

**REGIONAL-ECONOMIC MECHANISMS FOR DEVELOPMENT OF
INDIVIDUAL SECTORS OF SERVICE PROVISION**

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This article provides a scientific analysis of the large-scale reforms being implemented in the Republic of Uzbekistan, in particular, the territorial-economic mechanisms for the development of the service sector. The indicators of the quality of service provision at the regional level are studied in a comparative aspect, and the results achieved and reforms planned for the future are analyzed based on the "Development Strategy of New Uzbekistan" for 2022–2026. Practical proposals are developed to improve individual sectors of the service sector.

ENTRANCE

The Republic of Uzbekistan has entered a new stage of economic and social reforms in the last decade. The modern governance system, formed on the basis of fundamental changes during the "Strategy of Actions" (2017–2021), is being further expanded today through the "Development Strategy of New Uzbekistan" (2022–2026). This strategic document pays special attention to the development of all economic sectors of the country, including the service sector.

The service sector, as the driving force of the modern economy, is a factor determining not only the volume of GDP, but also the level of employment, the quality of life of the population, and trust in the state. Therefore, the scientific and practical analysis and improvement of service delivery mechanisms in the regions remains an urgent scientific issue.

The purpose of this article is to analyze the territorial-economic mechanisms for the development of the service sector in the regions of Uzbekistan within the framework of the Development Strategy and develop proposals.

LITERATURE REVIEW AND METHODOLOGY

The economic mechanisms and territorial development issues of the service sector have been studied at the monographic level by Karimov T., Rakhimov A. (2021) and Sodiqov N.

(2022). Ravshanova SJ (2023) analyzed the dynamics of the development of the service sector in Uzbekistan in her research. Internationally, OECD and World Bank reports substantiate the important role of the service sector in economic growth through empirical evidence.

The article uses methods of statistical analysis, comparative analysis and document study. The main sources are the decrees of the President of the Republic of Uzbekistan, data from the State Statistics Committee and the official legal database lex.uz.

ANALYSIS AND RESULTS

The Presidential Decree "On the Development Strategy of New Uzbekistan" for 2022–2026 established the legal framework for the modernization of the service sector. Paragraph 13 of the Decree indicates the following priority areas:

- conducting constant monitoring of entrepreneurship development, employment generation, and poverty reduction in makhallas;
- analyzing appeals to government bodies, conducting social surveys and public discussions;
- creating a system for public monitoring of the implementation of decisions made by state administration bodies;
- introducing a reporting system for managers on the implementation of adopted programs for each sector and region.

The strategy sets a goal to triple the volume of services and create 3.5 million new jobs in the sector by 2026. This goal clearly demonstrates the state's strategic focus on the services sector.

The share and dynamics of the services sector in GDP According to the State Statistics Committee of the Republic of Uzbekistan, the share of the services sector in GDP was around 35 percent in 2018, while by the end of 2024 this figure exceeded 45 percent. The total volume increased from 19 billion US dollars in 2018 to 65 billion dollars by 2024, and for 2025, 82 billion dollars and a growth rate of 15 percent are forecast.

Table 1. Growth rates by main sectors of the service sector (2022–2025)

Service type	Annual growth rate	Territorial centralization
Financial services	25–30%	Tashkent city, regional centers
IT and communication services	35–40%	Republican level (online)
Tourism and catering	20–22%	Historic cities and mountainous areas
Transport and logistics	15–18%	Border areas and highways

Source: Target indicators of the "New Uzbekistan Development Strategy" and data from the UzRDSQ.

As can be seen from the table, the annual growth rate in the IT and communications sector is 35–40 percent, and development is observed in all regions of the republic through online services. Financial services are also becoming a driver of the economy with a growth rate of 25–30 percent. This trend is the result of the policy being carried out towards a digital economy.

Regional analysis of the service sector

The volume of basic services is concentrated in the city of Tashkent, which accounts for 35-40 percent of the total volume of services in the country. The lowest indicators are recorded in the Syrdarya, Jizzakh and Surkhandarya regions. Such territorial imbalance is directly related to the incomplete integration of the state service sector into modern market conditions, the lack of qualified personnel and the weak control system.

