Ecology, Water Supply, and Corruption: Weighing the Charvak Resort Gamble in Uzbekistan

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Table of Contents

Introduction	
Misadventures with Charvak's Master Plan	
Water Protection and Sanitary Zones	
The Master Plan Mystery	
What's Wrong with the Sea Breeze Project?	
Problem 1: The Unjustified Comparison with Coastal Resorts	
Problem 2: The Priority-Setting Problem	
Problem 3: The Real Estate Component	7
Problem 4. Population growth	7
Problem 5. Smell of corruption	8
Problem 6. Who the Investor Really Is?	9
Problem 7. Farmers' land rights are violated	10
Conclusions	10
References:	11

Introduction

On August 1, 2025, the Cabinet of Ministers of Uzbekistan approved the construction of the **Sea Breeze Uzbekistan** resort complex on the shore of the **Charvak Reservoir**, in the mountainous area of the Tashkent region. The government also confirmed the project's executor and investor - the Russian company **Agalarov Development**, owned by Emin Agalarov.¹

To implement the project, the investor was allocated 577 hectares of land on two opposite banks of the reservoir. The project consists of two main components:

- 1. The construction of the resort area itself, including hotels, beaches, and related infrastructure.
- 2. A real estate component an entire settlement of apartment buildings and cottages for sale and permanent residence, along with the necessary social infrastructure such as a school, kindergarten, and other facilities.

Before this decision, Emin Agalarov had already twice presented the project to President Shavkat Mirziyoyev - in December 2024 and April 2025. Shortly before the government's official approval, information about the project became public, triggering a strong and mostly negative reaction.

What caused public discontent, particularly among residents of Tashkent city and the Tashkent province (hereafter collectively referred to as the Tashkent region)? The main criticisms were as follows:

- 1) Concerns about the potential environmental impact of such a large construction project on the Charvak Reservoir area.
- 2) The fact that the Charvak Reservoir is the main source of water particularly drinking water for the entire Tashkent region. Many feared that the project could jeopardize this water supply.
- 3) The approval of the project without the availability of design documentation, meaning it had not undergone a full expert review and public scrutiny. In fact, on the eve of the resolution's adoption, the Ministry of Ecology, Environmental Protection, and Climate Change stated that the design documentation had not yet been submitted for their review. The Ministry also assured that, before final approval, the project would be presented for public discussion a step that had that never took place.²

In this article, we will examine these criticisms in detail, along with the broader problems surrounding the project. First, however, a few words about the Charvak Reservoir and the background of the issue.

The Charvak Reservoir is located in the Bostanlyk District of the Tashkent region, Uzbekistan. It was created during the Soviet era through the construction of the Charvak Hydroelectric Power Station and a 168-meter-high rock-fill dam, built on the flow of several mountain rivers: Pskem, Koksu, Chatkal, Nauvalysay, Chimgansay, and Ishakkupryuksay.

The reservoir covers a water surface area of approximately 37 km², with a total coastline of 95 km and depths reaching up to 148 meters in some places. It serves as the main source of the Chirchik River, which in turn supplies water to the entire Tashkent region.



Pic. 1. The map of the Tashkent Metropolitan area and the Charvak Reservoir. The area of the planned *Sea Breeze Uzbekistan* project is highlighted by red.



Pic. 2. The Map of the Sea Breeze Uzbekistan project.

Misadventures with Charvak's Master Plan

The Charvak Reservoir, in addition to being the main source of water supply in the Tashkent region, has long been also a favourite recreational destination for its residents. However, the strain on the reservoir's ecosystem increases each year due to population growth and the expansion of recreational services. This expansion is happening in a largely unplanned, chaotic manner, creating further burden on the local environment.

One of the most pressing issues is wastewater management. Due to an underdeveloped sewage system, waste is often discharged directly into the reservoir - either through the sais (streams) that feed into it or into makeshift ground-dug septic pits.³

The authorities have acknowledged these problems but have taken little effective action, tolerating widespread violations of environmental protection norms in the Charvak zone and beyond. Two examples illustrate this inaction:

Water Protection and Sanitary Zones

On December 11, 2019, the Cabinet of Ministers adopted Resolution No. 981 "On approval of the Regulation on the procedure for establishing water protection and sanitary protection zones of water bodies in the territory of the Republic of Uzbekistan". It required the creation of double protection belts around water bodies: a water protection zone and a sanitary zone. For the sanitary zone, construction of any buildings was prohibited within 100 meters of the shoreline. However, this rule is frequently violated, and there is no public record of enforcement against offenders.

