



End poverty in all its forms

North and Central Asia SDG Progress Profile

I. INTRODUCTION

The first goal of the 2030 Agenda for Sustainable Development of the United Nations commits the member States to eradicate poverty so that no one is left behind. Global progress towards poverty reduction has already been slowing down since 2015. The COVID-19 pandemic halted and, in some cases, reversed the progress on poverty reduction, which is being further aggravated by the multiple crises of climate change, geopolitical uncertainty, and global economic downturn. As many challenges to ending poverty persist, this profile aims to assess the progress on poverty eradication in North and Central Asia¹ in line with international targets set by the 2030 Agenda. It notes the progress in reducing poverty, implementing disaster risk reduction strategies, and improving

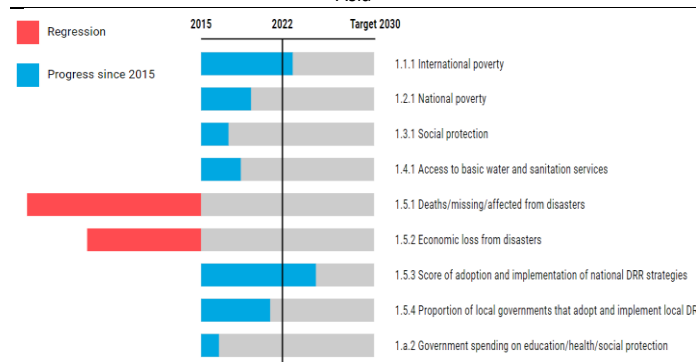
access to basic services, while highlighting challenges from socioeconomic consequences of increasingly frequent disasters. In turn, countries in the subregion must take actions as follows: (1) Ensure universal access to basic drinking and sanitation services; (2) Provide appropriate and inclusive social protection coverage; (3) Increase investment in essential services; (4) Enhance resilience to climate and disaster risks; (5) Improve data collection and sharing. In support of SDG implementation, the Subregional Office for North and Central Asia organizes annually a Multi-Stakeholder Forum on the Implementation of the Sustainable Development Goals. The Seventh SDG Forum was held in Almaty, Kazakhstan on 1st and 2nd of November 2023.

II. CURRENT STATUS & TRENDS

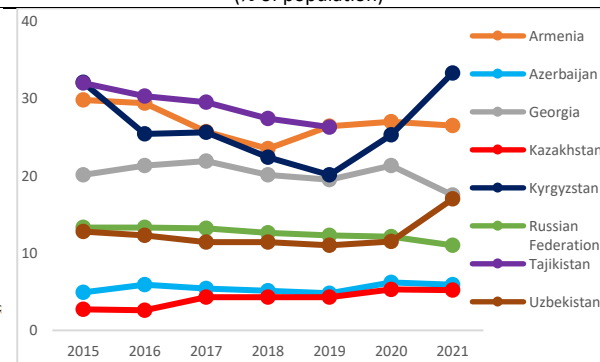
According to the ESCAP SDG Data Gateway, indicators on SDG 1 suggest the need for across-the-board acceleration to achieve the targets in North and Central Asia. The most recent indicators pertaining to extreme poverty eradication (target 1.1) and the implementation of disaster risk reduction (DRR) strategies (target 1.5) have shown the most progress. Progress on the access to basic services (target 1.4) and coverage of social protection (target 1.3) also increased, albeit at a pace insufficient to achieve the targets by 2030. Alarming, indicators pertaining to the number of affected persons from disasters are regressing (as shown in Figure 1). The COVID-19 pandemic greatly

undermined the efforts towards poverty reduction in North and Central Asia. Moreover, as low-income households are most sensitive to food and energy prices, food inflation exacerbates the risk of returning to poverty. Progress on the coverage of social protection is highly uneven between countries, especially when concerning social protection to vulnerable groups. The increasing socioeconomic impacts of disasters highlight the heightened vulnerability of the subregion to climate change (target 1.5). The impact of multiple crises also shrunk fiscal space available to governments to finance essential services (target 1.a and 1.b).

¹ Countries in North and Central Asia include Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Russian Federation, Tajikistan, Turkmenistan, and Uzbekistan.

