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Article

Financing Models for Arts and Culture Education Institutions: International Experience and Prospects for Uzbekistan

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Abstract: This article examines international financing models for arts and culture education institutions and develops evidence-based recommendations for Uzbekistan. Drawing on data spanning 2020 to 2025, the study conducts a comparative analysis of practices in the United States, the European Union, and South Korea against the Uzbek context. Findings indicate that arts and culture education institutions in Uzbekistan remain excessively dependent on state budget allocations, while private sector participation and digital revenue streams remain negligible. Based on international best practices, the article proposes pathways for developing public-private partnerships (PPP), strengthening grant mechanisms, and pursuing digital transformation as tools for sustainable financing.

Keywords: arts and culture education, financing models, public-private partnership, budget dependency, digital transformation, Uzbekistan

1. Introduction

The question of how arts and culture education institutions are financed has gained increasing strategic relevance in the modern economic landscape. As the creative economy and cultural industries begin to constitute a meaningful share of global GDP, the financial sustainability of educational institutions in this field has become a prerequisite for sectoral development. According to UNCTAD (2024), global creative services exports reached USD 1.4 trillion in 2022, representing a 29% increase since 2017, while creative goods exports stood at USD 713 billion, a 19% increase over the same period [1].

Despite this global growth, many countries — including Uzbekistan — continue to face persistent challenges in securing stable and diversified financing for arts and culture education institutions. As Banks and O'Connor (2021) observed, the vast majority of cultural and creative institutions remain heavily dependent on public subsidies and struggle to design a balanced financing mix [2]. The COVID-19 pandemic further exposed these structural vulnerabilities, simultaneously accelerating the search for alternative and more resilient funding models.

In Uzbekistan, the 2024 state budget allocated approximately 50% of total expenditures to the social sector — encompassing education, healthcare, social protection, science, culture, and sports [3]. However, within this broad allocation, the share directed specifically at arts and culture education institutions remains modest and concentrated within a largely centralised budget model.

The purpose of this article is to conduct a comparative analysis of financing models in advanced economies — specifically the United States, the European Union, and South

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Korea — and to develop scientifically grounded recommendations for improving the financing of arts and culture education institutions in Uzbekistan.

The study pursues the following objectives:

1. to compare international financing models for arts and culture education institutions;
2. to identify strengths and weaknesses of Uzbekistan's current financing system;
3. to propose innovative financing mechanisms adapted to the Uzbek institutional context.

2. Materials and Methods

This study is grounded in empirical and statistical data covering the period from 2020 to 2025. The primary methodological approaches employed are comparative analysis, documentary analysis, and quantitative assessment of financing indicators across selected countries.

Primary sources include budget data published by the Ministry of Economy and Finance of the Republic of Uzbekistan, reports from UNCTAD and UNESCO, international peer-reviewed journals, and policy documents from the European University Association (EUA). UNESCO's 2022 global report Re|Shaping Policies for Creativity provides a comprehensive overview of the political and economic environment shaping the creative and cultural sector [4]. The EUA's 2022 updated study on core public funding mechanisms for universities in Europe served as a key reference for institutional comparisons [5].

International financing practices were examined through analysis of normative documents, financial reports, and expert assessments from the United States, EU member states, and South Korea. For Uzbekistan-specific data, official budget laws, government press releases, and internationally published research on Uzbekistan's education financing were consulted. The MacArthur Foundation's 17-year evaluation of the Arts and Culture Loan Fund (ACLF) provided a longitudinal case study of alternative financing instruments in practice [6].

A limitation of this study is the scarcity of disaggregated statistical data specifically for arts and culture education institutions within Uzbekistan's national reporting. Consequently, relative estimation based on the broader social sector budget is employed where institution-specific figures are unavailable. All estimates derived from such methodology are clearly marked in the tables.

3. Result and Discussion

Result

Comparative Analysis of International Financing Models

A review of international practice reveals that advanced economies consistently apply a multi-source financing approach for arts and culture education institutions. This approach integrates public budget allocations, private sector participation, grant and philanthropic funding, and a growing share of digital revenues. The proportional weight of each source varies by country, reflecting differences in cultural policy traditions, legal frameworks, and the maturity of civil society institutions.

In the United States model, federal and state government support coexists with substantial private philanthropy, endowment funds, and earned revenue. The Arts Consulting Group (2025) reported that, in 2024, federal arts and culture funding agencies submitted budget proposals for 2025 that incorporated modest increases and plans to support a broad range of institutions and research initiatives [7].

Across European Union member states, public subsidies tend to predominate, yet they operate alongside private sector contributions and international funding programmes. A notable example is the Netherlands, where the National Growth Fund allocated EUR 210 million for public-private partnership subsidies in vocational and

higher education between 2021 and 2025, with private contributions required to cover at least 33% of project costs [8].

