



PROSPECTS FOR SOCIO-ECONOMIC AND INNOVATIVE DEVELOPMENT OF KHOREZM REGION

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ABSTRACT

This article examines the prospects for the socio-economic and innovative development of the Khorezm region. It also provides conclusions and recommendations for identifying strategic directions and mechanisms to enhance innovation-driven regional growth.

In order to ensure the implementation of the Decree of the President of the Republic of Uzbekistan No. PL-60 dated January 28, 2022, "On the Development Strategy of New Uzbekistan for 2022–2026," and with the aim of determining the five-year prospects for the development of industry, agriculture, and the service sector in the Khorezm region, as well as identifying the "growth points" of each district and city, and further improving public health and living standards through the development of the social sphere, the Cabinet of Ministers of the Republic of Uzbekistan adopted Resolution No. 154 dated April 4, 2022, "On additional measures for the comprehensive socio-economic development of the territories of the Khorezm region and further improvement of the living standards of the population for 2022-2026" [1].

According to this Resolution, during 2022–2026, it is planned to increase the gross regional product of Khorezm region by 1.4 times, industrial output by 1.4 times, agricultural production by 1.1 times, services by 3.1 times, and construction works by 1.2 times.

The main essence of this Resolution is to sharply increase the tourism potential of the Khorezm region during 2024-2026, strengthen the region's international tourism competitiveness, and create new economic opportunities for the population. According to the Resolution, all tourism-related fees collected from the tourism sector will be fully directed toward the development of the region's tourism infrastructure, promotion of the Khorezm brand in foreign markets, and improvement of related facilities.

Moreover, for the years 2025-2026, it is stipulated that state subsidies will be allocated for each room in newly commissioned hotels in the region. Specifically, 10 million UZS will be provided for hotels without a star rating, 15 million UZS for one-star hotels, 20 million UZS for two-star hotels, and higher amounts determined by a separate decision for three-to five-star hotels. This initiative serves as an additional incentive mechanism for both local and foreign investors.

The Resolution also defines clear target indicators. The number of foreign tourists is expected to increase from 1.0 million in 2024 to 1.8 million by 2026, while the flow of domestic tourists is projected to grow from 4 million to 5 million people. The volume of service exports is planned to rise from 350 million USD in 2024 to 700 million USD in 2026.

In addition, by 2026, the number of accommodation facilities is to increase from 41 to 65, the number of additional beds in hotels from 300 to 900, beds in family guest houses from 150 to 280, and hostel beds from 30 to 80. The number of tour operators and travel agents is also expected to rise from 15 to 35.

The document places significant emphasis on improving infrastructure. In particular, the roads leading to the “Qalajiq Qal’a” complex in Bogot district and the “Qorakul” ecotourism site in Khiva district will be repaired. Modern beaches and recreational zones will be established along the banks of the Amu Darya River.

At the same time, within the territory of the “Ichan Qal’a” museum-reserve, measures are planned for the preservation of historical monuments, relocation of exhibits, and organization of new exhibitions. Training qualified personnel and improving service quality have also been defined as key priority areas. The Tourism and Cultural Heritage Technical School in Khiva city will be further developed with modern laboratories and the participation of foreign specialists.

In addition, a new concept for the quality of services in public catering enterprises will be developed based on international experience. To integrate handicrafts into the tourism sector, the production and sale of souvenir products in the Ichan and Dishan Qal’a areas will be expanded.

The Resolution also highlights the importance of cultural events. Starting from 2025, the international exhibition “The Splendor of Carpets” and the gastronomic festival “National Dishes of Khorezm Khans” will be held annually in Khiva city. Furthermore, to extend the stay of tourists, the “One Event per Day” project will be implemented, introducing regular cultural programs in the Ichan Qal’a complex. Specific measures have also been identified to promote the tourism potential of the region abroad. During 2024–2026, delegations from Khorezm will participate in major international tourism exhibitions in Japan, the United Kingdom, Germany, Turkey, France, China, the United States, and other countries. Through these initiatives, the region aims to secure a strong position on the international tourism map.

These measures reflect the socio-economic development potential of the region. In this context, innovative socio-economic development implies not merely technological modernization, but also the modernization of regional governance, the service sector, employment policy, environmental protection, and digital infrastructure. The “Uzbekistan – 2030” Strategy identifies five priority areas:

- transforming every person’s potential into real opportunities;
- ensuring sustainable growth of population welfare; protecting water resources and the environment;
- establishing the rule of law and a service-oriented public administration; and building a peaceful and secure state [2].

Logically, innovative development in the regions should also follow these same principles.

In recent years, the economy of Khorezm region has been undergoing renewal through industrial diversification, clustering, and the establishment of special industrial zones. Both domestic and foreign investments are being directed toward the development of processing industries in the region. For Khorezm, innovative socio-economic development means moving beyond an agrarian base and transforming into a high-tech industrial area. Moreover, the regional cluster strategy which focuses on shifting sectors such as textiles, electrical engineering, and food processing toward the production of high value-added products from local raw materials has become a key factor [3].

In terms of digital transformation and human capital, initiatives in IT services, digital education, and employment in Khorezm are proving effective. Through the “Digital Uzbekistan – 2030” program, the country aims to digitalize public services, automate industries, and expand IT service exports [4]. Strengthening regional training for lawyers, engineers, programmers, and logistics specialists will turn Khorezm into a source of highly qualified labor. Consequently, this will also increase the likelihood of attracting foreign investment to the region.