The Master Plan Mystery

On July 23, 2025, at a press conference dedicated to the *Sea Breeze Uzbekistan* project, Minister of Ecology, Environmental Protection, and Climate Change Aziz Abdukhakimov proposed creating a master plan for the development of the entire zone of Charvak reservoir.⁵ Yet he omitted an important fact: such a plan had already been ordered years earlier and and he himself had been tasked with implementing it.

Back in December 2017, Presidential Decree UP-5273 "On the creation of the Free Tourist Zone 'Charvak'" mandated the development within six months of a master plan and a detailed planning project, with the involvement of international consultants. In December 2021, an updated version of the decree (No. 06/21/36/1175) placed responsibility for overseeing this task directly on Aziz Abdukhakimov, then head of the government's tourism development efforts.

In 2018, work on the master plan was assigned to a consortium of French companies specializing in engineering, landscape design, transport logistics, and other relevant fields. The plan was to be completed by March 2019.8 However, it is still not available to the public. According to *Sreda.uz*, in 2024 the government did receive a 200-page report financed by the French Development Agency (AFD),9 but this document has also not yet been published. Neither the AFD's website nor those of its apparent project partners - such as the Global Green Growth Institute or CIVITTA - contain any trace of it. There is no publicly available evidence that its conclusions or recommendations were ever discussed by the government, the press, or civil society.

In parallel, in February 2022, the Ministry of Tourism and Sports - then headed by Abdukhakimov - held a press conference to present an integrated development project for the Bostanlyk District, which includes the Charvak tourist zone. ¹⁰ The press release did not name the authors of the report, nor did it confirm the participation of the French experts. The project itself was not made publicly available. It did, however, note a focus on two pilot areas: southern Hojikent (outside the Charvak zone) and Yusufhona.

At the same event, a project for the Chimgan resort zone - prepared with French government funding - was also presented. Since Chimgan is outside the Charvak reservoir area, this suggests the French were ultimately tasked with developing plans for Chimgan rather than Charvak, implying that the Uzbek government had its own, separate vision for Charvak's development. This may explain why the French-prepared Charvak master plan has never been published.

Against this backdrop, Abdukhakimov's renewed call in July 2025 for a "new" Charvak master plan stands out as inconsistent with his prior responsibilities as both head of tourism development and director of the Charvak Free Tourist Zone. He held those roles until June 2023, when he became Minister of Ecology. This apparent inconsistency - proposing now what he should have delivered years earlier - may reflect deeper disagreements within the government over priorities for the reservoir's development.

There are signs of a rift between Abdukhakimov and Minister of Investments, Industry, and Trade Laziz Kudratov, who appears to be advocating for transferring the Charvak zone to *Agalarov Development* and fast-tracking project approvals. Two points support this view:

- It was Kudratov, not Abdukhakimov, who publicly defended the Sea Breeze
 Uzbekistan project in response to criticism over its approval without design
 documentation.¹¹
- Just days before the government's approval of the project, Abdukhakimov publicly stated that the documentation had not yet been submitted to his ministry for environmental assessment and was still expected to undergo public discussion.¹² In reality, Resolution No. 490 gave Agalarov Development until 2029 to submit the fulltext design documents.

This timeline shows that Abdukhakimov himself was not involved in - nor even informed about - the final decision before it was adopted. Afterward, however, he began defending the resolution, presumably to avoid open conflict with the country's leadership.

What's Wrong with the Sea Breeze Project?

In fact, we are dealing not with a single problem, but with an entire complex of interconnected issues. The assessment of this complex, presented below, largely aligns with the criticisms of the project already voiced by the public on social media. However, here I will attempt to provide a broader and more comprehensive picture of the problems associated with the project.

Problem 1: The Unjustified Comparison with Coastal Resorts

One apparent reason *Agalarov Development* was selected as the main contractor and investor for the Charvak resort project is that the company is already implementing a similar

development on the Caspian coast - *Sea Breeze Azerbaijan*. During his visit to Baku in early July 2025, President Shavkat Mirziyoyev reportedly expressed admiration for this resort complex.

