



## FEATURES OF REFORMING THE DIGITAL ECONOMY IN UZBEKISTAN

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<p><b>Received:</b> 4<sup>th</sup> December 2021 <b>Accepted:</b> 6<sup>th</sup> January 2022 <b>Published:</b> 12<sup>th</sup> February 2022</p>	<p>This article discusses the problems associated with the development of the digital economy in Uzbekistan. The relevance of digitalization of the economy in the context of the Covid-19 pandemic is substantiated and it is explained why the digital economy is so important in carrying out reforms in Uzbekistan. The processes taking place in the life of Uzbekistan are analyzed, taking into account the digitalization of the economy, and the author's conclusion on this problem is made.</p>
<p><b>Keywords:</b> digital economy, information technology, development, internet, information, Uzbekistan</p>	

Currently, as in all countries of the world, as well as in Uzbekistan, large-scale measures are being taken to combat the spread of the pandemic and its new strain, since our country is an integral part of world economic relations. As the President of Uzbekistan noted in his speech, "The pandemic that we all faced, in terms of its pace and scale of spread, has grown into an unprecedented global crisis, has become a very serious challenge for all mankind and the global economy.". Given the relevance of this problem for the economy of Uzbekistan, special attention was paid to the fight against this infection, taking into account which, on March 19, 2020, a package of priority measures was adopted in the republic aimed at ensuring macroeconomic stability, effective social support for the population during the period of counteracting the spread of this infection and other global risks, preventing a sharp decline in the income of the country's population. For this purpose, the Anti-Crisis Fund was created, which has 10 trillion sums and carries out the functions of financing measures to combat the spread of this infection, to support entrepreneurship and employment, to expand social support for the population and to ensure the sustainable functioning of economic sectors. [2].

In international practice, a significant part of economic activity has gone online, and the demand for reliable information products and systems has increased. According to Laura D'Andrea Tyson, a professor at UC Berkeley's Haas School of Business, the pandemic and subsequent upswing will accelerate digitalization and automation at work. These changes will eliminate many medium-skilled jobs and replace them with high-skill jobs. Equipping people with the skills and competencies required for new jobs will require low-cost, digitally delivered training programs. The fact that so many are now forced to work remotely shows that Wi-Fi infrastructure, broadband Internet and other elements will need to be significantly expanded to accelerate the digitalization of economic activity. [5].

The importance of reforms in the field of formation and development of the digital economy was the fact that 2020 in Uzbekistan was declared the "Year of the Development of Science, Education and the Digital Economy" and reforms in all areas aimed at building a new Uzbekistan were resolutely continued in our country.

The development of the digital economy is a priority for increasing the capabilities of each country, therefore, the use of existing opportunities for the use of digital technologies in the economic development of each country is considered an urgent issue of our time. This process over a long period determines the scale of development of the economy and society, leads to cardinal changes in people's lives. It was the formation of the digital economy that was one of the priority areas for most countries - economic leaders, including the USA, Great Britain, Germany, Japan, etc. Their implementation, according to experts from the World Economic Forum (WEF), can increase labor productivity in companies by 40% [7]. Currently, the field of information technology is developing very rapidly and thereby changing our lives. It should be noted that today, people cannot imagine their life without a computer, phone, Internet. Information technology not only helps and simplifies our lives, but at the same time makes it possible to save time and money, to protect our lives.

All of the above substantiate the relevance of reforms in the field of formation and development of the digital economy in Uzbekistan in modern conditions. What are the advantages of digitalization processes? Digitalization makes it possible to standardize the reliability of information, the possibility of verifying it, ensuring greater transparency and the possibility of obtaining more information, low cost of applications and the ability to quickly ensure compliance with supply and demand [6].

The economic and social development of Uzbekistan today is associated with the degree of digitalization, which determines competitiveness on the world stage. Taking into account the experience of the world's economic

leaders, in recent years the reforms carried out in Uzbekistan have been accompanied by the active introduction of modern information and communication technologies into the process. In the near future, it is the effective use of new digital technologies that will determine the international competitiveness of both individual companies and entire countries that form the infrastructure and legal environment for digitalization.

One of the main conditions for large-scale public investment in the introduction of digital technologies is to assess the contribution of relevant activities to economic growth in terms of cost-benefit ratio. Regardless of the scenario of economic development, guarantees of a sufficient return on such investments are required to justify the feasibility of their implementation.

Taking into account the reforms in our republic in the field of digitalization, integrated information systems have already been created to provide interactive services in the field of public procurement, more than 25.6 thousand km of fiber-optic communication lines have been laid. More than 67 percent of the country's population or 22.5 million users have access to the Worldwide Information Network Internet, while the number of users of third and fourth generation mobile communications has exceeded more than 16 million subscribers.

At the same time, the share of costs for supporting and developing the field of information and communication technologies (hereinafter referred to as ICT) of general government spending in 2019 amounted to only about 1.5 percent (7.8 million USD), which is a low indicator for effective digitalization of the republic, both in the short and long term. The share of ICT specialists among the employed population in 2019 was 0.5 percent.

The share of the digital economy in GDP in Uzbekistan is 2.2%. At the same time, 7-8% is considered the average optimal indicator, for example, in the UK it is 12.4%, South Korea - 8%, China - 6.9%, India - 5.6%, while in Russia - 2, 8%, Kazakhstan - 3.9%. In accordance with the draft Concept for the Development of the Electronic Government System of the Republic of Uzbekistan, by 2025 it is planned to increase the share of ICT services in GDP to 5.0%, and by 2030 to 10%.

