

DEVELOPMENT OF THE CONSTRUCTION INDUSTRY OF THE REPUBLIC OF UZBEKISTAN FOR 2021 – 2025

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The Republic of Uzbekistan has been an independent state since 1991. Uzbekistan is located in the central part of Central Asia; the capital is the city of Tashkent. The population is 35,718,705 people (06/25/2022).

Uzbekistan consists of an Autonomous Republic and 12 regions. The climate is dry-hot and sharply continental.



Uzbekistan ranks the 14th in the world in terms of natural gas production, the third in exports and the sixth in cotton production, the seventh in terms of uranium reserves (4% of world uranium reserves), in terms of total gold reserves Uzbekistan ranks the fourth in the world, and in terms of gold production - on the seventh.

During 1991-2020, the structure of the economy changed sharply: the share of agriculture in GDP decreased from 37% to 19.2%. The employment: 44% in agriculture, 20% in industry, 36% in services.

In 2021, GDP per capita amounted to \$1,983.0 and increased by 5.3% compared to 2020.

The construction industry occupies a leading position in the economy of the Republic of Uzbekistan. Over the past 5 years, the share of construction in GDP has increased from 5.8% to 7.1%.

As a result of the improvement of the investment environment in Uzbekistan, Construction of new large-scale facilities and reconstruction of existing ones has begun in all regions of the country.

In the first quarter of 2022, Uzbekistan showed an increase in construction work by 23.1% more than in the same period in 2021: in monetary terms, these works amounted to \$2.1 billion. In Uzbekistan, more than 12.5 thousand Uzbek enterprises produce 180 types of building materials.

The 28.9% of the total volume of capital investments was allocated for the construction and reconstruction of social facilities, which ensured the construction of 149 vocational colleges, 22 academic lyceums, 634 schools, 184 children's sports facilities, 20 rural medical centers and 6083.4 sq. km of housing.

The government is trying to support programs to invest in the construction of typical residential building projects using green and energy-saving technologies.

And according to forecasts, the population of Uzbekistan can reach to 38 million people in the near future. Last year, more than 1,000 high-rise buildings were built in the regions as part of the mortgage program - this is about 45.5 thousand apartments.



"Uztelecom" 2.2 building. Technopark construction project located at the intersection of Akademik Mominov and Olimlar streets, Durmon road, Tashkent city, M.Ulugbek district.

One of the important events of 2021 was the decision of the President of Uzbekistan Shavkat Mirziyoyev - the construction of "New Andijan". The President laid the first stone in the foundation of the new future city in Andijan region.

New Andijan will be built on the hills near Andijan. It will consist of apartment buildings with more than 130 thousand apartments: the city itself is designed for more than 450 thousand people. It is planned to build the city in 2021-2041 in eight stages.

In the coming years, it is planned to carry out major repairs in more than 6,000 apartment buildings, as well as the construction and repair of 1,800 playgrounds.

In addition, it was decided to start building new standard houses in this year, which will be combined with modern hydroponic greenhouses. Their cost will be approximately 88 thousand dollars and \$30,000 of this amount will be spent to build a house consisting of four rooms, and \$58,000 will be spent on building a greenhouse. Housing construction is carried out on the basis of public-private partnership.

The state policy in the field of construction is aimed at increasing the potential of the construction industry. Over the past 3 years, 2 Laws, 22 Decrees and Resolutions of the President and 21 Resolutions of the Cabinet of Ministers have been published on construction issues.

In Uzbekistan, the main regulatory documents in the field of construction are the Urban Planning Code of the Republic of Uzbekistan, urban planning norms and rules (SHNK), and technical regulations.

The new edition of the Urban Planning Code of the Republic of Uzbekistan Approved by the Law of the Republic of Uzbekistan dated February 22, 2021 No. ZRU-676.

The new edition of the code consists of 12 chapters and 85 articles (the previous one had 7 chapters and 59 articles).

In recent years, 604 urban planning documents have been developed (220 master plans, 170 projects for the architectural and planning organization of territories, 214 master plans). Currently, 334 normative documents are being used the field of construction. About 30 public sector organizations were involved in the development and revision of these documents in Uzbekistan until 2020.

