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THE DEVELOPMENT OF THE DIGITAL ECONOMY AND ITS IMPACT ON UZBEKISTAN

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Annotation

This article analyzes the essence of the digital economy, its global development trends and its impact on the economy of Uzbekistan. The article covers the strategic directions of digital transformation, the role of state policy, changes in various sectors of the economy and socio-economic effects. At the same time, it considers current problems in the implementation of the digital economy, including cybersecurity, digital divide and unskilled labor. Based on the analysis of international experience, promising directions and proposals for Uzbekistan are put forward. The study emphasizes the importance of digital technologies such as artificial intelligence, big data, blockchain and the Internet of Things in increasing economic efficiency, stimulating innovation and creating new economic forms. It also covers the potential of digital transformation to reduce unemployment and poverty, as well as measures being taken to strengthen its role in public administration and monitoring of industries.

Keywords: Digital economy, Uzbekistan, economic transformation, cybersecurity, digital divide, unemployment, innovation, public policy

Introduction

The 21st century is a period of unprecedented changes in the global economy, and the development of digital technologies has created the basis for the formation of a new economic form - the digital economy on a global scale. The digital economy is a new economic form aimed at automating processes, effectively managing resources, and strengthening global integration through information technologies and innovative solutions. It is based on technological components such as artificial intelligence, big data, blockchain technology, and the Internet of Things (IoT). According to the World Bank and the International Labor Organization (ILO), the digital economy is expected to account for approximately 15-17 percent of global gross domestic product (GDP) by 2024. This trend provides opportunities to increase economic efficiency, stimulate innovation, and create new economic forms such as the gig economy and remote work. At the same time, serious problems such as cybersecurity and the digital divide are also emerging. Uzbekistan, not remaining aloof from these global trends, is implementing large-scale reforms, identifying digital transformation as one of the priorities of the national economy. This article aims to provide an in-depth analysis of the pace of development of the digital

economy in Uzbekistan, its impact on economic sectors, socio-economic effects, existing problems, and promising directions based on international experience.

Main body

The government of Uzbekistan has identified the digital economy as a strategic direction for the country's economy and has adopted a number of program documents for its development. In particular, the "Digital Uzbekistan - 2030" strategy and the "Uzbekistan - 2030" strategy are among the main program documents in this regard. The main directions of state policy are aimed at developing digital infrastructure, effective data management, introducing innovative technologies, and training highly qualified personnel. As part of the declaration of 2024 as the "Year of Youth and Business Support", large-scale reforms are being implemented within the framework of the "Uzbekistan - 2030" strategy. Since March, talented young people have been assigned to ministries, local authorities, and heads of enterprises, where they are provided with mentoring, problem-solving, and professional training. Presidential Decree No. PF-155 of October 14, 2024 defines measures for 2024-2026 to improve the effectiveness of monitoring in the fields of mining, geology and water management. This decree is a vivid example of the widespread introduction of digital technologies in state administration and monitoring of resource use. In particular, measures such as the use of space monitoring to determine water consumption in agriculture, the creation of topographic maps of licensed deposits, and the launch of the "remote monitoring" module in the "Geomonitoring" system are set. Such steps demonstrate the potential of digital technologies to increase transparency and efficiency in important sectors of the economy. Also, initiatives such as the "Two Programmers from Every Neighborhood" program, the "Ustoz" platform, and the "Girls' Academy" are aimed at developing young people's skills in the IT sector and training them in modern professions, which will serve to create a pool of qualified personnel for the digital economy.

