



Contribution of the cultural sector into the economic development of Uzbekistan and Karakalpakstan

Analytical report

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Introduction

Cultural and creative industries represent one of the most rapidly expanding sectors in the global economy, accounting for 3 to 4 per cent of world gross domestic product (GDP). The tourism sector — 45 per cent of which is cultural — accounts for 9 per cent of world GDP, 6 per cent of total exports from least developed countries and for 1 out of 11 jobs globally¹.

In 2008 the value of world exports of creative goods and services reached 592 billion US dollars, showing an annual growth rate of more than 14% within six years. In addition, creativity and cultural industries are one of the most dynamic and rapidly expanding sectors of the world economy, with a growth rate of 17.6% in the Middle East, 13.9% in Africa, 11.9% in Latin America, 9.7% in Asia, 6.9% in Oceania, and 4.3% in North and Central America. Demand and consumption of cultural and creative products and media services is also expanding exponentially due to the increasing importance of the digital and mobile distribution and changes in the ways in which culture is created and distributed.²

The cultural and creative sectors in the EU account for 3.3% of GDP and employ 6.7 million people (3% of total employment). Figures are also important if one considers the fashion and high-end industries, which rely on a strong cultural and creative input. They account for 3% of the EU GDP each and employ respectively 5 and 1 million people³.

Study "Analysing the economic impact of cultural spending on the GDP" (2011) takes an insight in the correlation of cultural expenditure and economic growth in 47 cities around the globe. After a calculation following a mathematical formula they suggest a concrete value of this positive correlation: 10% rise in cultural spending per city inhabitant is tied to a greater GDP value per capita of 1.7%⁴.

This report is based on research conducted at the request of the UNESCO office in Uzbekistan within the framework of the UN Joint Programme on "Sustaining Livelihoods affected by the Aral Sea Disaster."

The main objectives of the study:

- Develop methodology and assess the contribution of the cultural sector in the economy of Uzbekistan, including Karakalpakstan
- to evaluate the economic aspects of the individual projects in the sphere of culture, especially projects related to the activities of the UN Joint Programme on "Sustaining Livelihoods affected by the Aral Sea Disaster"

To achieve the set goals the following methodological approaches were used:

1. International experience assessing the impact of the cultural sector to economic development has been studied and briefly described. The main approaches for determining the volume of the cultural sector, its place and role in the national economies in accordance with the methodological approaches of UNESCO have also been described.

¹ «Culture and development», Note by the Secretary-General, UN Edition, 2013.

² «Culture for development indicators», UNESCO Edition, 2014.

³ «Culture and development», Note by the Secretary-General, UN Edition, 2013.

⁴ «The Economic Impact of Cultural Spending», A soul for Europe, a Cultural Coalition for a Citizens' Europe - http://www.asoulforeurope.eu/sites/www.asoulforeurope.eu/files/media_pdf/ASFE%20The%20Economic%20Impact%20of%20Cultural%20Spending_0.pdf.

2. Requests for statistical and other data in government, describing the state of the cultural sector and its impact on other sectors of the economy both on Uzbekistan as a whole, and at the regional level (12 regions, Tashkent and Karakalpakstan), have been prepared.
3. Questionnaires have been prepared and in-depth interviews with experts in the field of culture, representatives of cultural institutions, projects, UNESCO Representative in Uzbekistan have been conducted. Both the questionnaires and the interviews were conducted in order to assess the impact of culture on the economy of Uzbekistan, as well as on the economic results of the implementation of these projects.
4. In accordance with the methodology of UNESCO and on the basis of the statistical and other data the size of the cultural sector in Uzbekistan and its impact into the economic development has been assessed.
5. Given that Uzbekistan is dominated by cultural tourism the contribution of tourism sector in economic development has also been evaluated.
6. The economic aspects of various projects of the UN Joint Programme on "Sustaining Livelihoods affected by the Aral Sea Disaster" and other UNESCO projects that are examined in this study (based on open-source projects derived from the data and in-depth interviews) have been assessed.
7. On the basis of the results obtained recommendations for governments, international organizations and NGOs have been developed. These recommendations include measures allowing to strengthen the positive impact of the cultural sector in the economic development of the country and separate regions, improve the economic aspects of projects in the sectors of culture and tourism, as well as measures enabling to improve the system of collection and processing of statistical data in the sectors of culture and tourism.

1. International experience in assessing of the contribution of the cultural sector in economic development and its application to the conditions of Uzbekistan

1.1. Delimitation of the UNESCO Culture Sector

To estimate the contribution of the cultural sector to the economic development, first it is important to define the boundaries of the sector. Identification of culture areas of UNESCO is based on a hierarchical model consisting of basic and related cultural areas. Key areas include cultural activities, goods and services related to the different stages of the model of cultural cycle. Related areas are relevant to a broader definition of culture pertaining to the social life and entertainment.

Areas of the cultural sector can be grouped as follows⁵:

A. *Cultural and natural heritage:*

- Architectural, archaeological sites and historical places,
- Cultural landscape,
- Movable heritage and museums (including virtual)
- Natural heritage.

B. *Intangible cultural heritage:*

- Oral traditions and expressions, including language as a carrier of the intangible cultural heritage
- Performing arts,
- Customs, rituals and festive events,
- Knowledge and practices concerning nature and the universe,
- The knowledge and skills associated with traditional crafts.

C. *Visual Arts and Crafts:*

- visual arts,
- photography,
- Arts and crafts.

D. *Books and Press:*

- Print and electronic publications,
- Libraries, including virtual,
- Book Fairs.

E. *Audio-visual and interactive media:*

- Films and videos,
- TV and radio,
- Podcasting on the Internet,

⁵ Sources: UNESCO Convention for Safeguarding intangible cultural heritage 2003, «Cultural Statistics System», UNESCO 2009

- video games.

F. **Design and Creative Services:**

- clothing design,
- graphic design,
- landscape design,
- Architectural services
- Advertising services.

Moreover three additional cross-cutting areas are also incorporated here:

- ***Education and training,***
- ***archives and storage,***
- ***equipment and related materials (used in the cultural sector).***

They are among the cross-cutting, as applicable to all areas of the cultural sector.

It is also believed that the cultural sector is closely linked to sectors such as:

- ***tourism and hotel business,***
- ***physical Culture and sport,***
- ***entertainment and leisure.***

These sectors are additional areas of the cultural sector and considered in conjunction with the major and cross-cutting areas.

1.2. The main methods of assessing the contribution of the cultural sector in the economy

Various sources describe the following methodological approaches for analysis of the contribution of the cultural sector in the national economy.

- **Analysis of the structure and the size of the economy.** This method involves the direct calculation of the proportion of the cultural sector in the major macroeconomic indicators (GDP, employment, investment, exports, etc.) - see. **Table 1 of Annex 1**. Also, the method involves the study of the distribution of macroeconomic indicators for the sub-sectors or groups of persons concerned (authors, manufacturers, distributors, etc.). This method is most common because it is easiest to count and requires minimal additional research.
- **Method of culture satellite accounts.** This method is based on an "input-output" matrix. It involves the study of the added value chain in the sectors and sub-sectors of culture and – production, intermediate consumption and value added. This method involves including extensive field research.
- **Multivariate analysis,** a systematic analysis of the economic relations between the cultural sector and other sectors of the economy. The analysis is based on the "input-output" table and econometric models. As a result, the coefficients of various multipliers can be counted (employment multiplier, multiplier of the gross value added, production multiplier, multiplier of tax revenues - see. **Table 2 of Annex 1**).
- **The production function.** This model uses econometric approach based on the Cobb-Douglas function and its modifications. As a result, the average ratio between the costs and production (capital and labor) in the fields of culture and their impact on economic growth are assessed.

- **Imbalance Model.** This model of economic growth implies a corresponding two sectoral division of the economy on the creative and non-creative sector and econometric studies of their development.

Description of the advantages and disadvantages of each method is presented in **Table 3 of Annex 1.**

The most common and the most applicable to the conditions of Uzbekistan is the first method - "Analysis of the structure and the size of the economy." The essence of the method is to quantify the economic performance of the cultural sector and to compare them with those of other sectors of the economy and the national economy in general. For application of this method official statistics is mainly used. If these data are not sufficient, they can be supplemented with quantitative and qualitative field research.

This approach is mainly used to assess the economic contribution of cultural industries on a long time, but it can also be used to assess in the short term. It can also be used to compare the contribution of the cultural sector to the economy at a regional level, which corresponds to the objectives of the study. Another advantage of this method is that the contribution of cultural industries to the national economy can be compared to the contribution of other countries, as this method used the most commonly occurring economic indicators.

The complexities of this approach can be linked primarily to the lack of, insufficient disaggregation or unreliable official statistics. However, the ability to assess the contribution of the cultural sector in the economy for a variety of parameters, independent of each other, smoothes the issue.

The rest of the approaches presume even higher demands on the quality of statistical data, which is impossible at the present time in Uzbekistan, or conduct expensive field studies.

Accordingly, for the purposes of the present study the most appropriate method is the "Analysis of the structure and the size of the economy.", which we will apply **in section 2.**

1.3. Principles for assessing the contribution of the cultural sector in the economy of UNESCO

The method of "Analysis of the structure and the size of the economy" is widely used by UNESCO. So in 2013-2014 contribution of the cultural sector in the economy of 11 developing countries has been conducted for the following groups of indicators:

- the contribution of the cultural sector in the gross domestic product;
- Employment in the cultural sector;
- household expenditure on culture.

The research results are presented in **table 1.1.**

The main source of data for estimating the share of culture in the GDP was a census of economic activities carried out by statistics or research institutions, and in Ghana statistical data of tax collection of VAT were also used. Information on the proportion of people employed in cultural industries and household spending on culture was obtained from surveys of households and enterprises.