One of the large and ambitious projects in Uzbekistan is the international business center NEST ONE in Tashkent City. The complex under construction consists of several ultra-modern buildings for various commercial purposes. The successful construction of the center served as a motive for the implementation of similar projects in the country. The construction of the complex was made possible due to the participation of foreign organizations. Since there are no norms and standards for such modern facilities in Uzbekistan, the government allowed the development company to work in accordance with international standards.

To solve problems in the field of technical regulation, by Decree of the President of the Republic of Uzbekistan No. 5963 dated March 13, 2020, the "Center for Technical Regulation in Construction" (20 staff units) was created, the main tasks of which are to introduce international standards and harmonize national building codes and rules with foreign standards.

At present, due to the large amount of works in the field of technical regulation, it is planned to transform the Center into a research institute.

In addition, in 2021, "the Transparent Construction" information system and a geoportal with urban planning documents and information were launched in Uzbekistan. The purpose of this system is to reduce corruption and improve the quality of construction.

On the basis of this portal, an electronic tender system, rating systems of contractors, and design organizations have been launched. At the same time, the licensing of urban planning documentation is also carried out on the basis of this electronic system.

In 2018, the state program "Well maintained village" was adopted, the purpose of which is to improve the living conditions of the rural population, give a modern look to villages (neighborhoods), as well as create new jobs for rural residents.

Over the past three years, many works have been carried out on the construction and improvement of road transport infrastructure, engineering, and communication networks of social facilities in more than 1,500 villages and neighborhoods besides, general plans for 413 neighborhoods within the framework of this program.



Tashkent city, M.Ulugbek district, Dormon road, Main plan of Technopark located at the intersection of Akademik Mominov and Olimlar streets.

More than 70% of the territory of Uzbekistan is affected by earthquakes with a magnitude of 7, 8, 9 and higher.

The Republic of Uzbekistan has accumulated extensive experience in the issue of seismic safety of buildings and structures. Large-scale measures are regularly carried out to reduce seismic risk in schools, secondary specialized institutions, universities, and medical institutions with the support of the government.

Nowadays the individual construction of residential buildings, which do not meet the standards for seismic resistance in rural areas is one of the main problems. During strong earthquakes, the structures of many private houses built by people themselves and unskilled workers can be damaged or destroyed easily. It should be noted that individual rural houses, which have been actively built up by the state in recent years, fully meet the requirements of all standards, including seismic ones. However, the number of such kind of houses does not satisfy the demand and needs of the population.

Another problem is the lack of an experimental base, ensuring the seismic safety of rural individual residential buildings, ranking cities and towns for seismic risk and regulatory documents for the design and construction of high-rise earthquake-resistant buildings.

The Law of the Republic of Uzbekistan was adopted, dated September 13, 2021, No. ZRU-713 "On ensuring seismic safety of the population and territory of the Republic of Uzbekistan" taking into account all these problems.

The residential building sector is the largest consumer of energy in the Republic of Uzbekistan. Residential buildings account for: 33% of primary energy consumption and 46% of final energy consumption; 60% of the final consumption of thermal energy; 18% of the final consumption of electrical energy; 54% of final consumption of natural gas.

- Specific energy consumption per 1 m² of living space for Uzbekistan (423 kWh.m²/year) is 2-3 times higher than the corresponding indicators in the EU. In the EU, specific energy consumption in the residential sector ranges from 150 kWh.m²/year in Spain to 320 kWh.m²/year in Finland.

- The main reason for the relatively low market potential for energy savings in the housing sector of Uzbekistan is the low cost of energy resources. A sharp increase in it is impossible without a "spade" beyond the thresholds of the population's ability to pay. Since the economic potential for energy savings is quite significant, an important direction for its implementation is the introduction of a mechanism for subsidizing the cost of measures to improve the energy efficiency of buildings, i.e. mechanisms for adapting the construction sector to climate change, which will give the state a significant additional income from the export of an equivalent volume of natural gas.