However, some regions specialize in specific types of services:

Table 2. Specialization of the service sector in the regions of Uzbekistan

Service type	Specialized areas
Tourism and recreation services	Samarkand, Bukhara, Khiva, Tashkent region
Logistics and transit services	Navoi, Angren and Termez
IT and intellectual services	Tashkent city and all regional and district centers

Source: State Statistics Committee of the Republic of Uzbekistan, 2024.

This specialization corresponds to the geographical, climatic and socio-economic characteristics of the regions. For example, the rich historical heritage of Samarkand and Bukhara distinguishes them as natural centers for tourism services. The location of Navoi and Termez at the intersection of transit routes creates additional opportunities in the logistics sector.

Dynamics of the services sector in 2022–2025

The main service sectors have undergone significant changes over the period 2022–2026, as set out in the development strategy. The table below shows the impact of these changes on their share in GDP:

Table 3. Dynamics of the share of key service sectors (relative to GDP, %)

Service area	2022 (share of GDP)	2025 (share of GDP)
Sales services	12.4%	19.4%
Financial services	5.2%	10.2%

Service area	2022 (share of GDP)	2025 (share of GDP)
Transport and logistics	7.1%	9.8%
Health services	3.6%	5.1%
Educational services	4.2%	6.7%

Source: State Statistics Committee of the Republic of Uzbekistan and UzRDP reports, 2022–2025.

The analysis shows that trade services increased from 12.4 percent to 19.4 percent — or 7 percentage points. The share of financial services nearly doubled, from 5.2 percent to 10.2 percent. While education and healthcare also grew, their shares remain relatively low.

Trade and finance are becoming the main drivers of the economy. However, it is necessary to further increase investment in education and healthcare, which form human capital. In addition, logistics, computers, tourism, and accommodation and catering services need to be developed on a large scale.

Digitization and improvement of service quality The most important results of digitization implemented since 2022 are as follows: As a result of the introduction of the "Digital Passport of Citizens" project, the obligation to provide a number of documents, such as a birth certificate, driver's license, and diploma, has been abolished. A system of providing services to the elderly and disabled through modern technologies has been established, including the practice of issuing passports at home to people with limited social activities.

These reforms not only improved the quality of service provision, but also marked an important step in terms of reducing bureaucratic obstacles and making state-citizen relations transparent.

CONCLUSION AND SUGGESTIONS

Based on the analysis conducted, the following conclusions can be drawn:

First, the share of the services sector in GDP increased from 35 percent to more than 45 percent between 2018 and 2024, indicating the country's transition to a service economy.

Secondly, interregional imbalances remain a key problem that needs to be addressed - the gap between the capital and the regions is large.

Third, the rapid pace of digitalization has led to IT and financial services becoming the fastest growing sectors.

Fourth, the scale of investment in education and healthcare is still insufficient.

Based on the above conclusions, the following practical suggestions are offered:

1. A digital monitoring system should be introduced for all service organizations at the republican level and their activities should be transparently and openly announced.

2. Create a "service cluster" in neighborhoods - it should combine mini-coworking, micro-finance and insurance, medical consultation, and educational services.

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3. Ensure the integration of all types of services into a single digital platform, through which citizens will have the opportunity to receive telephone consultations and remote services.

4. Introduce tax incentives and targeted investment programs to develop the services sector in low-performing regions such as Syrdarya, Jizzakh, and Surkhandarya.

5. In the service sector, the share of state investments in the healthcare and education sectors should be increased, and successful experiences such as the Bakhmal district of Jizzakh should be expanded to other regions.

In conclusion, it is worth noting that the service sector is an important factor determining not only the economic, but also the well-being of the entire society. Deepening reforms in this area, making effective use of world experience, and widely introducing advanced technologies will ensure the competitive and sustainable development of New Uzbekistan.

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