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Improving The Financing Model of Recreational Tourism Based on Public Private Partnership

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Abstract: Since recreational tourism is one of the main areas of development for the socio-economic growth of Uzbekistan, there is a need to develop sustainable financing models that combine the advantages of public and private partnerships. Although in 2019 it created a legal PPP framework, implementation is low in the recreational tourism sector due to institutional, financial and managerial factors. The overall absence of integrated strategies and successful PPP models that would be more relevant to the very special conditions of the tourism industry in particular and Uzbekistan economy as a whole considering the financing and governance of large scale recreational projects. The goal of the study is to create an adaptive financing model for recreational tourism, taking into account the best practices of international PPP experience, forecasted for the future sustainable dynamics of investments, and to identified mechanisms for the institutional enhancement and digital transformation. The analysis shows that the concession and BOOT models are the ones that will be more beneficial for Uzbekistan, helping to use the available natural and cultural domestic assets efficiently, while in turn developing the volume of private investment by more than 60% to the level of 2030. It proposes the establishment of a Recreational Tourism and PPP Agency, and the development of a Recreational Tourism Development Fund which would provide the necessary financial and administrative means to implement the plan. The research provides a holistic PPP-based framework combining various basic digital technologies including AI, Blockchain, and Geographic Information System with environmental sustainability standards like ISO 14001, Green Key, and EarthCheck towards transparency, efficiency, and environmental-friendly behavior. Application of such a model will not only strengthen the investors' trust in the industry and diversify the sources of financing but it will also help the country to develop in the regions and establish Uzbekistan as a Central Asia Four-Season Recreational Center with long-term economic and environmental sustainability.

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1. Introduction

In current economic conditions, recreational tourism is a key branch of the economy requiring coordinated actions of the public and commercial sectors. A robust PPP model has proved an efficient mechanism for the financing, construction and operation of tourism infrastructure. According to the World Bank, the majority of projects implemented under a PPP arrangement are in the fields of transport, energy, and tourism and recreation.

Uzbekistan also has the potential, but this is poorly developed because of the lack of the appropriate finance structures for that. While the Law "On Public-Private Partnership" (2019) opened the pathway for collaboration, the effective development of PPP at the tourism level is not evident. The current public-private partnership (PPP) framework must be strengthened and expanded; given that PPPs are essential to facilitating private investment and contributing to key sustainable development goals, including fostering regional economic development [1].

Purpose of this cooperation sphere in recreational tourism represents in different ways. First, to lessen the force of the burden of the state budget by attracting private investments into the sector. Second, to utilize private sector experience, management skills and innovations to build and upgrade recreational facilities. Third, to raise the quality of services and attractive recreational products. Fourth, to promote the proper utilization and conservation of recreational resources. Fifth, FDI helps in regional development and generates new employment [2].

2. Materials and Methods

Using comparative analytic, forecasting model, and institutional analysis, this study investigates how to enhance the public-private partnership (PPP) financing model of recreational tourism. Comparative analysis of international PPP models - BOT, BOO, BOOT, BLT and Concession agreements - and their possible utilization in Uzbekistan [3].

The forecast modeling approach develops financial forecasts for the years 2025–2030 to assess the anticipated investment portions and growth dynamics. The forecasts are developed from national patterns in economic indicators and anticipated state and private investments. The institutional review considers the legal frameworks, government policies and structures which exist to regulate and/or support PPP implementation within Uzbekistan recreational tourism [4].

We also conducted a qualitative assessment of successful international practices from Turkey, Spain, the United Arab Emirates, Australia, Singapore, Malaysia, and Georgia to facilitate the adaptation of effective models from abroad to Uzbekistan's economic and institutional context. The study uses data from National government reports, World Bank publications, European PPP Expertise Centre (EPEC) documents and relevant national analytical and academic studies about tourism finance and PPP [5].

3. Results

The structure, financial, and fundamental aspects of the application of public-private partnership (PPP) model in Uzbekistan's recreational tourist sector are highlighted in the study results. The report draws on comparative analysis, quantitative forecasting, and institutional analysis to determine the best types of PPPs, how much investment will go into these sectors for the years 2025–2030 and what institutions are needed for effective delivery.