In accordance with the recommendations of UNESCO⁶ to build a system of indicators that characterize the cultural sector on the national level 3 steps have to be taken:

⁶UNESCO «Culture for development indicators. Global Database» - <http://www.unesco.org/new/en/culture/themes/cultural-diversity/cultural-expressions/programmes/culture-for-development-indicators/>.

- Identify central and supporting areas of cultural sector in international classifiers (in 2009 UNESCO developed a detailed list of activities and employment, which are central are supporting cultural industries);
- carry out the correspondence between the international and national classifications;
- calculate the indicators, depending on the available statistics on national level qualifiers (for more details see Annex 2).

Table 1.1. The share of the cultural sector in the economy of the various countries

	Contribution of cultural activities to GDP	Cultural employment	Household expenditures on culture
Bosnia and Herzegovina	5,72%	4,70%	2,43%
Burkina Faso	N/A	2,14%	0,62%
Cambodia	1,53%	0,54%	0,30%
Colombia	3,41%	2,10%	2,75%
Ecuador	4,76%	2,20%	3,41%
Ghana	1,53%	0,03%	0,66%
Namibia	N/A	0,65%	9,09%
Peru	1,58%	3,33%	1,56%
Swaziland	N/A	1,85%	0,44%
Uruguay	N/A	3,10%	3,08%
VietNam	N/A	N/A	N/A

Source: UNESCO «Culture for development indicators. Global Database» - <http://www.unesco.org/new/en/culture/themes/cultural-diversity/cultural-expressions/programmes/culture-for-development-indicators/>.

The most common indicators used to assess the cultural sector are:

- Gross value added (GVA) created in the sector;
- Employment in the sector;
- The number of enterprises, non-profit organizations, public sector enterprises;
- Amounts of revenue and profit of organizations of the sector;
- The volume of exports;
- Salaries of workers in the sector;
- Investment in the sector;
- Structure of the sector by industry (employment, GVA, revenue, etc.).

The calculated indicators can be used to:

- assess the contribution of the cultural sector to the economy (by comparing the figures with indicators of the sector of the national economy as a whole, for example, the sector's contribution to GDP, the share of employment in total employment, the share of consumer spending on culture in total consumption expenditure, etc.);
- Track changes in the contribution of the cultural sector in the economy for several years (for which relevant statistics are available);
- compare of the contribution of the cultural sector in the economies of different countries.

1.4. Influence of cultural values on economic development

The impact of culture on economic development is not limited to the value added produced in the sector, volumes of consumption of services in the sector, employment in the sector, as well as the contribution of culture to similar sectors, for example in tourism. Culture not as a sector of economic activity, but as a **set of values and traditions** has a much greater impact on economic development than any macroeconomic indicators can demonstrate.

Most economists in research ignore the factor of culture. Most often this occurs because of the difficulties with a clear definition of the concept of "culture" and the lack of analysis of quantitative data. However, many experts argue that the traditions and habits inherent in the individual ethnic groups, religions and communities, severely affect their economic achievements.

Europe: the impact of regional differences in the economic development

Even in a developed country like Italy, where over the past 150 years the same state institutions, legislation, and other attributes of a developed society have been present, there is a clear difference in terms of performance, including economic, between its northern and southern regions.

Guido Tabellini, who conducted research on this subject concluded that in addition to the top-down systems, a huge role is played by internal relationships, inherent to communities living in these areas, which he labeled as an indicator of culture. So, for example, the judicial system works quite differently in the north and the south of Italy, where the judges take much more time to complete the proceedings and rule on civil cases. And this is despite the fact that legislation and professional way for the judges are the same for over 150 years, and the available human resources are not too different as well. Similar regional differences are observed in the hospitals, schools or governments at the state and local level, as well as the risks of the violation of ethical standards in large private corporations with branches in different regions.

To find out whether there is a similar correlation in other countries, the professor conducted a comparative analysis of the indicators of production per capita in 69 regions of eight European countries (France, Germany, Great Britain, Italy, Holland, Belgium, Spain and Portugal) and compared them with the data obtained in the course of sociological research survey "Values in the world» (World Values Survey). This survey assessed the degree of trust of respondents to others, their confidence that they can determine their own destiny, and the degree of respect for others (all the above factors contribute to the development of the economy), as well as the willingness of respondents to obey and put up with the existing realities (which makes it difficult for economic development).

As found by Tabellini, productivity per capita was the highest in densely populated urban centres (areas around Paris, Brussels, urban areas in northern Germany and northern Italy) and lowest in the south of Spain, Portugal and southern Italy. Comparing these figures with the results of the poll, Tabellini concluded that "the GDP and economic growth rate is higher in those regions where there is mutual trust, a belief in individual initiative and human respect for the law."

Source: http://thavinkithe.clan.su/news/vlijanie_kultury_na_ekonomiku/2013-07-17-112.

The founders of classical economics, Adam Smith and John Stuart Mill believed that cultural factors sometimes have a much greater impact on people's behaviour than the primitive pursuit of personal gain. The German sociologist Max Weber considered religion a major factor in the development of capitalist society. Since any new economic order in its early stages encounters resistance from the masses, Weber argued, economic incentives alone are not enough to convince businesses of the need to act in accordance with the new system of industrial relations. It is here that religion played an invaluable role in the formation of capitalist relations. In particular, the Protestant reformism preached the accumulation of wealth and well-being, not only as an advantage, but also as a duty of every Christian. The well-known US-Canadian economist of Hungarian origin Karl Polanyi considered religion and culture "deterrent" from time to time standing in the way of market laws. However, the conceptual approach for a long time did not find practical application in economic research.

One of the first economic works, considering culture as an independent factor was the study conducted by the renowned American scholar, an expert in public administration, Edward Banfield in 1958⁷. He argued that the slow pace of development of various economies can be explained by cultural systems that emerged in different countries. Banfield showed that the weakness of the economy in the south of Italy (in contrast to the industrially developed north of the country) can be attributed to local cultural traditions. Historian and economist David Landes revealed the existence of a direct link between the prosperity of the national economy and the qualities of its citizens such as frugality and thrift, hard work, perseverance, honesty and tolerance⁸. Qualities such as xenophobia, religious intolerance, corruption ensure poverty in the broad masses of the population and slow development of the economy. Italian economist Guido Tabellini analyzed the level of education and the quality of political institutions in 69 European regions. His conclusion: GDP and economic growth rate is higher in those regions where there is mutual trust, a belief in individual initiative and human respect for the law.⁹ (see. Insert "Europe: the impact of regional differences in the economic development").

Культура имеет значение

Эксперт Лоуренс Харрисон в 2002-2005 гг. возглавлял исследовательский проект «Культура имеет значение», в котором приняли участие 65 специалистов из 25 стран. Целью проекта была выработка ориентиров для прогрессивных культурных перемен. В ходе проекта выяснилось, что для шести добившихся экономических успехов стран – Китая, Японии, Сингапура, Южной Кореи, Индии и Чили, а также пяти североевропейских – Финляндии, Швеции, Дании, Норвегии и Исландии этому способствовала уже сложившаяся там культура, тогда как в Ирландии, Испании и Квебеке прогресс явился главным образом результатом политических шагов, содействовавших переменам в культуре.

Так, всем странам, испытавшим сильное влияние китайской культуры, включающей помимо конфуцианства также даосизм, буддизм и культ предков, присущи приверженность принципам «всесобщей культуры прогресса»: в восточноазиатских обществах высоко ценятся образование, успех, трудовая этика, личные заслуги и склонность к накоплению. В то же время в странах Северной Европы, признанных чемпионов в области прогресса, реальной движущей силой послужили протестантские ценности – образование, стремление многого добиться в жизни, трудовая этика, личные заслуги, бережливость.,.

В то же время в Ирландии и Испании «экономическое чудо», по данным исследователей, произошло вследствие отхода от прежних культурных укладов, связанных с католицизмом, и перехода к более передовым в результате проводимой сверху либерализации «интровертной» экономической политики. Как в Ирландии, так и в Испании влияние католической церкви ослабло до такой степени, что теперь их часто называют «посткатолическими» странами. При этом обе страны сделали упор на образование, так что Ирландия, чей уровень образованности населения далеко отставал от большинства европейских стран, спустя 40 лет заняла здесь одно из первых мест. Сходный процесс выдвинул вперед и прежде отсталый Квебек, где благодаря проводимой сверху политике произошла «деклерикализация», приведшая к резкому ослаблению влияния церкви, особенно в сфере образования, куда государство начало вкладывать огромные средства.

Источник: http://thavinkithe.clan.su/news/vlijanie_kultury_na_ekonomiku/2013-07-17-112

Cultural values have an impact on the economy, but these values also change under the influence of economic changes in long-term perspective. However, traditions, stereotypes of human behavior, values of people are often very conservative and stable, even when they become unnecessary, obsolete and even harmful.

⁷ «The Moral Basis of a Backward Society», Edward Banfield, University of Chicago press, 1974.

⁸ «The wealth and poverty of nations. Why some so rich and some so poor», David Landes, «Norton and Company» Publishing, New York/London, 1999.

⁹ «Culture and institutions economic development in the regions of Europe», Guido Tabellini, Bocconi University, 2006.

