models can be tested in pilot regions, and their potential for scaling to the national level can be assessed.

Keywords: poverty, efficiency, social policy, economic development, employment, innovative approach, regulatory framework.

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1. Introduction

In today's globalization process, the issue of poverty is one of the most important factors that directly affect not only economic, but also social stability and human capital development. Reducing poverty by increasing the standard of living of the population, ensuring social equality and expanding economic activity is considered one of the priority areas in the social policy of each state. Uzbekistan has also been carrying out systemic reforms in the fight against poverty in recent years. The poverty level is gradually decreasing by supporting vulnerable groups of the population, creating new jobs, and expanding employment and educational opportunities. However, improving existing methods and increasing efficiency still remains an urgent issue.

The role of innovative approaches, data-based management, mechanisms adapted to territorial needs, and social partnership in poverty reduction is of great importance. Therefore, it is necessary to deeply analyze existing methodological approaches and improve them in accordance with the requirements of the time. This research is aimed at developing scientifically based ways to increase the effectiveness of poverty reduction,

improving practical mechanisms, and achieving social stability by strengthening state-society cooperation.

Literature Review

At this research stage, key challenges were discussed, including the difficulty in accurately measuring poverty, the wide array of financial tools available, and the confusion surrounding their allocation. Realistic solutions were proposed to address the uneven distribution of social aid and to create new, profitable jobs. In addition, the need for an equal and effective distribution of funds allocated by the state in the areas of poverty reduction, ensuring transparency in the process, and developing a continuous, high-quality monitoring system are substantiated. Proposals based on scientific analysis for developing a specific strategy for improving the methodology for increasing the effectiveness of poverty reduction in our country will be useful in accurately assessing the real capabilities of the state and existing social systems, as well as the medium and long-term prospects [1][2][3].

The direct relationship between poverty and economic growth has been extensively studied in the research works of scientists such as F. Bourguignon (2003), T.Eicher, S.M.Grosse, K.Hartgen, S.Klasen (2008), A.Kalvij, A.Verschor (2007), T.Besley, R.Burges (2003), D.Dollar, A.Kray (2002), M.Ravallion (1995), N.Kakwani (1993). A.A. Erumban and G.J. De Vries (2024) conducted empirical research based on the study of the relationship between poverty reduction and changes in productive infrastructure in developing countries [4][5][6]. The study used the new GGDC/UNU-WIDER economic transformation database to calculate cross-sector productivity growth and structural changes, the redistribution of workers between different sectors, in 42 developing countries from 1990 to 2018 [7][8].

The promotion of human interests and the stabilization of the principles of social justice are considered priority areas in the policy of our country. Without denying the existence of poverty among certain segments of the population, a special system has been developed and put into practice to reduce it.

It should be noted that factors such as the inability to cope with the modern competitive environment in the labor market, the emergence and high level of dependency, excessive spending under the pretext of national traditions, systemic problems in the education system, and the substandard quality of the medical sector in the regions are among the main reasons leading to poverty [9].

2. Methodology

This study uses various scientific and methodological approaches to deeply study ways to increase the effectiveness of poverty reduction. First of all, through the method of analysis and synthesis, existing socio-economic indicators are studied and factors affecting the level of poverty are identified.

Using the statistical analysis method, official data on employment, income, social assistance and education are analyzed. Using the comparative analysis method, the experience of Uzbekistan is compared with the practice of other countries and effective methods are identified. Also, through sociological surveys and interviews, the real needs, problems of the population and the effectiveness of state assistance are studied. The model and forecasting method make it possible to predict future changes in the level of poverty. In addition, using the normative and legal analysis, the Constitution of the Republic of Uzbekistan and laws and decrees on the field of social protection are studied, and the legal basis of the existing policy is analyzed.