Figure 1: Progress in achieving SDG 1 – No Poverty – in North and Central Asia


Source: ESCAP (2023)

Figure 2: Population living below the national poverty line (% of population)


Source: ADB (2017-2023a), ESCAP (2023) for Russian Federation. Note: data is unavailable for Turkmenistan

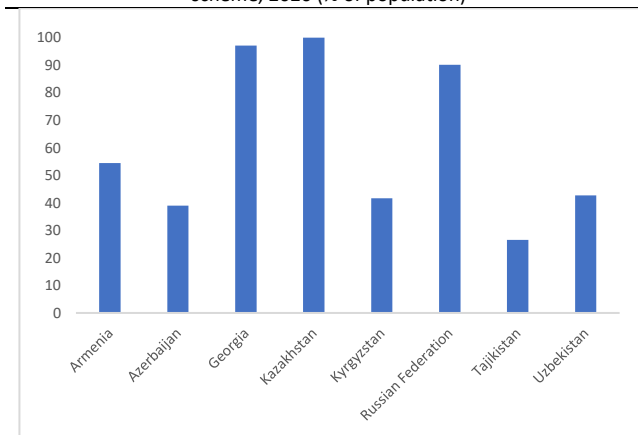
North and Central Asia has made considerable progress on international poverty reduction (target 1.1). The proportion of population living in extreme poverty (less than \$1.90 a day at 2011 international prices) in the subregion decreased from already low 0.47% in 2015 to 0.20% in 2020 (ESCAP, 2023). Despite some disparity across the subregion, most countries exhibited minimal levels of extreme poverty in 2020, which were noticeably below the overall level in Asia and the Pacific (4.48%). In countries for which data is available, the proportion of population living in extreme poverty was 1.3% in Kyrgyzstan, 0.4% in Armenia, and 0% in Azerbaijan, Kazakhstan, and the Russian Federation as of 2020. The only exception is Georgia, where extreme poverty increased from 4.9% in 2015 to 5.8% in 2020.

However, national poverty levels (target 1.2) have remained rather high in North and Central Asia. This is partly because the threshold for national poverty line tends to be higher than \$1.90 a day at international prices. Reduction in national poverty was already slowing down in the subregion since 2015. The COVID-19 pandemic reversed the progress in all countries except in the Russian Federation (Figure 2). The most drastic increase occurred in Kyrgyzstan, where proportion of population living below the national poverty increased from 20.1% in 2019 to 33.3% in 2021, eliminating good progress between 2015 and 2019. Poverty in Azerbaijan, Kyrgyzstan, Tajikistan is particularly sensitive to changes in food prices as

the poorest household food spending constitutes 60-70% of income (IMF, 2022 and 2023). Similarly, volatile energy prices place low-income households at a greater risk of energy poverty. National poverty levels stayed persistently high in Armenia (26.5%), Georgia (17.5%), and Uzbekistan (17.0%). Thus, given current global economic situation and continuously unstable food and energy prices, progress on poverty reduction in the subregion is threatened further.

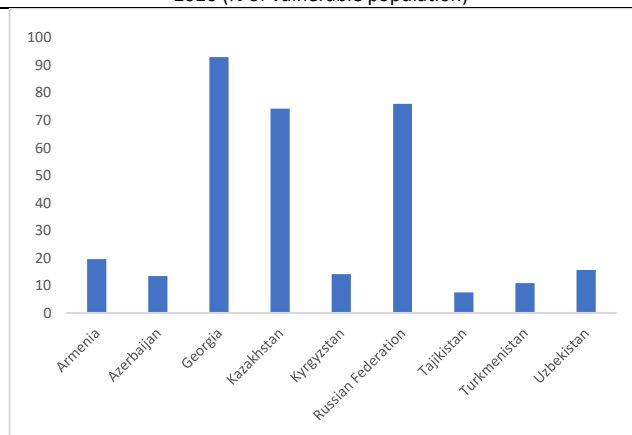
Target 1.3 underscores the role of social protection in ending poverty. By 2020, the proportion of population with at least one social protection scheme, such as unemployment benefits, child and maternity benefits, old age and disability schemes, support for the poor, support for persons with disabilities, was 61.5% on average across countries in North and Central Asia. While this is greater than the average rate in the Asia-Pacific region (46.1%), it is still considerably behind the 2030 target. Crucially, the proportion varies widely between the countries in the subregion, from 100% in Kazakhstan and 97.1% in Georgia to 39% in Azerbaijan and 26.6% in Tajikistan (Figure 3). Social protection coverage for vulnerable populations in North and Central Asia is critically low. Six out of nine countries in the subregion were below the Asia-Pacific rate of 22.3% in 2020 (Figure 4). Only Georgia (92.9%), Kazakhstan (74.2%), and the Russian Federation (76%) demonstrated high protection rates for the vulnerable.