David Landes, author of "The Wealth and Poverty of nations", on a conference organized by the World Bank in 2000, said: "There are cultures that I call "toxic"... They maim those who hold on to them." The presence of "toxic" crop can be explained by the fact that, in multicultural societies, where all have the same economic opportunities and incentives, certain ethnic and religious minorities do much better than the general population, such as the Chinese in Indonesia, Thailand and the Philippines, and in general in all the countries where there is a Chinese community, including the United States. The same can be said of the Japanese. Iosihara Kunio, economist observes: "One of the reasons for the successful development of Japan is their culture. The Japanese attach great importance to financial reasons, hard work, savings for the future, education and collectivism."¹⁰

However, as the author of the book "The Catholic Ethic and the Spirit of Capitalism" Michael Novak notes, culture is not inherent in human genes, although cultural changes – a complex process, which continually takes place around the globe, there are no grounds to assert that "the universal values of progress" may not be suitable for some of the existing societies. Therefore, possibilities of transmission of cultures, which are more suitable for the economic development to the people – carriers of cultures, hindering their development are constantly being studied. The range of issues relating to the institutions and instruments of "transfer" of culture, includes child upbringing practices, a number of features in the education system, the activities of the media, government programs.

1.5. Methodology for assessing the contribution of the cultural sector into economic development of Uzbekistan and Karakalpakstan

In accordance with the recommendations of UNESCO, on the basis of criteria proposed by UNESCO to identify areas of the cultural sectors and its related industries (see. Sections 1.1-1.2) inquiries for statistical data have been prepared and sent to the State Committee on Statistics of Uzbekistan (hereinafter - the State Statistics Committee), the Ministry of Culture and Sports of the Republic of Uzbekistan (hereinafter - the Ministry of Culture), the National company "Uzbektourism" (hereinafter - "Uzbektourism"), the Republican Association of folk artists, craftsmen and painters of the Republic of Uzbekistan "Hunarmand." In addition, statistical data were collected during a trip to the Republic of Karakalpakstan and meetings with representatives of the Ministry of Culture and Sports of the Republic, the local branch of "Uzbektourism", local organizations and cultural and tourism sectors. These inquiries have included a wide spectrum of indicators which can be obtained from official statistics.

Statistical data from the central government had been provided only by the State Statistics Committee and the Ministry of Culture and Sport.¹¹ The received data is very limited and, as a rule, very aggregated which does not allow for a full assessment of the contribution of the cultural sector to the economy. In particular:

- data on the cultural sector are often presented in general terms with those of other sectors (sport, education, science) without releasing figures of the cultural sector;
- almost no information on the level of sub-sectors of the cultural sector and related areas of economic activity;
- data on the tourism sector raises many questions (see. Section 2.2);
- much of the data are not comparable for different periods due to changes in the methods of their calculation;

¹⁰http://thavinkithe.clan.su/news/vlijanie_kultury_na_ekonomiku/2013-07-17-112

¹¹ "Uzbektourism" refused to provide the data available, although the company is collecting industry statistics. This rejection of the national operator of the tourism sector looks quite strange, especially considering that at the local level the company is usually sufficiently open and provide the requested information, and the company should be interested in the studies of development issues in the tourism sector.

- part of the indicators are not represented in the regional context.

The study also used statistical and other data from public sources, primarily from earlier conducted studies of international organizations (especially the World Bank's "New opportunities for tourism in Uzbekistan: a rapid assessment" (2013), as well as from the book "Tourism in Uzbekistan" (2014) published by the State Statistics Committee.

These statistics allow us to give a very rough estimate of the role of the cultural sector in the economy of Uzbekistan.

2. Evaluation of the contribution of the sectors of culture and tourism in the economic development of Uzbekistan

2.1. Evaluation of the contribution of the cultural sector in the economy of Uzbekistan

Employment. The State Statistics Committee has provided data on the total number of employees in the country and the number of employees in legal entities in the industry, "Culture and Art"¹² (see. Table 2.1).

Table 2.1. Evaluation of the share of employment in the sector of "Culture and Art" compared to the total employment in Uzbekistan.

	2000	2003	2006	2009	2010	2011	2012	2013	2014
The number of employees in all branches of the economy, mln. people.	9,0	9,6	10,5	11,3	11,6	11,9	12,2	12,5	12,8
Number of Employees in legal entities in "Culture and Art" sector, thousands of people.	60,0	47,6	49,7	35,4	39,1	36,1	39,1	38,7	35,2
The share of employment in legal entities of "Culture and Art" sector compared to total employment in %	0,67%	0,50%	0,47%	0,31%	0,34%	0,30%	0,32%	0,31%	0,27%

Source: Calculations based on data from the State Statistics Committee of Uzbekistan.

These data show that the number of workers in the "Culture and Art" sector and its share in total employment since 2000 has been steadily declining. So, if in 2000 the legal entities of the sector employed 60 thousand people (0.67% of the total employed in the country), then in 2014 this figure amounted to 35.2 thousand people (0.27% of the number of employees). It is possible that due to the growth of employment in the informal sphere (individual entrepreneurship, self-employment), the total fall in employment in the industry was not so great, but because of the lack of data, this assumption can not be verified.

Thus, the **share of employment in the cultural sector** in 2014 amounted to approximately 0.3% of total employment in the country. This is substantially less than in 9 out of 10 developing countries surveyed by UNESCO in 2013-2014. (See. Table 1.1).

Household spending. In Uzbekistan, the State Statistics Committee regularly conducts sample surveys of households according to the procedure of the World Bank. However, the results of these surveys are not published or available upon request (except for in rare aggregates). Upon the request to the State Statistics Committee on the structure of consumer spending in the framework of this study, data were obtained for 4 years (2000, 2005, 2010, 2014). The date consisted the integrated structure of expenditure and expenditure "for the services of institutions of culture and sport", "communication services". It has to be noted however that the sector of culture and sports are not divided (see. Table 2.2).

These data show that in 2000-2014 years the proportion of spending on the services of the cultural sector in general has not changed much and is not significant (not more than 0.4% of consumer spending in general). This is less than most of the 11 developing countries surveyed by UNESCO in 2013-2014. (See. Table 1.1).

¹² Unfortunately, State Statistics Committee does not have the general data on the number of people employed in the sector of "Culture and Art". These data are available only in a more aggregated form - on the sectors of education, culture and art, science and scientific services, which for the purposes of our analysis cannot be used

Table 2.2. The structure of the average monthly consumer spending of households in the Republic of Uzbekistan (based on sample surveys of households), in %.

	2000	2005	2010	2014
Consumer Spending	100,0	100,0	100,0	100,0
<i>including:</i>				
Consumer products	61,4	58,2	53,2	49,5
Non-consumer products	25,8	25,7	26,9	29,9
Services	12,8	16,1	19,9	20,6
<i>Out of them:</i>				
Spending on cultural and sports services	0,4	0,5	0,6	0,4
Communication services	0,4	0,6	2,4	2,4

Source: *The State Statistics Committee of Uzbekistan.*

Paid services and revenue of the sector. *The volume of paid services provided by the Culture Sector in 2013 amounted to 117.4 billion soums, which is 0.65% of the total volume of paid services, and 0.12% of the income of the population and 0.1 % of GDP (see. table 2.3).* If the share of paid services to the population in income and GDP from 2000 is virtually unchanged, the proportion of expenditures on culture compared to the cost of paid services for population declined significantly: 0.94% to 0.65% (average for the 2000-2014 biennium. - 0.69%).

Table 2.3. Paid services to the population in the cultural sector

	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013
Paid services to the population in the cultural sector in bln. UZS.	2,9	10,1	12,8	19,3	31,6	43,7	42,5	62,8	89,8	117,4
The share of paid services of cultural sector compared to general volume of paid services to the population	0,94%	0,62%	0,58%	0,64%	0,68%	0,72%	0,54%	0,60%	0,66%	0,65%
The share of paid services of the cultural sector in the population's income	0,12%	0,10%	0,10%	0,12%	0,14%	0,14%	0,09%	0,10%	0,12%	0,12%
The share of paid services of the cultural sector in GDP	0,09%	0,06%	0,06%	0,07%	0,08%	0,09%	0,07%	0,08%	0,09%	0,10%

Source: *Calculations based on data from the State Statistics Committee of Uzbekistan.*

Table 2.4. Net revenue from sales of products (goods and services) in the sector of culture and art*, in bln. UZS.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net revenue	15,1	16,0	22,8	27,5	33,8	51,4	72,9	97,1	110,5	101,9
<i>including:</i>										
<i>From the sale of theater tickets</i>								2,5	3,5	4,2
<i>From the sale of tickets for circus shows</i>								1,2	0,7	1,7
Share in GDP, in %	0,09%	0,08%	0,08%	0,07%	0,07%	0,08%	0,09%	0,10%	0,09%	0,07%

* Except for NGOs.

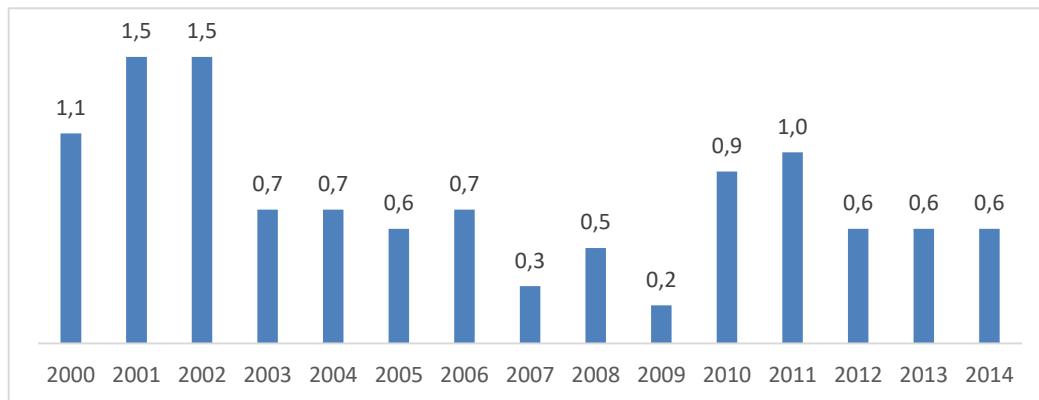
Source: *Calculations based on data from the State Statistics Committee of Uzbekistan, the Ministry of Culture and Sports of the Republic of Uzbekistan.*

Data on the amount of paid services provided by the cultural sector are very similar to that of the amount of net revenue of culture and art sector organizations (see. Table 2.4). Figure of the net revenue share of culture and art sector organizations in the GDP for the 2005-2014 has not changed much (mean - 0.08%) and amounted to 0.07% in 2014. It should be noted however that

revenues from commercial activities of non-profit organizations are not included in the net proceeds. Meanwhile, non-profit organizations are the primary source for the sector of culture and art. Consequently, this figure does not reflect the real incomes of sector organizations from commercial activities.