3. Results and Discussion

A Within the framework of Uzbekistan's national development strategy, poverty reduction issues are of great importance today in ensuring sustainable growth of the country's economy and radically improving the quality of life of the population. Although

the government is developing a number of practical measures to reduce poverty in the national development strategy, we believe that this process is complex and directly related to many factors. For this reason, in-depth study of this area and proper analysis of international experience in world practice will create an opportunity to develop effective measures against poverty, and it would not be an exaggeration to say that the relevance of the topic as a global problem and its reduction are one of the priority areas of economic and social development for Uzbekistan today [10].

Despite the fact that poverty reduction remains the most important challenge in the global transformation towards prosperity, despite significant economic growth in recent decades, inequalities still persist, requiring the introduction of innovative changes in economic strategies [11].

Expanding programs in Uzbekistan to reduce poverty and improve the targeting of social assistance programs by using digital technologies, including providing job vacancies on digital platforms, creating opportunities and simplifying the identification of families and regions with high levels of poverty [12].

In order to ensure the implementation of the Resolutions of the President of the Republic of Uzbekistan No.330 dated September 23, 2024 "On measures to improve state policy in the field of poverty reduction and employment and increase efficiency", No.347 dated October 4, 2024 and No.64 dated February 14, 2025 " On additional measures to improve the system of allocating financial assistance to attract the population to entrepreneurship and ensure their employment", the Cabinet of Ministers has established the State Targeted Fund for Poverty Reduction, which has the status of a legal entity on the basis of the Public Works Fund, the Fund for Supporting Crafts and Home Economics, and the Fund for Attracting the Population to Entrepreneurship. It was established that the Fund was established and that the Board of Trustees of the Fund is the supreme governing body of the Fund, and the Executive Directorate of the Fund, consisting of 22 staff units, is its executive body [13].

The main goal of the Fund is to provide subsidies, grants, and loans to these individuals, as well as to legal entities and individuals that help ensure their employment, in order to encourage employment and promote entrepreneurship among family members included in the "Register of Poor Families."

This fund is the legal successor to the rights and obligations of the Public Works Fund, the Handicrafts and Home Economics Support Fund, and the Fund for Attracting the Population to Entrepreneurship, as well as to agreements, including international treaties.

The legal document also stipulates the following:

Starting from October 1, 2025, subsidies, grants, and loans provided to citizens in cash from the Fund's funds will be gradually provided through a social card;

The Executive Director of the Fund and his/her deputy shall be appointed and dismissed by the Board of Trustees of the Fund;

The Executive Director of the Fund organizes the work of the Fund's Directorate;

The employees of the Fund shall be hired and dismissed by the Executive Director of the Fund;

The status of the Executive Director of the Fund, medical, transportation and housing conditions, as well as the salary scales of the Fund's employees are determined by the Fund's Board of Trustees [14].

Based on a number of advanced foreign practices reviewed in the previous stages of our research, we have developed *a number of scientific and practical recommendations to further improve the effectiveness of the fund, and we will consider them one by one below.*

Research shows that *education and training programs* are effective tools for poverty reduction, and local and international experience, in particular the Chinese and Indian education systems, confirm the high effectiveness of poverty reduction through them. Accordingly, it is recommended that the Foundation develop a database of entrepreneurship education and training for poor families, including special courses in

business management, finance and tax law, and consider the possibility of providing services through digital educational platforms.

Considering that the development of business networks and strengthening of cooperation play an important role in the successful launch and development of entrepreneurial activities, with the support of resources provided by the fund, it is possible to form a layer of entrepreneurs from poor families and *create a mutually supportive network*. The practical significance of this is evident in the formation of networks for entrepreneurs with the help of grants and subsidies, the establishment of business incubators or platforms that unite them, as well as in the organization of events aimed at exchanging experience and developing cooperation.

Innovative financial instruments, in particular digital currencies and online lending systems, increase access to financial services and ensure more efficient functioning of the system. This creates the basis for effective methods for financial inclusion and poverty reduction [15]. We believe that the fund *Instead of providing subsidies and grants in cash,* it is considered necessary to introduce the use of innovative financial instruments, such as digital payment systems or cryptocurrencies, which will not only create a basis for the efficient distribution of aid resources, but also minimize the emergence of corrupt systems.

