

UZBEKISTAN'S DIGITAL ECONOMIC TRANSFORMATION AMID GLOBAL CHANGES THROUGH CAREC PROJECTS IN INNOVATION AND SOCIAL DEVELOPMENT

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Abstract

Nowadays economic development, trade, investment is strengthened by the number of organizations among the countries. Countries which are member of CAREC are becoming active partners through cultivating relationship and economic diplomacy. Having invested in Uzbekistan for several sectors, CAREC plays a pivotal role in Uzbekistan growth. Jobs prospects and facilities are taken into account with being a part of CAREC strategy 2030. By 2030 in Uzbekistan employment rate is expecting to grow considerably as there are lots of project in diverse field. As a result the level of poverty is going to decrease since the number of people are going to provide with work.

Key words

CAREC, trade, investment, initiation, poverty, projects, agriculture, job prospects and facilities

Annotatsiya

Hozirgi kunda iqtisodiy rivojlanish, savdo va investitsiyalar davlatlar o'rtasidagi turli tashkilotlar orqali mustahkamlanmoqda. CARECga a'zo bo'lgan davlatlar o'zaro munosabatlar va iqtisodiy diplomatiyani rivojlantirish orqali faol hamkorlarga aylanmoqda. O'zbekistonning bir nechta sohalariga investitsiya kiritgan holda, CAREC mamlakatning o'sishida muhim rol o'ynamoqda. Ish o'rinlari istiqbollari va imkoniyatlar CAREC 2030 strategiyasining doirasida e'tiborga olinmoqda. 2030-yilga borib O'zbekistonda bandlik darajasi sezilarli darajada oshishi kutilmoqda, chunki turli sohalarda ko'plab loyihalar amalga oshirilmoqda. Natijada, ish bilan ta'minlanadigan odamlar soni ko'paygani sayin qashshoqlik darajasi kamayishi kutilmoqda.

Kalit so'zlar

CAREC, savdo, investitsiya, tashabbus, qashshoqlik, loyihalar, qishloq xo'jaligi, ish o'rinlari istiqbollari va imkoniyatlar.

Аннотация

В настоящее время экономическое развитие, торговля и инвестиции укрепляются за счёт увеличения числа организаций между странами. Государства — члены CAREC становятся активными партнёрами благодаря развитию взаимоотношений и экономической дипломатии. Инвестируя в различные сектора Узбекистана, CAREC играет ключевую роль в росте страны. Возможности трудоустройства и предоставляемые условия учитываются в рамках стратегии CAREC 2030. К 2030 году в Узбекистане ожидается значительный рост уровня занятости, поскольку реализуется множество проектов в различных сферах. В результате уровень бедности будет снижаться, так как всё больше людей будет обеспечено работой.

Ключевые слова

CAREC, торговля, инвестиции, инициатива, бедность, проекты, сельское хозяйство, перспективы трудоустройства и условия.

Introduction. CAREC (Central Asian Regional Cooperation) is the one of the popular organization which has been making a significant contribution in countries which are part of it. It includes 10 countries and Uzbekistan is fully member of this corporation. Uzbekistan joined in 1997. CAREC is aimed to promote development through cooperation as cooperation is the key of new innovation among the countries. In addition, it helps to accelerate economic growth with building up initiations. Reduction of poverty is their one of the main goal which should be solved in every each member. Motion in this organization is "Good neighbors, good partners good prospects. Investing 51.02 billion\$ in Uzbekistan, it shows the best support for the development. This investment is for intensifying country's life with expending multimodal transport system, increasing energy trade, and security.

Analysis of literature. In this article oreign literature and publications, journals are observed and analyzed. One of those journal is called "Asia-Pacific sustainable development". There the most common problems in Central and North Asia are discussed and figured out how to solve them. In addition, there is an explanation of trade policy effort for Central Asian Regional Corporation is showed through several factors. Furthermore This paper examines the challenges and opportunities related to transport, energy, and information and communications technology connectivity in landlocked developing countries of North and Central

Asia, underscoring its pivotal role in advancing sustainable development. Regional collaborative efforts – encompassing the development of multimodal transport corridors and promotion of multilateral power and energy trading, and information-sharing of digital transformation solutions – can offset structural weaknesses of individual countries, catalyse decarbonization and strengthen resilience. Interlinking transport, energy and information and communications technology connectivity has emerged as a strategy to realize economic, political and security gains, thereby facilitating the achievement of the Sustainable Development Goals.

