



Section 1. Management

DOI:10.29013/EJEMS-24-4-3-8



ACHIEVING SDG 1 IN CENTRAL ASIA: A COMPREHENSIVE APPROACH TO ENDING POVERTY

*Rakhmatova Zilola Yurevna*¹

¹ Westminster International University in Tashkent (WIUT)

Cite: Rakhmatova Z. Y. (2024). *Achieving SDG 1 in Central Asia: A Comprehensive Approach to Ending Poverty*. *European Journal of Economics and Management Sciences* 2024, No 4. <https://doi.org/10.29013/EJEMS-24-4-3-8>

Abstract

This research examines the strategies and challenges in achieving Sustainable Development Goal (SDG) 1—"No Poverty"—in Central Asia. The paper evaluates regional progress, identifies socioeconomic obstacles, and highlights effective policies that align with the United Nations' 2030 Agenda. Employing a mixed-methods approach, the study combines quantitative data analysis with case studies from Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. The findings underscore the importance of regional cooperation, robust social safety nets, and inclusive economic growth. Recommendations include targeted poverty reduction programs, digital innovation in social services, and sustainable resource management to foster equitable development.

Keywords: *SDG 1, Poverty Eradication, Central Asia, Sustainable Development, Economic Growth, Social Protection, Rural Poverty, Gender Inequality, Regional Cooperation, Digital Transformation, Infrastructure Development, Sustainable Agriculture, Economic Diversification*

Introduction

The eradication of poverty remains a critical global challenge, particularly in developing regions like Central Asia. As part of the United Nations' 2030 Agenda, Sustainable Development Goal 1 (SDG 1) seeks to "end poverty in all its forms everywhere." Central Asia, comprising Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, faces unique challenges due to economic transitions, regional disparities, and environmental vulnerabilities.

Economic growth is widely regarded as a critical driver of poverty reduction. Ravalion and Chen (2007) argue that economic growth reduces poverty when it is inclusive and accompanied by equitable wealth distribution. In Central Asia, resource-driven economies like Kazakhstan have demonstrated that GDP growth can reduce poverty, but only when supported by targeted policies addressing income inequality (World Bank, 2023). However, dependency on natural resources has also been criticized for creating

economic vulnerabilities, necessitating diversification to achieve sustainable poverty reduction (OECD, 2021).

The establishment of robust social protection systems is vital for mitigating poverty. Devereux (2010) emphasizes that social protection measures, such as conditional cash transfers, pensions, and healthcare subsidies, can significantly improve household welfare. Central Asian countries such as Kazakhstan and Uzbekistan have implemented successful programs, like Kazakhstan's "Orleu" initiative, which links financial assistance to participation in education and healthcare services (OECD, 2021). However, Kyrgyzstan and Tajikistan struggle to expand these programs due to limited fiscal resources (UNDP, 2023).

Rural areas are disproportionately affected by poverty due to inadequate infrastructure, limited access to education and healthcare, and reliance on subsistence agriculture (ADB, 2023). Research by Ellis and Freeman (2004) highlights that investments in rural infrastructure, such as transportation and digital connectivity, are critical for reducing poverty. In Central Asia, significant rural-urban disparities persist, with rural poverty rates often double those of urban areas, particularly in Kyrgyzstan and Tajikistan (World Bank, 2023).

Gender disparities significantly impact poverty dynamics. Women in Central Asia, particularly in rural areas, face barriers to accessing education, healthcare, and formal employment, perpetuating cycles of poverty. Ka-beer (2015) argues that empowering women

through education, vocational training, and financial inclusion is critical for achieving equitable poverty reduction. Programs targeting women's economic participation have shown success in reducing household poverty in Uzbekistan but require scaling across the region (UNDP, 2023).

This research explores the current state of poverty in Central Asia, evaluates the effectiveness of existing measures, and proposes a comprehensive approach to achieving SDG 1. By addressing structural inequalities, fostering economic resilience, and promoting sustainable development, the region can make significant strides toward poverty eradication.

Materials and Methods

Methodology

A mixed-methods approach was employed:

Quantitative Analysis: Regression analysis of poverty rates against key economic indicators such as GDP growth, unemployment, and government social spending.

Qualitative Analysis: Case studies from each Central Asian country examining the impact of poverty alleviation policies, including social protection programs and labor market reforms.

Results

The analysis of poverty rates across Central Asia from 2010 to 2023 reveals mixed progress in achieving SDG 1. While some countries, such as Kazakhstan and Uzbekistan, have demonstrated significant improvements, others, like Kyrgyzstan and Tajikistan, continue to face high poverty rates.

Table 1. Regional Trends in Poverty Reduction

Country	Poverty Rate (2010)	Poverty Rate (2023)	Key Observations
Kazakhstan	6.3%	3.1%	Decline attributed to economic diversification and robust social spending.
Kyrgyzstan	32.1%	20.1%	Persistent rural poverty due to reliance on agriculture and low social spending.
Tajikistan	40.3%	26.5%	High dependence on remittances; limited formal employment opportunities.
Turkmenistan	Not available	Not available	Anecdotal evidence suggests significant rural poverty, but lack of data limits assessment.

