Journal DOI: 10.36713/epra1013 | SJIF Impact Factor (2026): 8.748 ISSN: 2347-4378
EPRA International Journal of Economics, Business and Management Studies (EBMS)
Volume: 13 | Issue: 11 | November 2026 -Peer-Reviewed Journal

UDC 330.59:364.22 (575.1)

POVERTY IN UZBEKISTAN: STATUS, DYNAMICS AND DRIVERS OF ITS REDUCTION

Uzakov Sherzod
Doctoral Student, Graduate School of Business and Entrepreneurship

Article DOI: https://doi.org/10.36713/epra32258
DOI No: 10.36713/epra32258

ABSTRACT

The article analyses the dynamics of poverty in the Republic of Uzbekistan in 2021–2026, its regional disparities and the main factors behind its reduction. According to the National Statistics Committee and the World Bank, the national poverty rate fell from 17.0% in 2021 to 5.8% in 2025, and preliminary data indicate a further decline to 3.9% in 2026. The results show that growth in employment and wages was the main source of poverty reduction, while social insurance played a complementary, secondary role. The article concludes with proposals to strengthen human capital, raise female employment, reduce regional imbalances and improve the targeting of social assistance.

KEYWORDS: *Poverty, Poverty Line, Minimum Consumption Expenditure, Employment, Wages, Social Protection, Regional Disparities, Inclusive Growth.*

Аннотация. Мақолада Ўзбекистон Республикасида 2021–2026 йилларда камбағаллик даражасининг ўзгариш динамикаси, унинг ҳудудий тафовутлари ва камбағалликни қисқартиришга таъсир этувчи асосий омиллар таҳлил қилинган. Миллий статистика қўмитаси ва Жаҳон банки маълумотларига кўра, камбағаллик даражаси 2021 йилдаги 17,0 фоиздан 2025 йилда 5,8 фоизгача пасайган, 2026 йилнинг дастлабки маълумотларига кўра эса бу кўрсаткич 3,9 фоизгача тушган. Тадқиқот натижалари камбағаллик қисқаришининг асосий манбаи бандлик ва иш ҳақи ўсиши эканини, ижтимоий суғурта эса қўшимча ва иккиламчи роль ўйнаганини кўрсатади. Мақола якунида инсон капиталини ривожлантириш, хотин-қизлар бандлигини ошириш, ҳудудий номутаносибликни камайтириш ва ижтимоий ёрдамнинг манзиллилигини кучайтиришга қаратилган таклифлар берилган.
Калит сўзлар: камбағаллик, камбағаллик чегараси, минимал истеъмол харажатлари, бандлик, иш ҳақи, ижтимоий ҳимоя, ҳудудий тафовут, инклюзив ўсиш.

Аннотация. В статье проанализированы динамика уровня бедности в Республике Узбекистан в 2021–2026 годах, её региональная дифференциация и основные факторы сокращения бедности. По данным Национального комитета по статистике и Всемирного банка, уровень бедности снизился с 17,0% в 2021 году до 5,8% в 2025 году, а по предварительным данным 2026 года — до 3,9%. Показано, что главным источником сокращения бедности стали рост занятости и заработной платы, тогда как социальное страхование сыграло дополнительную роль. Предложены меры по развитию человеческого капитала, повышению занятости женщин, сокращению региональных диспропорций и усилению адресности социальной помощи.
Ключевые слова: бедность, черта бедности, минимальные потребительские расходы, занятость, заработная плата, социальная защита, региональная дифференциация, инклюзивный рост.

INTRODUCTION

Among the UN Sustainable Development Goals, ending poverty is the foremost priority and the principal yardstick for measuring the effectiveness of a country's socio-economic reforms. If economic growth does not translate into higher real incomes for ordinary people, social stratification deepens and long-term sustainable development becomes unattainable.

In recent years this area has become a central element of state policy in Uzbekistan. In 2020 a dedicated ministry was established, later reorganised as the Ministry of Employment and Poverty Reduction. The "Uzbekistan—2030" Strategy, adopted by Presidential Decree No. PF-158 of 11 September 2023 [6], set a significant reduction in poverty and Uzbekistan's entry into the ranks of upper-middle-income countries by 2030 as key targets. A subsequent Presidential Decree, adopted to update these strategic goals and

accelerate their implementation, further expanded the scope of the assigned tasks [7]. To work in a targeted way, the "mahallabay" (neighbourhood-by-neighbourhood) and "khonadonbay" (household-by-household) systems, the social, women's and youth registers ("daftars"), and the "From Poverty to Prosperity" programme are being implemented.

