



# THE ROLE OF DIGITAL ECONOMY AND ICT IN DEVELOPING ECONOMICS OF UZBEKISTAN

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## ABSTRACT

*The paper discusses the growing role of ICT and the digital system in economics of Uzbekistan and also illustrate the related statistics, legislations, and measures which are being used recently by our government in order to make progress in our economic system*

**KEYWORDS:** *digital economics, digital technologies, economic growth, living standards, natural monopoly, E-government program, telecommunication infrastructure, e-investment, competitive advantages*

## DISCUSSION

Everybody knows that, the countries' economic system is one of the basic and the undeniable fact that plays essential roles in order to extend and develop countries' economical reputation. Thus, every government firstly try to improve the living standards of local residents. As in our modern life, ICT (Information and Communication Technologies) are becoming one of the crucial part of our life and every field of our living, the necessity of ICT is growing rapidly day by day our government is preferring to develop digital system in the country. Today, Uzbekistan is one of the fastest growing economies in Central Asia. The country's active efforts on improving the quality and increasing the quantity of Information and Communication services delivered on a state level, have laid the basics for developing the digital economy in the country.

Before making notes about Uzbekistan's digital economic system I intend to pay attention the digital economy itself what is digital economy? And what factors are needed to build digital system? The digital economy is an umbrella term used to describe markets that focus on digital technologies. These typically involve the trade of information goods or services through electronic commerce. It operates on a layered basis, with separate segments for data transportation and applications. Conventionally, data transportation was considered to be a natural monopoly, while applications were assumed to be a very competitive segment. Increasingly, however, this dichotomy has been reversing as the transportation segment is liberalized and many applications markets

become more concentrated. The Committee's hearings focused on competition issues relating to software platforms and applications.

Furthermore the Decree "On the Action Strategy for the Continuous Development of the Republic of Uzbekistan in 2017-2021", was signed by the President of the Republic of Uzbekistan in order to establish decent conditions for continuous economic improvement in the country, distinguish foremost priorities and concise directions of further deepening democratic reforms in the country(2017-the year of sweeping reforms, 2018) [1]

Even, in the address by the President of the republic of Uzbekistan to Oliy Majlis there many many important facts were discussed such as, We must design National Concept of Digital Economy which considers upgrade of all sectors of our economy with digital technologies. In this context, we need to introduce the Program "Uzbekistan Digital - 2030". Digital economy will facilitate at least 30-percent increase of GDP and significant reduction of corruption. It's being also proved by the analysis of reputed international organizations. Accordingly, within two months time, the Government is to develop "roadmap" on transition to digital economy. In this regard, special attention needs to be paid at ensuring information security. [2]

Since 2012, the Government of Uzbekistan has made solid stride towards executing computerized advances and has propelled two projects to progress advanced improvement in the nation: the "ICT Infrastructure Development Program 2015-2019" (9



projects) and the "E-Government Development Program 2013– 2020" (28 projects). The Ministry for Development of Information Technologies and Communications administers these projects (since 2015). Inside the E-Government program, Uzbekistan has propelled 265 online administrations and 600 government organizations, actualized client criticism on administration quality and e-investment, expanded straightforwardness in open administration conveyance, set-up a call-focus, and set up "One-Stop-Shops" in 194 regions of the nation. Uzbekistan has affirmed its availability to work together with the World Bank and with different nations in the area to build up a focused ICT segment and triple its weight in the national economy. [3]

If we look through the digital system and the ICT in statistics globally the digital transformation of organizational and economic principles of management is becoming as one of the key factors of global economic growth. According to the Boston Consulting Group (BCG), the share of digital economy in the GDP of developed countries have raised by 1.2 percent since 2010, reaching 5.5 percent. Whereas, the share of the digital economy in the GDP of developing countries has increased from 3.6 percent to 4.9 percent in 2016(Walden, 2015). Furthermore, based on the data of the World Economic Forum, the competitiveness index of the economy has a high level of correlation with the index of ICT development. Subsequently, ICT market is added to the list of 25 percent of fastest growing major sectors of the world economy. In addition, economic sectors that continuously involving ICT in their activities are growing 1.7 times faster than the average growth rate in the economy (OECD Information Technology Outlook 2015).

