

TOURISM STARTUPS AS DRIVERS OF RURAL DEVELOPMENT: COMPARATIVE INSIGHTS AND OPPORTUNITIES FOR UZBEKISTAN

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Abstract: *Tourism startups increasingly shape the industry through innovation, sustainability, and community engagement. In rural areas, they can diversify economies and promote inclusive growth. This paper examines their role in Uzbekistan, comparing international practices from Europe, Nepal, South Korea, and Japan. Uzbekistan’s cultural heritage, supportive strategies (Uzbekistan–2030, New Uzbekistan 2022–2026), and a growing tourism market provide strong foundations for rural entrepreneurship. Yet infrastructure gaps, limited digitalization, skill shortages, and weak legal frameworks remain barriers. The study concludes that targeted reforms can enable tourism startups to drive sustainable rural development in Uzbekistan.*

Keywords: *tourism startups; rural development; Uzbekistan; agritourism; community-based tourism; smart tourism; entrepreneurship; Silk Road; digital platforms; sustainable tourism*

Introduction

The global travel industry continues to expand, driven by innovation and entrepreneurial activity. According to the Travel Outlook 2024 report, the sector grows annually by 2.86%, encompassing more than 170,000 companies and employing 13.5 million people. Over 59,000 patents and 4,500 grants reflect its strong commitment to technological advancement, while investments from leading firms such as Tiger Global and SoftBank demonstrate high market attractiveness. Startups are at the center of this transformation, with over 9,900 companies developing solutions in areas such as AI-powered travel assistants, augmented reality cultural tours, blockchain platforms, and self-service accommodations .

These innovations are reshaping tourism by making it more personalized, digital, and sustainable. Importantly, their impact is not limited to urban centers but also extends to rural areas, where tourism startups can foster economic diversification, create jobs, and preserve cultural heritage. For countries like Uzbekistan, where rural regions hold untapped tourism potential linked to the Silk Road, traditional crafts, and eco-tourism, international experience provides valuable insights.

Rural development is a central priority in Uzbekistan’s long-term national strategies. The Uzbekistan–2030 Strategy emphasizes tourism as a driver of inclusive growth, calling for the expansion of infrastructure and services beyond urban centers into cultural corridors and rural destinations . Similarly, the New Uzbekistan Development Strategy 2022–2026 highlights the development of ecotourism in regions such as Karakalpakstan and the Aral

Sea, aiming to diversify rural economies and generate employment . Complementary sectoral strategies, including the Strategy for the Development of Agriculture of the Republic of Uzbekistan for 2020–2030 , focus on rural entrepreneurship and agribusiness modernization, creating opportunities for agro-tourism startups. International partners also support this agenda: for instance, the Asian Development Bank is financing upgrades to 700 km of rural roads to strengthen connectivity, a prerequisite for viable tourism ecosystems . These initiatives demonstrate that rural development, particularly through tourism and entrepreneurship, is positioned as a key element of Uzbekistan’s broader economic modernization.

The aim of this study is to examine the role of tourism startups as catalysts for rural development, with a particular focus on Uzbekistan. Drawing on international practices and comparative experiences, the paper seeks to analyze how innovative tourism enterprises contribute to economic diversification, job creation, and cultural preservation in rural areas. By assessing both global trends and Uzbekistan’s national development strategies, the study aims to identify concrete opportunities and policy directions for strengthening the rural tourism startup ecosystem.

Literature Review

Rural tourism is widely defined as tourism activity that takes place in non-urban areas, where the visitor experience is closely linked to natural, agricultural, and cultural resources. According to UN Tourism, rural tourism typically features small-scale, community-based operations that preserve local traditions and lifestyles. The OECD and European Parliament extend this definition, noting that rural tourism is “located in rural areas, functionally rural, rural in scale, traditional in character, and sustainable in nature”. In parallel, tourism startups are understood as new, innovation-driven ventures that apply digital platforms, service innovation, or technological solutions to the travel value chain—from distribution to experience delivery. In rural contexts, these ventures often intersect with rural entrepreneurship, which the OECD frames as a policy lever to diversify local economies, foster job creation, and build resilience against globalization and urban migration.