To assess the effectiveness of these institutional reforms objectively, since 2022 the National Statistics Committee has conducted systematic monitoring of the poverty rate using a national criterion based on the minimum consumption expenditure (MCE), in line with international standards. The creation of this official statistical database has laid the groundwork for in-depth analytical study of poverty trends.

The aim of the study is to analyse the state and dynamics of poverty in Uzbekistan in 2021–2026, identify the factors behind its reduction, and develop proposals for improving policy.

To achieve this aim, the study sets out the following tasks: (1) to summarise the theoretical and methodological foundations of poverty measurement; (2) to analyse the dynamics of the poverty rate at the national and regional levels; (3) to identify the factors driving poverty reduction and assess their contributions; (4) to develop evidence-based proposals for sustained poverty reduction.

LITERATURE REVIEW

Scholarly debate over the essence of poverty and the methodology for measuring it has continued in economic theory for many years. The literature is dominated by approaches based on absolute, relative and multidimensional criteria.

The theoretical foundation of the absolute poverty concept was laid in the work of S. Rowntree [5], according to which the set of goods necessary for a person's biological survival (the consumption basket) serves as the criterion. P. Townsend [13], in turn, advanced the idea of relative poverty, explaining it as exclusion from the living standards and social activities regarded as customary in a given society.

The capability approach developed by A. Sen [11, 12] does not reduce poverty to a narrow shortage of income, but interprets it as deprivation of the opportunity to exercise a person's basic freedoms and potential, including access to education, health care and participation in social life. Building on this theoretical basis, S. Alkire and J. Foster [1] proposed the Multidimensional Poverty Index (MPI).

In the quantitative measurement of poverty, the FGT family of indices developed by J. Foster, J. Greer and E. Thorbecke [4] has become a widely used standard. M. Ravallion [10] systematised the methods for setting a poverty line and the principles for decomposing changes in poverty into the effects of economic growth and income distribution.

The relationship between aggregate economic growth and poverty was demonstrated comprehensively by D. Dollar and A. Kraay [3], who found that the incomes of the poorest groups grow, on average, in line with overall income growth. A. Banerjee and E. Duflo [2] used randomised controlled trials (RCTs) to establish the practical effectiveness of targeted micro-level interventions, in particular in education, health and microfinance. J. Sachs [8] showed ways out of the "poverty trap" through integrated investment in infrastructure, health and human capital.

For Uzbekistan, one of the most significant recent analytical sources is the World Bank's *Uzbekistan Poverty and Equity Assessment*, published in 2026 [15], which identifies labour market changes as the leading factor in poverty reduction. In addition, the Center for Economic Research and Reforms (CERR), drawing on household survey data from the National Statistics Committee and the World Bank, has presented analytical findings on poverty and household incomes for 2025 [17].

A review of the existing literature shows that the reasons for the rapid decline in poverty in Uzbekistan, and the regional differences in this process, have not yet been studied fully and in depth.

RESEARCH METHODOLOGY

The study uses a systems approach, statistical and comparative analysis, time-series analysis, grouping and generalisation. The information base consists of official data from the National Statistics Committee [9, 18, 19], World Bank reports [14, 15] and data from the Ministry of Employment and Poverty Reduction [16].

Uzbekistan's poverty line is the per capita minimum consumption expenditure (MCE). It is calculated from a food basket of at least 2,200 kilocalories per day plus expenditure on non-food goods and services, and is indexed annually for inflation. The MCE was 669 thousand soums per month in 2025 and 715 thousand soums for 2026 (+6.9%) [18]. People whose consumption expenditure falls below this line are classified as poor.

