DEVELOPING A FOREIGN LEVEL OF THE IMPACT OF POVERTY ON THE NATIONAL ECONOMY

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Abstract

This article analyzes the solution of the problem of poverty prevention, which is one of the most actual issues in the Republic of Uzbekistan, based on foreign experience. The advanced experiences of various countries of the world, including South Korea, China, Germany and Vietnam, were studied. In this regard, the ways of education, entrepreneurship, social protection and technological development in them were studied, and conclusions were made on poverty reduction based on foreign experience for the sustainable development of the economy of Uzbekistan.

Keywords: Poverty index, foreign experience, social protection, education, technological development, entrepreneurship, economy of Uzbekistan.

Introduction

One of the most important indicators for the development of our country is the improvement of the well-being of the population and the improvement of their standard of living, and to achieve this, poverty reduction is considered an crucial issue. Poverty reduction is not only achieved through economic growth, but also through social protection and equal access to resources for the population. This ensures the religious, spiritual and economic stability of society. One of the most important aspects of this reduction is the transition of our country from a consumer to a producer state.

Currently, significant work is being done in many countries to reduce poverty. The experience of China, Vietnam, Germany and South Korea is a vivid example of this.

Their social protection systems serve not only to improve the living standards of the population, but also to ensure sustainable economic growth. These experiences show that poverty reduction is not only an economic process, but also an innovative mechanism for social development.

Importantly, China has paid special attention to ensuring employment for the population from rural to urban areas through its targeted poverty reduction strategy [1]. In addition, In South Korea, the Stepping Stone Income Program was developed to provide education and career guidance for low-income families and their children [2]. This shows that efficiency is increasing and every piece of information is being collected and forecasts are being made for future earnings [3].

The German experience shows that benefits from work aimed at reducing poverty and increasing their income are not sufficient to reduce poverty, but rather should be seen as an additional tool [4]. It shows that not only the growth of the country's GDP is ensured, but also the well-being and health of the population. Therefore, the strategy of each state can serve as an example for our country to reduce poverty.

Therefore, each country's poverty reduction strategy can serve as an example for our country.

REVIEW

The problem of poverty, which is very relevant in our time, has been studied by many foreign and domestic specialists. In particular, various aspects of the problem have been considered in the scientific works of Yang Jiao, Sheposh, Richard, Li Wei, Ma Zhenbang, Luo Ruisi, Hong Yiying, Wang Sijian, Ma Xing, Bao Qiong, Soeun Jeon, Marco Pomati, Joanna Mack, Adriaans, Bohmann, Liebig, Priem and Richter, Jonathan King, Van Hoa Tran, Quang Thao Pham, Nguyet Anh Ngo, Hanol Lee. In this regard, we see that significant work has been carried out to reduce the number of low-income populations by increasing their knowledge, taking measures to reduce poverty through their existing resources, or breaking the chain of poverty, directing and supporting the population to new sources of income, and exporting products

[1] World Bank. (2023). [PDF document]. https://openknowledge.worldbank.org/server/api/core/bitstreams/e9a5bc3c-718d-57d8-9558-ce325407f737/content World Bank. (2023). [PDF report]. https://documents1.worldbank.org/curated/en/099543104212530170/pdf/IDU-568092fb-3c1f-4301-9a31-64a5f6b6f3df.pdf

[2] Seoul Metropolitan Government. (n.d.). Community welfare. https://english.seoul.go.kr/policy/welfare/community-welfare/

[3] Seoul Institute for Social Innovation. (n.d.). Projects. https://ssi.welfare.seoul.kr/eng/contents/project.do

[4] Sachverständigenrat Wirtschaft. (2023). Annual report – Chapter 4. https://www.sachverstaendigenrat-wirtschaft.de/en/annualreport-2023-pressrelease/chapter-4.html

produced by the population in remote areas abroad[5]. Digitizing and integrating the social protection and social security system can provide the basis for data transparency and accuracy.

The study of the experience of foreign countries shows that in order to reduce poverty, it is necessary to fully study not only one sector, but all sectors necessary for the well-being of the population. For example, in Germany, the emphasis is on education, that is, they are mentored by those who have just entered school, or by sponsors who pay for clothing and food in emergencies In addition, various grants and basic pensions create additional opportunities for the population [6]. This is precisely the issue that can be shown by expanding production, significantly reducing the gap between rural and urban indicators[7].

In South Korea, since the elderly make up a large part of the population, providing them with additional pensions has helped reduce the poverty index [8]. Through this, the standard of living of the population has improved and social stability has been ensured.