“How to create more jobs and reduce poverty in Uzbekistan: Focus on the agri-food sector” by Zergiy Zoya and Aira Htenas. Having observed data and information, this article is about agri-food, textile, light industry sector in Uzbekistan. There is also discussed In the future how these sectors will make contribution to develop Uzbekistan’s employment rate. Uzbekistan GDP in food sector in 2019 and how far did it change in 2023 is widely demonstrated through numbers.⁷⁹

Methodology. In this article the number of methodologies are used for observation: Method of analysis. Having divided each section into the pieces , sectors which are being developed by investment are compared with each other. Method of synthesis helps to consolidate the information and see them in one big point. Method of induction is also the main part of observation since general conclusion is come by analyzing specific projects which are going on in Uzbekistan.

Result and discussion. Organization is fond of Uzbekistan agri-food sector, agriculture, textile, light industry. As Uzbekistan is the one of the most popular country with its cotton fabric. Investment and loan that come by helping this organization is really changing the process in the country.

In different field of industry CAREC is becoming part of creating more jobs and facilities paving the way for cultivating high standard life. In Uzbekistan, the agri-food sector, containing of agriculture, food and light industries (textile, garment, apparel, and leather industry), plays a vital role in the domestic economy. In 2019, it was the largest contributor to GDP (41 percent) and producer of export revenue (19 percent).

Regarding to CAREC, agriculture alone generates 28 percent of GDP and employs more people than any other industry – 27 percent of the entire labor force, or over 3.65 million people.

⁷⁹ World Bank Blogs. How to create more jobs and reduce poverty in Uzbekistan: Focus on the agri-food sector. <https://blogs.worldbank.org/en/europeandcentralasia/how-create-more-jobs-and-reduce-poverty-uzbekistan-focus-agri-food-sector>

Yet it could be doing so much more to deliver on job generation than it has so far. It is estimated that by 2030, well-targeted public policies and investments could support the annual creation of 0.7–1.3 million new jobs in this sector, more than enough to absorb the 0.6 million young people who enter the country's labor market annually.⁸⁰

An estimated 9.6 percent of the country's population (3.2 million people) were living below the \$3.2/day poverty line in 2019, which is the international definition for lower-middle-income countries like Uzbekistan. Roughly 80 percent of them were living in rural areas with livelihoods that depend largely on agriculture. All of these constraints have depressed incentives for greater investments and efficiency increases in agriculture, thereby reducing the demand for labor in the sector. But these gaps have also created an opportunity for quick wins in Uzbekistan, once more favorable policies, the kind that many other countries have long supported, are put in place. Since 2017, the government has been implementing bold economic reforms that have begun to create conditions that could turn the agri-food sector into an engine of much higher and better-quality employment. Going forward, Uzbekistan should capitalize on these and other reforms in the state's order system and land use, and also on its comparative advantages in labor-intensive and competitive horticulture production, which is hard to mechanize, and the wider adoption of modern technologies. Agriculture's potential to generate more good jobs in Uzbekistan could be realized by:

- (i) shifting land to more labor-intensive crops that also yield higher land productivity and better market outlooks;
- (ii) increasing the extent of secondary cropping;
- (iii) prioritizing commodities with a lower probability of mechanization/automation;
- (iv) adopting technologies that would not only increase farm incomes but also require more labor.⁸¹

There are several examples of the potential for increase in agricultural jobs by 2030: [With other factors kept constant, a farmland shift from cotton and wheat \(from 67 percent in 2019 to 45 percent in 2030\) to more labor-intensive horticulture could create 26 percent more jobs in agriculture by 2030](#) — or, put another way, require an additional 915,000 workers. Most of the jobs would be in the production of vegetables, fruits and berries, potatoes, and grapes.

⁸⁰ World Bank Blogs. How to create more jobs and reduce poverty in Uzbekistan: Focus on the agri-food sector. <https://blogs.worldbank.org/en/europeandcentralasia/how-create-more-jobs-and-reduce-poverty-uzbekistan-focus-agri-food-sector>

⁸¹ Ibid

If mechanization is taken into consideration, the employment growth by 2030 would be slightly lower, increasing by 19 percent, or 677,000 jobs, compared to 2019. Harvesting and other tasks involved in the production of grains, cotton, and potatoes could become more mechanized even as the production of other crops remains essentially unchanged.

More agricultural employment can also be generated by adopting modern technologies in fruit and vegetable production. Intensive orchards and greenhouses can create many jobs. For the 2030 job forecast, if 10 percent of the vegetable growing area were put under greenhouses or other intensive production methods, as well as 40 percent of orchards, these steps alone would generate 5 percent—or 155,000—more jobs by 2030. Overall, compared to 2019, total employment could increase by 24 percent, or 832,000 jobs.