The Foster–Greer–Thorbecke (FGT) family of measures [4] was used to assess the incidence, depth and severity of poverty:

$$P_\alpha = \frac{1}{N}\sum_{i=1}^{q}\left(\frac{z-y_i}{z}\right)^\alpha \quad (1)$$

Journal DOI: 10.36713/epra1013 | SJIF Impact Factor (2026): 8.748 ISSN: 2347-4378
EPRA International Journal of Economics, Business and Management Studies (EBMS)
Volume: 13 | Issue: 11 | November 2026 -Peer-Reviewed Journal

where N is the population; q is the number of poor people; z is the poverty line (MCE); and y_i is the per capita consumption expenditure of individual i. With $\alpha = 0$ the formula gives the poverty headcount ratio, with $\alpha = 1$ the poverty gap (depth), and with $\alpha = 2$ the poverty severity. The article focuses on P_0, the officially published indicator.

To assess regional disparities, absolute (percentage points, p.p.) and relative (%) measures of reduction were calculated, while the contributions of the factors behind poverty reduction were interpreted on the basis of the World Bank's decomposition results.

ANALYSIS AND RESULTS

Official statistics and international analytical reports show that poverty in Uzbekistan declined steadily and rapidly over 2021–2026. Over the period under review, the national poverty rate fell from 17.0% in 2021 to 5.8% in 2025, i.e. by 11.2 percentage points [9]. According to World Bank estimates, some 3.7 million people were lifted above the poverty line during this period [15] (Figure 1).

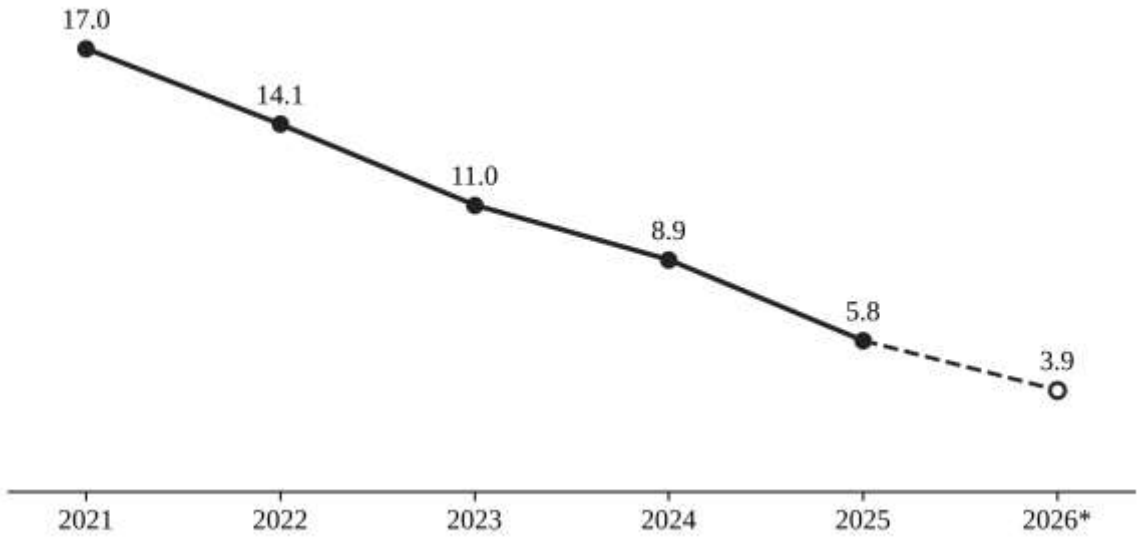

Figure 1. Poverty rate in Uzbekistan, 2021–2026, %

*Source: National Statistics Committee [9]; * 2026 — preliminary data of the Ministry of Employment and Poverty Reduction [16].*

The pace of reduction remained high throughout the period, although it varied from year to year: the rate fell by 2.9 p.p. in 2022, 3.1 p.p. in 2023, 2.1 p.p. in 2024 and 3.1 p.p. in 2025. In 2025 alone, 302 thousand families were lifted out of poverty [17]. According to preliminary 2026 data, the national poverty rate has fallen to 3.9%, and 49 districts and 3,429 mahallas have attained "poverty-free" status [16].

International benchmarks fully confirm this positive trend. Measured against the international poverty line of USD 8.30 per day (in purchasing power parity, PPP) used for upper-middle-income countries, the poverty rate in Uzbekistan fell from 38.1% to 12.4% in 2021–2025. By this measure, Uzbekistan accounted for about 40% of the total reduction in poverty in the Europe and Central Asia region [15].