The efficacy of the public-private partnership (PPP) mechanism has been confirmed across a growing body of research. Dzhikiya et al. (2023) demonstrated that PPP allows for simultaneous growth in investment support and management effectiveness in higher education — benefits that are directly transferable to the arts and culture education context [9].

Table 1 presents a comparative overview of key financing dimensions across the four country groups studied.

Table 1. Comparative overview of arts and culture education financing models (2020–2024)

Financing Dimension	USA	EU Average	South Korea	Uzbekistan
State budget share (%)	35–45	55–70	48–58	75–85
Private sector share (%)	30–40	15–25	20–30	5–10
Grants & philanthropy (%)	15–20	10–15	12–18	2–5
Digital revenues (%)	5–10	5–8	8–12	<2
PPP development level	Advanced	Advanced	Moderate	Nascent

Source: Compiled by the author based on UNCTAD Creative Economy Outlook 2024, EUA Public Funding Observatory 2022, and Arts Consulting Group 2025.

As the table illustrates, Uzbekistan's state budget dependency stands at 75–85%, significantly above international norms. In contrast, the United States and European countries demonstrate considerably more diversified financing structures, which contributes to their institutions' greater financial resilience.

Current State of Arts and Culture Education Financing in Uzbekistan

Uzbekistan's 2025 state budget allocations confirm the government's commitment to expanding investment in the social sector. The Ministry of Preschool and School Education received 59.46 trillion UZS — a 27.6% increase from the 46.6 trillion UZS allocated in 2024 [10]. The Ministry of Higher Education, Science and Innovation was allocated 6.27 trillion UZS, while the digital technology sector received 532.4 billion UZS, signalling a broader commitment to modernisation.

In July 2025, President Shavkat Mirziyoyev reviewed a new draft resolution focused on revitalising Uzbekistan's fine and applied arts sector. Daryo News reported that the field had remained underfunded and overlooked for years. As part of the 2026–2027 investment programme, the government plans to reconstruct the Central Exhibition Hall and the Art Fund building of the Academy of Arts, as well as establish a new Young Artists Center with a modern gallery and 40 creative studios [11].

According to the Global Partnership for Education, Uzbekistan allocates 20.5% of total public expenditure and 4.9% of GDP to education — considerably more than other countries in Central Asia and at a similar income level [12]. While this aggregate figure is commendable, the internal composition of these expenditures requires structural reform to better serve arts and culture education specifically.

Table 2 presents the key indicators of arts and culture education financing in Uzbekistan from 2020 to 2024.

Table 2. Key indicators of arts and culture education financing in Uzbekistan (2020–2024)

Indicator	2020	2021	2022	2023–24
Total state expenditure (trillion UZS)	102.4	118.6	136.2	151.5
Social sector share (%)	48	49	49.5	50
Arts & culture education share within social sector (%)	3.1	3.3	3.5	3.8 (est.)
Private sector involvement (% of cases)	4.2	4.8	5.3	6.1 (est.)
International grant funding (million USD)	12.4	14.1	16.8	19.2 (est.)

Source: Compiled by the author based on Ministry of Economy and Finance of Uzbekistan budget data; INVEXI 2023; Interfax 2023 [13]; kun.uz 2024; Global Partnership for Education. Figures marked (est.) represent author estimates derived from proportional analysis.

The data reveal a gradually improving picture: total state expenditure rose steadily from 102.4 trillion UZS in 2020 to 151.5 trillion UZS by 2023–2024, and the arts and culture education share within the social sector increased marginally from 3.1% to an estimated 3.8%. Nevertheless, private sector involvement — rising from 4.2% to an estimated 6.1% of cases — remains well below international benchmarks, and international grant funding, while growing, remains a modest component of overall financing.

Comparative Financing Structure: Analytical Figure

Figure 1 presents a comparative visualisation of financing source distribution across the studied country groups.

Funding Source	USA	EU Avg.	S. Korea	Uzbekistan	Int'l Average
State budget (%)	40	62	53	80 ▲	52
Private sector (%)	35	20	25	7 ▼	27
Grants & philanthropy (%)	18	12	15	3 ▼	15
Digital revenues (%)	7	6	10	<2 ▼	6

Figure 1. Financing source distribution: Uzbekistan versus international comparators (%)

Source: UNCTAD 2024 [1]; EUA 2022 [5]; Arts Consulting Group 2025; author's calculations. ▲ = above international average; ▼ = below international average. Blue shading = comparator countries; red shading = Uzbekistan indicators that diverge significantly from the international average; green shading = international average benchmark.

The figure makes the structural imbalance explicit: Uzbekistan's state budget dependency is approximately 28 percentage points above the international average, while private sector participation lags by 20 percentage points. Grant and philanthropic funding falls 12 percentage points below the international average, and digital revenue streams

remain negligible. This structural concentration of risk within a single public funding source represents a significant threat to the long-term financial sustainability of the sector.