Figure 3: Proportion of population with at least one social protection scheme, 2020 (% of population)



Source: ESCAP (2023). Note: data is unavailable for Turkmenistan; data from 2017 is used for Russian Federation

Figure 4: Vulnerable population receiving social assistance cash benefit, 2020 (% of vulnerable population)

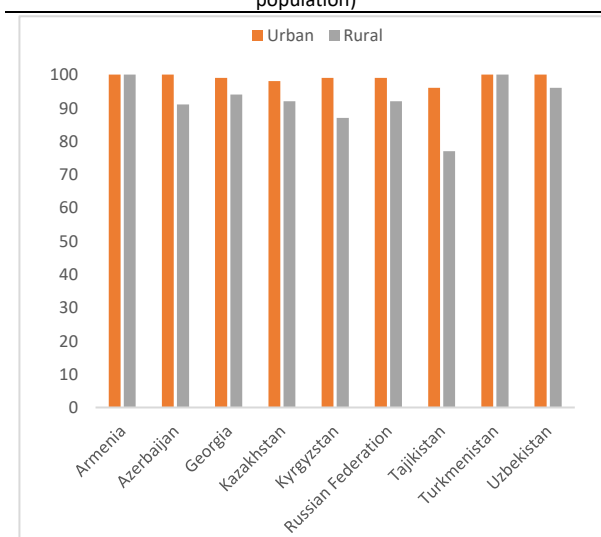


Source: ESCAP (2023). Note: data from 2021 is used for Turkmenistan

Most people in the subregion have access to basic drinking and sanitation services (target 1.4). However, a clear urban-rural divide persists. For example, 33% of rural population of Tajikistan and 13% of rural population of Kyrgyzstan did not have access to basic drinking services in 2020 (Figure 5). Even more rural residents of Armenia (17%), Georgia (28%), and the Russian Federation (28%), did not have access to basic sanitation services (Figure 6). At the same time, across all countries except Uzbekistan, a tangible proportion of urban population (up to 5%) still lacked access to either basic drinking or sanitation services.

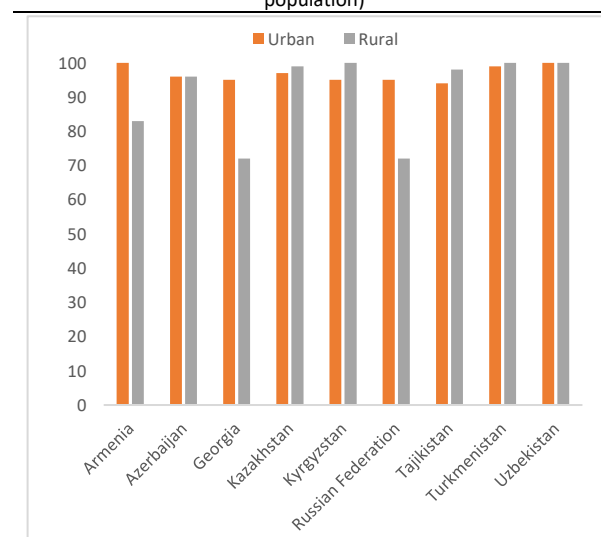
The regression of target 1.5 demonstrates that North and Central Asia is increasingly exposed to disasters, which in turn threatens to undermine the subregion's progress towards poverty eradication. Specifically, the number of deaths and missing persons attributed to disasters per 100,000 population in 2020 increased sharply to 117.1 in Armenia, 72.2 in the Russian Federation, to 66.8 in Georgia, 61.6 Kyrgyzstan, and 14.7 Kazakhstan (ESCAP, 2023). In 2021, the number of casualties further increased to 303.2 in Georgia, 199.8 in Armenia, and 82.1 in Kazakhstan. Data from the ESCAP SDG Gateway showed that the COVID-19 pandemic greatly contributed towards increasing disaster-induced deaths from 2020.