Significant positive shifts were also recorded across the country's regions (Table 1). The regions in the table are ranked in descending order of their 2025 poverty rate.

Table 1

Poverty rate by region, %

Region	2021	2023	2024	2025	Change 2021–2025, p.p.
Khorezm region	19.9	14.1	11.9	6.7	−13.2
Republic of Karakalpakstan	20.8	13.6	10.8	6.6	−14.2
Kashkadarya region	17.9	11.5	9.6	6.5	−11.4
Syrdarya region	30.5	13.8	11.3	6.2	−24.3
Andijan region	19.3	11.9	9.5	6.1	−13.2
Samarkand region	18.2	10.5	7.5	6.1	−12.1
Surkhandarya region	13.3	10.6	9.3	6.1	−7.2

Journal DOI: 10.36713/epra1013 | SJIF Impact Factor (2026): 8.748 ISSN: 2347-4378
EPRA International Journal of Economics, Business and Management Studies (EBMS)
Volume: 13 | Issue: 11 | November 2026 -Peer-Reviewed Journal

Bukhara region	14.5	11.8	8.7	6.0	−8.5
Jizzakh region	21.1	14.2	11.8	5.8	−15.3
Fergana region	3.9	10.1	8.6	5.7	+1.8
Namangan region	14.1	10.4	7.6	5.5	−8.6
Tashkent region	22.7	10.2	8.0	5.3	−17.4
Navoi region	4.7	7.6	5.7	4.2	−0.5
Tashkent city	8.1	7.9	7.3	3.5	−4.6
Republic of Uzbekistan	**17.0**	**11.0**	**8.9**	**5.8**	**−11.2**

Source: author's calculations based on National Statistics Committee data [9].

Analysis of the empirical data in the table supports three main conclusions:

1. Regional convergence. In 2021 the poverty rate across regions ranged from 3.9% to 30.5% (a spread of 26.6 p.p.); by 2025 the range had narrowed to 3.5–6.7% (3.2 p.p.). The largest declines were observed in regions that initially had relatively high poverty: Syrdarya (−24.3 p.p.), Tashkent region (−17.4 p.p.) and Jizzakh (−15.3 p.p.).

2. Persistent regional asymmetry. In Khorezm region, the Republic of Karakalpakstan and Kashkadarya region the poverty rate remains 0.7–0.9 p.p. above the national average. These regions still have a relatively narrow industrial base, water scarcity, and household incomes dependent on external labour migration.

3. A narrowing urban–rural gap. According to the World Bank, the faster decline in rural poverty has virtually eliminated the gap between urban and rural areas. Nevertheless, high-value-added and high-income jobs remain concentrated in Tashkent city and a few large urban centres [15].

At the same time, the low 2021 figures for Fergana (3.9%) and Navoi (4.7%) regions are not logically consistent with the dynamics of subsequent years. Since this may be explained by sampling error in the first year the poverty measurement methodology was applied, methodological caution is required when using these figures in comparative analysis.

The main driver of poverty reduction in Uzbekistan was not social transfers but growth in labour market income. According to the World Bank's decomposition analysis, of the total 11.2 p.p. decline in 2021–2025, roughly 9 p.p. is attributable to higher employment and wages and 2.0 p.p. to social insurance payments [15]. These factors and their main quantitative indicators are summarised in Table 2.

Table 2
Factors of poverty reduction and their indicators

Factor	Indicator	Value	Source
Employment and wage growth	Contribution to poverty reduction, 2021–2025	≈9 p.p.	[14]
Social insurance	Contribution to poverty reduction, 2021–2025	2.0 p.p.	[14]
Employment of the poorest quintile	Employment rate of men in the poorest 20% of the population, 2022 → 2025	38% → 65%	[14]
Formal wage employment	Share of men in the poorest households in wage employment, 2022 → 2025	18% → 46%	[14]
Wages of low earners	Annual real growth	at least 11–12%	[14]
Household income	Total income per capita, 2025; real growth	UZS 29.9 million; 7.2%	[19]
Economic growth	Real GDP growth, 2025	7.7%	[14]
Financing of entrepreneurship	Loans for entrepreneurial initiatives, January–November 2025	≈UZS 127.1 trillion	[16]

Source: compiled by the author from the sources indicated.

