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# PROSPECTS FOR THE DEVELOPMENT OF THE DIGITAL ECONOMY IN UZBEKISTAN

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## ABSTRACT

Uzbekistan's digital economy has expanded rapidly in recent years. While average digitalization of the economy remains lower than in advanced economies, digitalization is already high in certain regions and sectors, in particular e-commerce and costal regions. Such transformation has boosted productivity growth, with varying impact on employment across sectors. Going forward, digitalization will continue to reshape the Uzbekistan's economy by improving efficiency, softening though not reversing, the downward trend of potential growth as the economy matures. The government should play a vital role in maximizing the benefits of digitalization while minimizing related risks, such as potential labor disruption, privacy infringement, emerging oligopolies, and financial risks.

**Keywords:** digital, economy, risks, development.

## INTRODUCTION

The definition of the digital economy has evolved with the underlying technology. Over the past several decades, the information and communication technology (ICT) sector has undergone rapid development, from microelectronics in the 1940s, to the birth of the computer in the 60s, the introduction of the internet in the 90s, and most recently, block chain, Artificial Intelligence (AI) and robotics. Correspondingly, new sectors based on the evolving technologies have emerged, such as e-commerce, driverless cars. The digital economy can be defined in a narrow or broad sense. In recent years, the explosion of new technologies and its rapid application have spurred another wave of discussion on the digital economy. The narrow definition refers to the ICT sector only, including telecommunications, internet, IT services, hardware and software etc. The broad definition includes both the ICT sector and parts of traditional sectors that have been integrated with digital technology. The G20 uses this broad concept and has defined the digital economy as "a broad range of economic activities that includes using digitized information and knowledge as the key factor of production, and modern information networks as the important activity space".

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## METHODOLOGY

2020 has been declared as the Year of Science, Enlightenment and Digital Economy Development in Uzbekistan. E-government system is being widely implemented to ensure openness, transparency and efficiency in all spheres. In particular, 178 services have been provided through a Single portal of interactive public services, which saves time and reduces the costs of population.

Digital economy's contribution to gross domestic product of the United States is 10.9 percent, in China this figure is 10 percent, in India – 5.5 percent. In Uzbekistan, this figure does not exceed 2 percent.

In order to further develop and increase the export potential of this sphere, IT Park is being created in Uzbekistan in cooperation with the Ministry of Information Technologies and Communications of the Republic of Uzbekistan and Society of Software Technology Parks under the Ministry of Electronics and Information Technology of the Republic of India. The Cabinet of Ministers adopted a corresponding resolution on January 10, 2019, and construction of an IT Park started in Mirzo Ulugbek district of Tashkent city.

## RESULTS

On November 20, 2019, the Head of the state visited the IT Park and got acquainted with created conditions here; he laid the symbolic first stone for the construction of a new stage of the park.

Currently, 350 domestic enterprises in information technology are residents of the IT Park. It employs 4 thousand specialists. 1 Million Programmers project is being implemented together with foreign partners.

In 2020-2024, it is planned to organize IT Park's branches in 14 regions, triple the number of residents and increase the number of employees to 40 thousand.

This will increase the volume of computer services and programming, as well as their export.

Issues of construction of the Techno Park and its branches, and creation of high-tech infrastructure were discussed at the meeting.

Instructions have been given on organization of IT Academy, IT laboratory, co-working center, Mobile Applications Development Center and Remote Information Technology Center.

The need for widely introducing modern digital technologies such as Internet of things, artificial intelligence and big data in all spheres and industries was noted.

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A proposal has been forwarded to establish a mechanism for developing and implementing modern software for spheres and industries on the basis of the state order.

## DISCUSSION

The importance of keeping up with global trends, actively introducing new developments and developing cooperation with leading techno parks was noted.

Special attention was paid to construction of a multi-storey housing, hotels, sports complexes for employees and specialists of the IT Park attracted from abroad.

Responsible persons reported on the progress of construction and design work.

On 30 January 2020, the National Project Management Agency under the President of the Republic of Uzbekistan hosted the opening ceremony of the joint Uzbek-Korean Center for Cooperation on e-government and the digital economy.

The event was attended by Director of the Agency Dmitry Lee and a delegation of the Republic of Korea led by Deputy Minister of Public Administration and Security of the Republic of Korea Yoon John Inom.

It is important to note that the President of the Republic of Uzbekistan Shavkat Mirziyoyev in his Address to the Senate and the Legislative Chamber of the Oliy Majlis declared 2020 “Year of the Development of Science, Education and the Digital Economy.” The opening of the Center is another step to achieve the ambitious goals outlined by the head of state in this area.

The Korean side noted their readiness to provide experts who will participate in the development of the E-Government system, as well as organize short-term and long-term training courses for Agency specialists and government agencies to familiarize themselves with the Korean experience.

Within the framework of the event, a presentation of the development strategy of the Center was held, and priorities were identified for the main tasks, namely:

-development of strategic directions for further development and improvement of the "Electronic Government" system based on analysis and research;

-coordination of the implementation of information systems and measures to improve the e-government system, projects on digitalization and the development of the digital economy;

-conducting marketing and innovative research to promote e-government and improve the quality of public services;

-creation of a methodological basis for the development of competencies in the field of regulation of the digital economy, as well as favorable conditions for the further development of entrepreneurship in the field of electronic commerce;

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-development and implementation of digital platforms and e-government technologies in public administration, as well as pilot implementation of innovative digital technologies and preparation of recommendations for their widespread implementation in the Republic of Uzbekistan;
-study and analysis of existing processes, as well as the development of proposals for system optimization of functional and operational processes.

As part of the ceremony, a meeting of the Uzbek-Korean Council on cooperation in the field of e-government was held between the delegation of the Republic of Korea, the leadership of the Agency and the Project Management Center of e-government and the digital economy under the Agency.

During the meeting, the parties discussed the results of mutual cooperation for 2019 in the field of e-government and the digital economy. As a result, further plans and goals were identified for the development of cooperation in the implementation of new information technologies, the organization of educational programs and the exchange of experience in the field of e-government, and joint research.

## CONCLUSION

New digital technologies generation creates a new consumer value level through previously unattainable combination of accessibility and customization, with the delivery of analytically customized goods and services at once by request and often at a much more attractive price compared to the traditional offer. Very often, under the extinction threat, traditional corporations have to rethink their activities completely. One of the survival ways is to find new partnerships, to promote the independent third-party organizations' ecosystem development and to delegate them fulfilling most of the product development tasks, production and delivery. Such an approach to the activities using platforms requires a rethinking and revision of the past managerial principles.

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