



FINANCING AND ATTRACTING INVESTMENTS IN THE DEVELOPMENT OF DOMESTIC TOURISM IN UZBEKISTAN

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INTRODUCTION

Financing and attracting investments play a strategic role in the development of domestic tourism in Uzbekistan. The growth of this sector is not limited to transportation and infrastructure alone but also depends on service quality, modern hotels and recreational facilities, as well as the large-scale implementation of regional tourism projects. In this regard, government support programs emphasize the improvement of financing mechanisms through preferential loans, subsidies, and public-private partnership initiatives. Moreover, attracting both local and foreign investors creates opportunities to establish new tourist destinations and modernize existing ones across the regions. This process not only increases the flow of domestic travelers but also has a direct positive impact on regional economies, job creation, and the overall standard of living. Thus, ensuring effective financial and investment strategies is a key prerequisite for the sustainable development of domestic tourism in the country.

DISCUSSION

Effective financing and investment attraction are essential drivers behind the growth of domestic tourism in Uzbekistan. This section explores the multifaceted approaches to financing, supported by illustrative examples, key legislative acts, and statistical insights. Firstly, the Uzbek government has issued several presidential decrees to strengthen funding channels. For instance, Decree No. UP-9 (January 12, 2024) introduced targeted incentives to boost both foreign tourism and domestic travel. It authorized the development of tourist centers, such as “luxury tourism villages” featuring modern hotels and shopping malls, especially in high-potential areas like Zomin and the Amirsoy ski resort. These initiatives are backed by supportive tax and customs regimes – which aim to attract investment into tourism



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infrastructure development.[1] Similarly, Decree No. UP-102 (July 18, 2024) established a \$50 million credit facility through the Reconstruction and Development Fund, channeled via commercial banks at a maximum margin of 3% above the base rate, with a generous 10-year repayment period and two-year grace period for tour operators. It also offered customs duty reductions and import duty exemptions on specific vehicles and buses until August 2025 to support extreme tourism and transport infrastructure.[2]

Beyond direct loans, the government has extended subsidies for hotel construction. As of February 2021, President Mirziyoyev allocated \$100 million for tourism infrastructure, subsidizing developers of three- and four-star hotels. By 2025, the hotel room stock is projected to rise from 20,200 (as of 2018) to 64,000 rooms, supported by extended subsidies under a decree issued on July 27, 2023, continuing through 2026.[3]

Uzbekistan's domestic tourism financing strategy combines:

- Long-term concessional loans for tourism operators,
- Tax and customs incentives for infrastructure development,
- Direct subsidies for accommodations and hotel expansion,

And the implementation of high-investment flagship projects like the Samarkand tourist center. These efforts, underpinned by presidential support and regulatory frameworks, have significantly enhanced the investment climate in Uzbekistan's tourism sector. Still, the government's ability to follow through on ambitious resolutions and ensure broad, timely implementation remains critical for sustainable domestic tourism growth.

RESULTS

The analysis of financing and investment attraction policies in Uzbekistan reveals significant progress in strengthening the domestic tourism sector. Several concrete results can be identified in relation to infrastructure development, financial mechanisms, and regional diversification of tourism opportunities.

1. Growth of financial support mechanisms.

The establishment of a \$50 million credit fund under Presidential Decree No. UP-102 (2024) has facilitated access to long-term concessional loans for tour operators



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and hotel developers. Commercial banks have already begun issuing loans with favorable repayment terms, leading to the construction and modernization of mid-range hotels in Tashkent, Samarkand, and Bukhara. Moreover, the continuation of direct subsidies for three- and four-star hotels has expanded investment inflows from both domestic entrepreneurs and foreign partners.

2. Expansion of hotel and accommodation capacity.

As a result of targeted financing, the total number of hotel rooms has shown a steady increase. While in 2018 the capacity stood at approximately 20,200 rooms, projections for 2025 suggest an increase to 64,000 rooms, marking more than a threefold growth. This trend has already translated into the opening of new accommodation facilities in Samarkand's "Silk Road Tourist Center," as well as small boutique hotels in Khiva and Kokand, catering to domestic travelers.