With the help of an effective monitoring and evaluation system, it is possible to control the spending of funds allocated by the fund and more accurately measure its impact. With the help of such systems, large funds can be successfully managed and their effectiveness can be increased. As a practical recommendation, we note the need to develop a system for monitoring and evaluating how subsidies, grants and loans allocated by the fund are spent, the system should have the ability to obtain information in real time, increase transparency and contribute to the effective allocation of resources.

A well-founded and accurate identification of target groups is a key factor in poverty reduction, and our research shows that providing assistance to groups identified and registered as a result of the analysis is more effective in reducing poverty. The Fund considers it necessary to conduct regular social analyses and surveys to identify the needs of poor families and their members, while strengthening ties with local public organizations to simplify the methods of registering specific target groups.

Research has shown that *psychological support and motivation* can increase the self-confidence of poor families, encourage them to get a job and start entrepreneurship. We believe that with the help of motivational programs, the practice of implementing positive changes in this direction will be easier. To this end, it is necessary for the Foundation to organize special programs to provide psychological support, motivation and self-confidence to poor families, which will make it easier for families to realize their real potential and start entrepreneurship.

It is well known that *sustainable development and environmental stewardship* can ensure the long-term success of entrepreneurship and new businesses. We believe that taking into account environmental and social responsibility is an important factor in reducing poverty. As a practical recommendation in this regard, it is necessary to mention the need to support projects that ensure environmental sustainability when allocating grants and subsidies, and that the activities carried out should be carried out taking into account, among other things, environmental and social responsibility.

It is clear that poverty reduction and economic development can be achieved through *international cooperation*, which requires the exchange of financial resources and knowledge through mutually beneficial cooperation with international organizations and donors. We believe that the Fund should develop measures to further expand its existing resources by developing cooperation with international organizations and donors, as well as other countries, making extensive use of international experience and approaches.

It is worth noting that *ensuring transparency* reduces corruption and ensures the correct and targeted use of state resources. A high level of transparency and accountability for foundations and financial institutions creates a solid foundation for effective resource

allocation, making it extremely necessary for the foundation to make all its operations transparent, to make the distribution of grants and subsidies public, and to provide such information on the Internet and other modern digital platforms.

Distributing resources through digital platforms will increase their efficiency, facilitate simplified receipt and proper management of allocated resources, and at the same time reduce the potential for errors in resource spending. Therefore, the establishment of the Fund to provide subsidies, grants, and loans through online platforms will not only speed up the time of resource distribution, but also ensure more effective and transparent management.

Considering that the availability of business infrastructure is one of the important factors in the successful development of business, and that infrastructure, including business incubators and technology centers, creates opportunities for poor families to start successful entrepreneurship, *as a* practical recommendation , we should emphasize the need for the foundation to focus on creating a favorable infrastructure for the development of entrepreneurship, and for this, to create opportunities for poor families to start and develop their own businesses through business centers, business incubators, and technology parks.

As a result of the research, tasks were developed in *the direction of innovations in the social assistance system to improve the methodology for increasing the effectiveness of poverty reduction:*

1. Adapting social assistance programs to target groups; 2. Digitizing assistance systems and transferring them to online platforms; 3. Developing public-private partnerships aimed at poverty reduction; 4. Developing mobile applications for effective and rapid implementation of assistance programs; 5. Studying and monitoring the long-term impact of social assistance; 6. Organizing trainings to improve knowledge and skills in combating poverty; 7. Supporting social startups to reduce poverty; 8. Using modern technologies in the implementation of new social programs; 9. Integrating health and education systems with social assistance; 10. Establishing social assistance centers in each region of Uzbekistan; 11. Strengthening international cooperation. 12. Adapting social assistance programs to available resources; 13. Expanding legal aid and providing support services to the population; 14. Combating poverty by involving society in economic activity; 15. Providing social and legal advice to combat poverty; 16. Supporting the development of medium and small businesses; 17. Developing modern scientific approaches to social assistance programs; 18. Developing new methodologies for assessing the effectiveness of the social assistance system.