**The role of ICT in building the “digital economy”** the benefits and opportunities enabled through the rapid growth of ICT and its applications have been widely researched and discussed. To generalize, the influence of ICT development can be viewed in two major directions:

The computerization of most man made tasks that allow service providers to remodel and significantly upgrade the traditional service delivery procedures. In fact, the widespread application of ICT led to the

- creation of high-paying jobs;
- growth of productivity and GDP;
- rise of high growth companies;
- creation of new sectors and ways of doing business;
- increase of competitive advantage;
- and promotion of Innovation

Also, New digital trends such as cloud computing, mobile web services, smart grids, and

social media, are radically changing the business landscape, reshaping the nature of work, the boundaries of enterprises and the responsibilities of business leaders. These trends enable more than just technological innovation. They spur innovation in business models, business networking and the transfer of knowledge and access to international markets.[4]

According to the press service of the Ministry of Information Technologies and Communications, the draft resolution of the Cabinet of Ministers sets the following directions for the development of digital economy in the Republic of Uzbekistan:

- identification of state and economic bodies, local self-government bodies on the basis of necessary information systems and resources, implementation of software and electronic services;

- creation of favorable conditions for attracting foreign investments in the country by organizing the technology market and technology parks on the basis of the digital economy, information technologies market, including public-private partnerships

- coordination of modern telecommunication infrastructure, development of communication technologies and networks, introduction of modern telecommunication services

- development of proposals for the development of the national segment of the Internet, organizational, material and technical and economic support for digital media content

The features of a digital economy make it an inherently useful and advantageous system. Digitization has provided the solution for storage requirements of articles like books, music, film and newspaper. Libraries filled with archives of newspapers, books and music cassettes would occupy vast amounts of space and labor for maintenance and recovery. However, digital libraries have been a godsend in such situations. With prints of old film and newspapers being digitized, they can be stored in compact forms. In addition to the savings in terms of storage space, there is also the advantage of having ease in recovery of such items as they can be looked up on a central database and obtained within seconds. Also, resources which would otherwise have been used in maintaining these records can now be employed elsewhere. This discussion leads us to the very first and most obvious advantage of a digital economy – minimal space requirements. The vast infrastructure that goes into setting up a digital economy (like the internet) is actually very small in physical terms. [5]

Building the digital economy can lead to another following undeniable advantages:

- Preventing the hidden economy
- Time saving



- Money saving
- Preventing the corruption

On the other hand, as every perfect thing has a little drawback, digital economy also has some kind of negatives such as, when building digital economy,

it naturally requires substantial initial investments and can be needed huge amount of money in order to buy digital technologies. But, with the innovative developments establishing capital investments becoming cheaper and easy.

**Table-1****Key Digital Statistical Indicators of Uzbekistan (2018)**

	<b>Total population</b>	<b>Inernet users</b>	<b>Mobile connections</b>	<b>Active social media users</b>	<b>Active mobile internet users</b>
In Million	32,49	15.45	22.65	1.30	9.51

Source: Data collected from the official website of the Ministry for the Development of Information Technologies and Communications of the Republic of Uzbekistan, [www.mitc.uz](http://www.mitc.uz)

As can be seen from the graph, 48% of the whole population is the active internet users. 9.51 million (30%) people utilize mobile phones, while, the rest residences use other internet devices (Laptop, PC, tablet) to connect to the internet in Uzbekistan. 1.30 million citizens of Uzbekistan are active social media users. [6]

It is clear from the information given above that the quality of using ICT in our country is being developed rapidly and by building the digital economy step by step the quality of living standards of population is becoming better and better.

Lastly, while current research mainly focuses on the benefits and opportunities of promoting digital economy, the study does not thoroughly address the risks and threats that it poses. The potential decrease in workplaces, as a consequence of computerization of most man made tasks, is one of the primary risks of the digital economy. Perhaps, the population with the technical and engineering occupation will suffer most. Further risks include the high level of uncertainty in undertaking national strategic actions. This especially concerns the developing and young economies that are still fragile to any economic challenges. The current socio-economic trends focused on promoting digital economy in the country facilitates the creation of many considerably new and interesting areas to investigate. This provide researchers an opportunity to contribute to the economic science and challenge their views and findings in practice

**Recommendations** to establish digital system and to improve the quality of using ICT there are huge amount of issues that needs to tackle immediately. For example, their no digital system without a good connection of internet and also the government should provide the essential facilities for educational institutes like kindergartens, schools, colleges and etc. I hope that in near upcoming future we will have a huge possibility in using ICT with high quality because of the measures created by the government.

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