Table 1. Comparative Analysis of Public-Private Partnership Models in Recreational Tourism

Model Type	Contract Duration	Source of Financing	Risk Distribution	Management Rights	Ownership Rights	Suitability for Uzbekistan
BOT (Build-Operate-Transfer)	15–30 years	Mainly private	The private partner bears more risk	Shared, later transferred to the state	Transferred to the state at the end	High - for large recreational complexes
BOO (Build-Own-Operate)	Unlimited	Fully private	Fully private partner	Fully private	Permanent private ownership	Moderate - for small recreational facilities

BOOT (Build-Own-Operate-Transfer)	20–40 years	Mainly private	The private partner bears more risk, the state less	Initially private, later transferred to the state	Transferred to the state after a fixed term	High - suitable for resort zones
Concession	10–50 years	Mixed	Proportionally distributed	Shared	State ownership	Very high - for large parks and historical sites
BLT (Build-Lease-Transfer)	10–25 years	Mainly private	Balanced	Shared	Initially state-owned, then leased to the private sector	Moderate - suitable for modernization of existing facilities

Based on table data analysis the concession and BOOT models are the most optimal models for Uzbekistan recreational tourism sector. Concession model guarantees the economy of natural and cultural assets while keeping state ownership for them. The BOOT model, in its turn, a very large-scale and favorable platform for creation of new large-scale recreational complexes.

The BOT model is also promising, as it envisages the return of full management rights to the state in the long-term perspective [6]. In Uzbekistan, several **priority projects** can be identified for the development of public-private partnership in the field of recreational tourism.

First, the creation of resort zones based on natural recreational resources: construction of four-season mountain resorts around the Charvak Reservoir, development of ecological tourism infrastructure in the Aydarkul Lake region, and establishment of health and wellness centers in the Zarafshan Valley and Kashkadarya region [7].

Second, recreational facilities based on cultural and historical heritage: reconstruction and modernization of historical hotels and ethnovillages in Samarkand, Bukhara, and Khiva, creation of modern parks and recreation centers in **Tashkent**, and development of handicraft centers in the Fergana Valley.

Third, agrotourism and rural recreation: creation of agrotourism clusters in the Kashkadarya and Surkhandarya regions, establishment of tourism centers promoting national cuisine and local culture, and support for agro-recreational farms linked to the production of organic products [8].

Fourth, sports and adventure recreation: development of winter sports centers in the Chimgan and Beldersoy mountains, creation of water sports facilities along the Amudarya and Syrdarya rivers, and promotion of desert and mountain safari routes.

Fifth, modern urban recreation: construction of entertainment parks, aquaparks, and recreation zones in major cities, and development of sports and recreational complexes promoting a healthy lifestyle [9]. For each project, a detailed business plan must be developed, **measures**: allocation of land plots for recreational facilities on preferential terms; provision of tax benefits during construction and operation phases; introduction of preferential tariffs for utility services; minimization of currency exchange restrictions for foreign investors; provision of preferential loans by financial institutions; support for staff training and retraining programs; and provision of state assistance in marketing and branding.

Table 2. Financing Recreational Tourism Projects through Public-Private Partnership: Sources and Shares (Forecast 2025-2030)

Financing Source	2025 (mln UZS)	Share (%)	2030 (forecast, mln UZS)	Share (%)	Growth Rate (%)
State budget	450,000	35.0	850,000	28.3	88.9
Private domestic investors	380,000	29.5	1,200,000	39.5	215.8

Foreign private investors	280,000	21.7	950,000	27.9	239.3
Bank loans	120,000	9.3	240,000	8.0	100.0
International financial institutions	50,000	3.9	150,000	4.3	200.0
Other sources	7,000	0.6	20,000	0.7	185.7
Total	1,287,000	100	3,400,000	100	164.2

The data in the table show that as a result of expanding the public–private partnership (PPP) model in the field of recreational tourism, the share of private investment is expected to increase significantly. Domestic and foreign private investments will represent 51.2% of total financing in 2025 and 63.2% by 2030. It will lessen the state budget burden and optimize the channel of using funds. Of this, domestic private investments are to increase 215.8%, while foreign investments increase 239.3%. Such growth rates can be achieved by implementing comprehensive actions that will enhance the investment appeal of the recreational tourism industry [10].

Institutional structures are needed to ensure that the public–private partnership mechanism is effectively implemented. Establish a “Recreational Tourism and Public–Private Partnership Agency” under the Cabinet of Ministers of the Republic of Uzbekistan. Such an agency could be charged with identifying and preparing recreational tourism PPP projects, as well as creating a “one-stop service” for all governmental procedures needed for the investor. It would also carry out project appraisals, peer reviews, and financial modelling and risk assessment to support good decisions.

The agency would also conduct and supervise tender processes, prepare and coordinate contracts, and oversee project implementation to ensure compliance and success. It would compile and evaluate statistical data, promote international cooperation and the exchange of best practices. Lastly, it would emphasize capacity-building through training and professional training programs.