China's poverty reduction policies focus not only on urban equalization, but also on environmental sustainability. In this process, the allocation of additional funds by the state to poor areas through the support of environmental workers, compensations and social security has become important[9]. In this way, economic and environmental factors are combined in poverty reduction.

The study of these best practices has identified several problems in the national poverty reduction system:

- high dependency sentiment among some segments of the population, the presence of excessive spending in national traditions;

- The lack of sufficient knowledge and skills among the population, mainly in rural areas, and as a result, their inability to compete in the labor market[10];

[5] Onlinelibrary.wiley.com. (n.d.). Article in Review of Development Economics. https://onlinelibrary.wiley.com/doi/10.1111/rode.13175

[6] Poverty and economic development in Germany. (n.d.). Vostel. https://vostel.de/blog/en/poverty-germany/

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[8] Journal of Poverty and Social Justice. (2024). Poverty and social security in South Korea in: Journal of Poverty and Social Justice Volume 32 Issue 2 (2024)

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- Although they had land, they had difficulty accessing sufficient water, electricity, and roads[11].

The experience of foreign countries shows that in order to reduce poverty, it is necessary to comprehensively develop not only one sector, but all areas necessary for the well-being of the population. In Germany, positive results have been achieved by combining education and social assistance, in South Korea, the pension system, and in China, by combining economic and environmental factors. Therefore, studying these experiences and adapting them to national conditions will serve to effectively implement the poverty reduction strategy in our country.

METHODOLOGY

This article uses scientific and popular literature, comparative analysis, document analysis, statistical analysis and forecasting methods.

DISCUSSION

Thus, by studying the models of several countries mentioned above, we can see that our country is currently building reforms based on them. As an addition, we can cite the experience of Vietnam. Because in this, attention is paid not only to the income line, but also to the standard of living of the population, that is, depending on which part of the population lives in urban, rural and mountainous areas, they are trying to develop infrastructure in a different way. In particular, large investments are being made in schools, hospitals and housing, and through this, a separate approach is being taken to remote areas. As a result, the poverty rate according to the Vietnam National Index has reportedly fallen by 1.93 percent in the last year[12]. To achieve this, they have developed a sustainable poverty reduction program for 2021-2025 called "Approval for national target program for sustainable poverty reduction in the 2021-2025 period". The main goals of this strategy are to focus on education, tourism, trade, proper distribution of the workforce and their digitization, that is, to bring employers and employees together on a single base, and to improve telecommunications and

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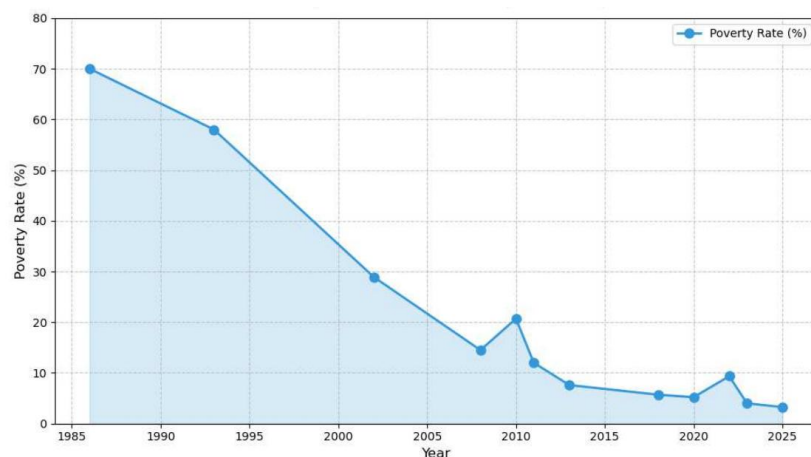[11] Gazeta.uz. (2024, September 13). Poverty overview in Uzbekistan. https://www.gazeta.uz/en/2024/09/13/poverty/
[12] Nhan Dan Online. (n.d.). Vietnam's poverty rate drops to 1.93%. https://en.nhandan.vn/vietnams-poverty-rate-drops-to-193-post140549.html

electricity supply. Thus, several variable standards are used to assess the poverty index[13].

The poverty index calculation standards in Vietnam are divided into 3 groups based on where the population lives. These are mountainous areas, rural areas and urban areas. In addition, their updated system assesses poverty based on factors such as health, education, housing, clean water, sanitation and access to information. To constantly monitor and regulate this system, they have established a special committee, one of whose tasks is to manage the system, regularly assess the poverty of households, and monitor the legal criteria for redistributing their resources. As a result, Vietnam is now experiencing an increase in quality products, improved electricity networks, new schools, health centers and stable markets[14].