Theoretical frameworks. Schumpeter’s classical theory of entrepreneurship views startups as engines of “creative destruction,” introducing new combinations of resources and innovation to drive development. Applied to tourism, startups represent disruptive actors who expand local economies through novel experiences and business models. At the same time, the sustainable rural development theory highlights the necessity of aligning tourism growth with environmental stewardship, cultural preservation, and community participation. Empirical studies emphasize that sustainability functions both as a constraint on rapid expansion and as an enabler of long-term resilience .

Comparative studies provide useful insights for Uzbekistan. In the EU, agritourism has been a major driver of rural diversification, with small firms integrating farming, gastronomy, and accommodation to strengthen rural incomes. In Turkey’s Cappadocia region, niche startups in ballooning, crafts, and boutique lodging illustrate how tourism entrepreneurship revitalizes regional economies. Nepal’s experience with community-based

tourism (CBT) and homestays shows that grassroots ventures can empower communities, preserve cultural identity, and generate local income . In South Korea, “smart village” projects and integration of tourism into the broader “6th-industry” framework demonstrate how digital technologies support rural revitalization through entrepreneurship.

In Uzbekistan, tourism has been studied in terms of general development strategies, ecotourism, and agritourism potential, while separate scholarship explores the country’s broader startup ecosystem . However, few peer-reviewed works explicitly connect tourism startups with rural development outcomes such as job creation, economic diversification, and community empowerment. This reveals a gap where comparative, evidence-based analysis is needed to assess how international practices in tourism entrepreneurship can be adapted to Uzbekistan’s rural context.

Global experiences demonstrate how tourism startups contribute to rural revitalization through innovation, community involvement, and sustainability. In Europe, agritourism models such as Italy’s agriturismo and Spain’s rural clusters have created new revenue streams for farming households while preserving cultural landscapes . In Asia, Nepal’s community-based tourism (CBT) illustrates how community-managed homestays and cultural experiences empower local households, supported by NGOs and development agencies . South Korea has pioneered “smart tourism” by integrating digital platforms, augmented reality (AR), and the “6th-industry” model, linking agriculture, culture, and tourism to attract younger entrepreneurs. Japan’s rural tourism initiatives, particularly in regions such as Hokkaido and Kyushu, show how innovation and policy can sustain rural communities through farm-stay programs (*minpaku*), onsen-based wellness tourism, and the revitalization of declining villages via cultural festivals and local startups (Table 1).

Across these contexts, several lessons emerge: digital tools expand access to international markets, community ownership ensures equitable benefit-sharing, eco-tourism principles protect resources, and diversification of activities sustains long-term growth.

Table 1. International Practices of Tourism Startups in Rural Development

Country/Region	Model	Key Contribution
Italy / Spain	Agritourism (<i>agriturismo</i> , rural clusters)	Revitalization of villages, alternative income for farmers
Nepal	Community-Based Tourism (homestays)	Empowerment of households, preservation of culture
South Korea	Smart Tourism & “6th-Industry”	Digitalization of rural tourism, attraction of youth entrepreneurs
Japan	Farm-stays (<i>minpaku</i>), wellness, cultural festivals	Revitalization of rural areas, integration of tradition and innovation

The government has identified rural tourism as a strategic priority. The Uzbekistan–2030 Strategy emphasizes diversifying tourism offerings, while State Tourism Committee programs promote ecotourism zones, guesthouse development, and rural homestays. Initiatives also include infrastructure investments and support for small businesses, aligning tourism growth with broader rural development objectives.

Uzbekistan’s tourism sector is experiencing dynamic growth, welcoming 4.2 million international visitors in the first seven months of 2024, a 15.3% increase compared to the previous year. The government aims to reach 9 million foreign tourists by 2026, supported by measures such as visa-free entry for 86 countries and simplified visas for 50 more. At the same time, the number of accommodation facilities has surpassed 5,000, including hotels, hostels, and guesthouses, many of which are emerging in rural regions. This expansion creates opportunities for tourism startups to develop agro-tourism, eco-tourism, and cultural experiences linked to Uzbekistan’s Silk Road heritage, traditional crafts, and rural gastronomy. In particular, initiatives promoting women’s entrepreneurship—such as handicraft clusters in embroidery, silk weaving, and rural guesthouse management—illustrate the potential for inclusive growth.