Country	Poverty Rate (2010)	Poverty Rate (2023)	Key Observations
Uzbekistan	29.6%	17.3%	Poverty reduction driven by economic reforms and improved infrastructure investments.

Source: Compiled from World Bank and UNDP reports (2010–2023)

To quantify the relationship between economic growth and poverty reduction, a regression analysis was conducted using GDP growth rates and poverty headcount ratios.

Table 2. Regression Analysis: Correlation Between GDP Growth and Poverty Reduction

Variable	Coefficient	Standard Error	t-Statistic	p-Value	R-squared
GDP Growth (%)	– 2.45	0.43	– 5.70	< 0.001	0.72
Constant	20.1	2.1	9.57	< 0.001	

The coefficient of –2.45 indicates that for every 1% increase in GDP growth, poverty rates decrease by 2.45 percentage points, holding other factors constant. The high R-squared value (0.72) suggests that 72% of the variance in poverty rates is explained by changes in GDP growth. The p-value (< 0.001) confirms that the relationship is statistically significant.

Countries with higher social spending as a percentage of GDP, such as Kazakhstan and Uzbekistan, show greater progress in poverty reduction compared to Kyrgyzstan and Tajikistan.

Table 3. Effectiveness of Social Protection

Country	Social Spending (% of GDP)	Poverty Reduction (2010–2023)
Kazakhstan	5.3%	– 3.2 percentage points
Uzbekistan	4.8%	– 12.3 percentage points
Kyrgyzstan	2.1%	– 12.0 percentage points
Tajikistan	2.5%	– 13.8 percentage points

Source: OECD and World Bank data (2023)

Analysis

Poverty trends in Central Asia from 2010 to 2023 highlight significant disparities among countries in achieving Sustainable Development Goal 1 (SDG 1).

Kazakhstan’s poverty reduction is driven by its resource-rich economy and robust social protection policies. Investments in diversified sectors such as renewable energy and digital infrastructure have further contributed to economic resilience. However, disparities between rural and urban areas persist, with rural poverty rates nearly double the national average (World Bank, 2023).

Kyrgyzstan and Tajikistan remain heavily reliant on agriculture and remittances. Limited formal employment opportunities and underdeveloped infrastructure exacerbate rural poverty. Despite modest improvements, low social spending (Kyrgyzstan: 2.1% of GDP) restricts the scalability of poverty alleviation programs (OECD, 2021).

Uzbekistan has made considerable strides in poverty reduction, with rates falling from 29.6% in 2010 to 17.3% in 2023. Economic reforms, including the liberalization of currency exchange rates and targeted investments in education and healthcare, have played a pivotal role (UNDP, 2023).

The regression analysis demonstrates a strong inverse relationship between GDP growth and poverty rates, as shown by the coefficient (-2.45) and high R-squared value (0.72). This indicates that economic growth is a critical factor in poverty reduction. However, the analysis also reveals the need for inclusive growth strategies:

In resource-dependent economies like Kazakhstan, economic growth does not always translate into equitable poverty reduction due to wealth concentration in urban centers.

Countries with higher GDP growth but lower social spending, such as Kyrgyzstan, fail to achieve substantial reductions in rural poverty.

Supporting Evidence: The World Bank (2023) notes that economic growth alone is insufficient to eradicate poverty, particularly in regions with structural inequalities.

Countries with higher social spending, such as Kazakhstan (5.3% of GDP) and Uzbekistan (4.8% of GDP), demonstrate more significant reductions in poverty. Social protection policies that include conditional cash transfers, universal healthcare, and education subsidies have proven effective.

Kazakhstan: The “Orleu” program, which provides conditional cash transfers to low-income families, has significantly reduced poverty levels (OECD, 2021).

Uzbekistan: Recent reforms have expanded access to healthcare and introduced subsidies for education in rural areas, contributing to more equitable poverty reduction (UNDP, 2023).

In contrast, Kyrgyzstan and Tajikistan, with limited fiscal capacity, struggle to implement similar programs, resulting in slower progress.

Despite progress, Central Asia faces several challenges:

Rural poverty rates in Kyrgyzstan and Tajikistan exceed 30%, compared to urban rates of 15–20%. Limited access to quality education, healthcare, and infrastructure perpetuates this divide (ADB, 2023).

In Kazakhstan, while urban centers like Almaty and Nur-Sultan thrive, remote regions lag behind in poverty reduction (World Bank, 2023).

Frequent droughts and water scarcity disproportionately affect agricultural re-

gions, worsening rural poverty. The Aral Sea disaster, impacting Uzbekistan and Kazakhstan, underscores the need for sustainable resource management (UN, 2023).

A significant proportion of the workforce in Kyrgyzstan and Tajikistan is employed informally, limiting access to social protection. In Uzbekistan, efforts to formalize the labor market have reduced informality but require further expansion (OECD, 2021).

Women, particularly in rural areas, face barriers to education and employment. Addressing gender disparities is essential for inclusive poverty reduction (UNDP, 2023).