Uzbekistan is very interested in "green" technologies and energy-saving innovations, since Uzbekistan is a developing country, with growing annual population growth, but a lower standard of living in the regions. Therefore, the country has attractive mortgage programs, thanks to which has been built 10 times more housing than in previous years. On March 2022, a \$1.1 billion presidential housing program was launched that covers all regions of the country and will support the construction of affordable housing.

Uzbekistan has huge potential in the field of renewable energy sources. Climatic conditions and geographical location, the scale of undeveloped land, and the warmth of the sun's rays all year round are ideal conditions for such a purpose. The Government pays great attention to the use of renewable energy sources.

In 2019, the Law of the Republic of Uzbekistan “On the Use of Renewable Energy Sources” and “On Public-Private Partnerships” was adopted, which create a legal framework to accelerate the implementation of renewable energy projects.

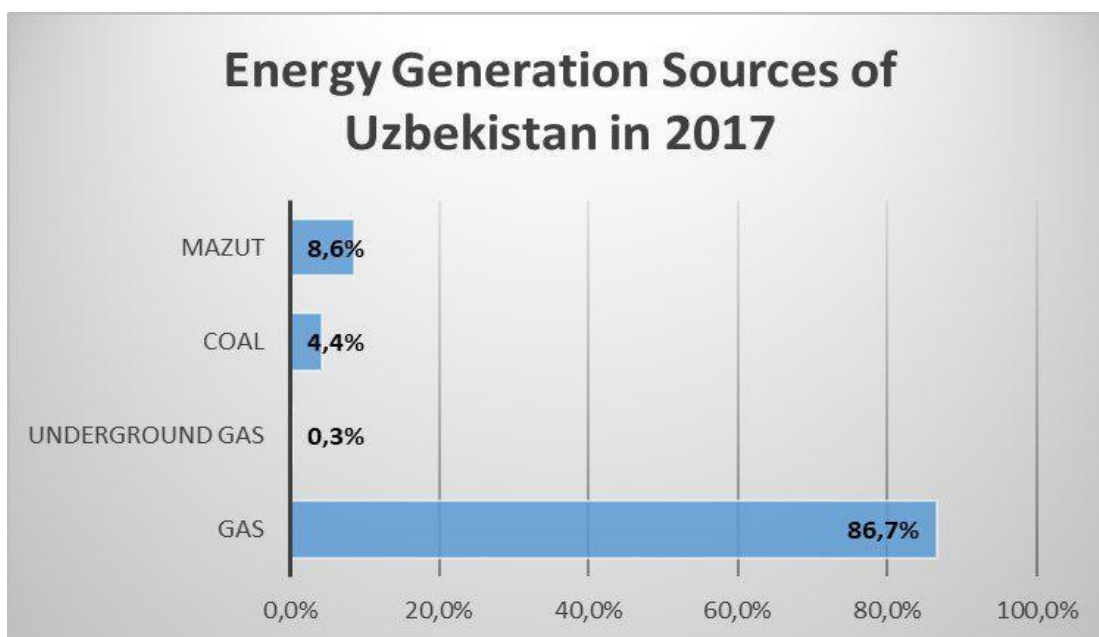
In addition, by the Resolution of the Cabinet of Ministers dated July 22, 2019, No. 610 approved the Regulations for the connection to the unified electric power system of business entities producing electrical energy, including RES, which determines the main technical aspects of the integration of RES facilities in the UES of Uzbekistan.

In accordance with the Decree of the President of the Republic of Uzbekistan dated on March 27, 2019, No. PP-4249, the Ministry of Energy, together with the ministries and departments involved, as well as with the technical assistance of international financial institutions (the World Bank, and the Asian Development Bank), developed the concept of fuel and energy supply for the country on 2020-2030 years.

In addition, the international consultant Mott MacDonald (Great Britain) developed a master plan (Master Plan) for the long-term development of the electric power sector of Uzbekistan, including terms of renewable energy.