However, Charvak should by no means be treated as just another seaside recreational zone, comparable to *Sea Breeze Azerbaijan* or similar coastal developments promoted by lobbyists as models for Charvak's future. The difference lies not only in the scale of the sites but, more importantly, in their function: the Caspian Sea is not a source of drinking water, whereas Charvak is virtually the one for the Tashkent region.

For this reason, any project that could pose even a minimal risk to this critical water supply must be either strictly limited or ruled out entirely. The stakes are high - the lives and wellbeing of millions in the vast Tashkent metropolitan area depend on it.

The government has pledged to enforce environmental standards rigorously and to prevent any discharge of sewage into the reservoir or the Chirchik River. However, these assurances remain purely rhetorical for now. Given the entrenched corruption within Uzbekistan's state apparatus, the likelihood that such guarantees will be upheld in practice is far from reassuring.

Problem 2: The Priority-Setting Problem

The development and use of Charvak's resort potential cannot be treated like an ordinary investment project where the primary goal is maximizing profit - even if that profit is in foreign currency. Given the uniqueness of the Charvak zone and its vital importance for the residents of the Tashkent metropolitan area, three priorities for its development should be firmly established:

- 1. **Protecting the Charvak Reservoir and the Chirchik River from pollution** as they serve as the primary source of drinking water for the entire Tashkent region.
- 2. **Preserving the reservoir's ecosystem**, which is already under significant strain from unregulated development.
- 3. **Meeting the recreational needs of the entire Tashkent metropolitan area's population** (including both the capital and the province), rather than prioritizing wealthier foreign tourists.

Let us consider this third point in more detail.

Recreational opportunities for the population of the Tashkent region - and indeed for most of Uzbekistan - are very limited. If access to Charvak is further reduced due to an influx of foreign tourists, the consequences could be far-reaching: higher rates of stress and illness, increased pressure on healthcare institutions, and a decline in labour productivity.

The resort area at Charvak should therefore be developed in a way that limits the displacement of local vacationers. This need not be done through outright bans, but rather through economic measures - such as introducing an additional tax on each foreign tourist that resort owners must pay. The goal should be to make it at least as profitable for hotels to host local visitors as it is to cater to foreign ones.

As noted earlier, the lobbying force behind the *Sea Breeze Uzbekistan* project appears to be the Ministry of Investment, Industry, and Trade, which seems focused on attracting foreign

and VIP clientele. In their view, the project's \$5 billion investment may not be profitable otherwise. This position is probably supported by President Mirziyoyev, who has consistently prioritized the attraction of foreign investment.

It is telling that, in deciding the fate of the *Sea Breeze Uzbekistan* project, the lead role was played by the Ministry of Investments rather than the agencies responsible for tourism development and environmental protection. Given Charvak's limited water resources and restricted recreational capacity, such prioritization is highly questionable.

Problem 3: The Real Estate Component

The most problematic and unacceptable aspect of the *Sea Breeze Uzbekistan* project is the investor's plan not only to develop the resort area itself - hotels, beaches, and related infrastructure - but also to build and sell housing to wealthy buyers. According to the project map, the territory allocated for this residential development is roughly equal in size to that planned for hotels and entertainment facilities.

If this real estate component is implemented, the ecological burden on the Charvak zone will increase sharply. The risk of polluting the water supplied to the population of the Tashkent region via the Chirchik River will also rise accordingly.

In general, the construction and sale of private housing within the Charvak zone should be strictly limited. The only exception should be made for indigenous residents of the area.

Problem 4. Population growth

Even if access of foreign clients to the Charvak zone is restricted and the residential component is removed from the project, the environmental pressure on Charvak will still grow each year due to the rapid population increase in Tashkent and the Tashkent province.

According to the National Statistics Committee, as of early 2024 the population of Tashkent reached 3,041,000 - an increase of 2.9% (85,000 people) compared to the previous year. The Tashkent province showed a similar trend, with its population reaching 3,052,000 - up by 2% (87,000 people) over the same period. In total, this represents an additional 172,000 people in just one year, bringing the combined population to over 6 million. At this pace, population growth alone poses a serious threat to both the Charvak ecosystem and the water supply to the region's population.

