

Private sector development and economic policy advice for green industrialisation in Uzbekistan

Key public and private sector actors are empowered to drive green industrialisation of the economy 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 own expectations of 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 The outdated and inefficient technologies used in the manufacturing sector result in low energy efficiency and low competitiveness of the industry.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 for green industrialisation 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 for green industrialisation 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	11.2022 – 11.2025

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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reduce their CO₂ emissions. Pilot concepts for the transformation of two industrial zones to eco-industrial zones are being developed.

The project aims to promote demand-oriented services to increase the competitiveness of small and medium companies in selected manufacturing sectors, namely in textiles and the production of construction materials. 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 foresees piloting support schemes to promote cooperation between industrial companies, research institutions and universities.

Finally, the project aims to increase the cooperation of European and Uzbek companies in the field of green industrialisation and to strengthen selected manufacturing sectors, which should lead to increased investments in these fields. The cooperation projects of European and Uzbek companies are initiated through the project-supported develoPPP 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 in the industrial sector benefit from better framework conditions, technical know-how and targeted business support for a more sustainable and competitive industrial sector. 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 that still prevails in the private sector. The project involves business associations and industrial zones as representatives of private companies and providers of business services for the private sector.

Anticipated results

The goal of the project is to:

- Increase the capacity of 80 staff members of line ministries and research institutions, including 30 women, in the field of green industrial policy by organising trainings;
- Help partner ministries to prepare four strategy documents for the implementation of a green industrial policy;
- Establish a green industry monitoring system with impact indicators and milestones;
- Provide advice to 50 companies for the development of proposals for switching to more sustainable production;
- Help 25 SMEs, three of which are managed by women, to reduce the CO₂ intensity of their production by at least 10%;
- Develop concepts for the conversion to more sustainable production in cooperation with the management of two industrial zones;
- Provide four piloted economic development tools to increase the competitiveness of 20 companies, especially in textiles and the production of construction materials;
- Facilitate the conclusion of four cooperation agreements between companies in selected sectors, two of which with research and educational institutions;
- Involve the expert panel of the develoPPP Service Center to review 27 project ideas of European and Uzbek industrial companies in the field of green industrialisation;
- Initiate 14 cooperation projects of European and Uzbek companies with a total volume of EUR 12,400,000 in the field of green industrialisation, three of them with women-led companies;
- Engage the develoPPP Service Center to pilot five innovative start-ups in the field of green industrialisation or strengthening textiles and the production of construction materials, three of which are led by women.

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