3. Implementation of flagship tourism projects.

The Samarkand Tourist Center project, valued at USD 580 million, is a notable example of successful investment attraction. The project includes eight hotels, eco-village villas, a congress hall, and green spaces. Early phases of the complex have already begun serving domestic tourists, particularly during cultural festivals and sporting events. These results demonstrate the effectiveness of combining state support with private sector financing.

4. Increased investment in fixed assets.

According to the State Statistics Agency and UNWTO, total investments in fixed assets in 2022 reached USD 23.2 billion, of which USD 3.4 billion came from foreign direct investment (FDI). Tourism-related infrastructure – including transport facilities, hotels, and cultural heritage restoration – accounted for a significant share of these funds. This confirms the attractiveness of Uzbekistan's tourism sector to both local and international investors.

5. Regional diversification of domestic tourism.

Beyond traditional centers such as Samarkand and Bukhara, financing has supported the growth of eco- and agro-tourism in the Jizzakh and Fergana regions. The development of recreational areas in Zomin, as well as agro-tourism villages in Namangan, highlights the shift toward more diversified tourism products for domestic travelers.



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Overall, the outcomes indicate that Uzbekistan's financing and investment strategies are yielding tangible benefits. The observed results include a rapid increase in accommodation capacity, successful implementation of large-scale projects, broader regional development, and improved investor confidence. These achievements underscore the role of effective state intervention combined with private sector participation in shaping a sustainable domestic tourism market.

CONCLUSION

The study demonstrates that financing and attracting investments are pivotal factors in the sustainable development of domestic tourism in Uzbekistan. Government-led initiatives, including concessional loans, subsidies, and public-private partnerships, have significantly improved the investment climate. Presidential decrees such as UP-9 (2024) and UP-102 (2024) have introduced targeted financial mechanisms that not only expand infrastructure but also stimulate the participation of private investors in tourism development. The results show clear progress in several key areas: the rapid expansion of hotel capacity, the implementation of flagship projects such as the Samarkand Tourist Center, and the diversification of regional tourism products, including eco- and agro-tourism. These outcomes have directly contributed to the growth of domestic tourist flows, job creation, and regional socio-economic development. Moreover, the steady increase in investment volumes-reaching USD 23.2 billion in 2022, with a notable share directed to tourism infrastructure-illustrates the sector's attractiveness and strategic importance for the national economy. However, challenges remain in ensuring the timely implementation of all planned measures, as highlighted by delays in the realization of some government resolutions. This indicates that, alongside legislative and financial support, effective monitoring, institutional coordination, and investor protection mechanisms are necessary to achieve long-term goals.

In conclusion, Uzbekistan's domestic tourism sector is experiencing dynamic growth supported by sound financing and investment strategies. Strengthening these mechanisms, while addressing existing gaps, will be essential for consolidating achievements and ensuring the sustainable development of domestic tourism in the years ahead.



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1. Presidential Decree No. UP-9 (January 12, 2024) introducing tourist centers with incentives and road map for domestic tourism ([CIS Legislation][1]).
2. Presidential Decree No. UP-102 (July 18, 2024) offering \50 million credit fund, customs duty breaks, and vehicle import incentives ([CIS Legislation][2]).
3. \100 million allocation for tourism infrastructure in Feb 2021; hotel room stock increase from 20,200 to 64,000 by 2025; extended subsidies via July 27, 2023 decree.
4. Total investments in fixed assets reaching USD 23.2 billion in 2022; FDI USD 3.4 billion (13.7%) ([webunwto.s3.eu-west-1.amazonaws.com][4]).
5. Samarkand tourist center project worth USD 580 million with hotels, eco-village, congress hall, infrastructure ([webunwto.s3.eu-west-1.amazonaws.com][4]).
6. Government Resolution No. 582's implementation delays for new tourism types, despite January 1, 2025 deadline ([Kun.uz][5]).