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REDUCING POVERTY AND INVESTING IN PEOPLE FOR SAVING LIVES EVIDENCE FROM WORLD FOOD AND HUNGER CRISES FOREWORD

Abstract: In spite of several projects have been completed by World Bank Group and other international organizations in order to reduce poverty since 1944, the number of people living in extremely poor conditions, globally remains unacceptably high. According to World Bank's record currently there are 43 countries in the world with the highest poverty rates [1]. This paper examines the impact of particular sectors of economy on dealing with the issue. Main purpose can be defining as clarifying concept of poverty with causes and effects in various forms of economic development model and analyzing how to solve in the context of world economic crises prospective. Results suggest that development in financial sector can considerably contribute to poverty alleviation. Conclusions has been drawn as different point of views like international recommendations, theories, law. Enforcement and practice as far as in Uzbekistan case as well.

Key words: humanity, living style, geographic factor, economic model, integration, international community, collaboration

Language: English

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Introduction

Since ancient times, a considerable part of humankind has been suffering from lack of income and productive resources to ensure sustainable livelihoods. For realizing the relevance of this global issue, we had better look at some miserable cases that are worth to be taken into consideration. When looking beyond income to people experiencing deprivation in health, education, and living standards, 1.3 billion people (660 million out of all are children) in 104 developing countries, which accounts for 74% of the world's population, live in multidimensional poverty, according to a 2018 survey by the U.N. Development Program [2]. Moreover, recent estimates for global poverty are that 8.6% of the world, or 736 million people, live in extreme poverty on \$1.90 or less a day, according to the World Bank [3].

East Asia and the Pacific and Europe and Central Asia, have less than 3% of their populations living in extreme poverty, already successfully reaching the 2030 target to eradicate global poverty. But In the Middle East and North Africa, the number of people living in extreme poverty nearly doubled in two years, [from 9.5 million to 18.6 million](#), mainly due to the crises in Syria and Yemen.

The purpose of this article is to explore the types of poverty, how to measure them, define the indicators which have substantial impact on poverty rate and find the potential ways to overcome the global issue. On the first place the research goes on analyzing the categories of poverty. Then, we discover the international standards of calculating them, and study the international indexes which contribute to evaluating the poorness state of countries.

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City Development Strategies were developed in the context of the Cities Alliance, an international alliance of local authorities, donors and private sector launched by the World Bank and UNCHS (Habitat) in 1999.

It has two clearly defined aims:

1. To co-ordinate a process through which local stakeholders define their vision of the city and formulate a City Development Strategy, focusing particularly on economic and social needs.

2. To improve the living conditions of the urban poor through slum upgrading efforts.

Cities Alliance (2000) state that CDS is concerned with the following:

Good Governance - through sustainable, environmentally friendly, decentralized approaches, creating space for civic engagement and delivering equitable, efficient and transparent solutions to urban problems.

Enablement - through the creation of a legal and institutional framework that empowers local authorities to reduce poverty and improve productivity and standards of living.

Capacity Building the development of human resources and the creation of the institutional and legal frameworks required allowing diverse stakeholders to participate in public policy making and be informed of its outcomes.

Vibrant markets, including those in the informal sector. The World Bank's perspective differs slightly and stresses the need to achieve:

Governability- accountable local government and the institutionalization of participatory processes in decision making and urban service delivery.

Bankability- sound financial systems that enable cities and their inhabitants to gain access to the financial resources required for investment and growth.

Competitiveness- based on each city developing its economic strengths in order to find an economic niche in the national and international context.

Livability- improved environmental circumstances, particularly for the poor.

I. THEORITICAL BASIS

1.1. Types of poverty

Historically, poverty has been calculated based on a person's income and how much he or she can buy with that income, today the concept of poverty is categorized into multidimensional and extreme poverty.

Multidimensional poverty acknowledges that poverty is not always about income. Sometimes a person's income might be above the poverty line, but their family has no electricity, no access to a proper toilet, no clean drinking water, and no one in the family has completed six years of school. Since 2015, the World Bank has defined *extreme poverty* as [people living on \\$1.90 or less a day](#), measured using the [international poverty line](#). But extreme poverty is

not only about low income; it is also about what people can or cannot afford. Extreme poverty is identified in two ways: [absolute poverty and relative poverty](#).