Under these circumstances, the government must take effective measures to manage population growth in the Tashkent metropolitan area - but not through restrictive bans or by reinstating *propiska* (the old residence registration regime). Instead, policy should focus on economic incentives by introducing differentiated tax rates, especially for construction and development companies, between Tashkent and other regions; and by increasing investment in regional development, including housing, infrastructure, and recreational areas.

Furthermore, any plans to expand the administrative boundaries of Tashkent into the territory of the Tashkent province for additional housing construction should be abandoned. Such expansion would harm both the local population of the Tashkent region and residents of other provinces, ultimately undermining the balanced development of the entire country.

Problem 5. Smell of corruption

The situation with the Sea Breeze Uzbekistan project also raises a fundamental question: why, before approving the project and its contractor, was no open tender held to identify the best investment proposal? The awarding of lucrative concessions and exclusive access to valuable public resources without a transparent and competitive process is one of the clearest indicators of corruption and a sign that the deal is being made behind closed doors.

Another troubling sign is the allocation of Charvak land to *Agalarov Development* at a drastically reduced rent, quite possibly on the basis of a "kickback" arrangement. The estimated rental value of the entire plot allocated to the company is 1.7 trillion soums (approximately USD 133.2 million). Yet the investor was billed only 17 billion soums (around USD 1.3 million) - a hundred times less. Moreover, this sum will be paid in instalments over five years, meaning that after accounting for inflation, the real cost to the investor will be even lower.¹⁴

When faced with public criticism over this point, the Ministry of Investment, Industry, and Trade claimed that the reduction was an incentive for investment and that, in exchange, the investor would pay USD 240 million in infrastructure costs for sewerage, roads, a cable-stayed bridge, treatment facilities, and other works - over USD 100 million of which would supposedly remain for regional development.¹⁵

This justification is highly questionable for two reasons. First, the investor is receiving land of exceptional value and enormous income potential; in such circumstances, offering additional benefits is unnecessary. Second, infrastructure within the allocated territory including the bridge - should be part of the investor's capital costs, not financed from the state budget, as it'll serve mainly the resort's clients. The government should only fund infrastructure outside the project's boundaries.

Most alarming is that the *Sea Breeze Uzbekistan* project was approved even though the investor has not yet submitted the project documentation. Resolution No. 490 allows *Agalarov Development* to provide this documentation only by the end of 2029 - nearly at the conclusion of the project's implementation. ¹⁶ This means that neither the government nor the public will have a full understanding of what exactly is to be built, what it will cost, or the risks it poses to the Charvak ecosystem and the Tashkent region's water supply, until it is too late to make meaningful changes. There will be no opportunity for a comprehensive expert review or public scrutiny in a timely manner. In effect, the government is "buying a pig in a poke" - an extraordinarily irresponsible move that endangers public welfare, Uzbekistan's economy and national interests.

All these concessions raise serious suspicions about the corrupt nature of the deal. The role of the president is especially suspicious, since such an important decision would almost certainly require his personal approval. It is also probable that this approval was granted at the urging of the Ministry of Investments, Industry, and Trade, eager to showcase a success in attracting foreign investment.

As Mirziyoyev's past experience in office shows, this voluntaristic style of decision-making is very characteristic of him. The Sardoba Water Reservoir disaster in 2020 stands as a grim precedent: there, too, key decisions were made behind closed doors, financing was arranged without proper review, contractors were chosen without open tenders, and the result was a massive economic and human loss.

Similarly, the allocation by the government of profitable gas fields to individuals close to the presidential circle - again without open tender - precipitated the collapse of the energy sector in the winter of 2023, leaving many Tashkent residents without gas heating and electricity for several freezing days. Overnight, Uzbekistan shifted from being a gas exporter to a gas importer.

Given these precedents, it is entirely plausible that the hastily approved *Sea Breeze Uzbekistan* project could lead to a comparable failure, with serious consequences for both the population, the environment and the country's long-term interests.

Problem 6. Who the Investor Really Is?

Agalarov Development - the company set to build the Breeze Uzbekistan resort complex – is a Russian limited liability company established in 2003 and headquartered in Moscow. Under Russian law, such a company's liability is limited to its authorized capital, which in this case is only 3,075,093 rubles - around USD 38,500. Comparing this amount with the estimated cost of the project at USD 5 billion, it is not difficult to understand that in the event of the project failing and causing damage to Uzbekistan, the company's financial liability will be negligible.