In our republic, the available potential in this area is not fully used. In this regard, strategies for the development of the digital economy are being developed and approved, taking into account the diversified nature of the application of digital technologies and providing for the development of state regulation measures that contribute to the removal of barriers that hinder this process.

Based on the relevance of this problem, the state is taking large-scale measures to develop the digital sector of the economy, introducing electronic document management systems, developing electronic payments and improving the regulatory framework in the field of electronic commerce. In accordance with the Law of the Republic of Uzbekistan "On Electronic Commerce", e-commerce is the sale and purchase of goods (works, services) carried out in accordance with an agreement concluded using information systems.

Creating a favorable ecosystem for the development and implementation of digital technologies has an increasing impact on both the country's economy and society. The gradual introduction of appropriate digital solutions entails an improvement in the quality of life of the population, leads to an effective and transparent construction of public administration mechanisms, in particular, an increase in economic efficiency, a decrease in the level of corruption components, the share of the shadow economy and much more. In this connection, today the digital transformation of all sectors of the economy is one of the priorities of any developing state.

Like all countries, Uzbekistan, in the transition to a digital economy, evaluates its positive and negative aspects. The digital economy has a positive effect on the possibility of increasing digital literacy among the population, remote work management, market accessibility and freedom, ease of payments, accessibility of any sector of the economy in this area, the possibility of increasing productivity and reducing costs, since paper document management can be completely eliminated and introduced electronic. The negative aspects of the digital economy that people may face as a result of its implementation are a violation of the security of the confidentiality of the population's personal data, clogging the information space, a shortage of highly educated personnel and the emergence of a large number of unemployed.

Considering that the advantages of the digital economy in modern conditions are greater than its disadvantages, therefore, it is necessary to develop it. The digital economy can lead to the emergence of what is especially necessary for our country in modern conditions, the so-called "smart" cities, transport and others. No wonder the President of the Republic of Uzbekistan, by his actions, confirms the importance of this area for Uzbekistan. Taking into account its importance for Uzbekistan, the Decree "On measures to further improve the field of information technologies and communications" dated February 19, 2018 and Resolution No. 3832 dated July 3, 2018 "On measures to develop the digital economy in the Republic of Uzbekistan" were adopted.

The National Agency for Project Management under the President of the Republic of Uzbekistan has been formed in our republic, which is an authorized body in the field of implementation and development of the digital economy. This agency determines specific areas of activity in which blockchain technologies are being implemented, carries out an examination of draft regulatory legal acts providing for the development of the digital economy and the introduction of blockchain technologies. To date, the Republic of Uzbekistan is represented in many foreign and international indices and studies that indirectly assess the level of readiness of the country for digital transformation.

Table 1. Participation and place of the Republic of Uzbekistan in foreign and international indices

<b>INTERNATIONAL INDEXES</b>	<b>TOTAL NUMBER OF COUNTRIES</b>	<b>RANKING POSITION</b>
<b>E-Government Development Index 2020</b>	<b>193</b>	<b>87</b>
<b>ICT Development Index</b>	<b>176</b>	<b>95</b>
<b>Speedtest Global Index 2021</b>	<b>178</b>	<b>82</b>
<b>Telecommunication Infrastructure Index 2018</b>	<b>193</b>	<b>114</b>
<b>Global Cybersecurity Index 2020</b>	<b>182</b>	<b>70</b>
<b>Price of broadband internet access 2020</b>	<b>213</b>	<b>24</b>
<b>GSMA Mobile Connectivity Index 2020</b>	<b>170</b>	<b>124</b>
<b>Internet Development Index</b>	<b>176</b>	<b>195</b>
<b>Network Readiness Index 2021</b>	<b>130</b>	<b>not evaluated due to lack of data</b>

As the table data show, Uzbekistan is not rated in international ratings due to the lack of data on such indices as network readiness and Internet development. This means stagnation in the development of telecommunications infrastructure and mechanisms for providing high-quality statistical information in this area in open access. The spread of the Internet among the population is accompanied by an increase in the intensity of its use: the number of Internet users in Uzbekistan has exceeded 27 million, of which more than 25 million are mobile Internet users. (2022)

One of the main conditions for the implementation of large-scale public investments in the introduction of digital technologies is the assessment of the contribution of relevant measures to economic growth in terms of the cost-benefit ratio. Regardless of the scenario of economic development, guarantees of sufficient return on such investments are required to justify the feasibility of their implementation. In accordance with the draft Concept for the development of the E-Government system in 2019–2025, it is envisaged, in particular, to increase the share of public services provided in electronic format from the current 37% to 80% and to improve the position on the rating of the e-Government Development Index from 81st to 50th place by 2025.

In conclusion, I would like to note that in our country it is planned to create a Commission for coordinating the development of the digital economy, which will develop a concept for the development of "Digital Uzbekistan" until 2030. further development of telecommunications infrastructure, provision of high-quality mobile communications, broadband Internet access to the population. First of all, it is necessary to fully digitalize the spheres of construction, energy, agriculture and water management, transport, geology, cadastre, healthcare, education, and archives. At the same time, the E-Government system, the programs and projects implemented within its framework should be critically reviewed, and all organizational and institutional issues should be comprehensively resolved. This will allow us to implement innovative projects in the future, which are based on public-private partnerships in the field of the digital economy and are focused on supporting the production of modern software products. In the next two years, we will allocate 250 billion sums for the introduction of a unified system of "electronic education". Science and innovation create the basis for the development of the country.

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