Absolute poverty is when a person cannot afford the minimum nutrition, clothing, or shelter needs in their country. [Relative poverty](#) is a household income below a certain percentage, typically 50% or 60%, of the median income of that country. This measurement takes into consideration the subjective cost of participating in everyday life. For example, plumbing is a necessity in some places; without plumbing, a person could be considered impoverished. However, in other places plumbing is a luxury. Relative poverty is useful for considering income inequality within a country.

A commonly used monetary indicator is the value of a basic basket of goods, which is subsequently used to define a number of poverty indicators including the:

Poverty rate - the percentage of people who cannot afford basket of goods;

Poverty gap - the gap between a person's income and the poverty line; and

Income distribution - presented in the form of the Gini coefficient

2.2. Measurement of poverty

Poverty is measured by each country's government, which gathers data through household surveys of their own population. [World Bank](#) Group provide support and may conduct their own surveys, but this data collection is time-consuming and slow. Calculating of poverty rates is considered as being as an essential process which directly affects the economy of countries. Particularly, in low- and middle-income countries, understanding poverty levels is important for generating policy, targeting development initiatives, and monitoring and evaluating economic progress over time.

Poverty is calculated by the method, which is called poverty line (poverty threshold, poverty limit, breadline). The term firstly developed in 1964-1965 by Mollie Orshansky, an economist working for the Social Security Administration [5].

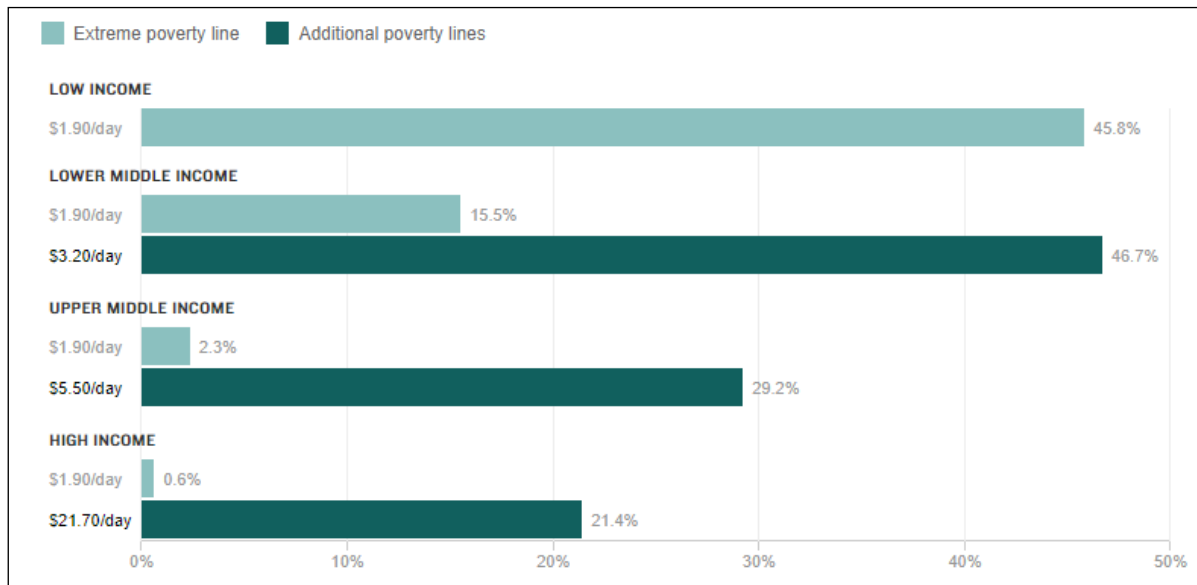
A poverty line is classified into two major categories: national and international.

National poverty line is the minimum level of [income](#) deemed adequate in a particular country. The line is determined in each country by adding up the cost of meeting minimum needs, such as food and shelter. Household incomes that are too low to afford minimum needs, such as food and shelter, are below the poverty line. National poverty lines are not the same in all countries. In higher income countries, the cost of living is higher and so the poverty threshold is higher, too. Below you can see the difference between median national poverty lines in countries grouped into categories by World Bank in 2017.