The first factor is the expansion of employment. The share of men in the poorest households holding formal wage jobs more than doubled in three years. By the end of 2025 the national unemployment rate had fallen from 5.5% to 4.9% [20]. The shift from informal and seasonal employment to formal labour relations significantly increased the stability of household incomes.

The second factor is real wage growth. In both the public and private sectors, the wages of low-paid categories grew in real terms by at least 11–12% a year [14]. The slowdown of inflation to 7.3% in 2025 [14] helped preserve and strengthen the real purchasing power of household cash incomes.

The third factor is the social protection and insurance system. The introduction of the "Social Register" (Ijtimoiy daftar) information system improved the targeting of social benefits and material assistance. However, its contribution to poverty reduction

is about 4.5 times smaller than that of employment. This confirms that social transfers are not the main driving force in the fight against poverty, but rather act as a social buffer protecting the population from external economic shocks.

The fourth factor is support for entrepreneurship and the "mahallabay" approach. Individual development programmes for each family in need, drawn up at the mahalla level, have emerged as a new governance mechanism. In particular, over the first eight months of 2026 individual plans were prepared for 515 thousand families, 161 thousand people were placed in permanent jobs, 304 thousand were engaged in entrepreneurial activity, and around 55 thousand micro-projects were launched [15].

These empirical results confirm, for Uzbekistan, the hypothesis advanced by D. Dollar and A. Kraay [3] that "growth is good for the poor". The 7.7% GDP growth recorded in 2025 was recognised by the World Bank as "pro-poor" growth [14]. As a result, the share of the middle class in the country rose from 37% in 2021 to more than 72% in 2025 [14].

At the same time, a number of structural and socio-economic constraints continue to threaten the long-term sustainability of these achievements:

- Women earn 35–40% less than men, regardless of sector of employment and skill level [14];
- Well-paid and stable jobs are concentrated mainly in Tashkent city and a few large urban centres;
- Households just above the poverty line remain at risk of falling back into poverty as a result of price changes, medical expenses or a decline in remittances from labour migrants abroad;
- The energy tariff reform launched in 2025 and rising prices are putting additional financial pressure on low-income households.

CONCLUSIONS AND RECOMMENDATIONS

The empirical and comparative analysis shows that the Republic of Uzbekistan has become one of the leading countries in the Europe and Central Asia region in terms of the pace of poverty reduction. The study reached the following main conclusions:

1. Rapid decline at the national level. The national poverty rate fell from 17.0% to 5.8% in 2021–2025, and preliminary 2026 data point to a further decline to 3.9%.

2. Regional convergence alongside persistent asymmetry. Although the spread of poverty rates across regions narrowed from 26.6 p.p. to 3.2 p.p., the rate in Khorezm region, the Republic of Karakalpakstan and Kashkadarya region remains above the national average.

3. The leading role of labour market factors. About four-fifths of the reduction in poverty was achieved through higher employment and real wage growth, while social insurance and transfers played a secondary, protective role.

4. Changing structure of poverty and the need for targeted policy. As overall poverty declines, the poor population increasingly consists of households with limited capacity to work, large families and households living in remote areas with weak infrastructure. Macroeconomic growth alone is not sufficient to lift this group out of poverty; highly differentiated and targeted socio-economic mechanisms are required.

Based on these conclusions, the following proposals are put forward to improve the effectiveness and sustainability of anti-poverty policy:

1. Increase the effectiveness of investment in human capital. Vocational education and retraining programmes should be designed on the basis of employers' actual demand, and the performance of educational institutions should be linked to the sustained employment of their graduates.

2. Promote women's economic activity and employment. It is necessary to expand the network of preschool education and childcare services, encourage flexible working arrangements for women, and systematically monitor the gender pay gap by sector.

3. Reduce regional economic imbalances. In Khorezm region, the Republic of Karakalpakstan and Kashkadarya region, where poverty remains relatively high, priority investment is recommended in modernising transport and logistics infrastructure, introducing water-saving technologies and developing deep processing of agricultural products.

4. Strengthen the targeting and flexibility of social protection. It is proposed to fully integrate the "Social Register" information system with tax, labour and utility payment databases, and to introduce a temporary, flexible support mechanism to protect vulnerable households just above the poverty line from external economic and price shocks.