Investments in fixed assets. The share of investments in fixed capital of culture and art establishments compared to that of the total volume of investments in 2014 amounted to 0.6%, which is significantly less than the corresponding figure in 2001 and 2002 – 1.5% (see. Figure 2.1). The median for 2000-2014 period is 0.8%.

Figure 2.1. The share of investments in fixed capital of culture and art establishments in the total volume of investments into fixed capital, in%.



Source: Calculations based on data from the State Statistics Committee of Uzbekistan.

The sector's share in gross domestic product (GDP). The State Statistics Committee has provided official data on the share of culture and art sector of Uzbekistan's GDP (see. Table 2.5). From 2000 to 2013 this figure ranges from 0.3 to 0.4% of GDP.

Table 2.5. The share of "Culture and Art" sector in GDP, %

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Share in GDP	0,4	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,4	0,3	0,3	0,3

Source: Calculations based on data from the State Statistics Committee of Uzbekistan.

Let us verify this figure, based on the available data. There are two basic methods for calculating GDP: expenditure and income. Accordingly, by using these methods, it is possible to calculate the contribution to GDP of individual sectors of the economy.

The main costs of the cultural sector in Uzbekistan are borne by the state. There are published data on the State budget for the 2005-2014 period.¹³ However, the costs of the cultural sector are not disaggregated and are available in the "The costs of culture and sports" item. Provided that the approximate order of numbers that characterize public spending on cultural sector is presented, the more it can be assumed that most of the costs of this item is directed for the most part to the cultural sector. In addition to budget revenues, cultural sector organizations provide paid services. The State Statistics Committee has provided data on the net proceeds from the sale of products (goods and services) in the sector of culture and arts. If we sum two of these indicators, we will get a very *approximate amount of spending of the population and the state* in the cultural sector (see. Table 2.6) – 0,32 – 0,33% of GDP in 2008-2014.

¹³<https://www.mf.uz/mf-resources-menu/mf-state-budget-menu.html>.

Table 2.6. Alternative calculations of the share of the "Culture and Art" sector in Uzbekistan's GDP.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GDP, trillion soums	15,9	21,1	28,2	39,0	49,4	62,4	78,8	97,9	120,9	144,9
State budget expenditures for culture and sports, billion soums	59,3	66,2	76,8	101,4	122,2	154,5	185,3	223,4	287,4	361,5
Net revenue from sales of products (goods and services) in culture and art sector, bn. soums.	15,1	16,0	22,8	27,5	33,8	51,4	72,9	97,1	110,5	101,9
Примерные совокупные расходы на сектор культуры, млрд. сум.	74,4	82,2	99,6	128,9	156	205,9	258,2	320,5	397,9	463,4
Expenses for the cultural sector in % of GDP	0,47%	0,39%	0,35%	0,33%	0,32%	0,33%	0,33%	0,33%	0,33%	0,32%
Revenues of the population, trillion soum.						46,7				112,6*
Spending on services of cultural and sports institutions, in% of total expenditure						0,6%				0,4%
Household spending on services of cultural and sports institutions, in bln. soums						280,3				450,2
Government and public spending in the culture and sports sector, in bln. soums						434,8				811,2
Spending on culture and sports in % of GDP						0,70%				0,56%
Approximate wage fund of workers of culture and art sector (only legal entities) in billion soums.	36,5	59,0	81,6	112,0	181,9	269,1	287,2	335,8	362,8	383,5
Investments in fixed assets in the sector of culture and art, in bln. soums	18,2	32,0	16,6	45,7	16,5	142,8	178,7	135,6	167,0	215,8
The amount of the indicative wages and investments in the sector of culture and art, in bln. soums.	54,7	90,9	98,2	157,7	198,4	411,9	465,9	471,4	529,8	599,3
The share of the amount of the indicative wages and investments in the sector of culture and art in GDP, %	0,34%	0,43%	0,35%	0,40%	0,40%	0,66%	0,59%	0,48%	0,44%	0,41%

* Calculated as 77.7% of GDP in 2014

Source: Calculations based on data from the State Statistics Committee of Uzbekistan, the data on the execution of the State Budget of the Republic of Uzbekistan - <https://www.mf.uz/mf-resources-menu/mf-state-budget-menu.html>.

Let us try to hold another alternative calculation, based on scant data on consumer spending on culture and arts provided by the State Statistics Committee, i.e. - 0.6% in 2010 and 0.4% in 2014 from consumer spending (see. Table 2.2). Unfortunately, the State Statistics Committee did not provide the volume of consumer spending in monetary terms. However, there is evidence of per capita income. So in 2010 the figure was 1 668 thousand soum. Multiplying this figure by the population in 2010 (28 million people.). We obtain the income of the population across the country - 46.7 trillion soums. If we assume that consumer spending are revenues of the population (although it is not since they differ in the size of the growth of savings), in 2010, spending on services of culture and sports establishments amounted to 280.3 billion soums, and

the total public and state spending on sectors of culture and sports – 434,8 bln. soums or 0.7% of GDP (see. Table 2.6).

State Statistics Committee did not provide data on average per capita income for 2014. But, given that the share of income in GDP in 2010-2013 has not changed much, and the average value of this indicator for those years is 77.7%, we can calculate the approximate income of the population in 2014 – 112.6 trillion sum. This corresponds to the total expenditure of the population and the state in the sector of culture and sports and constitutes 811.2 billion soums or 0.56% of GDP. However, given that this figure also includes the costs of the state and the population for sport, it is unlikely that this calculation allows us to adjust the official data on the share of the cultural sector in GDP of 0.3-0.4% of GDP.

A full calculation of the contribution of the sector to GDP based on income is not possible due to the lack of necessary data. But it is possible to make a very rough calculation. The State Statistics Committee has provided data on the number of employees in legal entities in the "Culture and Art" industry (see. Table 2.1), as well as the average nominal gross wages and salaries in the industry of culture and art for the month of December (see. Table 2.7). This allows us to roughly estimate the amount of the wages of workers in the sector (only legal entities), by multiplying the average of the salaries for December, current and previous to 12 – the number of months in the year (see. Table 2.6). We also know investment spending in the sector. The sum of wages and investment spending as a share of GDP in 2014 amounted to 0.41%. This calculations do not allow us to challenge the official data on the share of the cultural sector in the GDP.

Table 2.7. Average nominal wage in the industry of culture and art * for the month of December, thous. soum.**

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
14,1	18,6	24,1	29,2	47,3	77,4	120,5	178,9	339,0	516,7	629,7	694,8	735,6	825,1	990,3

*) excluding small entrepreneurship and agriculture;

**) Starting from 2004, taking into account any adjustments

Source: the State Statistics Committee of Uzbekistan.

Thus, the contribution of the cultural sector, within the limits defined by the official statistics, equal to 0.3-0.4% of GDP. But it must be borne in mind that this is only the assessment of the share of the cultural sector to the GDP, which does not provide the contribution of industries included in the cultural sector, in accordance with the methodology of UNESCO¹⁴, such as publishing, broadcasting, providing creative services, and does not take into account the indirect contribution of the sector to the economy.

The sector's share in gross domestic product (GDP) based on similar industries. According to the methodology of the UNESCO cultural sector is closely related to publishing, broadcasting, providing creative services, tourism, physical culture and sports, entertainment and leisure. Detailed assessment of the contribution of these sectors to the economy of the country is impossible because of the lack of statistical data. The only way is to make a very rough estimate based on the State Statistics Committee data, that is available on the size of the net proceeds from sales of individual sectors of the economy (see. Table 2.8).

We see that the total amount of the net proceeds of such organizations, which may be included in the cultural sector as a studio and recording studios, editors and publishers, television and radio editors, art studios and decoration companies in 2014 amounted to 239.6 billion soums or 0.17% of GDP. This value can be added to the official share of the culture and art sector in the GDP (see. Table 2.5). Thus, the adjusted share of the cultural sector in Uzbekistan's GDP is approximately 0.5% of GDP. However, this is considerably less than that of the developing countries surveyed by UNESCO in 2013-2014., for which data is available (see. Table 1.1).

¹⁴ «System of Culture Statistics», UNESCO 2009.