The company's track record also raises concerns. In Russia, 95 enforcement proceedings have been initiated against *Agalarov Development* - cases in which bailiffs forcibly execute court or government decisions, typically over unpaid debts to creditors. In terms of revenue, the company ranks 159,427th among Russian enterprises, far from being a major player in the construction sector.¹⁷

Emin Agalarov is the son of Araz Agalarov, owner of the much larger *Crocus Group*, one of Russia's biggest private development companies. ¹⁸ In 2021, Araz Agalarov ranked 100th in *Forbes*' list of Russia's 200 richest businessmen. His close ties to the Russian political elite raise another important issue: by handing control of a critical infrastructure site - the Charvak water system - to this family, Uzbekistan risks deepening its dependency on Moscow. Emin himself served as vice president of *Crocus Group* in its later years before leaving to run his own company.

Crocus Group is the firm that built *Crocus City Hall*, the concert venue targeted in the March 24, 2024 terrorist attack that killed around 150 people. Notably, 70 of those deaths were caused by suffocation from the fire. While the Russian Emergencies Ministry claimed the venue had passed fire safety inspections, independent experts have suggested serious design flaws may have contributed to the death toll. Reports indicate the use of highly flammable materials, such as a membrane roof made of soft plastic that ignites within 10 -15 minutes in open flame and burns at temperatures up to 800°C, as well as insulation that is difficult to extinguish. This, combined with heat damage to the supporting metal structures, reportedly led to the roof's collapse. ²⁰

Although Emin Agalarov was no longer with *Crocus Group* at the time of the attack, he worked there during the construction of *Crocus City Hall* - completed in 2009 - and may have been involved in overseeing the project.

These facts raise at least two serious questions:

- 1) Has the Uzbek government investigated the causes of the suffocation deaths at Crocus City Hall? If flawed design and construction contributed to the tragedy, it raises the possibility that similar cost-cutting or material substitutions could occur in Charvak, especially in infrastructure such as sewage treatment systems. These risks should have been addressed during a proper project assessment - an assessment that has yet to take place.
- 2) Given Araz Agalarov's close ties to Russia's political elite, is Uzbekistan exposing itself to new strategic risks? Granting a Russian-linked company control over a project that could affect the water supply of the entire Tashkent metropolitan area effectively hands Moscow a potential point of leverage over Uzbekistan.

Problem 7. Farmers' land rights are violated

The government's decision to allocate land to the *Sea Breeze Uzbekistan* project will result in the expropriation of land from roughly 15 farms.²¹ This will deprive the Charvak region of locally produced agricultural goods - including vegetables, fruits, meat, and milk - which will have to be imported from other parts of the country at higher prices, increasing the cost of living for local residents.

This expropriation also raises legal concerns. By law, farmland is leased to farmers for long terms of 10 to 50 years. The sudden seizure of this land undermines the reliability of such contracts. According to the resolution approving the project, the investor, *Agalarov Development*, is responsible for compensating the farmers for their land. But since the land has already been seized, farmers have no bargaining power and must accept whatever price the investor offers. Only time will tell what they will be left with.

Conclusions

The hasty approval of the Sea Breeze Uzbekistan project and the numerous problems identified around it once again illustrate the nature and style of Uzbekistan's authoritarian rule. It is a regime prone to arbitrary decision-making without proper due diligence, expert review, or public consultation—one that favours behind-the-scenes deals over transparency and accountability.

Past investigative reports have already exposed corruption at the highest levels of the state hierarchy of Uzbekistan, including the presidency. As noted earlier, two of these corruption scandals ended in national-scale disasters. Yet the president and government appear to have learned nothing from these episodes, continuing to govern in the same manner.

This approach has direct consequences for the country's development prospects. Real progress is only possible if the authorities adhere to essential governance standards and practices - first and foremost, competence and integrity of the state apparatus. While the government has made efforts to promote private business and attract foreign investors, cases like the ill-fated *Sea Breeze Uzbekistan* project occur with troubling regularity.

Such disregard for the public interest widens the gap between society and the ruling elite, as reflected in the widespread public protests against the project under question. If this gap continues to grow, it will either destabilize the country or push the authorities toward large-

scale repression reminiscent of the previous president, Islam Karimov. In either scenario, Uzbekistan risks undermining its development and entering a new period of stagnation.

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