Figure 5: Population using basic drinking services, 2020 (% of population)



Source: ESCAP (2023)

Figure 6: Population using basic sanitation services, 2020 (% of population)



Source: ESCAP (2023)

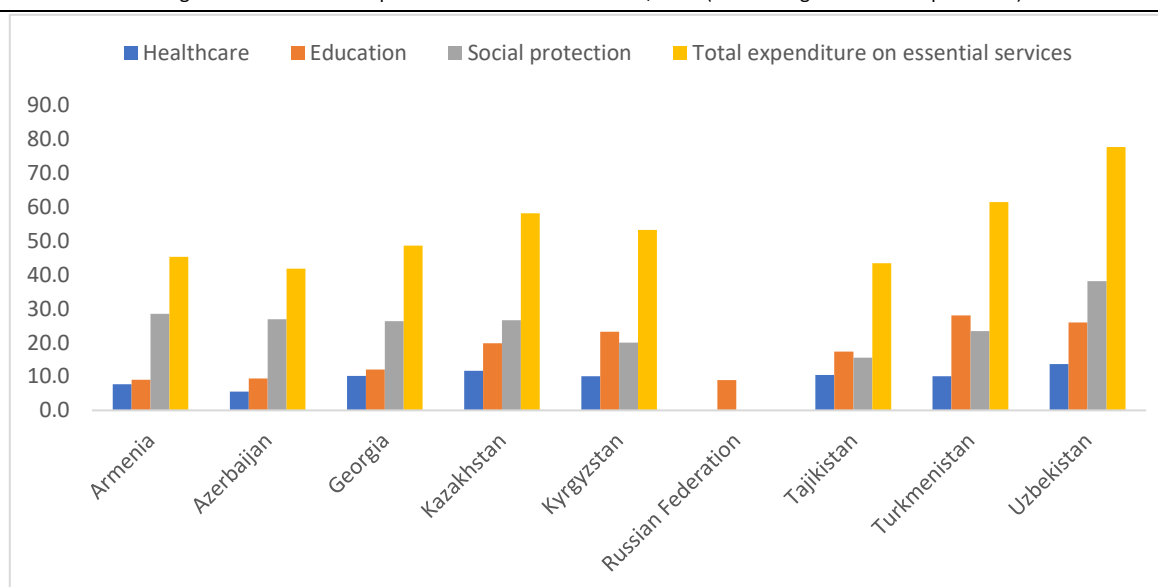
Similarly, direct economic loss from disasters has been rising, amounting to \$7.9 million in Armenia, 19.1 million in Kazakhstan, 7 million in Kyrgyzstan, 2,068 million in the Russian Federation, 5.1 million in Tajikistan, and 4.3 million in Uzbekistan in 2020 (ESCAP, 2023). Direct agriculture loss attributed to disasters in 2020 amounted to \$ 7.5 million in Armenia, 17.1 million in Kazakhstan, 5.3 million in Kyrgyzstan, 2055.2 million in the Russian Federation, and 4.5 million in Tajikistan. Such damage to the agricultural sector is especially critical for North and Central Asia, where many countries are highly dependent on agricultural production.

Nevertheless, governments of North and Central Asian countries have made significant progress towards strengthening resilience to disasters. The average score of adoption and implementation of national strategies in line with the Sendai Framework² for the subregion is 0.90, with highest score attained by Uzbekistan (1.0) and Tajikistan (1.0), and lowest score received by Turkmenistan (0.75). Additionally, the proportion of local governments that adopt and implement local DRR

strategies in line with national DRR strategies reached 100% in Kazakhstan, the Russian Federation, Tajikistan, Turkmenistan, and Uzbekistan (ESCAP, 2023). However, the coordination between central and local authorities regarding DRR strategies is much more limited in Armenia (30.8%) and Kyrgyzstan (10.1%) and appears to be absent in Georgia.