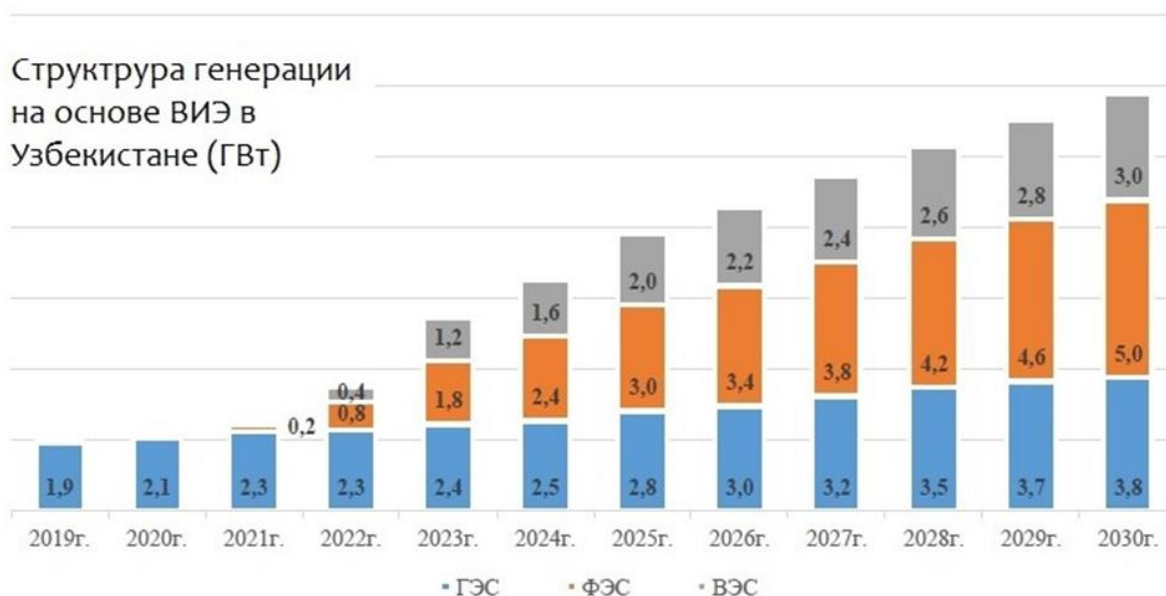
It should be noted that by the Decree of the President of the Republic of Uzbekistan dated on September 21, 2018, No. UP-5544 "On approval of the Strategy for Innovative Development of the Republic of Uzbekistan for 2019-2021" determined an increase in the share of electricity production using renewable energy sources to a level of at least 20% by 2025.

In addition, in accordance with the Decree of the President of the Republic of Uzbekistan dated 22.08.2019. No. PP-4422 “On accelerated measures to improve the energy efficiency of economic and social sectors, the introduction of energy-saving technologies and the development of renewable energy sources” approved long-term target parameters for the development of renewable energy and a plan of organizational and practical measures for the further development of renewable energy.



This resolution defines an increase in the share of electricity generation using renewable energy sources to a level of at least 25% by 2030.

To achieve the targets, it is planned to build almost 10 GW of new renewable energy facilities, including 5 GW of solar (excluding the capacities of individual households), 3 GW of wind, and 1.9 GW of hydroelectric power plants.



At the same time, the construction of new renewable energy facilities with a total capacity of more than 10 GW and the modernization of existing HPPs will ensure the production of more than 37 billion kWh of electricity from renewable energy facilities, as well as a conditional annual saving of more than 8.1 billion m³ of natural gas.