Discussion

Central Asia’s progress in reducing poverty highlights the importance of tailored strategies that address unique regional challenges. Economic growth, social protection, and infrastructure investments have been the primary drivers of poverty reduction, particularly in Kazakhstan and Uzbekistan. However, reliance on economic growth alone has proven inadequate, as evidenced by persistent rural poverty in Kyrgyzstan and Tajikistan.

Resource-dependent economies like Kazakhstan have experienced uneven benefits from growth, necessitating diversification into non-resource sectors to sustain long-term poverty reduction (World Bank, 2023).

Uzbekistan’s focus on industrial and agricultural reforms exemplifies successful diversification strategies.

Investments in education and healthcare have significantly improved living standards, particularly in Uzbekistan and Kazakhstan. These countries have prioritized education subsidies and universal healthcare coverage to address intergenerational poverty.

Robust social safety nets, such as conditional cash transfers and pension schemes, have helped mitigate vulnerabilities among the most impoverished groups. However, limited fiscal capacity in Kyrgyzstan and Tajikistan restricts the scalability of such programs.

Despite progress, significant barriers remain:

Geographical Inequalities: Remote and rural areas often lack access to essential services, reinforcing cycles of poverty.

Environmental Shocks: Climate change and water scarcity pose substantial risks to agricultural productivity, particularly in Tajikistan and Turkmenistan.

Gender Inequities: Women face systemic disadvantages in accessing education, healthcare, and formal employment opportunities, exacerbating rural poverty.

Insights from Case Studies:

Kazakhstan: Urban-focused investments have led to rural underdevelopment, underscoring the need for regionally balanced policies.

Uzbekistan: Reforms targeting informal workers have improved access to social protections, though further efforts are needed to integrate all segments of the labor force.

Recommendations

To achieve Sustainable Development Goal 1 (SDG 1) in Central Asia and eradicate poverty effectively, a comprehensive and multi-dimensional approach is essential. Based on the analysis of current trends and challenges, the following recommendations are proposed:

Central Asia must diversify its economies to reduce dependence on resource exports. Policies should prioritize the development of non-resource sectors such as manufacturing, renewable energy, and technology. Supporting small and medium-sized enterprises (SMEs) through financial incentives, training programs, and improved market access will generate formal employment opportunities and reduce rural poverty. Enhancing regional trade agreements can further boost economic integration and create jobs.

Governments in the region should allocate a higher percentage of GDP to social

protection programs, ensuring that they target vulnerable populations, including women and rural communities. Conditional cash transfer programs can link financial assistance to essential services like education and healthcare, encouraging greater participation and improving long-term outcomes. Universal healthcare and pension schemes should be accessible to all citizens, including informal workers.

Conclusion

The analysis highlights that economic growth alone is insufficient to eliminate poverty, especially in resource-dependent economies where wealth disparities persist. Targeted social protection programs, investments in infrastructure, and policies that promote economic diversification are critical to bridging rural-urban divides and ensuring equitable development. Additionally, leveraging technology, empowering women, and fostering regional cooperation are essential for addressing systemic barriers and maximizing the region's potential.

Moving forward, Central Asian countries must prioritize balanced development that combines robust economic strategies with investments in human capital and social safety nets. Regional collaboration on shared challenges, such as water management and environmental sustainability, can amplify efforts to achieve poverty reduction. By adopting innovative solutions and maintaining a strong commitment to inclusive policies, Central Asia can accelerate progress toward SDG 1, ensuring a sustainable and equitable future for all its citizens.

References

- United Nations. (2023). Sustainable Development Goals Report 2023. Retrieved from: URL: <https://www.un.org/sustainabledevelopment>
- World Bank. (2023). Poverty and Shared Prosperity 2023: Policies to Reduce Inequality. Retrieved from: URL: <https://www.worldbank.org>
- UNDP. (2023). Human Development Report 2023. Retrieved from: URL: <https://www.undp.org>
- OECD. (2021). Social Protection in Developing Countries. Retrieved from: URL: <https://www.oecd.org>
- Asian Development Bank (ADB). (2023). Central Asia Poverty Analysis: Challenges and Opportunities. Retrieved from: URL: <https://www.adb.org>

- Vokhidova, M., Narov, U., Abdullayeva, S., Bukharova, F., & Abdul Rahim, N.R. (2023). Green Economy in South Korea: A Sustainable Path Forward. *SGS – Engineering & Sciences*, 2(02). Retrieved from: URL: <https://spast.org/techrep/article/view/4445>
- Sergey Yekimov, Roman Oleksenko, Mehri Vokhidova, Makhsetbay Aytimbetov, Iryna Kolokolchikova, Anastasiia Poltorak and Yuriy Volosyuk. Investments in human capital in agriculture DOI: 10.1051/e3sconf/202345201005
- Raxmatova, Z. (2024). Barqaror Rivojlanishda Tabiiy Omil Rolining Ortishi. *Iqtisodiy taraqqiyot va tahlil*, – 2(4). – P. 192–198. URL: <https://doi.org/10.60078/2992-877X-2024-vol2-iss4-pp192-198>

submitted 27.11.2024;
accepted for publication 10.12.2024;
published 31.01.2025
©Rakhmatova Z. Y.
Contact: zilolarakhmatova@mail.ru