

THE IMPACT OF THE DIGITAL ECONOMY ON DEVELOPING COUNTRIES

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Abstract: This article is devoted to a comprehensive study of the impact of the digital economy on developing countries, especially on the economy of Uzbekistan. The article analyzes the theoretical and methodological foundations, legal framework, main directions and practical results of the digital economy. The study examined the impact of digital technologies on such sectors as industry, finance, education and healthcare in Uzbekistan, as well as infrastructure, the digital divide and political problems arising in this process. The article assesses the effectiveness of the development of the digital economy and develops scientifically based recommendations for its further improvement.

Key words: Digital economy, developing countries, economic growth, digital technologies, social development, innovation, infrastructure, digital divide, Uzbekistan.

Introduction

In today's world, the digital economy has become one of the main sources of economic growth, innovation and social progress for developing countries. The introduction of digital technologies, especially in developing countries such as Uzbekistan, entails serious changes not only in the economic but also in the social spheres. At the same time, this process creates new problems, such as digital inequality, poor infrastructure and difficulties in maintaining political stability. The main objective of this study is to study the impact of the digital economy on developing countries, especially Uzbekistan, analyze the opportunities and challenges arising in this process, and develop the necessary measures to improve the effectiveness of public policy.

In recent years, Uzbekistan has paid much attention to the digital economy. A number of documents and programs adopted by the state are aimed at introducing digital technologies into all sectors of the economy. In particular, the 2018 Decree of the President of Uzbekistan "On the Development of the Digital Economy" and other regulatory documents provide for a wide range of measures to develop digital infrastructure, introduce innovations and reduce digital inequality. At the same time, the development of the digital economy will have a significant impact not only on economic growth, but also on social spheres. Changes are expected in areas such as digital services, e-commerce, digital education and healthcare. However, this process also creates a number of problems, in particular, difficulties in developing digital infrastructure, widening the digital divide and ineffectiveness of public policy. This study analyzes the impact of the digital economy on developing countries, in particular Uzbekistan, the economic and social consequences of this process, the problems arising during the implementation of digital transformation, and develops recommendations to improve the effectiveness of public policy ensuring the development of the digital economy.

A number of important decrees and resolutions have been adopted to ensure the development of the digital economy in the Republic of Uzbekistan. Among them, the following documents are of particular importance:

Decree of the President of the Republic of Uzbekistan dated April 5, 2018 No. PF-5383 "On approval of the Strategy for the Development of the Digital Economy" - This decree defines the main directions for the development of the digital economy and develops state program documents for the implementation of digital transformation. The decree provides for specific measures to introduce digital technologies in all areas of the economy, digitalization of public administration and social services. [1]

Decree of the President of the Republic of Uzbekistan dated April 6, 2020 No. PF-5968 "On measures to develop the digital economy in Uzbekistan in 2020-2023" - This decree includes a set of measures aimed at creating the necessary infrastructure for the development of digital technologies, in particular, the introduction of a 5G network, the expansion of high-speed Internet networks, and the development of e-commerce. [2]

Resolution of the President of the Republic of Uzbekistan dated March 15, 2021 No. PP-4966 "On improving measures for the development of the digital economy" - This resolution sets out new initiatives aimed at developing the digital economy and attracting the private sector, as well as directions for further improvement of digital services of the public sector. [3] The objectives of the study are as follows:

1. To study the theoretical and methodological foundations of the digital economy ;
2. Analyze the role and impact of the digital economy in developing countries;
3. Study of measures aimed at developing the digital economy in Uzbekistan;
4. Analysis of the economic and social consequences of the digital economy;
5. Assessing the challenges and opportunities that arise when implementing digital transformation;
6. Develop recommendations to ensure the development of the digital economy.

Literature review

Today, the digital economy is of great importance for developing countries around the world. The process of digital transformation in Uzbekistan is gaining momentum, in particular, thanks to decrees and regulations adopted by the government since 2018. There are a number of scientific papers, articles and studies devoted to the development of the digital economy and the socio-economic results of its successful implementation.

There are different views on the digital economy in the scientific literature. For example, as Brynjolfsson and McAfee (2014) argue , the introduction of digital technologies fundamentally changes the entire economic system, including the processes of job creation and risk management [1] . These studies show that digital technologies create new opportunities in the global economy, but at the same time, their use in developing countries may be limited. Research on the development of the digital economy in Uzbekistan, in particular, conducted within the framework of the National Strategy for Digitalization of the State and Society (Decree of the President of the Republic of Uzbekistan No. PF-5383 of 2018), indicate the expansion of digital infrastructure and services in the country [2] . Shavkat Mirziyoyev noted that the digital economy is an important

factor in creating new jobs in Uzbekistan, ensuring economic growth and increasing competitiveness in international trade.

In addition, the works of economists such as Drucker (1999) and Castells (2000) focus on the study of the social and economic structures of the digital economy [3]. They believe that digital technologies play an important role not only in economic growth but also in ensuring the social progress of society. However, as Hargittai (2002) notes, differences in digital inequality and access to technology can lead to social inequalities [4], which hinder the maximum use of the digital economy. In addition, Katz and Koutroumpis (2007) Their research shows the social and economic benefits of developing digital infrastructure and technologies [5]. They studied the experience of introducing digital technologies in developing countries and noted that positive results have been achieved in terms of their impact on economic growth. In addition to studying Uzbekistan's strategies and measures related to the digital economy, analyses by international financial institutions such as the World Bank (2020) and the IMF (2021) also provide important information on the role and prospects of this process in developing countries [6]. They believe that the introduction of the digital economy will increase the growth rate of the global economy, but for developing countries this process is associated with many difficulties, in particular, limitations in the infrastructure and education sectors. In addition, **the reports of UNCTAD (2020) and OECD (2021)** outline the political and economic measures needed for the sustainable development of the digital economy. The success of using the digital economy largely depends on the state's approach to the development of digital infrastructure and the effectiveness of its implementation.