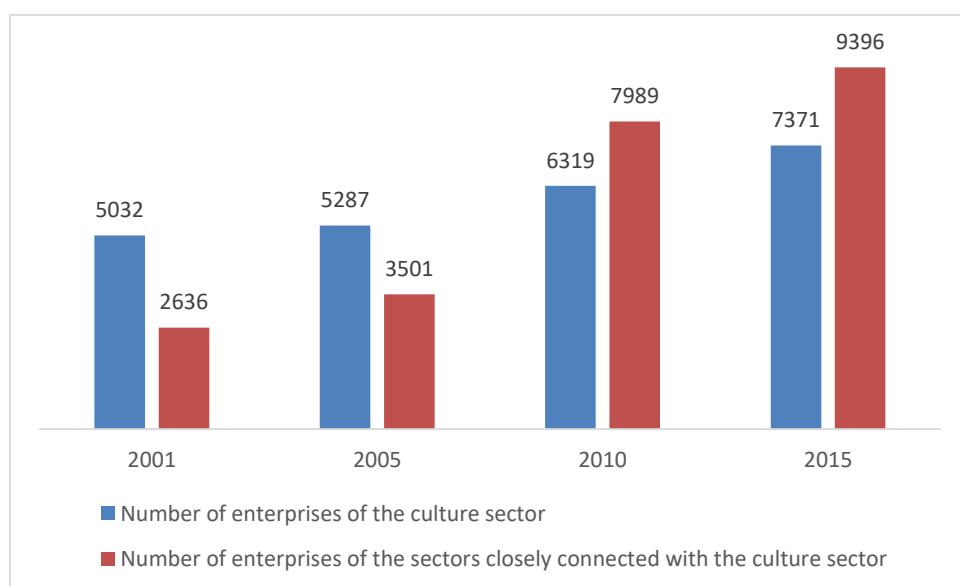
Table 2.8. Net revenue from sales of products (goods and services)*.

	Film studios, recording studios	Editors and publishers	Television and radio broadcasting	Art Studios and decoration companies	Advertising, agency services	Tourism	Hotel industry	Physical culture and sports	Event and entertainment management
In bln. soum									
2005	2,0	39,1	4,9	1,4	6,8	19,1	15,0	12,9	2,2
2006	2,0	51,4	3,5	2,3	11,8	24,7	22,9	12,4	4,1
2007	2,4	47,2	6,8	2,2	21,5	43,7	25,3	18,3	2,5
2008	3,5	48,9	7,8	2,4	39,8	64,7	38,9	39,4	3,1
2009	3,2	70,4	11,1	2,9	39,0	66,2	43,8	60,5	4,3
2010	5,0	89,4	16,5	5,2	48,3	80,4	64,4	50,8	1,2
2011	5,8	118,8	30,3	6,3	52,4	121,5	72,0	49,0	3,3
2012	7,4	140,7	36,7	5,9	87,7	153,8	96,5	78,1	7,6
2013	9,7	179,5	36,6	11,8	96,3	137,4	115,7	34,6	13,5
2014	10,9	194,1	26,8	7,9	107,6	115,0	108,6	57,2	20,2
In % of GDP									
2005	0,01%	0,25%	0,03%	0,01%	0,04%	0,12%	0,09%	0,08%	0,01%
2006	0,01%	0,24%	0,02%	0,01%	0,06%	0,12%	0,11%	0,06%	0,02%
2007	0,01%	0,17%	0,02%	0,01%	0,08%	0,15%	0,09%	0,07%	0,01%
2008	0,01%	0,13%	0,02%	0,01%	0,10%	0,17%	0,10%	0,10%	0,01%
2009	0,01%	0,14%	0,02%	0,01%	0,08%	0,13%	0,09%	0,12%	0,01%
2010	0,01%	0,14%	0,03%	0,01%	0,08%	0,13%	0,10%	0,08%	0,00%
2011	0,01%	0,15%	0,04%	0,01%	0,07%	0,15%	0,09%	0,06%	0,00%
2012	0,01%	0,14%	0,04%	0,01%	0,09%	0,16%	0,10%	0,08%	0,01%
2013	0,01%	0,15%	0,03%	0,01%	0,08%	0,11%	0,10%	0,03%	0,01%
2014	0,01%	0,13%	0,02%	0,01%	0,07%	0,08%	0,07%	0,04%	0,01%

* Excluding NGOs

Source: the State Statistics Committee of Uzbekistan.

Figure 2.2. The number of operating entities in different sectors of the economy (at the beginning of the year).



Source: Calculations based on data from the State Statistics Committee of Uzbekistan.

The volume of net revenue from other organizations close to industry - 0.28% of GDP in 2014, including: advertising and representation services - 0.07%, tourism - 0.08%, the hotel industry - 0.07%, physical culture Life - 0.04%, activities, recreation and entertainment - 0.01% of GDP in 2014.

The number of operating entities. Appendix 4 presents the State Statistics Committee data on the number of legal entities operating in the sectors, which in accordance with the UNESCO procedure are included into the cultural sector or closely associated with the sector. And in both sectors the number of enterprises increased after 2001 (see. Figure 2.2).

For the period of 2001-2013 the most number of legal entities increase has been registered in industries such as:

- Provision of Internet and computer network (from 6 to 3203)
- Leisure and recreational activities (from 1 to 391)
- Non-formal education (from 85 to 556)
- Electro-radio paging and cellular (from 218 to 1149)
- Production of films, sound recordings, without works and services performed under the orders of the population (from 30 to 132)
- Hospitality (from 97 to 378)
- Making amateur movies, recording services (from 28 to 97)
- Libraries (24 to 80)
- Production photo and film products (from 96 to 268)
- Advertising, agency services (from 195 to 516)
- Recreation and tourism (from 494 to 1277)
- Printing industry (from 442 to 997)
- Design, development and survey organizations (from 561 to 1078)
- Tourism (from 374 to 676)
- Archives (from 135 to 225)
- Amusement and recreational parks (89 to 147).

Thus, **the estimated quantification of the contribution of the cultural sector in the economy of Uzbekistan** for the last year, for which data is available (it is 2013 or 2014), is as follows:

- The share of the cultural sector in the GDP – about 0.5%.
- The share of employment in the cultural sector of the total employment in the country not less than 0.3% (taking into account employment only in legal entities).
- The share of expenditures on culture in total consumer spending of the population – less than 0.4%.
- The share of paid services rendered by the culture sector in the total volume of paid services - 0.65%.
- The share of paid services rendered by the culture sector in the income of the population - 0.12%.
- The share of net revenues of commercial organizations of the culture and art sector in the GDP - 0.07%.
- The share of investment in fixed capital of culture and art sector in total volume of investments - 0.6%.

and since 2000, the sector's contribution to the economy has not increased, and in some positions (employment, investment in fixed assets, net revenues) has slightly decreased.

2.2. Evaluation of the contribution of the tourism sector in the economy of Uzbekistan

There is no doubt that in Uzbekistan, tourism sector gets the largest direct and indirect benefits from the sphere of culture, since it is dominated by cultural tourism. At the same time, "in spite of the significant competitive advantage in Uzbekistan in terms of availability of tourist assets, many neighboring countries are far ahead of it in terms of volume of arrival and cash flows into the sector"¹⁵

The first question to be answered - is **the number of tourists**.

At our request, for unknown reasons, the State Statistics Committee did not provide data on the number of tourists. "Tourism in Uzbekistan" digest (edition 2014) has data on the "number of visitors served" for 2010-13. (see. table 2.9).

Table 2.9. Number of served visitors in the tourism sector, thous. people.

	2010	2011	2012	2013
Domestic Tourism	1099,3	1269,2	1421,6	1513,4
including:				
travel companies and organizations	150,2	175,2	232,9	245,6
Hotels and similar accommodation	571,1	654,3	727,5	745,0
Sanatoriums and resorts	235,3	252,3	250,1	262,1
Leisure organizations	140,6	185,3	209,1	258,3
Tourist bases	2,1	2,1	1,9	2,6
Inbound tourism (entry)	992,7	1421,6	1926,7	1999,9
including:				
travel companies and organizations	197,9	218,3	231,1	225,8
Hotels and similar accommodation	376,2	467,8	462,1	455,0
Sanatoriums and resorts	2,0	2,8	6,8	3,4
Leisure organizations	1,6	1,7	1,3	1,6
Tourist bases	1,5	2,7	3,4	2,9
Outbound tourism (exit)	2030,0	3248,3	4143,7	4629,2
including:				
travel companies and organizations	15,2	18,3	21,5	39,9

Source: *Tourism in Uzbekistan. The publication of the State Committee on Statistics of the Republic of Uzbekistan. Tashkent, 2014, pp. 21-22.*

The number of visitors serviced by tourist infrastructure in the sector of **domestic tourism increased** in 2010-13 increased from 1.1 to 1.5 million people. Can we consider this figure the number of domestic tourists? According to current approach, the tourist is a consumer of travel services, especially services to hotels and travel agencies. The issue before us is to evaluate an indicator of the amount of serviced visitors by tourist organizations (listed in the table) customers, which corresponds to this approach. But:

¹⁵ New opportunities for tourism in the Republic of Uzbekistan: A rapid assessment. Publication of the World Bank. March 2013.

- there is a possibility of a "double counting", as the same person can be both customer of a travel agent and, for example, a customer of a hotel, or the same person could live in several hotels during his/her travel;
- On the other hand, this figure does not account for "natural" tourists who come to see historical sights without stopping for the night (for example, with the introduction of a high-speed train from Tashkent to Samarkand, one day tours to Samarkand without stopping in hotels and referring to travel agencies have become quite popular with the residents of the capital).

Yet this indicator, due to the lack of other alternatives can be considered as a rough estimate of the number of domestic tourists.

As for data on the number of entry and exit of tourists, presented in Table 2.9, there is total mismatch of the total number of persons designated as "visitors served" and the number of visitors serviced by tourist organizations. So the number of incoming tourists in 2013 amounts to 2 million persons and the amount persons serviced by tourists organizations is only 689 thousand persons, i.e. there is almost three times difference between the figures. In fact, in **Table 2.9** all foreign nationals who have entered Uzbekistan entrants except for permanent residence (permanent residence) are marked as incoming tourists, and all citizens of Uzbekistan, who went abroad with the exception of entrants for permanent residence¹⁶, i.e. even labor migrants are marked as exiting tourists. Therefore it is unlikely that this schematic approach is acceptable.