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Figure 1: National poverty lines in grouped countries



- \$1.91 per person per day — in 33 low-income countries
- \$3.21 per person per day — in 32 lower-middle-income countries, such as India and the Philippines
- \$5.48 per person per day — in 32 upper-middle-income countries, such as Brazil and South Africa
- \$21.70 per person per day — in 29 high-income countries

The international poverty line is the standard poverty line for measuring poverty globally. The international poverty line, currently set at \$1.90 a day, is the universal standard for measuring global poverty. This line helps measure the number of people living in extreme poverty and helps [compare poverty levels between countries](#).

As the cost of living increases, poverty lines increase too. Since 1990, the international poverty line rose from \$1 a day, to \$1.25 a day, and [most recently](#)

[in 2015 to \\$1.90](#). This means that \$1.90 is necessary to buy what \$1 could in 1990.

There are several international indicators, that are considered to evaluate the poverty rate: MPI (Multidimensional Poverty Index), HDI (Human Development Index), GDI (Gender Development Index), GII (Gender Inequality Index), Gini index, and others.

2.3. Multidimensional Poverty Index (MPI)

The Multidimensional Poverty Index (MPI) looks beyond income to understand how people experience poverty in multiple and simultaneous ways. It identifies how people are being left behind across three key dimensions: health, education and standard of living, comprising 10 indicators. People who experience deprivation in at least one third of these weighted indicators fall into the category of multidimensionally poor. Below you can see the conditions which cause those 10 indicators in Table 1.

Table 1. Identifying indicators of multidimensional poverty

Dimensions of poverty	Indicator	Deprived in the living in the household where...	Weight
Health	Nutrition	An adult under 70 years of age or a child is undernourished.	1/6
	Child mortality	Any child under the age of 18 years has died in the 5 years preceding the survey.	1/6
Education	Years of schooling	No household member aged 10 years or older has completed six years of schooling.	1/6
	School attendance	Any school-aged child is not attending school up to the age at which he/she would complete class 8.	1/6
	Cooking fuel	The household cooks with dung, wood, charcoal or coal.	1/18

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Standard of living	Sanitation	The household's sanitation facility is not improved (according to SDG guidelines).	1/18
	Drinking water	The household does not have access to improved drinking water (according to SDG guidelines) or safe drinking water is at least a 30-minute walk from home, round trip.	1/18
	Electricity	The household has no electricity.	1/18
	Housing	Housing materials for at least one of roof, walls and floor are inadequate; the floor is of natural materials and/or walls are of natural or rudimentary materials.	1/18
	Assets	The household does not own more than one of these assets; radio, TV, telephone, computer, animal cart, bicycle, motorbike or refrigerator, and does not own a car or truck.	1/18

This standard enables analysis of patterns of poverty: how much each indicator and each dimension contributes to overall poverty.

2.4. Human Development Index (HDI)

The Human Development Index (HDI) is a measurement developed by the United Nations to measure and various countries' levels of social and economic development. It is composed of four principal dimensions: long and healthy life, knowledge, a decent standard of living.

The health dimension is assessed by life expectancy at birth, the education dimension is measured by mean of years of schooling for adults aged 25 years and more and expected years of schooling for children of school entering age. The standard of living dimension is measured by gross national income per capita.

HDI coefficient vary between 0 – 1 or 0% - 100%. When coefficient reaches close to one, it means that a country's level of social and economic development is high. And vice versa, when HDI coefficient is close to zero, country is considered as being socially and economically poor.

- 0.800 – 1.000 – very high
- 0.700 – 0.799 – high
- 0.550 – 0.699 – medium
- 0.350 – 0.549 – low
- 0.000 – 0.349 – very low

2.5. The role of economic sectors in poverty reduction.

This sector is dedicated to investigate whether the development in particular economic sectors, such as financial sector and agricultural sector matter for the speed of poverty reduction.

According to the PhD in economics Johan Rewilak (2017), financial deepening has the greatest poverty reducing effect followed by increasing physical financial access. Even though, financial instability and banking sector inefficiency have no harmful effects on poverty reduction [6].

The research by Asian Development Bank (2009) proved that financial sector development has a vital role in supporting poverty reduction—directly

through broadening the access of the poor to financial services and indirectly through promoting economic growth—provides a strong justification for development assistance to target the financial sector as a core area of intervention [7].

