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The Role of the Social Protection System in Poverty Reduction

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ABSTRACT

This text analyzes the socio-economic essence of the concepts of poverty and indigence, modern approaches to their definition, and methodological frameworks recommended by international organizations (UN, World Bank). The author argues that poverty is a complex phenomenon consisting not only of income deficiency but also of barriers to realizing human potential and limited opportunities. The article emphasizes the priority of comprehensive measures aimed at awakening the entrepreneurial spirit and individual aspiration over passive social assistance. Furthermore, indicators of absolute, relative, and multidimensional poverty (MPI), their application in global practice, and issues of enhancing the targeting of social protection in the context of economic reforms in Uzbekistan are discussed.

Keywords: Poverty, extreme poverty (indigence), social protection, targeting, human development, absolute poverty, relative poverty, Multidimensional Poverty Index (MPI), purchasing power parity (PPP), social norm.

Introduction

One of the priority areas of deepening the economic reforms being carried out in our country is the reduction of poverty by strengthening the targeting of the social protection system.

There is an opinion among the population that this problem can be solved by paying or increasing the amount of social benefits and material assistance. This is a one-sided approach, which does not allow for a complete solution to the problem. Indeed, poverty reduction should be aimed at awakening the spirit of entrepreneurship in the population, fully realizing the inner strength and potential of the individual, and implementing a comprehensive economic and social policy to create new jobs. Moreover, the most important factor in overcoming poverty is a person's striving, relying on their own strength, to move towards a specific goal.

Speaking directly about the concepts of poverty and destitution, it should be especially noted that currently, a universally accepted and unified agreed definition of the concepts of poverty or destitution has not been developed worldwide. Each country characterizes it based on its established poverty criteria.

According to the UN definition, poverty refers to a person's lack of income and resources

necessary for life, as well as hunger and malnutrition, restrictions on access to healthcare, education, or other essential services, lack of housing, living in hazardous natural and man-made environments, and in conditions of social inequality (from the UN High-Level World Summit on Social Protection).

Poverty, on the other hand, manifests itself in the fact that a person does not have choices and opportunities throughout his life, there are obstacles to full participation in society, in addition, there is a lack of employment opportunities that allow him to feed and clothe his family, receive education or treatment in a hospital, work in a certain field or receive income, as well as limited access to credit. Also, poverty is the social isolation of people, households, and communities, their helplessness and helplessness in the face of dangers (2017).

In addition, according to the methodology proposed by the World Bank as a result of a study conducted in 115 countries in 2015, the poverty line for all countries in terms of purchasing power parity at prices in 2011 is 1.9, and the poverty line for countries based on low, medium, and high levels of income of the population is 1.9; 3.2; 5.5 and 21.7 US dollars.

Based on the above definitions and methodologies, based on the separately adopted methodology for determining poverty, it is possible to recognize as poor the segment of the population whose total income (or expenses) does not reach the established poverty line, and as poor the segment that has absolutely no opportunity to meet the necessary needs for life.

Poverty is a state of inability to meet the most basic human needs (food, clothing, shelter, healthcare, education, transport, etc.) and is a complex socio-economic phenomenon with economic, social, and political aspects.

The main types of poverty are determined by the priority of the country's social policy, the level of economic development, and internal capabilities. A number of countries use the absolute or relative method as the national poverty line.

The absolute poverty line is determined by the value of goods and services necessary for a person's life. In world practice, to determine the average annual size of the absolute poverty line, it is necessary to calculate the GDP per capita

25 percent, and in most developed countries (USA, Canada, Netherlands) this indicator is relatively high.

Relative poverty is a condition in which people have incomes below the average income level in society. Although relative poverty takes into account the level of inequality in society, it does not fully reflect changes in the income of all segments of the population and the poverty level. Nevertheless, a number of countries use the relative method to determine the poverty line. For example, in such countries as Hungary, Estonia, Belarus, Montenegro, and Russia, 60 percent of the median income of the population is taken as the poverty line, while in Poland this indicator is 50 percent, and in Ukraine - 75 percent, respectively.

Subjective poverty is a concept associated with people feeling poor.

The main methods for measuring poverty are:

Income-based measurement - an individual or family is considered poor if their income is below the established minimum.

Measurement based on consumer spending is determined based on the level of consumption of the population.

Multidimensional Poverty Index is assessed based on indicators such as income, education, healthcare, and living conditions.

In the listed methods, the quantitative assessment of a person's ability to participate in socio-economic processes without any obstacles is limited. Therefore, in world practice, a multidimensional assessment of poverty is also used. This method is used to calculate the Human Development Index of Armenia, Honduras, the Dominican Republic, Colombia, Costa

Rica, Mozambique, Bhutan, Pakistan, Panama, El Salvador, Chile, Ecuador, some EU countries, and the UN.

In the multidimensional method, a number of indicators representing the use of socio-economic opportunities by a household or person are weighed in the binary method ("yes" answers - 1, "no" answers - 0").

When calculating the multidimensional poverty level, the UN Economic Commission for Europe recommends taking into account indicators of living standards, services, healthcare, education, employment, and the environment.

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