Data of the State Customs Committee of the Republic of Uzbekistan allows us to see the total number of foreign citizens visiting the country since 2008, on the basis of the purposes they have indicated in the "purpose of entrance" item in the customs declaration (see. Table 2.10). Of course, one cannot consider as tourists only those who indicated "tourism" as their purpose of entrance (in 2014 for example, there were only 156 thousand "tourists" out of 1938 thousand of the arrived foreigners, i.e. 8%). Many of the visitors to Uzbekistan who indicated other purposes use tourist infrastructure, visit historical sites and recreational facilities, i.e. they must also be attributed to tourists.

An estimate of the number of foreign tourists may be given on the basis of data of foreigners residing in hotels and / or visiting historical sites. However, the centralized record of visitors of cultural and historical sites in the country by foreigners is not conducted. At the same time we have data on the number of foreign visitors of hotels and other organized places of residence (pensions, tourist bases sanatoriums, resorts.) – See. **Table 2.9**. Although this figure overestimates the actual number of tourists visiting Uzbekistan, as same tourists can stay in different hotels (moving around the city as part of tours).

A broader approach to who should be considered a tourist is offered by the World Tourism Organization (UNWTO). A tourist is "a traveler in any major destination beyond his / her usual environment for less than a year for any main purpose (business trip, vacation or other personal purpose), except for the purpose of employment in the company registered in the country or place of visit."¹⁷ Under such an approach almost all foreigners arriving in the country, except for those who enter the country for work or permanent residence should be considered as tourists.

The site of the World Bank contains the number of international tourists visiting Uzbekistan (last column of **Table 2.10**). Considering that a) this site only operates with official national statistics data, b) the presented data represents the number of all arrivals of foreigners, except for those

¹⁶ See: Tourism in Uzbekistan. The publication of the State Committee on Statistics of the Republic of Uzbekistan. Tashkent, 2014, pp. 31.

¹⁷ International Recommendations for Tourism Statistics. The publication of the World Tourism Organization (UNWTO). Madrid and New York, 2010, p. 12.

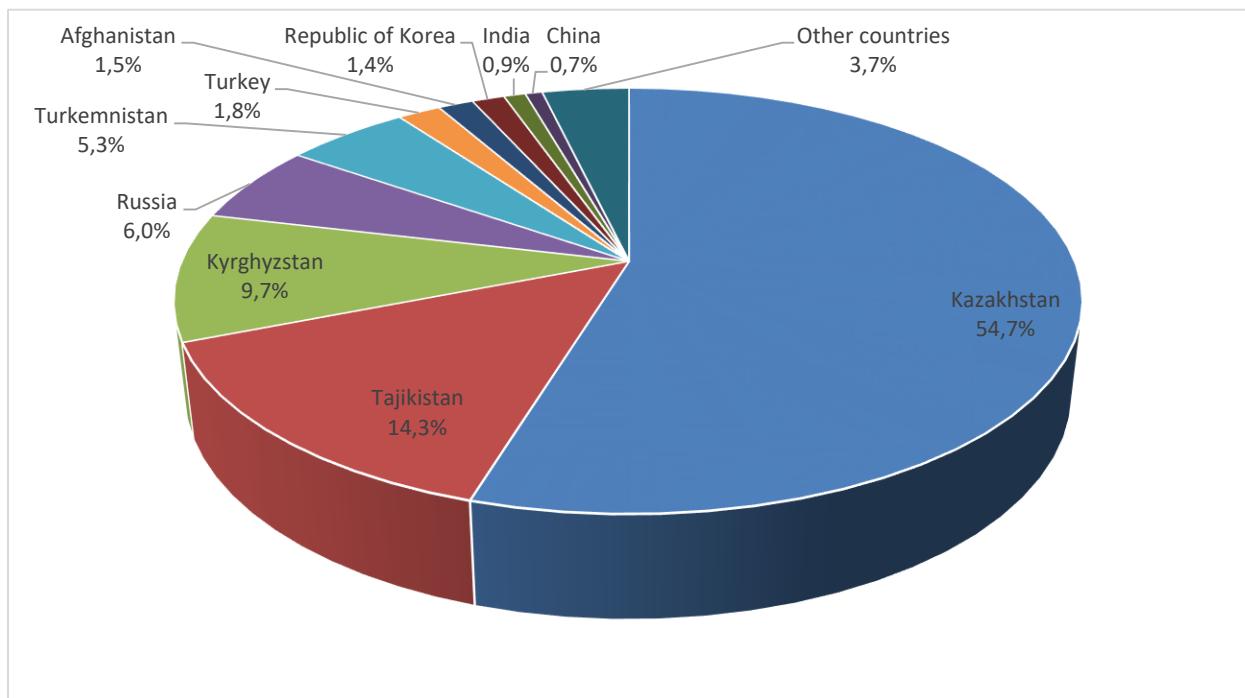
who arrived for work and permanent residence, we can use this index as an indicator of the number of tourists in the official national statistics¹⁸.

Table 2.10. The number of foreign citizens visiting Uzbekistan, thousand people.

	Total	On the basis of the purpose of entrance:								The number of international tourists according to the site of the World Bank
		tourism	business (service)	commercial	employment	education	Visiting of relatives	treatment	Permanent residence	
2008	933,4	122,4	61,9	35,0	21,6	7,0	621,3	31,8	32,5	1069
2009	1294,4	149,7	71,1	33,1	27,5	5,9	914,8	40,2	52,2	1215
2010	1055,5	129,6	58,8	16,5	18,1	3,9	735,0	30,7	62,8	975
2011	1472,2	155,6	71,6	20,7	26,8	5,0	1090,5	51,4	50,7	
2012	1946,6	181,9	81,9	19,2	31,7	5,7	1528,8	77,7	19,9	
2013	2028,6	154,8	104,7	27,6	31,3	7,5	1581,7	92,3	28,7	1969
2014	1938,0	156,0	108,0	27,7	34,3	9,7	1475,2	85,4	41,7	

Source: State Customs Committee of the Republic of Uzbekistan, data of the <http://databank.worldbank.org/> website

Figure 2.3. The number of foreign citizens visiting the Republic of Uzbekistan (except for those who arrived for permanent residence) by countries, in%.



Source: Tourism in Uzbekistan. The publication of the State Committee on Statistics of the Republic of Uzbekistan. Tashkent, 2014, pp. 33.

However, given that the majority of visitors (1475 thousand out of the 1938 thousand in 2014, i.e. 76%) indicate that the purpose of their visit is "visiting relatives", such an approach is unlikely to show the actual number of persons using tourist facilities and visiting tourist sites. A significant part of foreigners, who come to stay with relatives, do so for all sorts of family events - weddings, funerals, etc. from the nearby regions of neighbouring countries. So in 2013 from the

¹⁸Unfortunately, "Methodological regulations on tourism statistics" (Annex to the Resolution of the State Committee on Statistics of Uzbekistan dated 18 January 2012 number 1, http://old.stat.uz/basis/20/?PAGEN_3=2) do not explain which categories of foreigners who came to Uzbekistan are considered to be tourists.

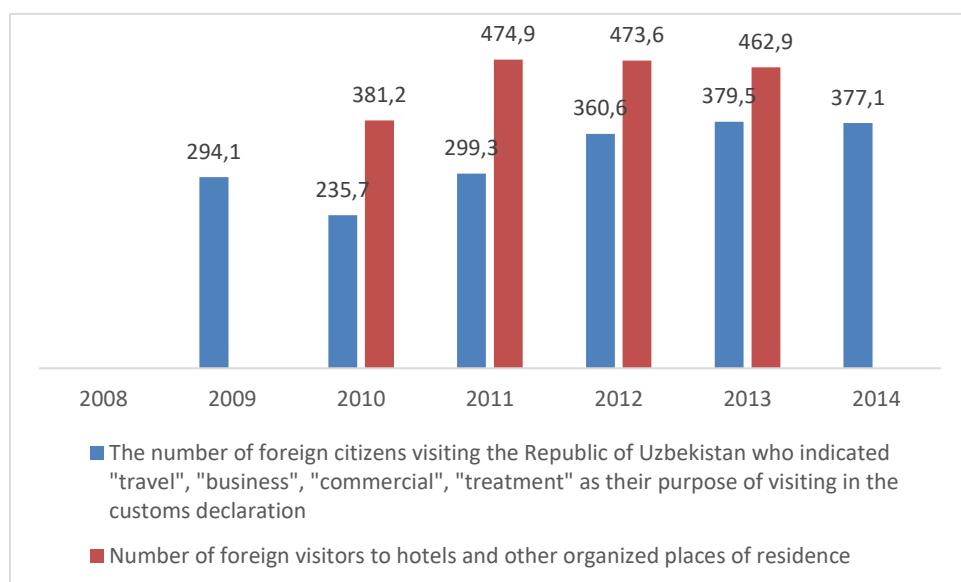
total number of foreign nationals who have entered Uzbekistan (except for for the purposes of permanent residence), 84% are the closest neighbours of Uzbekistan - Kazakhstan, Tajikistan, Kyrgyzstan and Turkmenistan (see. Figure 2.3)¹⁹. Overall, out of all the foreigners who arrived in Uzbekistan in 2013, 90.5% arrived from the CIS countries²⁰.

If we use the data on arrivals of foreign citizens in Uzbekistan, the number of foreign tourists can be evaluated, as those who indicated "travel", "business", "commercial", "treatment", as their purpose of visit, although this figure apparently underestimates the number of foreign tourists, as it does not take into account those who came to visit relatives, and learning and using objects of tourist infrastructure. In contrast the indicator summarizing foreign nationals using hotels and other organized places of accommodation (resorts, tourist centres, etc.), overestimates the actual number of foreign tourists, as it involves "double counting".

Available data on these two indicators are shown in Figure 2.4. In 2012-14. the first indicator varied in the range of 360-380 thousand people a year, and the second in 2011-13 – in the range of 463-475 thousand people.