In our opinion, the tasks in the direction of *green economy and sustainable development* in improving the methodology for increasing the effectiveness of poverty reduction include the following:

1.Introducing the widespread use of green energy sources; 2.Developing and expanding renewable energy technologies; 3.Introducing green agricultural technologies; 4.Introducing sustainable urban planning and ecological architecture systems; 5.Creating new regulatory and legal frameworks aimed at poverty reduction to achieve sustainable development goals; 6.Increasing the production of ecological products; 7.Attracting socially oriented environmental and social investments; 8.Using green technologies in rural areas; 9.Increasing ecological social responsibility; 10.Adapting to climate change and ensuring ecological sustainability; 11.Implementation of projects aimed at increasing energy efficiency; 12.Financing scientific research and innovation related to the green economy; 13.Development of scientific methodologies for the development of sustainable economic systems; 14.Strengthening public-private sector cooperation on environmental protection; 15.Improving recycling and waste management systems; 16.Study of international experience for the development of green technologies; 17.Applying sustainable resource management in agriculture; 18.Creating sustainable food systems.

As a result of research, we have identified the 10 most important modern innovative factors of poverty reduction in our country, and their impacts and descriptions are presented below (Table 1).

Table 1. Modern-innovative factors of poverty reduction

T/r	Innovation factor	Description	Goals	Effects
1	Digital infrastructure and internet access inclusion	Implementing anti-poverty programs through inclusive internet use and mobile applications.	Expanding social support and educational opportunities.	To provide additional opportunities to combat poverty and deliver information quickly and effectively.
2	Artificial Intelligence (AI) and data analytics	Develop analysis and forecasts for poverty reduction using big data and artificial intelligence.	Developing effective strategies and identifying and forecasting poverty.	Develop effective data-based support systems, study and forecast population needs.
3	Green economy and sustainable development	Use of renewable energy sources, development of green technologies.	Creating an ecological and sustainable economic model.	Creating sustainable jobs and producing environmentally friendly products through a green economy.
4	Digitalization of Education and Distance Learning	Digitizing the education system and expanding access to education through distance learning.	Expanding educational opportunities and creating equal opportunities for all.	To combat poverty by increasing education levels and creating new jobs.
5	Microcredit and small business support	Developing small businesses by providing microloans to low-income families.	Creating an economic base for poverty reduction.	Creating new jobs, providing economic fundamentals, and developing small businesses.
6	Innovative startups in poverty reduction	Solving social issues and developing innovative solutions through startups.	Fighting poverty through innovative solutions.	Developing new economic and social models to combat poverty and promote economic development.
7	Innovations in social protection systems	Digitalization of social assistance systems and introduction of innovative programs.	Effective and efficient management of social protection.	Effective and efficient management of social assistance systems, assistance

				to low-income people.
8	Reducing density and developing rural areas	Creating environmentally friendly living conditions in rural areas, developing ecological agriculture.	Ensuring environmental security and increasing economic development in rural areas.	Creating new jobs, developing environmentally friendly agriculture, and increasing population incomes.
9	Digitalization of the healthcare system and telemedicine	Digitizing the healthcare system and providing medical care remotely through telemedicine.	Expand and effectively manage health services.	Providing fast and effective medical services, supporting poor families.
10	International cooperation and education	Poverty reduction through international cooperation and new projects in the field of education.	Studying international experiences and adopting global innovations.	International cooperation in combating poverty and improving the quality of the education system.

As a result of the research, we propose the establishment of "*Poverty Reduction Innovation Laboratories*" in our country to implement modern approaches to poverty reduction.