According to the evidence by Kamel Bel Hadj Miled and Jalel-Eddine Ben Rejeba (2015) a country with a higher microfinance institutions' gross loan portfolio per capita tends to have lower poverty head count ratio [8].

During the research of correlation between agricultural sector and poverty reduction, we came across with resembling conclusions of authors of articles.

According to one of the articles of journal Elsevier: "Agriculture, structural transformation and poverty reduction: Eight new insights", the growth in agriculture is in general (two to three times) more effective at reducing poverty than an equivalent amount of growth generated outside agriculture remains confirmed [9].

OECD conducted a study into the effect of agricultural progress to poverty reduction. Organization looked at the experiences of 25 countries that made the fastest progress in reducing poverty from 1980-2005. The survey has been carried out namely, on the amount of average contribution of income sources to poverty reduction. The study concluded that agricultural sector's contribution for poverty reduction accounted for 52% while, financial sector's share made up 35%, and non-agricultural activities 13% [10].

Luc Christiaensen, Lionel Demery and Jesper Kuhl (2006) analyzed the role of agriculture in poverty reduction. They explored the contribution of the sector to poverty reduction depending on four factors: its direct (1) and indirect (2) growth effects as well as its elasticity of total poverty to sectoral growth (3) and the sector's share in the overall economy (4), which together determine the sector's participation effect. Their study revealed that the participation effect from agriculture on the poverty head count on average is 2.2 times larger than the participation effect from non-agriculture [11].

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II. RESULTS

In the sector of theoretical basis we analyzed the types of poverty, explored its measurements and defined the indicators which have substantial impact on poverty rate. As the result of learned skills, we

composed a table, which enables us to compare the poverty rates of countries of different categories, such as high-income, upper-middle-income, lower-middle-income and low-income countries. Ten indicators help us evaluate the state of countries in Table 2.

Table 2. Overview of social capital development

		High-income	Upper-middle-income	Lower-middle-income		Low-income
		USA	Brazil	Uzbekistan	India	Afghanistan
1	Population in multidimensional poverty, headcount (%)	n.a.*	3.8	n.a.*	27.9	55.9
2	Human Development Index (HDI)	0.920 (15)	0.761 (79)	0.710 (108)	0.647 (129)	0.496 (170)
3	Gender Development Index (GDI)	0.991	0.995	0.939	0.839	0.723
4	Gender Inequality Index (GII)	0.182	0.386	0.303	0.501	0.575
5	Life expectancy (years)	78.9	75.7	71.6	69.4	64.5
6	Expected years of schooling (years)	16.3	15.4	12	12.3	10.1
7	Internet users, (% of population)	87.3	67.5	52.3	34.5	13.5
8	Urban population (%)	82.3	86.6	50.5	34	25.5
9	Population using improved drinking-water sources (%)	99	98	98	93	67
10	Population using improved sanitation facilities (%)	100	88	100	60	43

* n.a. – not available

Source: Human Development Reports (2019)