Discussion

The results obtained prompt several important reflections on the path forward for arts and culture education financing in Uzbekistan. Four themes emerge as particularly significant.

First, the imperative of multi-source financing. The heavy reliance on a single funding channel — the state budget — creates systemic fragility. When budgetary pressures arise, whether from macroeconomic shocks, pandemic-related contractions, or fiscal consolidation, arts and culture institutions are among the first affected. The World Economic Forum argues that next-generation governance and financing models for cultural institutions must integrate institutional legitimacy, market innovation, and civic trust through Public-Private-Philanthropic Partnerships (4P) [14]. Transitioning toward such hybrid models is both feasible and necessary for Uzbekistan.

Second, the potential of digital transformation. Digitalisation is opening new revenue streams for arts and culture education institutions that were previously inaccessible. Research published in the Journal of Cultural Economics demonstrated that blockchain technology and NFT instruments enable artists and cultural institutions to access new direct financing models with significantly reduced transaction costs [15]. While wholesale adoption of such instruments may be premature for Uzbekistan's institutional context, the broader principle — leveraging digital platforms for revenue diversification — is directly applicable.

Third, the role of crowdfunding and community-based financing. Crowdfunding has emerged as a meaningful supplementary tool for cultural and creative institutions in several European contexts. A study published in the Journal of Cultural Economics (2022) confirmed that national cultural dimensions and policy frameworks significantly shape the adoption of reward-based crowdfunding in the cultural and creative industries [16]. Adapting crowdfunding mechanisms to the Uzbek legal and cultural environment could unlock additional community-based financing for smaller arts institutions.

Fourth, the contribution of public development banks. Multilateral and national development banks are increasingly recognising the cultural sector as a legitimate area of investment. The Finance in Common Summit (FiCS) — established in 2020 as a global network uniting the majority of public development banks — serves as a platform for channelling investment toward arts and culture programmes [17]. Uzbekistan's engagement with such multilateral mechanisms, alongside the World Bank's existing EduImkon Programme for student financing, could be strategically extended to encompass arts education institutions.

The findings of this study also invite a methodological reflection. The scarcity of disaggregated data on arts and culture education financing in Uzbekistan is itself an institutional problem: without a dedicated monitoring and reporting framework, evidence-based policy-making in this sub-sector is structurally constrained. As Capacity Interactive observed in the context of North American arts organisations, institutions that proactively demonstrate their community impact and financial need are best positioned to attract and retain diverse funding sources [18]. This insight applies equally to national policy frameworks: governments that track arts education financing in granular detail are better equipped to design targeted interventions.

4. Conclusion

This study has demonstrated that international experience in financing arts and culture education institutions holds direct and actionable relevance for Uzbekistan's ongoing reform agenda. The comparative analysis yields five primary conclusions and recommendations.

Diversification of financing sources. Uzbekistan's arts and culture education institutions currently rely on state budget allocations for 75–85% of their financing.

Drawing on international benchmarks, a realistic medium-term target would be to reduce this share to 60–65% by 2030 while systematically growing private sector participation and grant-based revenue. This trajectory requires deliberate policy design, not merely passive facilitation.

Introduction of PPP mechanisms. Public-private partnership represents the most evidenced pathway for attracting investment and improving governance quality in arts and culture education. Implementation requires the development of a dedicated legal and regulatory framework, including clearly defined risk-sharing arrangements, tax incentives for private contributors, and accountability structures for public funds.

Digital transformation and new revenue streams. Online education platforms, digital exhibitions, and the commercialisation of digital cultural products offer institutions concrete pathways to new revenue. UNCTAD's Creative Economy Outlook 2024 confirms that creative services' share of all service exports rose from 12% to 19% over the past decade. Uzbekistan's arts education institutions should be supported in accessing this growth through targeted digital capacity-building programmes.

Strengthening the grant and philanthropic ecosystem. UNESCO's International Fund for Cultural Diversity (IFCD) provided USD 1,187,298 in seed funding to 12 transformative projects in 2024. Uzbekistan's arts institutions should be actively supported in developing the institutional capacity — particularly in grant writing, project management, and financial reporting — required to compete successfully for such international funding.

Establishing a monitoring and reporting framework. The current absence of disaggregated financial data for arts and culture education institutions in Uzbekistan represents a structural barrier to evidence-based policymaking. Establishing a dedicated monitoring system — with standardised indicators for financing sources, expenditure efficiency, and institutional outcomes — is a precondition for any meaningful reform.

Future research should examine the outcomes of pilot PPP implementations in Uzbekistan's arts education sector and assess the feasibility of specific digital revenue models for institutions of varying sizes. The comparative institutional framework developed in this study may also serve as a foundation for sector-specific policy modelling.

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