The World Bank report "New opportunities for tourism in Uzbekistan: a rapid assessment" referred to the tourists as those who "come on holiday and on business trips and use tourist infrastructure and services (such as hotels)." The report estimated the number of foreign tourists in 2010 in the amount of 400 thousand people, but it did not indicate the source of information or calculation methodology. According to expert estimates (professionals in the tourism sector), the number of foreigners arriving in Uzbekistan, visiting tourist sites accounts to 300-400 thousand people per year.²¹

Figure 2.4. Alternative estimates of the number of foreign tourists visiting Uzbekistan, thousand people.



Source: State Customs Committee of the Republic of Uzbekistan.

¹⁹ Prevalence of Kazakhstan citizens who arrived in Uzbekistan and a large number of Russian citizens can be explained by the fact that the arrival of those nationals is very much simplified. With Turkmenistan and Tajikistan there is a very complicated visa regime from the Uzbekistan side. Kyrgyz citizens cannot freely cross the Uzbek-Kyrgyz border through local customs posts (a number of supporting documents is required), although formally there is no visa regime.

²⁰Tourism in Uzbekistan. The publication of the State Committee on Statistics of the Republic of Uzbekistan. Tashkent, 2014, pp. 33.

²¹ According to one of the expert evaluations in 2014 there were 137 thousand foreign tourists who visited Samarkand, 85 thousand – Bukhara and 45 thousand – Khiva. Generally, one tourist visits 2-3 historical cities. It is clear that we are talking mainly about cultural tourism here.

Table 2.11. The number of foreign tourists who visited world's countries in 2013, in million persons

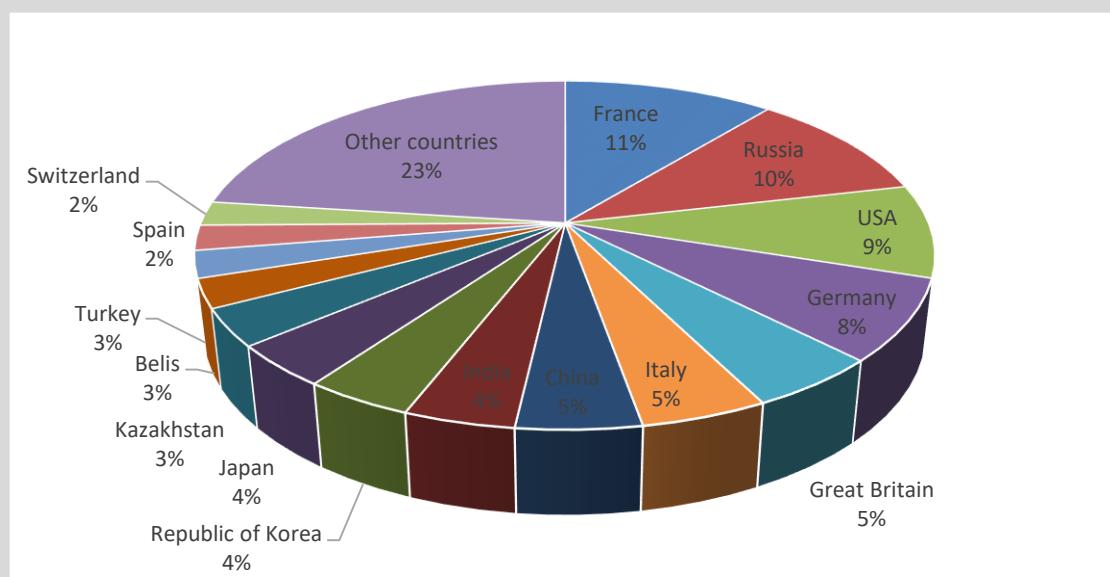
France	84,7	Macao SAR	14,3	Romania	8,0	PuertoRico	3,2
UnitedStates	69,8	SaudiArabia	13,4	Belgium	7,7	Peru	3,2
Spain	60,7	Netherlands	12,8	Vietnam	7,6	KyrgyzRepublic	3,1
China	55,7	Korea, Rep.	12,2	India	7,0	Israel	3,0
Italy	47,7	Singapore	11,9	Bulgaria	6,9	Estonia	2,9
Turkey	37,8	Croatia	11,0	Australia	6,4	Albania	2,9
Germany	31,5	Hungary	10,7	Tunisia	6,3	Cuba	2,8
UnitedKingdom	31,2	Japan	10,4	Brazil	5,8	Uruguay	2,7
RussianFederation	30,8	Morocco	10,0	Argentina	5,6	NewZealand	2,6
Thailand	26,5	SouthAfrica	9,5	Georgia	5,4	Qatar	2,6
Malaysia	25,7	Egypt, ArabRep.	9,2	Sweden	5,2	Lao PDR	2,5
Hong Kong SAR	25,7	Bahrain	9,2	Kazakhstan	4,9	CostaRica	2,4
Austria	24,8	CzechRepublic	9,0	Iran, IslamicRep.	4,8	Cyprus	2,4
Ukraine	24,7	Switzerland	9,0	DominicanRepublic	4,7	Andorra	2,3
Mexico	24,2	Indonesia	8,8	Philippines	4,7	Colombia	2,3
Greece	17,9	Denmark	8,6	Cambodia	4,2	Slovenia	2,3
Canada	16,6	Ireland	8,3	Jordan	3,9	Azerbaijan	2,1
Poland	15,8	Portugal	8,1	Chile	3,6		

Source: <http://databank.worldbank.org/>.

Geographical distribution of foreign tourists in Uzbekistan

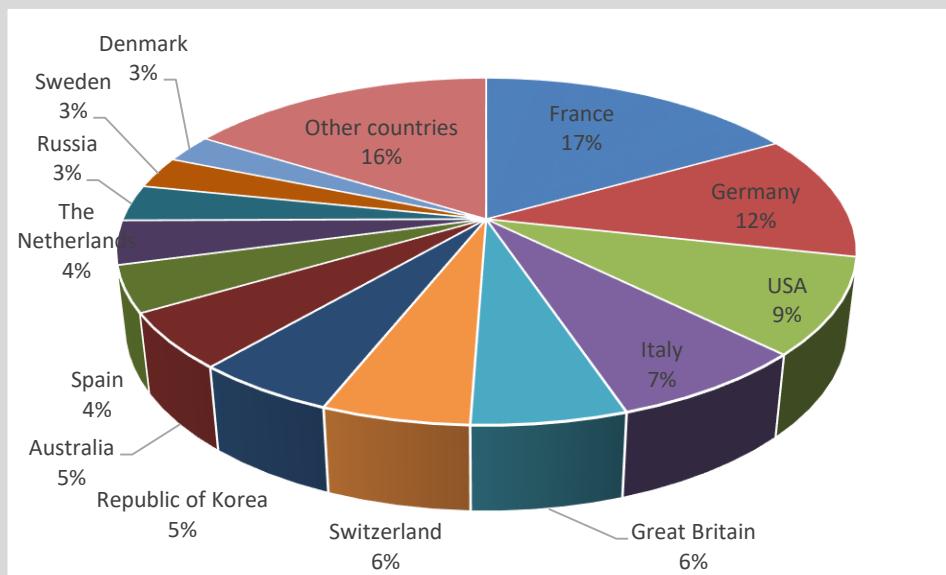
According to data on the geographical distribution of export of services of travel agencies in Uzbekistan in 2013, foreign tourists arriving in Uzbekistan and using services of travel agencies, are dominated by residents of European countries (France, Germany, Great Britain, Italy, Spain, Switzerland, etc.) - see Fig. 1. Also, there are a lot of tourists from Russia, USA, China, India, South Korea, Japan and Kazakhstan. This distribution of foreign tourists is confirmed by data on the geographical structure of foreign visitors to the State Museum of Arts named after Savitsky in 2014 - see Fig. 2.

Figure 1: Distribution of export of travel agency services (tourism) in Uzbekistan by countries, in 2013, in%.



Source: State Statistics Committee of Uzbekistan.

Figure 2. Distribution of foreign visitors to the State Museum of Arts named after Savitsky in 2014, in %.



Source: State Museum of Arts named after Savitsky

Based on the foregoing, it can be argued that the number of foreign tourists arriving in Uzbekistan recently and using the tourist infrastructure, is hardly more than 400-500 thousand people a year. Moreover, this value is much less in comparison with many countries having comparable or even much less tourism potential than there is in Uzbekistan (see. Table 2.11).

Table 2.12. Estimates of the export of tourist services

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Export of travel agency services (tourism), in mln. USD	23,6	26,6	51,1	62,9	98,8	273,3	341,6	567,9	615,4
Share in export, in %	0,4%	0,4%	0,6%	0,5%	0,8%	2,1%	2,3%	4,2%	4,3%
Share in GDP, in %	0,2%	0,2%	0,2%	0,2%	0,3%	0,7%	0,8%	1,1%	1,1%
The amount of export of services of travel agencies by countries in mln. USD	23,6	26,6	36,4	44,5	43,5	50,2	58,1	65,2	70,0
The difference to the totals in %	0,0%	0,0%	40,4%	41,5%	127,1%	444,5%	488,5%	771,6%	779,3%
The amount of exports of "Hospitality", "Tourism" and "Trade" sectors, in mln. USD	22,2	27,6	37,9	45,5	43,6	49,5	51,2	65,7	60,8
The difference to the totals in %	6,3%	-3,6%	35,0%	38,3%	126,6%	451,5%	566,9%	764,4%	911,5%
The number of foreign citizens visiting the Republic of Uzbekistan ..., thousand people.									
... except for for the purposes of work and permanent residence				879,3	1214,8	974,6	1394,8	1895,0	1968,7
... arriving for the purposes of tourism, business and treatment				251,1	294,1	235,7	299,3	360,6	379,5
Exports of services of travel agencies per foreign visitor ... in USD									
... except for for the purposes of work and permanent residence				71,6	81,3	280,4	244,9	299,7	312,6
... arriving for the purposes of tourism, business and treatment				250,6	335,9	1159,6	1141,4	1575,1	1621,8

Source: Calculations based on data from the State Statistics Committee of Uzbekistan, the State Customs Committee of the Republic of Uzbekistan.