Finally, target 1.a emphasises the importance of mobilizing government finances to end poverty by increasing expenditure on essential services, which have fallen considerably behind the 2030 target in North and Central Asia. In 2020, the percentage of government expenditure out of total government spending on essential services was highest in Uzbekistan (77.7%) and lowest Azerbaijan (41.8%) (Figure 13). In general, majority of expenditure was directed towards social protection, followed by education, and then healthcare. Expenditure on healthcare amounted to only 9.9% on average in the subregion in 2020, which was particularly low despite its evident importance following the outbreak of the COVID-19 pandemic. The average spending on education was 17.1%.

Figure 8: Government expenditure on essential services, 2020 (% of total government expenditure)



Source: author's calculations based on ADB (2023b); World Bank (2023) for Russian Federation. Note: data is limited for Russian Federation

² The Sendai Framework for Disaster Risk Reduction 2015-2030 was adopted by the UN General Assembly in 2015 and

provides Member States with actions to protect development gains from the risk of disaster.

III. HUMAN RIGHTS AND GENDER EQUALITY CONSIDERATIONS

Poverty acts as both a deprivation of economic and material resources and a violation of human dignity, as it erodes economic and social rights such as the right to food, safe water, sanitation, education, healthcare, and social protection. Similarly, poverty is characterised by discrimination and exclusion. The poor are often disadvantaged based on race, gender, ethnicity, religion, age, or other status. Therefore, as poverty acts as an assault on human rights, eradicating it becomes even more urgent.

Despite some major progress towards poverty reduction made by countries in North and Central Asia, there are still people in the subregion who are denied even basic human needs. In total, 0.9% of urban population and 8.3% of rural population in the subregion lack access to basic drinking services, while 4.2% of urban population and as many as 13.6% of rural population are deprived of basic sanitation services. Earlier analysis revealed that in some countries like Armenia, Georgia, the Russian Federation, and Tajikistan, proportion of population that is denied basic services is especially large.

Government expenditure on essential services such as healthcare and education has been

inadequate in North and Central Asia, despite the States' commitments to their human rights obligations. The existing provision of social protection measures is equally important for economic and human empowerment are unable to meet people's needs in most countries in the subregion. As discussed earlier, most vulnerable population have been excluded from social protection in the subregion, with less than 20% receiving social assistance cash benefits in six out of nine countries in 2020. The unemployed population has been especially left behind, as social security protection barely covered 8.6% of unemployed on average. Households with children have been also disadvantaged in the subregion, as only 39.1% of households on average received child/family cash benefit in 2020 (ESCAP, 2023).

While data on the subregion is limited, in 2019 women in employment were overrepresented among the extreme poor in Armenia, Kyrgyzstan, the Russian Federation, Tajikistan, and Turkmenistan. Additionally, in 2020 maternity cash benefits reached only 61.6% of mothers in Armenia, 16% in Azerbaijan, 26% in Georgia, 44.2% in Kazakhstan, and 66.5% in Tajikistan, which exposed women to economic hardships and health risks during maternity (ESCAP, 2023).

IV. AREAS REQUIRING ATTENTION & KEY CHALLENGES

High levels of national poverty

Excluding the Russian Federation, the poverty rates in North and Central Asia are projected to rise by 1.1% on average in 2023 from the impact of the multiple crises (IMF, 2022). Persistently high food inflation hits the poorest households hardest and increases the risk of returning to poverty. Remittance flows from the Russian Federation are crucial for remittance dependent countries such as Kyrgyzstan, Tajikistan, and Uzbekistan. The risk of declining GDP growth and changes in migration patterns could reduce these flows and increase poverty. In Tajikistan, a decline in remittance flows could increase the poverty rate by up to 1.4% in 2023.

Inadequate access to basic water and sanitation services

A clear urban-rural divide exists in access to basic drinking and sanitation services. Reliable water supply is also vital for public health to prevent the spread of infections. Rural residents do not have basic services throughout the subregion. Access to basic services remains a concern even for some urban residents in Tajikistan. Water stress presents a major risk for the subregion, especially for countries experiencing critical level of water stress such as Turkmenistan and Uzbekistan.