However, there are still the following systemic problems that negatively affect the development of the construction industry:

the absence of general plans for most settlements or their non-compliance with the construction of buildings and structures negatively affects the integrated development of territories, the placement of industrial and infrastructure facilities, especially sewage treatment facilities, which are very necessary for large cities;

trends in the existing market for design and survey work do not create prerequisites for the progressive development of the design business, the creation of high-tech, modern and unique architectural projects;

the imperfection of licensing procedures in the field of urban planning activities, the growth of unauthorized buildings, and the lack of the necessary competence and qualifications of employees of construction organizations negatively affect the investment attractiveness of the construction industry and lead to a violation of safety requirements in the implementation of construction and installation works and the subsequent operation of the constructed buildings and structures;

the low level of implementation of modern information and communication technologies does not allow for maximum transparency and efficiency in the provision of public services to participants in investment processes and subjects of urban planning;

the under development of applied construction science, the weak scientific and material and technical potential of higher educational institutions do not allow the development of a system of training, retraining, and advanced training of personnel.

A big problem is the low quality of manufactured building materials that do not meet modern requirements for environmental friendliness, seismicity, fire safety, and other standards.

The above problems hinder the accelerated innovative development of the construction industry. In this regard, a strategy for modernization, and accelerated and innovative development of the construction industry has been developed.

The strategy determines the goals and priorities of development, directions for reforming the construction industry in 2021-2025 based on the study of the best practices of structural transformations in the construction industry of foreign countries, and global trends in the development of urban development.

The purpose of the Strategy is to carry out transformations in the construction industry aimed at the formation of modern management methods, increasing investment attractiveness in the implementation of projects, and introducing innovative solutions.

The strategy provides for the following priority areas:

1. Urban development of territories and ensuring effective public participation in this process;
2. Improving the quality and safety of urban planning activities;
3. Ensuring transparency and rationality of administrative procedures in the field of urban planning, as well as increasing the efficiency of the construction industry organizations;
4. Digitization of urban planning activities, the introduction of modern information and communication technologies into the industry;
5. Improvement of the system of training, retraining, and advanced training of personnel, development of scientific potential in the field of urban planning.

In order to timely achieve the goals of modernization, and accelerated and innovative development of the construction industry, it is necessary to ensure the following target indicators of the Strategy:

improving the position of the Republic of Uzbekistan in the international Doing Business Index in the direction of Dealing with Construction Permits from the current 61.7 points to 78.2 points by the end of 2025;

achievement by 2025 of harmonization of national urban planning norms and rules with international norms and standards at a level of at least 50 percent, taking into account the geological, climatic, seismological, and other features of the Republic of Uzbekistan;

achieving by 2025 the coverage of master plans for all cities and 25 percent of urban settlements;

ensuring by 2025 the creation of an additional four electronic platforms within the framework of the National Information System "Transparent Construction", as well as their integration with interdepartmental information systems and databases;

achievement by 2025 of the shares of the introduction of the "volumetric" method of developing design and estimate documentation up to 50 percent of the total number of construction projects in the republic;

entry by 2025 of one of the higher educational institutions in the field of architecture and construction into the list of the best higher educational institutions of Asian countries (top 1000) in the ratings of internationally recognized organizations.

The Ministry of Construction carries out, within its competence, systematic monitoring of the implementation of the Strategy, general coordination, prompt consideration and resolution of problematic issues that impede modernization, and accelerated and innovative development of the construction industry.

References:

1. Law of the Republic of Uzbekistan "On technical regulation" dated April 23, 2009 No. ZRU-213.
2. Law of the Republic of Uzbekistan "On approval of the Urban Planning Code of the Republic of Uzbekistan" dated February 22, 2021 No. ZRU-676.
3. Law of the Republic of Uzbekistan, "On ensuring seismic safety of the population and territory of the Republic of Uzbekistan" dated September 13, 2021 No. ZRU-713.
4. Law of the Republic of Uzbekistan "On the use of renewable energy sources" dated May 21, 2019 No. ZRU-539.
5. Law of the Republic of Uzbekistan "On Public-Private Partnership", dated May 10, 2019 No. ZRU-537.
6. Decree of the President of the Republic of Uzbekistan "On additional measures to deepen reforms in the construction industry of the Republic of Uzbekistan" dated March 13, 2020 No. 5963.
7. Decree of the President of the Republic of Uzbekistan "On approval of the strategy for modernization, accelerated and innovative development of the construction industry of the Republic of Uzbekistan for 2021-2025" dated November 27, 2020 No. UP-6119.