

Private sector development and economic policy advice in Uzbekistan

Promotion of green industrialisation in Uzbekistan

Challenge

Uzbekistan is in the process of implementing economic reforms, including the green transformation of its economy. The efficient and competitive industrial sector is crucial for the reduction of CO₂ emissions, and the contribution to value creation and employment. Nevertheless, economic development lags behind the country's expectations for sustainable industrialisation.

The share of the manufacturing sector in GDP and the share of manufacturing employment in total employment stagnates. In addition, women are mainly employed in low-wage jobs. The economy of Uzbekistan is thus unable to provide sufficiently well-paid and equal employment opportunities for the rapidly growing population. The outdated and inefficient technologies used in the manufacturing sector result in low energy efficiency and low competitiveness of the industry. The growth of the industry can only be sustainable if it systematically promotes the green transformation of the economy and industrial sector.

Objective

The project "Private sector development and economic policy advice in Uzbekistan" supports Uzbekistan's public and private sector actors to promote green industrialisation, and to introduce energy- and resource-efficient production. Thereby, it creates the conditions for long-term sustainable economic growth that is decoupled from the use of natural resources.

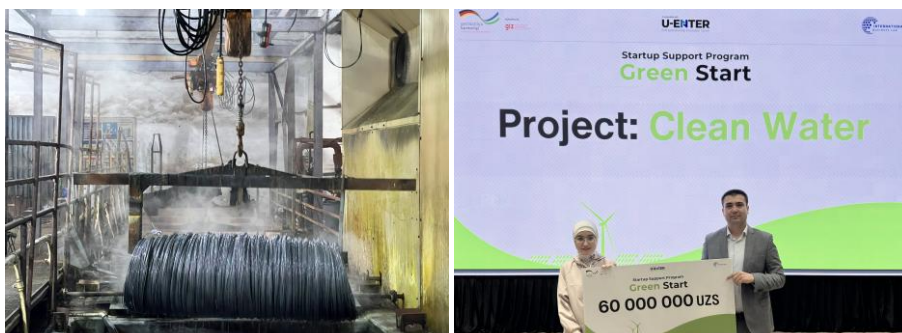
Project name	Private sector development and economic policy advice in Uzbekistan
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Political partner	Ministry of Economy and Finance of the Republic of Uzbekistan
Project region	Republic of Uzbekistan
Duration	12.2022 – 12.2027

Approach

The project takes a multi-level approach and cooperates with policymakers, private companies, business associations, and research institutions.

At the policy level, the project aims to provide economic policy advice and strengthen the human and operational capacities of relevant public sector actors for industrial policy. The project provides trainings and workshops and facilitates the exchange of experience with other countries. The aim is to enable employees of government institutions to conduct industrial analyses, develop and implement strategy documents and roadmaps and set up a monitoring system for green industrialisation.

At the company level, the project aims to strengthen the technical capacities of the private sector for the implementation of more sustainable production methods in the industrial sector. By raising the awareness of companies for green industrialisation and by strengthening the role of business service providers in supporting the green transition of industrial sectors, companies acquire possibilities to switch to more sustainable production and



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Production of construction materials at the project partner company;

Awarding the certificate to the winner of the project idea for restoring water damaged by industry.

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Training on the development of green business services and resource-efficient production;

Textile production at the project partner company.



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reduce their CO₂ emissions. The work on transforming two industrial zones to eco-industrial parks is being carried out.

The project aims to promote demand-oriented services to increase the competitiveness of small and medium companies in selected manufacturing sectors, namely in textiles, production of construction materials, food processing, and renewable energy technologies. These are sectors that have a high potential for green growth and sustainable employment. Higher competitiveness in the manufacturing sector leads to value creation and more employment. The project also works with green start-ups and strengthens cooperation between industrial companies, research institutions and universities.

In addition, the project supports European and Uzbek industrial companies investing in activities with environmental and social benefits. Suitable companies may be co-financed by the developPPP programme in Germany. The project provides guidance to companies in preparing and submitting applications for co-financing through the developPPP Service Centre.

Partners and Beneficiaries

The project's partners in the public sector are line ministries that develop and implement green industrial policy. In the private sector, employees, founders and owners of SMEs, operating in the industrial sector benefit from better framework conditions, technical know-how and targeted business support, leading to a more sustainable and competitive industry. The inclusion of

women in project activities is specifically pursued to improve their social and economic participation. Particular attention is paid to female entrepreneurs and managers with the aim of promoting female entrepreneurship and reducing the gender imbalance. The project involves business associations and industrial zones as representatives of private companies and providers of business services for the private sector.

Results

- 1 strategic document on green industrial policy has been developed;
- 81 public-sector employees improved their competencies through training courses on industrial policy;
- 35 SMEs reduced their CO₂ intensity by at least 10%;
- 4,221.6 tonnes of CO₂ emissions were reduced in the textile and construction material sectors;
- 66 companies developed proposals for conversion to sustainable production, of which 52 have started implementation;
- 32 companies enhanced their competitiveness through participation in training, energy audits, and study tours;
- 26 cooperation agreements between universities and companies enabled joint research and innovation in green industrialisation;
- 9 green technology start-ups (5 women-led) scaled up innovative business models through training and financial support.

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