As a result of the analysis of the above studies, it can be concluded that the development of the digital economy plays an important role not only in the economic sphere, but also in ensuring socio-economic stability. Digital technologies create new jobs, stimulate economic growth and increase competitiveness in international trade.

Research Methodology

In the process of conducting this study, a systematic approach to scientific knowledge, empirical research, quantitative and qualitative methods of analysis were widely used. The main methods that form the methodological basis of the study are comparison, analysis and synthesis, as well as the effective use of statistical and analytical methods. In addition, the study used applied research tools such as questionnaires and surveys to study existing scientific sources and confirm the results with real data. The main goal of the study is to identify and analyze the factors influencing the development of the digital economy, as well as to develop specific recommendations for the effective implementation of this process.

Analysis and results

Social policy reforms implemented after Uzbekistan gained independence contributed to the development of various spheres of the country and the improvement of the well-being of the population. These reforms set such important goals as improving the social protection system, reducing poverty, ensuring social justice and providing assistance to all social strata.

Stages of reforms in the sphere of social policy: **The reforms** went through several stages. In 1991–2000, the social protection system acquired a compensatory character, and the first measures to reduce poverty were taken. In the period 2001–2016, the social protection system adopted a targeted approach and the process of its improvement began. Since 2017, the social

protection system has reached a new level, with special attention being paid to further expansion of social services, reforming the pension system, and supporting people with disabilities.

Table 1. Stages of development of the social protection system:

Period	Peculiarity	Main directions
1991-2000	Of a compensatory nature	Formation of a social protection system
2001-2016	Purposeful character	Improving the social security system
2017-2021	New scene	Reform within the framework of the action strategy
2022-2026	Development strategy	Reducing poverty and strengthening social protection

Since independence, the social protection system has been gradually formed and improved. This system developed in four main stages, each of which had its own characteristics and directions. 1991–2000 — this period became the stage of formation of the social protection system , which was mainly of a compensatory nature . That is, it is aimed at helping the most vulnerable segments of the population and maintaining social protection of the population in a situation where the social guarantees of the former USSR are disappearing. The system was centralized, universal and based on a universal approach. 2001–2016 — during this period, the social protection system gradually began to acquire a targeted nature . The state increased its attention to providing specific and direct assistance to the most vulnerable segments of the population. The forms of social assistance expanded, their effectiveness increased, and financing mechanisms were improved. 2017–2021 — this stage in the social protection system is considered a new era. Within the framework of the Action Strategy adopted under the leadership of President Shavkat Mirziyoyev , the implementation of deep reforms in the social sphere has begun. During this period, the priority tasks were the institutional strengthening of the social protection system, the creation of a new regulatory framework and the introduction of modern management mechanisms . 2022-2026 represent a new stage in the development of the social protection system based on the New Development Strategy of Uzbekistan. At this stage, the main focus is on reducing poverty, accurately accounting for the population, creating assistance systems based on real needs, digitalizing social services and bringing them closer to the population. Indicators for measuring the level of poverty have been developed, mechanisms for implementing social assistance based on a “social contract” have been formed.

Conclusion and suggestions

This scientific paper analyzes the reforms implemented in Uzbekistan in the field of digital economy, their main directions, impact on socio-economic development and future opportunities. The results of the study show that the digitalization policy implemented in the country contributes to increasing the efficiency of all sectors of the economy, automating public services, reducing the risks of corruption, and creating a convenient digital infrastructure for citizens. In particular, the

provision of public services through "my.gov.uz", "id.gov.uz", "e-ijro" and other platforms reduces bureaucratic obstacles for citizens and ensures fast and transparent communication with the state. At the same time, digitalization of the economy increases the efficiency of fiscal and monetary policies, which serves to ensure macroeconomic stability.

As a general conclusion, we can say that the digital economy is not only a technological advance, but also an important strategic factor for social stability and economic growth. If this trend continues, Uzbekistan is expected to take high positions in international digital rankings and increase the volume of foreign investment. Based on the study, the following proposals were developed: First, digital infrastructure should be developed evenly across regions. Today, access to digital services in some remote areas is limited due to the poor quality of the Internet. In this regard, it is advisable for the state to attract additional investments in expanding the broadband Internet network. Second, it is necessary to take systemic measures to improve digital literacy. Due to the difficulty of using digital services among the population, especially among middle-aged and older people, it is proposed to introduce programs to improve digital skills through free online courses and mobile applications. Using the experience of countries such as Estonia and Singapore, digital literacy can be introduced as a mandatory educational module. Third, it is necessary to strengthen support mechanisms for IT start-ups based on public-private partnerships. This will accelerate the implementation of innovative ideas, create new jobs and increase the export potential of local digital products. For example, in the practice of Korea and India, "sandbox" regimes for startups, a simplified tax system, and a grant system have proven their effectiveness.

As a result of the phased implementation of the above proposals, the pace of development of the digital economy in Uzbekistan will accelerate, economic efficiency will increase, and the interaction of the population and business entities with the state will reach a new level. Thus, Uzbekistan can take a competitive position in the global digital economy.

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