The digital economy is causing significant changes in various sectors of the Uzbek economy. The information and communication technologies (ICT) sector has developed rapidly over the past five years, accounting for 3.2% of GDP by 2024. This growth is not only increasing the export of ICT services, but is also accelerating digitalization processes in other sectors of the economy. The introduction of remote monitoring technologies in industry, in particular in the mining and geology sectors, will allow detecting and controlling the use of illegal subsoil resources. Under the Presidential Decree (PF-155), it is planned that at least 30% of registered deposits will be monitored annually starting from 2025. This will not only ensure the efficient use of resources, but also reduce the impact on the environment. In the agricultural sector, digital technologies, especially space monitoring systems, are also playing an important role in ensuring the rational use of water resources. The number of space monitoring areas for water consumption is planned to be increased from 2 in 2024 to 4 in 2026. This will help improve resource management efficiency in conditions of water scarcity. The introduction of electronic payment systems, mobile banking and blockchain technologies in the financial services sector is expanding the scope of services and simplifying their use. Digital solutions such as e-learning platforms, telemedicine and electronic medical cards are also being introduced in social sectors such as education and healthcare, which will improve the quality of services and expand their accessibility. The development of the digital economy has great potential in reducing unemployment and poverty in Uzbekistan. According to the UNDP, digital infrastructure and e-services are directly related to digital employment opportunities, and poverty rates in digitally developed countries have decreased by an average of 8-12 percent. Although employment in the digital services sector in Uzbekistan has increased by 1.5 times over the past five years, the

overall unemployment rate is 8.9 percent in 2024, which indicates that the full potential of the digital economy is not being used. One of the important problems arising from the digital transformation is structural unemployment caused by automation and artificial intelligence. The sharp decline in demand for low-skilled labor is creating new challenges in the labor market. According to the ILO 2024 report, more than 190 million people are unemployed worldwide, most of whom do not have the necessary digital skills. Uzbekistan may also face this problem, which is why youth vocational guidance programs within the framework of PF-155 and projects such as the "Ustoz" platform are aimed at solving this problem. Another pressing issue is cybersecurity. The expansion of digital infrastructure increases the risk of cyberattacks and makes ensuring data security a priority. There is also a problem of the digital divide, where significant differences in the access to digital technologies remain between urban and rural areas. This gap can exacerbate social inequality and prevent the full use of the potential of the digital economy.

The experience of a number of countries, such as Estonia, Singapore, and South Korea, in developing the digital economy can provide valuable lessons for Uzbekistan. These countries have achieved great success in introducing digital government services, developing digital infrastructure, and increasing the digital literacy of the population. For example, Estonia has implemented e-government services in all areas, creating significant benefits for the population and business. This has helped reduce bureaucracy and increase economic activity. Promising areas for Uzbekistan may include: Further expansion and improvement of the quality of digital infrastructure, especially in remote areas, providing access to high-speed Internet. This will help reduce the digital divide. Improving the system for training highly qualified IT specialists. Expanding the "Two Programmers from Each Neighborhood" program, introducing international education standards, and expanding the network of IT parks to improve the digital skills of young people. It is also important to provide preferential loans and create opportunities for international training within the framework of the "Young Entrepreneur" competitions. Deepening the digitization of public services and fully implementing the principles of e-government. This will help improve the quality of services provided to the population and business and reduce corruption. It is advisable to study the possibilities of applying remote monitoring systems in mining and water management to other sectors. Strengthening mechanisms for ensuring cybersecurity. Protecting digital data and infrastructure through the development of a national cybersecurity strategy, introducing modern technologies, and improving the skills of specialists. Creating a favorable investment environment to stimulate digital innovation. Supporting the startup ecosystem, developing venture financing mechanisms, and expanding international cooperation.

Conclusion

The digital economy offers Uzbekistan enormous opportunities to ensure economic growth, increase efficiency, create new jobs, and improve the living standards of the population. Strategic programs and reforms implemented by the state, in particular, the "Digital Uzbekistan - 2030" strategy, programs aimed at supporting youth, and digital solutions in network monitoring, indicate the country's decisive steps towards digital transformation. The increasing share of the ICT sector in GDP and the growth of employment in the digital services sector confirm the positive impact of the digital economy. At the same time, problems such as structural unemployment, digital skills shortage, cybersecurity threats, and the digital divide are serious challenges ahead. A comprehensive and systematic approach is required to overcome these problems. Studying international experiences, further developing digital infrastructure, improving the personnel training system, expanding e-government services, and strengthening

cybersecurity measures are important in ensuring Uzbekistan's digital future. To harness the full potential of the digital economy, collaboration between the government, the private sector, and civil society must be further strengthened.

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