The Poverty Reduction Innovation Laboratory is a special laboratory established to study and implement new and advanced methods aimed at developing scientific, technological, and social innovations in the fight against poverty. These laboratories develop innovative solutions to poverty reduction, implement new technologies, and conduct research to solve social and economic problems.

The goal of the project is to implement innovative technologies and scientific research in poverty reduction, develop new business models and further improve social systems, and develop new solutions and new systems through innovation laboratories, thereby increasing their effectiveness in poverty reduction (Figure 1).

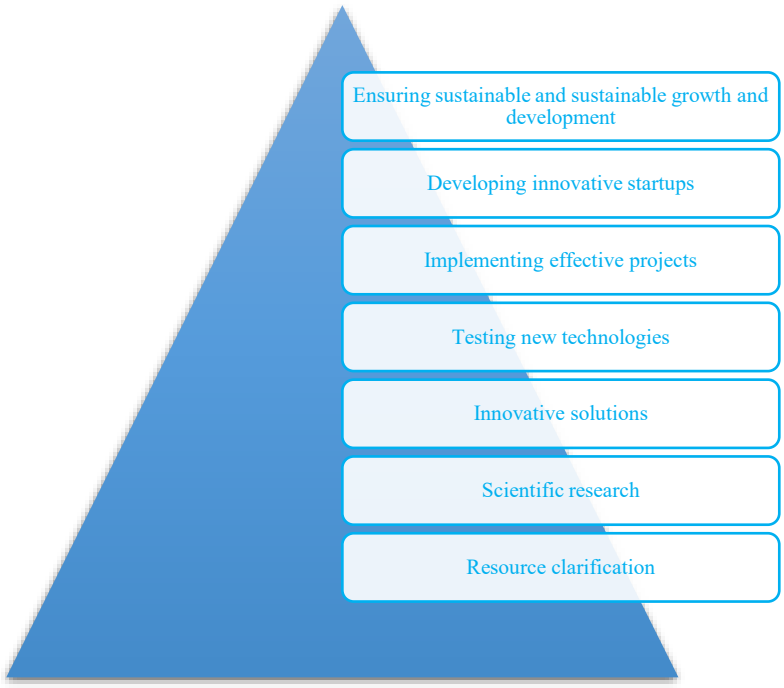

Figure 1. Main directions of the Poverty Reduction Innovation Labs project.

We have developed 7 main key areas of the Poverty Reduction Innovation Labs project (see Figure 1): 1) Ensuring sustainable and sustainable growth and development; 2) Developing innovative startups; 3) Implementing effective projects; 4) Testing new technologies; 5) Innovative solutions; 6) Scientific research; 7) Resource identification.

The project aims to develop new technologies and combat poverty through them, form new social systems to combat poverty, implement and optimize them, create permanent jobs through innovative startups and new projects, ensure social justice through innovative approaches, and achieve macro-scale success in combating poverty. A strategy for implementing the project in the regions has been developed, and the results are presented in Table 2.

Table 2. Strategy for implementing the project in the regions

Stage	Measures	Application in areas
1. Identifying needs	The level of poverty, existing problems and opportunities in each region will be analyzed.	For example, in the Republic of Karakalpakstan and Surkhandarya regions, agriculture is the main direction, while in the Tashkent region, industry and the service sector prevail. Diagnostics is carried out on this basis.
2. Establishing local innovation laboratories	One innovation laboratory will be established in each regional center (14), with sub-regional branches attached to them.	A regional innovation cluster will be established in the valley (Andijan, Namangan, Fergana). Each laboratory will have a technical base, IT tools, and experimental zones.
3. Creation of socio-economic pilot zones	Pilot programs will be implemented in	Startups based on ancient crafts and tourism will be