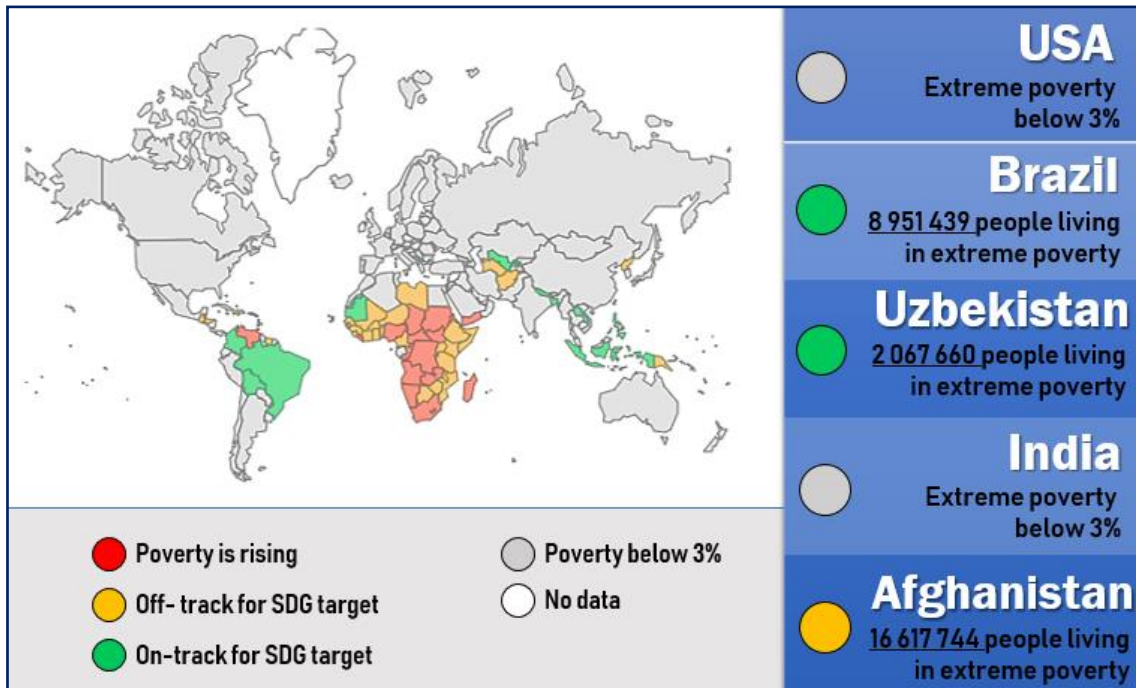
UNDP supported the establishment of the UN Partnership to Promote the Rights of Persons with Disabilities, mobilizing over US\$2.9 million to facilitate full implementation of the Convention on the Rights of Persons with Disabilities. UNDP also hosts the technical secretariat for the partnership. In Costa Rica, the Fund is supporting the removal of barriers

that prevent persons with disabilities from obtaining an adequate income through employment or entrepreneurship. As for the visually impaired people and deafness still effect global economic output by limited capital investment, resources, innovations, scientific and technical potentials of which are still under leak of financing and support by the government.

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Figure 2. People living in extreme poverty



Source: <https://worldpoverty.io/map>

Government must expand social and private partnership with such sector will affect reduction of poverty and increasing economic growth as a main human capital investment program and goals in regions

Poverty reduction strategies

- Accelerating and sustaining MDG progress;
- Developing capacity to plan, budget and implement pro-poor policies;
- Promoting the rights of persons with disabilities;
- Promoting employment through business and agricultural development;
- Measuring urban poverty;
- Strengthening resource management for sustainable human development;
- Mobilizing new sources of financing for development;