Insufficient coverage of social protection

Social protection has been included in the UN Secretary General's five-pillar socioeconomic response framework for recovery from the COVID-19 pandemic. However, social protection lacks necessary investment and remains limited in its coverage in the subregion. Critically, existing measures do not sufficiently protect the most vulnerable groups, including the unemployed, households with children, and mothers.

Inadequate investment in healthcare and education

Government expenditure on essential services is a vital aspect for enhancing resilience of the poor. Public spending on healthcare and education is

inadequate in North and Central Asia, and so presents a major barrier for achieving SDG 1. This is especially the case following the COVID-19 pandemic, as the crisis resulted in significant losses in government revenues, which nevertheless remain the main source of SDG financing. However, resource-rich countries in the subregion underutilize their potential to substantially increase investment in human capital.

Rising exposure to climate change and multi-hazard risks

Climate change presents a severe threat to poverty elimination in North and Central Asia, as the subregion has been increasingly exposed to disasters and multi-hazard risks. In the subregion, 6.08% of population is at risk under the 1.5°C warming scenario and 9.25% under the 2°C warming scenario (ESCAP, 2023b). Azerbaijan, Kazakhstan, Turkmenistan, and Uzbekistan are risk hotspots with 9% to 15% of populations facing exposure to intensifying multi-hazard risks. The subregion is expected to experience an annual GDP loss of 3% from climate hazards. Projected crop yield losses in Kazakhstan, Tajikistan, and Uzbekistan put agricultural livelihoods at severe risk, exacerbating food insecurity and poverty for low-income households (Thomas et al., 2021).

Limited data availability

As demonstrated by this profile, data availability is still rather limited for North and Central Asia, which makes monitoring progress in SDG 1 especially challenging. Only Uzbekistan has completed a survey on the multidimensional poverty index after the COVID-19 pandemic. Such data is absent in Azerbaijan and the Russian Federation. Databases that track human, social, and economic costs of disasters remain underdeveloped. Absent data on multidimensional poverty and insufficient disaggregation of poverty data, such as by gender, increase the difficulty of targeting vulnerable groups.

V. PRIORITIES FOR ACTION

Priority 1: Ensure universal access to basic drinking and sanitation services.

Access to drinking and sanitation services is not only a basic human need but also a human right, and governments should take further steps to provide a universal coverage. This involves modernizing infrastructure, improving maintenance and monitoring of water and sanitation facilities, as well as implementing all-round Integrated Water Resources Management³ to improve water productivity and reduce waste. Multistakeholder consultations and collaborations could bring necessary knowledge, financing, and human resources. Joining various global initiatives is equally important for delivering water, sanitation, and hygiene (WASH) services. For example, the WASH-FIT⁴ programme pilot in Tajikistan, supported by the World Health Organization, improved access to water, sanitation, and hygiene for more than 750,000 people in Tajikistan (UNSDG, 2022).

Priority 2: Provide appropriate and inclusive social protection coverage.

Social protection coverage is low and fragmented across North and Central Asia. Governments, in line with their human rights commitments, should use the maximum available resources to expand universal social protection. To achieve sustained poverty eradication, it is crucial to build integrated and inclusive social protection systems such that all people are effectively protected throughout their lifecycle irrespective of their income and status. This includes a comprehensive coverage of vulnerable groups, who are in urgent need of enhanced resilience against economic, social, and

environmental shocks and risks. To this end, addressing this issue demands an increase in national spending from countries in the subregion. Contrary to common assumptions, the cost of such a system is affordable, as estimations are all within the annual range of 2 to 6.1% of GDP, which is below the global average of 12.9% (ESCAP, 2022). According to the estimates from the ESCAP Social Protection Simulator, investing 3.9% of GDP in universal child, disability, and old age schemes at global average benefit level would decrease national poverty by 44% in Armenia and by 43% in Georgia. Similarly, an investment of 2.8% of GDP would reduce national poverty by 28% in Kyrgyzstan and 62% in Uzbekistan.

