

Does Demographic Transition Reduce Poverty in Central Asia?

Muyassar Kurbanova (Corvinus University of Budapest, Hungary)

Abstract

Central Asian countries are experiencing a demographic transition due to the shrinking fertility and mortality rate and are in the stage of getting benefits from the demographic tailwinds with an increased working-age population share. This potential may convert the transition into economic growth and poverty reduction. Although all countries' economy grows, poverty reduction stagnated. The main question is whether this stagnation is due to an increase in the working-age population, or the region can utilize this benefit to reduce poverty through accumulating human recourses. It was found out that one of the reasons for poverty is the lack of job creation and due to insecure jobs, the increasing economically active population of Central Asia is forced to seek a job abroad. This paper analyzes the main channels that impact demographic change with the human capital on the socio-economic situation and poverty rate of Central Asian countries by using cross-section data along the period 2000 and 2019. We focus our analysis on Central Asian countries using the fixed effects method. According to the results of our model, the policy implication introduces that will provide the countries to get the maximum benefit from the demographic dividend. Indeed, it was found out that well planned demographic policy should focus on strengthening human recourse, especially develop youth skills and education in an early stage which helps to boost economic growth.