- *Understanding urban poverty;*
- *Nutrition.*

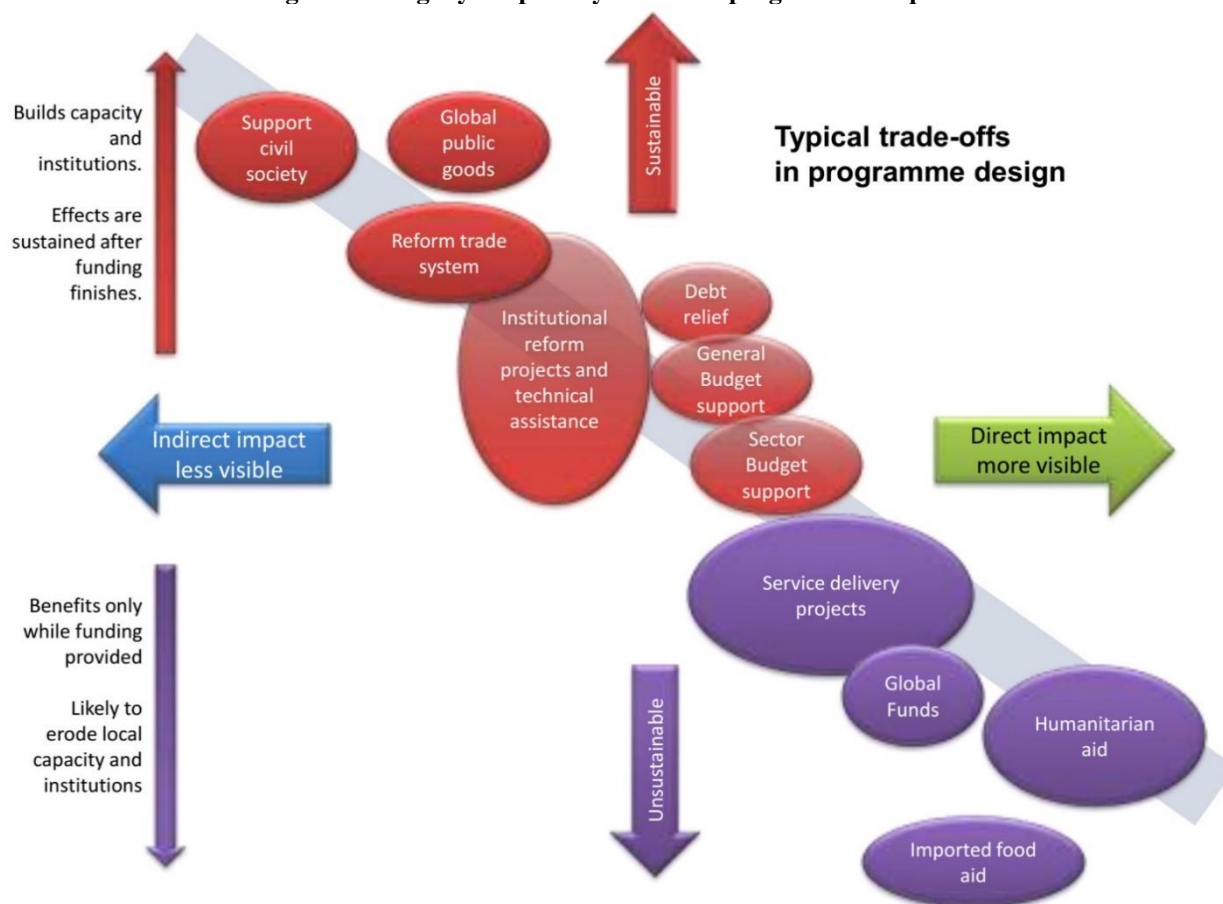
Eight essential conditions for strong changes in poverty reduction

- Specific country analysis of the binding constraints on growth and the policy actions likely to overcome them is essential in forming a growth strategy.
- Physical capital
- Human capital
- The rule of law
- Competitive markets
- Macroeconomic stability
- Infrastructure
- Openness to trade and investment
- Increased agricultural productivity

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Figure 3. Integrity for poverty reduction program development



Source: Owen Barder, What Is Poverty Reduction? Center for Global Development, P 8.

Disability and poverty

Disability accentuates poverty because the systemic institutional, environmental and attitudinal barriers that people with disabilities encounter in their daily lives result in their entrenched social exclusion and their lack of participation in society (Groce et al., 2011, p. 1497). This leads to:

- discrimination, social marginalization and isolation;

- insufficient access to education, adequate housing, nutritious food, clean water, basic sanitation, healthcare and credit;

- lack of ability to participate fully in legal and political processes; and

- lack of preparation for and meaningful inclusion in the workforce (Woodburn, 2013, p. 80; Groce et al., 2011, p. 1497).

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Figure 4. Disability and poverty allocation for economic equality



Source: <http://povertyanddisabilityanotperspective.blogspot.com/2011/08/poverty-disability-cycle.html>

In this case we should examine that investing human factor, social capital, human resource as long as people really need help, support, attention in forms of social dialog, communication and partnership. So, world community like UN, UNDP, OECD, ILO, WHO and other economic and financial institutions seriously taking account in small world as a unity and integrity about fighting poverty. It is clear that we are confronted with the following challenging tasks [12]:

1. Redefining existing institutions and structures to respond more effectively to the emerging world order;
2. Establishing new institutions to combat poverty at the global level; and
3. Forging new alliances and partnerships to strengthen collective efforts.

III. CONCLUSION

The findings of this study provide an insight about the relevance of the global poverty. By

analyzing the overview of the issue, namely its types, standards of measurement, indicators that contribute to define its rate, and economic fields which may reduce the poverty in particular conditions. Poverty alleviation has been regarded as a big, serious, argumentative and even inevitable global problem from early past times till today. Many researches, investigations have been carried out up to now. Several international organizations work on different projects which are targeted to end poverty, such as World Bank Group's goal to end extreme poverty by Agenda 2030.

But still too many questions are waiting for being answered and many problems are remaining unsolved. These complexities are expected to prevent ignorance and lead to new future researches.

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