	neighborhoods with high poverty rates.	tested in Samarkand, Bukhara, and Khorezm. Technologies based on agriculture will be introduced in Surkhandarya.
4. Support for startup and microbusiness projects	The laboratories will organize training, grants, and mentoring programs for youth, women, and unemployed citizens.	Innovative microbusiness startups (e.g. IT services, eco-products, service provision) will be developed in Jizzakh, Syrdarya, Kashkadarya, and Navoi regions.
5. Training and attracting local staff	Local groups will be formed in each region to work with young innovators, entrepreneurs, and scientists.	Scientific and practical groups will be established in collaboration with higher education institutions in Andijan, Namangan, and Karakalpakstan.
6. Widespread introduction of information technologies	Opportunities for advice, grants, and education will be created in each region through digital platforms.	Online platforms will be piloted in Bukhara and Tashkent and will be gradually expanded to other regions.
7. Monitoring and evaluation system	Each regional laboratory continuously monitors its activities and submits the results *to the National Innovation Center*.	Regional reports, a database of successful projects, and analyses of evaluation criteria are conducted quarterly.
8. Interregional exchange of experience and "best practices"	Regions share effective experiences with each other.	For example, the industrial-based poverty reduction model in Navoi is proposed for implementation in Kashkadarya or Andijan regions.

A one-year cost estimate for the Poverty Reduction Innovation Labs project has been developed, according to which the total amount of funds to be spent for 1 year is 85 billion soums (see Table 3).

Table 3. One-year cost estimate for the Poverty Reduction Innovation Labs project

Cost direction	**Note**	**Estimated amount (in soums)**
Laboratory infrastructure	Building rental, repairs, furniture, internet, electricity, equipment (computer, printer, projector) in 14 regions	14 billion (1 billion per region)
Tools and technologies	Licenses for software, smart interactive technology, digital platforms, artificial intelligence modules	10 billion
Staff salaries and recruitment of specialists	IT specialists, trainers, coordinators,	16 billion (1.1 billion per region)

	methodologists involved in the project (for 14 regions)	
Training and education programs	Free courses, mentors, training materials for the population (women, youth, unemployed)	7 billion
Grants for startups	Financial support for local small projects (10–20 per region)	28 billion (2 billion per region)
Monitoring and evaluation system	Digital monitoring platform, field research, statistical analysis	3 billion
Informational and promotional companies	TV, radio, internet advertising, promotional videos, banners and printed materials	2 billion
Reserve and emergency fund	For unforeseen technical, logistical and other additional needs	5 billion

In table 3 as mentioned, laboratory infrastructure 14 billion for soums, equipment and technologies 10 billion for , personnel salary and experts attraction to do qasads 16 billion for training and education programs 7 billion for startups for grants 28 billion soum, monitoring and assessment system 3 billion for soum, information and propaganda companies 2 billion for soum and backup and emergency fund 5 billion for soum separation account book was done.

4. Conclusion

Poverty reduction is thereby not a question of social policy but one of strategic economic stability, social justice and improved living conditions. However, with the world globalising at a breakneck speed, simplistic approaches will not work and reforms in poverty alleviation need to be systematic, comprehensive and unique rather than confined to help. Studies indicate that multiple, interconnected factors including economic growth, labor market opportunities, education quality, social protection, regulatory strength and the adoption of new technologies all play a role in determining outcomes. Due to this complexity, no one measure is sufficient; progress is made through a coordinated, multi-part approach.

Strengthening labor market and creating high quality jobs are central since employment increases income + activity. Upgrading education helps fix existing skill gaps that tend to keep people in poverty. A social protection system that is more resilient to the needs of the most vulnerable. A strong legal framework strengthens stability in the longer term, whilst digital tools, data analytics and artificial intelligence facilitate better targeting and increase access to services. Regional approaches are important because each region has different socio-economic structures.

Civic awareness, participation, and harmony of state and society are also stressed by the study. In summary, evidence-driven approaches to global poverty alleviation that combine economic, social and technological interventions will be necessary for sustainable development and benefits for each and every human being.

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