From 2001 to December 2023, CAREC investments reached almost \$51 billion covering 276 regional projects. Of the total, more than \$17.6 billion was financed by ADB, \$23.4 billion by other development partners, and \$10 billion by CAREC governments. The top three funders are ADB, the World Bank and the EBRD. Of these investments, transport has the biggest share, with about 67.4% or about \$34.3 billion; energy accounts for 25% or more than \$12.7 billion; trade facilitation and trade-policy accounts for 2.7% or about \$1.4 billion

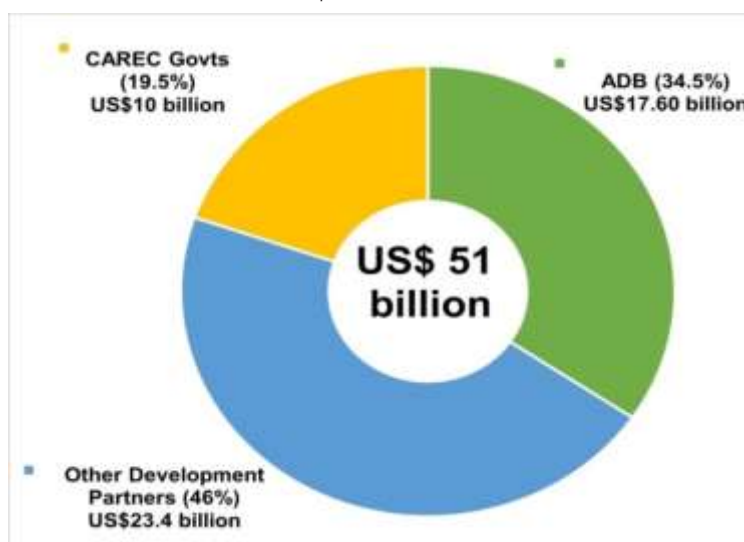


Figure 1. Amount of CAREC Investments by Funder (as of 31 December 2023, in \$ billion)

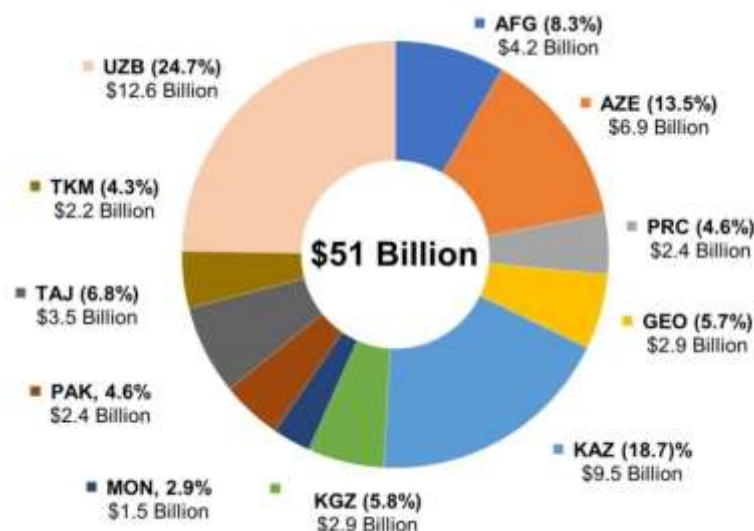


Figure 2. CAREC Investments by Country (as of 31 December 2023, in \$ billion)

AFG = Afghanistan, AZE = Azerbaijan, GEO = Georgia, KAZ = Kazakhstan, KGZ = the Kyrgyz Republic, MON = Mongolia, PAK = Pakistan, PRC = People's Republic of China, TAJ = Tajikistan, TKM = Turkmenistan, UZB = Uzbekistan

The top 3 borrowers are Uzbekistan, Kazakhstan, and Azerbaijan (Figure C). Uzbekistan has availed a little more than one fourth of the total investments in CAREC since its inception.

1.Uzbekistan : Rural Roads Resilience Sector Project

The project aims to improve part of the larger national rural road program outlined in Uzbekistan's Rural Road Strategy 2035.

The project also promotes the implementation of Central Asia Regional Economic Cooperation 2030, particularly operational cluster (infrastructure and economic connectivity). The proposed project will improve approximately 700 km of existing rural roads that are in poor condition, which will enhance road capacity, quality, connectivity, and service life while reducing future maintenance needs.⁸²

Table 1

There several projects that CAREC invested in Uzbekistan for different sectors

PROJECT NAME	Amount USD mill	Funding agency	Status	Date Approved	Project type	Sector
Rural roads resilience sector	295.75	Asian development	ongoing	Dec 11, 2023	loan	transport