5. Improve poverty measurement and monitoring methodology. Regularly calculating and publishing, by region, the poverty gap (P_1), poverty severity (P_2) and the Multidimensional Poverty Index (MPI) alongside the national poverty rate (P_0) would allow a more objective and accurate assessment of the results of state programmes.

Implementing this set of measures would not only further reduce poverty in Uzbekistan but also minimise the risk of households falling back into poverty, laying a solid foundation for achieving the priority goals set out in the "Uzbekistan—2030" Strategy.

REFERENCES

1. *Alkire S., Foster J. Counting and multidimensional poverty measurement // Journal of Public Economics. — 2011. — Vol. 95, No. 7–8. — P. 476–487.*
2. *Banerjee A., Duflo E. Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty. — New York: PublicAffairs, 2011. — 303 p.*
3. *Dollar D., Kraay A. Growth is Good for the Poor // Journal of Economic Growth. — 2002. — Vol. 7, No. 3. — P. 195–225.*
4. *Foster J., Greer J., Thorbecke E. A Class of Decomposable Poverty Measures // Econometrica. — 1984. — Vol. 52, No. 3. — P. 761–766.*
5. *Rowntree B.S. Poverty: A Study of Town Life. — London: Macmillan, 1901.*
6. *Decree of the President of the Republic of Uzbekistan No. PF-158 of 11 September 2023 "On the Uzbekistan — 2030 Strategy" // National Database of Legislation. — lex.uz. (In Uzbek)*
7. *Decree of the President of the Republic of Uzbekistan No. PF-21 of 16 February 2026 "On additional measures to consistently continue reforms within the priority directions of the country's development until 2030 and to take them to a new stage". — URL: https://lex.uz/docs/-8050769 (In Uzbek)*
8. *Sachs J. The End of Poverty: Economic Possibilities for Our Time. — New York: Penguin Press, 2005. — 396 p.*
9. *National Statistics Committee of the Republic of Uzbekistan. Poverty rate (code 2.03.01.0042), 2021–2025. — URL: https://siat.stat.uz/data/3495/ (accessed 24.11.2026).*
10. *Ravallion M. The Economics of Poverty: History, Measurement, and Policy. — Oxford: Oxford University Press, 2016. — 712 p.*
11. *Sen A. Poverty and Famines: An Essay on Entitlement and Deprivation. — Oxford: Clarendon Press, 1981. — 257 p.*
12. *Sen A. Development as Freedom. — New York: Knopf, 1999. — 366 p.*
13. *Townsend P. Poverty in the United Kingdom. — Harmondsworth: Penguin Books, 1979. — 1216 p.*
14. *World Bank. Macro Poverty Outlook: Uzbekistan. — Washington, DC, April 2026. — URL: https://thedocs.worldbank.org/en/doc/d5f32ef28464d01f195827b7e020a3e8-0500022021/related/mpo-uzb.pdf*
15. *World Bank. Uzbekistan Poverty and Equity Assessment: Pathways to Prosperity and Greater Opportunities for All. — Washington, DC, 2026. — Presentation materials: https://gov.uz/en/bv/news/view/222944 (22.09.2026).*
16. *Ministry of Employment and Poverty Reduction. The poverty rate has fallen to 3.9% (15.09.2026). — URL: https://gov.uz/uz/bv/news/view/220326 (In Uzbek)*
17. *Center for Economic Research and Reforms (CERR). Analysis of poverty and household incomes in Uzbekistan in 2025 (31.12.2025). — URL: https://dunyo.info/en/ekonomika/ceir-predstavil-analiz-urovnya-bednosti-i-dohodov-naseleniya-v-uzbekistane*
18. *National Statistics Committee. On the value of the minimum consumption expenditure for 2026. — URL: https://gov.uz/uz/mj/news/view/142146 (In Uzbek)*
19. *National Statistics Committee. Total household income, January–December 2025 (preliminary data). — URL: https://stat.uz/img/news/aoli-umumij-daromadlari_kiril--24_01_2025_p38687.pdf (In Uzbek)*
20. *Address of the President of the Republic of Uzbekistan to the Oliy Majlis and the People of Uzbekistan (26.12.2025). — URL: https://kun.uz/en/news/2025/12/26/poverty-rate-falls-to-58-percent-in-uzbekistan-as-employment-improves-nationwide*