From a social perspective, innovative development encompasses not only economic growth but also employment, income growth, and social inclusiveness. For Khorezm, forming an economic inclusion model at the neighborhood (mahalla) level and linking social protection programs with industrial development are crucial. This means that innovative development is not limited to information technologies and industry but also extends to expanding small business and employment opportunities through community institutions.

Overall, the prospects for innovative socio-economic development in the Khorezm region can be assessed positively. The inflow of investments, industrial and digital transformation initiatives, and the integration of an inclusive development model together provide the potential to transform Khorezm within the next five to ten years from a resource-limited region into a technological and innovation hub. This directly contributes to the goals of the “Uzbekistan – 2030” Strategy advancing high-tech industry, digital development, and social stability [5].

According to preliminary data, in January–September 2025, enterprises in the Khorezm region produced industrial goods worth 24,235.8 billion UZS, with the physical volume index of industrial production amounting to 108.8% compared to the same period in 2024 [6]. During the period 2010–2024, the gross regional product (GRP) per capita in Khorezm region, as well as across all regions of Uzbekistan, showed a consistent growth trend. In Khorezm, this indicator increased from 2,021.8 thousand UZS in 2010 to 25,452.4 thousand UZS in 2024 — a 12.6-fold growth. This result is explained by the expansion of industrial production, the growing share of the service sector, and the intensification of small business activity in the region. However, for comparison, the per capita GRP in Navoi region reached 108,108.6 thousand UZS, which is nearly four times higher than in Khorezm. This difference is attributed to disparities in economic structure, natural resource availability, industrial diversification, and investment potential across regions. Although Khorezm’s growth rates are approaching the national average, it remains necessary to accelerate the transition toward high-tech production and an innovation-driven economy.

In 2024, the per capita GDP in Khorezm exceeded that of Samarkand (23,481.3 thousand UZS) and Namangan (22,238.7 thousand UZS) regions, but remained significantly lower than that of Tashkent region and the capital city. This indicates the need to accelerate Khorezm's development strategy toward innovation, industrialization, and digital economy by 2030 — a crucial factor for raising household incomes and enhancing regional competitiveness.

Between 2010 and 2024, the per capita total income in both Khorezm region and Uzbekistan as a whole demonstrated steady growth rates. In Khorezm, this indicator rose from 2,105.3 thousand UZS in 2010 to 23,410.8 thousand UZS in 2024 — an 11.1-fold increase. Such growth is directly linked to the revival of economic activity, creation of new jobs, and government policies supporting entrepreneurship. At the same time, the national average income stood at 24,111.9 thousand UZS, indicating that Khorezm occupies an average position within the country. The highest income level was recorded in Tashkent city — 60,594.4 thousand UZS — followed by Navoi region with 38,112.3 thousand UZS. The development of high-tech industries, mining, and manufacturing sectors in these regions has had a significant impact on income levels. Khorezm's indicators remain below those of Bukhara (27,508 thousand UZS) and Tashkent region (25,123.3 thousand UZS), yet are comparable to Samarkand, Syrdarya, and Jizzakh regions. These results indicate that Khorezm has the potential to improve public welfare by expanding economic activity, industrial cooperation, and the service sector. As priority areas of the region's economic strategy up to 2030, it is necessary to expand investment in innovative production, the digital economy, and human capital, as these are the main mechanisms ensuring sustainable income growth.

The socio-economic development forecast for Khorezm region for 2025–2030 clearly illustrates the differences between the inertial scenario (continuation of current trends) and the innovative scenario (based on renewal and technological growth). In 2025, under the inertial scenario, the per capita GRP is expected to reach 22,925.48 thousand UZS, whereas under the innovative development scenario, it is projected to reach 28,707.3 thousand UZS, reflecting a difference of more than 25%. By 2030, this gap is projected to widen further, with the inertial scenario reaching 30,881.84 thousand UZS and the innovative scenario 44,908.15 thousand UZS (see Table 1).

Table 1.

Projection of Khorezm region's socio-economic development up to 2030

Years	Gross Regional Product per Capita		Total Income per Capita	
	Inertial	Innovative	Inertial	Innovative
2025	22925,4	28707,3	22259,8	25519,3
2026	24516,7	31947,4	23793,2	27690,2
2027	26108,0	35187,6	25326,6	29861,2
2028	27699,2	38427,8	26860,0	32032,2
2029	29290,5	41667,9	28393,4	34203,2
2030	30881,8	44908,1	29926,8	36374,2

Based on Table 1, a similar trend is observed in total income. According to the projections, by 2030, total income per capita is expected to reach 29,926.8 thousand UZS under the inertial scenario and 36,374.2 thousand UZS under the innovative scenario.

In conclusion, the forecast results indicate that accelerating the region's gross economic growth is possible by strengthening mechanisms of innovative development, increasing investments in scientific research, and improving the quality of human capital. Under the innovative scenario, production efficiency, technological renewal, and export potential are expected to increase, leading to higher real incomes and improved living standards for the population. This approach is a key condition for ensuring sustainable economic growth and a gradual transition to an innovative economy in Khorezm region by 2030.

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