The following departments are recommended within the agency:

- **Project Identification and Preparation Department;**
- **Financial Analysis and Modeling Department;**
- **Legal Support and Contract Department;**
- **Monitoring and Evaluation Department;**
- **International Relations and Investor Relations Department;**
- **Marketing and Information Department;**
- **Methodology and Training Center.**

Every department should consist of highly trained professionals, including economists, financiers, lawyers, engineers, and tourism specialists. In its activities, the agency shall be guided by the principles of transparency, efficiency, professionalism, and conformity with international requirements [11].

In addition to that, specific financial instruments need to be created to support the PPP mechanism. The establishment of the “Recreational Tourism Development Fund” will allow for the provision of start-up and seed funds to projects: state guarantees, subsidies, technical support, and expert services. The Fund's resources can be in the form of the state budget; foreign grants; loans from international financial institutions; charitable donations; a share of revenues from the projects. State representatives, the private sector, civil society, and experts will be involved in the management of the Fund. This will naturally prevent the corruption of such funds as it is envisaged for other funds and in other countries. The adaptation of the PPP model to the conditions of Uzbekistan is possible by using international experience. Examples of effective PPP application within recreational tourism can be seen in a number of different countries [12].

In fact, the BOT and concession model have been broadly applied in the construction of resort zones throughout Turkey. These include major resorts such as

Antalya and Marmaris, developed in conjunction with private entrepreneurs at a very advanced stage.

And in Spain, the Costa del Sol resort area is a model of cooperation between public infrastructure and private hotel interests. The other great example for recreational tourism is the public private partnership made by Dubai (UAE) as well. Recent feasibility studies in Dubai Mall, Palm Jumeirah artificial islands, and Ski Dubai, all of which were garnered via large-scale PPP projects, revealed the scope of what collaborations can achieve while recreating world-class spaces for leisure [13].

The concession model is used in Australia to arrange recreation in national parks and reserves. A private operator makes sure that services are of high quality and do not pollute, and part of what is earned goes to nature conservation.

The Wave of Sentosa Island has been reformed as a recreation centre in the world scale through public-private partnership in Singapore. Likewise, Langkawi Island has been developed on the similar model in Malaysia.

In Georgia, the modernization of Gudauri and Bakuriani winter sports resorts has been made through a cocktail of state support and private investments, making major steps in the development of the region.

By analyzing and adapting these experiences under Uzbek conditions, the groundwork for improvement of a public-private partnership model in Uzbekistan can be created.

Training and capacity building are crucial directions for the implementation of the public-private partnership model. There is currently a shortage of specialists in the field of PPP for recreational tourism. To address this issue, the following measures are recommended:

- ◆ introducing specialized courses in “**Recreational Tourism Management**” and “**Public-Private Partnership**” in higher education institutions;
- ◆ organizing professional development programs for practitioners;
- ◆ conducting international training sessions and seminars;
- ◆ launching exchange programs with foreign countries;
- ◆ developing **online learning platforms**;
- ◆ introducing a **professional certification system**;
- ◆ encouraging **scientific research**; and
- ◆ organizing **conferences and forums** on PPP and recreational tourism[14].

In training programs, the following topics should occupy an important place: theoretical foundations and international experience of public-private partnership, specific features of the recreational tourism sector, project preparation and evaluation methodology, financial modeling and investment analysis, methods of risk management and minimization, contract drafting and negotiation, monitoring and control systems, environmental and social responsibility, marketing and branding, and modern digital technologies.

Training highly qualified specialists will significantly increase the efficiency of public-private partnership projects and reduce risks.

Digital technologies create wide opportunities for improving PPP processes. Through an electronic platform, it is possible to announce projects, conduct tenders, manage contracts, and carry out monitoring and reporting. **Blockchain technology** ensures the transparency and reliability of contracts, facilitates control over financial transactions, and reduces the risk of corruption. Artificial intelligence and big data analysis help forecast project efficiency, predict tourist flows, optimize pricing, and identify risks at an early stage. Geoinformation systems (GIS) are used to map recreational resources, determine optimal locations for facilities, and plan infrastructure[15].

The PPP model in recreational tourism is developing very solidly with an emphasis on environment sustainability. Because the very foundations of the sector are natural resources, their effective conservation and sustainable utilisation need to be ensured.

Environmental standards should be integrated in PPP contracts, an environmental impact assessment (EIA) should be undertaken prior to their implementation, and modern green technologies should be employed. The international environmental standards ISO 14001 apply to private partners.