Table 2. SWOT Analysis of Rural Tourism Startups in Uzbekistan

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Rich cultural and natural heritage (7,400 heritage sites, Silk Road legacy). 2. Government support through <i>Uzbekistan–2030</i> and visa liberalization (86 visa-free countries). 3. Expanding tourism sector (4.2M tourists in Jan–July 2024, +15.3%). 4. Growing role of women’s entrepreneurship in crafts and hospitality. 	<ol style="list-style-type: none"> 1. Limited digital platforms for booking/marketing rural products. 2. Infrastructure gaps (roads, utilities, internet in rural areas). 3. Lack of qualified personnel and outdated training systems. 4. Legal gaps in defining alternative tourism (agrotourism, gastronomic tourism).
Opportunities	Threats
<ol style="list-style-type: none"> 1. Development of eco-, agro-, and gastro-tourism in rural areas 2. Potential for digital platforms and smart tourism tools. 3. Regional cooperation (Central Asia tourism integration initiatives). 4. Rising foreign investment interest in tourism startups. 	<ol style="list-style-type: none"> 1. Strong competition from established urban centers (Samarkand, Bukhara, Tashkent). 2. Global shocks (pandemics, geopolitical risks) affecting tourism demand. 3. Environmental risks (overuse of resources, climate impacts). 4. Risk of unequal income distribution between urban and rural destinations.

The SWOT analysis highlights that Uzbekistan possesses strong comparative advantages for rural tourism startups, including its rich cultural heritage, favorable government policies, and a rapidly expanding tourist market. These strengths provide a solid

foundation for developing eco-, agro-, and community-based tourism. At the same time, weaknesses such as inadequate infrastructure, limited digitalization, and a shortage of qualified personnel restrict the sector’s growth. Opportunities lie in leveraging regional cooperation, digital platforms, and foreign investment to expand rural entrepreneurship, while threats such as competition from established urban centers, global shocks, and environmental risks underscore the need for sustainable planning (Table 2).

Small businesses and startups already play a growing role in this landscape. Family-run guesthouses, handicraft workshops, and gastro-tourism projects illustrate how entrepreneurship can link rural communities to tourism value chains, provide supplementary income, and preserve intangible cultural heritage. However, the startup ecosystem remains fragmented, with limited access to finance and training. The absence of a clear legal framework for alternative forms of tourism—such as agro- and gastronomic tourism—further limits policy support and investor confidence.

Key opportunities lie in leveraging Uzbekistan’s Silk Road branding, developing ecotourism corridors, and scaling rural homestay models. Addressing challenges such as weak infrastructure, outdated professional training, and the lack of integrated digital platforms will be critical. If supported by targeted reforms and investments, tourism startups can transform Uzbekistan’s underutilized rural potential into a source of inclusive and sustainable economic growth.

Conclusion

Tourism startups hold significant potential to act as drivers of rural development in Uzbekistan. While the sector has shown steady national growth, most benefits remain concentrated in established urban centers. Rural regions—rich in cultural heritage, crafts, and natural resources—remain underrepresented in tourism flows. International experiences from Europe and Asia demonstrate that agritourism, community-based models, and digital innovation can effectively revitalize rural economies. For Uzbekistan, adapting these practices within its own strategic frameworks could ensure a more inclusive and balanced tourism industry.

Recommendations

1. Develop user-friendly booking systems and mobile applications that connect rural guesthouses, homestays, and cultural experiences with international tourists.
2. Provide microcredit schemes, grants, and startup incubator programs to support rural entrepreneurs in launching and scaling tourism ventures.
3. Improve rural roads, utilities, and internet connectivity to ensure that rural destinations are accessible, reliable, and attractive for tourists and investors.
4. Train rural youth and women in entrepreneurship, hospitality, and digital marketing, ensuring local communities retain ownership and benefit directly from tourism income.

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