To generate additional fiscal space, governments need to adopt fair and progressive taxation, reduce wasteful spending, and address tax avoidance, illicit financial flows, and corruption. At the same time, governments should embed universal social protection in national development agendas, engage with civil society and broader communities, and capitalize on regional and international cooperation. Thus, strong political commitment and accountable institutions remain a key prerequisite for effective implementation of social protection, and in turn, poverty reduction.

Priority 3: Increase investment in essential services.

Governments in the subregion should substantially increase their expenditure on healthcare and education. Once again, this entails overcoming resource constraints. Targeted tax reforms can enhance revenue collection by improving the

³ Integrated Water Resources Management is a process that promotes the coordinated development and management of water to maximize economic and social welfare in an equitable manner without compromising the sustainability of vital ecosystems (for more information <https://www.un.org/waterforlifedecade/iwrm.shtml>).

⁴ WASH-FIT refers to the Water and Sanitation for Health Facility Improvement Tool which acts as a risk-based management tool for health care facilities, covering key aspects of water, sanitation, hand hygiene, environmental cleaning, health care waste management and selected aspects of energy, building and facility management (for more information <https://www.washinhcf.org/wash-fit/>).

efficiency of tax administrations. This includes capacity building initiatives for tax officials, data systems enhancements for efficient tax collection, and reducing tax evasion. These reforms are projected to increase tax revenue of developing countries in Asia and the Pacific (as a percentage of GDP) by 3 to 4%, on average (ESCAP et al., 2023). Increasing formalization of the economy is also necessary to enlarge the tax base and expand the fiscal space even further. In addition, governments should carefully evaluate allocation of resources between essential services and other sectors. Notably, resource-rich countries should direct financing away from fossil fuels and towards developing human infrastructure instead.

Priority 4: Enhance resilience to climate and disaster risks.

Improved management of climate and disaster risks is highly needed to minimise the human and economic loss in North and Central Asia. Multi-hazard early warning system (MHEWS) is a crucial tool for addressing climate risks and disasters as it could reduce the economic cost of disasters by up to 60% (ESCAP, 2023b). Existing early warning systems in the subregion are characterised by insufficient coverage. For instance, Azerbaijan has not reported the status of its MHEWS, while Kazakhstan, the Russian Federation, and Uzbekistan have not reported all components of their MHEWS (such as forecasting and monitoring systems and disaster risk information and assessment). Participating in the Early Warnings for All Initiative, announced in November 2022, presents an opportunity to enhance MHEWS and ensure that every person is protected. Additionally, nature-based solutions can deliver up to 40% of needed climate actions by protecting and restoring the degraded environment and thus reducing disaster risk (ESCAP, 2023b). For example, wetlands, flood plains and forests can help against drought and flooding. Similarly, crop diversification and agroforestry can protect agriculture against drought and water scarcity.

Implementing Early Warning systems and building resilience against climate change requires closing

the financing gap. Currently, financial flows for climate risk-informed adaptation and risk-reduction investments do not cover 88.89% of adaptation costs in North and Central Asia, which amount to \$5.50 billion or 0.30% of the subregion's GDP (ESCAP, 2023b). Deploying innovative financing instruments is a viable solution for closing the adaptation gap, especially given other investment priorities in the subregion. These include thematic bonds, debt swaps, payment for ecosystem services, and biodiversity credits. Additionally, seeking international cooperation and ODA is equally important for accessing financial resources and technical assistance.

Priority 5: Improve data collection and analysis.

It is essential to enhance the capacity of countries in North and Central Asia for collecting and sharing high-quality, timely and reliable. Additionally, data disaggregated by characteristics such as income, gender, age, ethnicity, disability, or other status, is necessary to monitor progress towards SDG 1 and to identify vulnerable and marginalized groups who were hitherto left behind by existing measures and initiatives. Governments should use disaggregated data to develop evidence-based and targeted solutions. However, collecting comprehensive and disaggregated data requires enhancing sophistication of data collection systems, data development and analytical skills in governments, and resolving issues related to data privacy, including the consent to disclose sensitive data. Collaborating with international organizations, NGOs, the private sector, and civil society will help governments enhance their data collection and processing capabilities.

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