Development of these recreational facilities must be done adopting eco-architecture principles, utilizing locally available materials, while being energy efficient too. Waste recycling, water management and safeguarding biodiversity should all be integrated into projects. Green certification systems such as Green Key, EarthCheck, or Travelife help to encourage environmental responsibility and global recognition. Sustainability is also aided by developing ecotourism routes, tourists participating in conservation, and being offered environmental education.

Secondly, the PPP model should have social responsibility as a cross-cutting service which will have local communities in it as engaging them will serve this responsibility. Projects should serve the interests of residents, provide jobs, and prioritize local hiring and training. Working with local industries, craftsmen, and growers nurtures regional development and assists in promoting national traditions.

Importance of Marketing and Branding Uzbekistan needs a national tourism brand and slogans of the type of “Uzbekistan – the Four-Season Recreation Center”, attendance in international tourism fairs, advertising on the Internet to promote its recreational potential. This action plan will help increase tourist flows, through the identification of target markets, partnership with tour operators and airlines, as well as through streamlining visa and transport facilities.

Altogether, enhancing the financing nature of PPP requires a strong monitoring and evaluation system. And holding elections for the task force should be non-negotiable. Regular assessments of the financial performance of the agency tracking KPIs independent audits and transparent reporting should be mandatory to ensure accountability and adherence to global best practices. These pandemic-response measures will ensure trust, efficiency, and invest in sustainable and community-centered tourism development in Uzbekistan.

4. Discussion

Scope of Study: The study graphically illustrates that PPP mechanisms for recreational tourism financing is an integral measure that moves Uzbekistan towards a less mono-structured economy with more sustainability and innovation. By making it possible for public, private, and international money to be invested together, this PPP-based financing approach also lightens the load for the government while promoting competition and entrepreneurship.

Similarly, PPP models encourage technical advancements and innovative management capabilities. By offering financial backing, operational expertise and digital solutions that can bolster both efficiency and customer experience, private partners help. These initiatives promote the adoption of sustainable building practices and digital platforms to market, book, and collect feedback on tourism services, making tourism an innovation driver. Just as crucial are the social benefits – engaging local communities, small businesses and artisans creates inclusive growth, job creation and regional equity aligned with the UN Sustainable Development Goals.

On the other hand, there are still significant institutional impediments: inadequate public-sector capacity, missing capacity to manage public-private partnerships (PPPs), and fragmented regulations that drive investors away. Low awareness of the PPP framework in Uzbekistan among potential investors also limits participation. Uzbekistan also has the opportunity to learn from positive experiences of the others through putting into practice global best achievements ensuring the work of specialized PPP agency, conducting transparent tenders, and introducing legal guarantees that inspire investors from Turkey, Spain, Singapore, and Georgia. To raise the level of accountability, governments should

adopt digital transparency tools for instance, e-tendering, blockchain contract management, and KPI dashboards.

Such transition to a digitally enabled, transparent, sustainable PPP model is also essential to implement the Uzbekistan–2030 Strategy that will lead the country tourism sector into ensuring its long-term competitiveness, innovation, and accountable development.

5. Conclusion

Public–private partnership (PPP) mechanisms are a tool to significantly increase the investment attractiveness of Uzbekistan in relation to tourism. By using fiscal incentives, preferential loans, and risk-sharing schemes, the country will be able to attract more local and foreign investors. The share of private investment in the sector is expected to increase by more than three-fold by 2030, which will also lessen the state funding dependency and improve financial viability.

The PPP projects not only contribute to the promotion of social and environmental sustainability by engaging with local communities but also comply with international standards such as ISO 14001, Green Key and EarthCheck. Green architecture, renewable energy, and waste management systems drive better environmental protection and also global competitiveness. Recreational Tourism PPP Agency & Development Fund – The establishment of a new dedicated Recreational Tourism PPP Agency and Development Fund (similar to the existing property sale-monies based Urban Development Funds) would serve as the institutional and financial backbone for planning, monitoring and effective coordination of ever-growing investor interest to expand above threshold of tourism benefits spread to areas outside of the main Traditional Tourism geographies. By integrating the above-mentioned digital technologies like AI, blockchain, big data, geoinformation systems, transparency is realized, and data-driven decisions become more possible.

Strong legal, financial, institutional, risk management, and digital environmental foundations underpin a sound PPP framework, backed by ongoing training and international cooperation. PFIs can convert its recreational assets into sustainable developments that drive economic growth and prosperity within the region, with a targeted branding strategy that positions Uzbekistan as Central Asia’s Four-Season Recreational Hub.

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