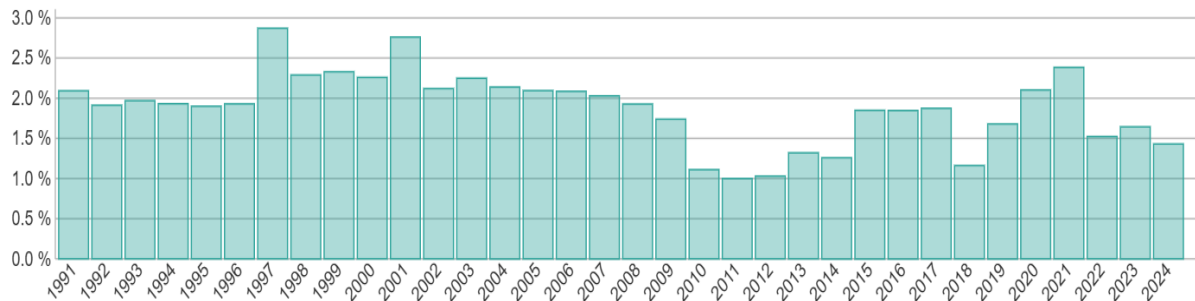As a result, most of the population was engaged in production and trade.

1-Figure. Ppoverty reduction in Vietnam (1985-2025)[15]

As can be seen from Figure 1, although the country's poverty rate has increased slightly since 2020, it has been restored to its previous level thanks to strategies that have supported its indicators.

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[13] Decision No. 90/QD-TTg on the national target programme for sustainable poverty reduction 2021–2025. (2022). Vietnam Government Legal Documents. https://thuvienphapluat.vn/van-ban/EN/Van-hoa-Xa-hoi/Decision-90-QD-TTg-2022-national-target-program-for-sustainable-poverty-reduction-2021-2025/530986/tieng-anh.aspx

[14] Vietnam News. (2024). Viet Nam's path to sustainable poverty reduction. https://vietnamnews.vn/society/1666540/viet-nam-s-path-to-sustainable-poverty-reduction.html

[15] Tung, Nguyen & WANG, Yong & Kumar Saroha, Sunil. (2025). A New Theoretical Framework: Blockchain-Enhanced Social Contribution Assessment for Social Welfare Reform in Vietnam. 10.21203/rs.3.rs-6899489/v1.c

2-Figure. Unemployment rates in percentages (1991 – 2024)[16].

In this graph, it is noteworthy that the unemployment rate has decreased sharply since 2022 and is less than 1.5 percent.

Table-1 Vietnam poverty rate[17]

Years	Poverty rate (%)	Population living in poverty (Million)	Poverty Line
1992	57.46	39.81	3
1997	38.14	28.69	3
2002	43.31	34.12	3
2004	30.85	24.79	3
2006	23.74	19.51	3
2008	17.55	14.95	3
2010	5.22	4.56	3
2012	3.72	3.33	3
2014	3.41	3.13	3
2016	2.51	2.36	3
2018	2.24	2.16	3
2020	1.3	1.28	3
2022	1.6	1.6	3

According to data provided by the World Bank, Vietnam's poverty rate has significantly decreased, reaching 1.60% in 2022, based on the Poverty Rate at $3.00 a Day (2021 PPP).

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[16] https://www.worlddata.info/asia/vietnam/economy.php
[17] https://pip.worldbank.org/country-profiles/

CONCLUSION

In conclusion, poverty reduction is a driving force in the development of a country. In this regard, studying the experience of different countries is of great importance in the effective implementation of a national strategy. Although the work being carried out in Uzbekistan is almost identical to the experience of Russia, there are differences in the methods of implementation of some indicators.

In Uzbekistan, the analysis of poverty is carried out by the level of education, parental education and place of residence. This helps to maintain the gap in the level of education in mountainous regions, rural areas and cities.

In both countries, the analysis of child birth and health is carried out. At the same time, information on housing conditions - a general indicator of electricity supply, drinking water, number of rooms and sanitation - is supported in quality. In Vietnam, in addition, the source of fuel is also included in the indicators.

In Vietnam, the poverty index is based on three categories. In Uzbekistan, support is used more widely: social services (social assistance, health care), education, access to health care and educational services are introduced. This management can be seen in the application of the system adapted to the needs of the needy in assessing poverty in our country.

In general, support in Uzbekistan and China is almost the same. However, and the big difference is that the number of urban and rural areas in Uzbekistan is much higher than the poverty level. Therefore, the national strategy should focus on ensuring security and equality in the export of goods.

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