⁸² ADB, solving complex challenges together, Uzbekistan : Rural Roads Resilience Sector Project.
<https://www.adb.org/projects/57004-001/main>

project		bank				
Uzbekistan: Surkhandarya 1,560MW CCGT Power Plant	244,33	Asian Infrastructure Investment Bank	ongoing	june 14, 2023	loan	energy
Advancing Uzbekistan's Economic and Social Transformation Development Policy Operation	950	World Bank	ongoing	Dec 14, 2022	loan	Economic & Financial Stability
Uzbekistan Water Supply Energy Efficiency Project	199,961	European Bank for Reconstruction and Development	ongoing	Sep 21, 2022	loan	water
Uzbekistan Financial Sector Reform Project	15	World Bank	ongoing	May 24, 2022	loan	Economic & Financial Stability

2. Uzbekistan: Surkhandarya 1,560MW CCGT Power Plant

The Project involves the design, construction, maintenance and operation of a greenfield combined-cycle gas turbine (CCGT) power plant of 1,590MW capacity and associated infrastructure in Surkhandarya region in Uzbekistan. The Project is being developed by Stone City Energy (SCE, 25%), EDF (15%), Siemens Energy (25%) and Nebras Power (35%), through a dedicated project company SCE-Quvvat LLC.

Consistent with the Uzbekistan Ministry of Energy's "Concept note for ensuring the electricity supply in Uzbekistan in 2020-2030", the Project is supported by a 25-years Power Purchase Agreement (PPA) signed between SCE-Quvvat and JSC National Electric Grid of Uzbekistan in April 2021, as amended and restated in May 2023. The Project is developed using Siemens Energy's SGT5-9000HL turbines with base load efficiency of more than 60 percent. The Project is expected to be operational in January 2027.

Expected Outcome To increase the availability of high-efficiency gas-fired power generation capacity in line with the power sector decarbonization strategy of the Republic of Uzbekistan.⁸³

⁸³ CAREC. Uzbekistan: Surkhandarya 1,560MW CCGT Power Plant. <https://carecprogram.org/?project=uzbekistan-surkhandarya-1560mw-ccgt-power-plant>

3. Advancing Uzbekistan's Economic and Social Transformation Development Policy Operation

Supporting Uzbekistan's transition to an inclusive and private-sector led market economy through strengthening market institutions and the environment for private sector growth, improving state-owned enterprise management and increasing social inclusion and resilience.⁸⁴

4. Uzbekistan Water Supply Energy Efficiency Project

The Project is expected to enhance the resilience to climate change by improving energy and water efficiency in the national IWC system.

Expected Outcome

Primary Quality: Green. The Project will promote climate change mitigation through substantial energy efficiency savings and GHG emission reductions. The Project's GET share is 100%. Secondary Quality: Well Governed. The Bank will support and contribute to developing the RoU's long-term policies in the sector and transition from an administrative approach of state regulation to market-based principles through institutional set up and governance improvements.⁸⁵

5. Uzbekistan Financial Sector Reform Project

The project development objective is to support the authorities in restructuring and privatizing state-owned banks, increasing financial resilience to disasters, and expanding finance for exporting MSMEs.⁸⁶

Conclusion and suggestion

The role of CAREC in Uzbekistan growth is valuable as it invests in almost all sector to improve efficiency of actions to establish framework. Uzbekistan economic transformation such as infrastructure, agriculture, energy has been intensifying significantly by the number of projects. Job creation, employment rate, reduction of poverty is changing in a positive way because of implementations paving the way for population to improve financial stability. Sectors which are prioritizing most are transport, with being shared \$34,3 billion , energy account more than \$12,7 billion, trade facilitation and trade policy with being \$1,4 billion.

Suggestions. Uzbekistan should align its domestic policy such as economy, trade, healthcare, social welfare, environment with CAREC's strategy to hold same position and benefits in regional corporation. Cutting-edge technology and

⁸⁴ CAREC. Advancing Uzbekistan's Economic and Social Transformation Development Policy Operation. <https://carecprogram.org/?project=advancing-uzbekistans-economic-and-social-transformation-development-policy-operation>

⁸⁵ CAREC. Uzbekistan Water Supply Energy Efficiency Project. <https://carecprogram.org/?project=uzbekistan-water-supply-energy-efficiency-project>

⁸⁶ CAREC. Uzbekistan Financial Sector Reform Project. <https://carecprogram.org/?project=uzbekistan-financial-sector-reform-project>

innovations should surpass especially in agriculture and transport sectors as government can derive benefit to its residence. More targeted investments in sectors like technology and services could complement the agricultural focus and diversify the economy. As Uzbekistan develops its infrastructure and energy sectors, it must prioritize sustainable development practices to minimize environmental impact. Special programs should be introduced to support the growing young workforce, ensuring they benefit from the job opportunities created by CAREC projects.

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