Another important indicator - the share of tourism in the country's exports. Here we are faced with the lack of transparency of the official calculation of the indicator "exports of travel agency services (tourism)," the value of which has increased over 6 years (from 2008 to 2013 years)

from 62.9 to 615.4 million US Dollars, i.e. almost 10 times (see. Table 2.12). The number of arrivals of foreign tourists, calculated by the method of the State Statistics Committee, during this period has increased by only 2.2 times, and the foreigners who indicated such purposes as "travel", "business", "commercial", "treatment" in their customs declaration has only increased by 1.5 times.

Реформы в секторе туризма в Шри-Ланка

Индустратуризма на Шри-Ланке составляет основу экономики страны, являясь ее четвертым по величине источником поступления иностранной валюты и обеспечивая наибольшее число рабочих мест. Тем не менее, за период с начала 1980-х годов и до конца прошлого столетия, наблюдалось очень слабое увеличение потока международных туристов, как и объема доходов от туризма по сравнению с ростом средних мировых показателей в данной отрасли и среди конкурирующих в сфере туризма азиатских стран. Во многом это стало результатом гражданского конфликта, но более важную роль сыграли структурные вопросы.

Туризм на Шри-Ланке стал в большой степени зависимым от малозатратного, предлагающего низкие цены сегмента рынка. В этом сегменте местные фирмы Шри-Ланки конкурируют с другими странами, а также друг с другом за унифицированный продукт – комплексный пляжный отдых – предлагаемый иностранным туристам по самой низкой цене. Процент отраслевой доходности остается небольшим, а ее основной продукт не использует возможности для роста и не следует тенденциям развития мирового туризма.

Необходимо было повысить конкурентоспособность туристической индустрии Шри-Ланки для того, чтобы воспользоваться преимуществами реализации проектов на международном рынке и поднять показатели страны.

Для того чтобы добиться таких результатов, ведущие заинтересованные стороны – ассоциации отелей, туроператоров, авиаперевозчик, Совет по туризму и др., согласовали стратегию превращения Шри-Ланки в особый и ценный туристический объект, отличающийся от своих конкурентов следующим:

- *Расширению ассортимента туристического продукта.* Эта инициатива была направлена на создание высокодоходных туристических продуктов, рассчитанных на независимых, состоятельных туристов. Предлагаемые продукты включают экотуризм, приключенческий туризм, организацию туристических целевых мероприятий, конференций, конгрессов, а также аюрведический туризм.
- *Обновление туристических предложений.* Эта инициатива поддерживала улучшение ассортимента туристических продуктов за счет благоустройства и популяризации уникальных культурных ценностей Шри-Ланки.
- *Модернизация отраслевой организации и ключевых учреждений.* Эта инициатива направлена на создание национальных, отраслевых, рекламных и маркетинговых организаций. Первым шагом в этом направлении явилось создание Бюро развития туризма Шри-Ланки, государственно-частной туристической организации, курируемой частным сектором; инициатива также включает решение вопросов, связанных с потребностью в человеческих ресурсах, за счет создания в рамках отрасли организаций по обучению и подготовке кадров.
- *Пересмотр регулирования.* Данная инициатива нацелена на формирование регулирования, влияющей на туристическую индустрию. Сюда входит политика в отношении гражданской авиации и внутреннего авиасообщения. Инициатива ставит целью определить и предложить к рассмотрению реформы по улучшению инфраструктуры, имеющей отношение к туризму, и сформировать единое для данной отрасли мнение касательно политики налогообложения, планирования и регулирования в сфере туризма, землеустройства, защиты окружающей среды, а также местного самоуправления.

Источник: Новые возможности для туризма в Республике Узбекистан: экспресс-оценка. Всемирный банк, Март 2013.

Moreover, since 2007 there is a gap between the overall export of travel agency services and the amount of the same services by country (see. Table 2.12). If in 2005 and 2006 these figures are the same (which is quite natural), then in 2013, the overall rate exceeds the amount of private indicators by country 8.8 times! In addition, the amount of exports of "Hospitality", "Tourism" and "Trade", presented by the State Statistics Committee by region also differs significantly from the overall index in mln. USD²² (see. Annex 5 and Table 2.12): More than 10 times in 2013.

According to the oral explanations of State Statistics Committee employee, these differences are explained by the fact that the final figure "Export of travel agency services (tourism)" has recently been calculated on the basis of sample surveys and polls of foreign citizens visiting the Republic of Uzbekistan. These observations and surveys allow us to estimate the average cost of the foreign tourists during their stay in Uzbekistan, which is then multiplied by the number of foreign tourists, which, as we explained above, is defined as the number of arrivals of foreigners except for those who arrived for work and permanent residence.

However, the results of this approach raise the following questions:

- methodologically, it is absolutely incorrect to include the spending of tourists identified in surveys into the export item of "Export of travel agency services", as it only includes the export revenues of travel agencies and other similar organizations. Note also that the value of export of transport services should not be included in this article of export as it already included in other relevant articles (auto-rail transportation services, air links and so forth.). Using the results of surveys of tourists to assess their spending is quite possible, but only as an independent indicator broader than the "export of services of travel agencies";
- As noted earlier, many of the foreign visitors referred to as tourists by the official statistics, do not use the tourist infrastructure (especially those who come to visit relatives and friends, funerals, weddings, etc.);
- the significant increase of the value of tourism services since 2007 (this is when, apparently, they started to use this method), with a much smaller increase in the number of tourists is also highly questionable;
- There are also doubts that there can be such a big gap in the amounts paid by the foreign tourists to travel agencies (in 2013 - 70 mln. USD – the total amount of breakdown of article "Export of travel agency services (tourism) by countries") and other expenses of tourists (615,4 - 70 = 545.4 million. dollars.), given that foreign tourists arriving in Uzbekistan, are dominated by group tourism and major tourist expenditures are already included in the paid services of travel agencies;
- if you calculate the expenditures of a tourist (having no other data, we will consider foreigners who indicated in the customs declaration such purposes as "travel", "business", "commercial", "treatment" as tourists), they are clearly too high – 1621,8 USD per person in 2013 (see. table 2.12). Even organized tourists usually come to Uzbekistan on 3-5 days, which means that the average tourist has to spend 300-500 dollars per day! The greater part of the people who we refer as tourists tour, are less active in the use of the tourist infrastructure in Uzbekistan and spend even less money. Meanwhile, according to the authors of the study "New opportunities for tourism in Uzbekistan: a rapid assessment", "on average, during a visit to Uzbekistan, a tourist spends between 175 and 200 US dollars a day, including airfare, hotels, meals and transportation";
- according to "Methodical provisions on tourism statistics" regular sample surveys of visitors (resident and non-resident), held "in airports, railway stations, bus stations and at places of leisure." A more detailed description of the methods to ensure the representativeness of the sample is not available, which casts serious doubts the methodological principles on which the

²² These figures do not have to be identical, but their values should not differ significantly

survey is conducted. Poll listed in the Methodological seat position does not allow for matching the costs of the respondents (and interrogated there, apparently, just the persons enjoying the tourist infrastructure) and the totality of individuals, which the official statistics relate to foreign tourists (all visitors, net came to work and permanent residence). In other words, the structure of the sample did not coincide with that of individuals who are tourists, primarily by those who came to Uzbekistan from neighbouring territories (to visit relatives at weddings, funerals, etc.), Which should lead to an overestimation of costs tourists²³;

- according to "Methodical provisions on tourism statistics" regular sample surveys of visitors (resident and non-resident) are held "in airports, railway stations, bus stations and at places of leisure."²⁴ A more detailed description of the methods to ensure the representativeness of the sample is not available, which casts serious doubts on the methodological principles on which the survey is conducted. Poll listed in the Methodological provisions does not allow to ensure the correspondence of the expenditures of the respondents and the totality of individuals, which the official statistics relate to foreign tourists (all visitors, except for those who come to work and permanent residence). In other words, the structure of the sample does not coincide with that of individuals who are tourists, primarily by those who came to Uzbekistan from neighbouring territories (to visit relatives at weddings, funerals, etc.), which should lead to an overestimation of the expenditures of tourists.

In our view, given that foreign tourists in Uzbekistan face problems with the encashment of their international bank cards, more appropriate method of accounting of their expenses in Uzbekistan is as follows. Total expenditure on tourism can be calculated as the difference between imported and exported foreign currency, as contained in the customs declaration of foreigners who indicated in the customs declaration such purposes, as "travel", "business", "commercial", "treatment", plus the data on export of services from travel agencies, airline and railway companies (passenger transport).

State Statistics Committee did not provide data on the share of the tourism sector in the GDP. The World Bank report on "New opportunities for tourism in Uzbekistan: a rapid assessment" estimated the share of the tourism sector in GDP at 1.8% (2010). However, the source of the information or methods of calculation are not listed. In one of the speeches of the President of the Republic of Uzbekistan it was announced that in 2013 the total industry contribution to GDP exceeded 2%²⁵.

However, the order of these values is very much at odds with the data presented by the State Statistics Committee on the cost of tourist services produced (including hotels)²⁶ - see. **Table 2.13**. It is possible that the above assessment of the share of industry in GDP (1.8-2%) includes not only the tourist services and hotel sector, but also other tourist expenditures (transportation, museums and so on.). However, according to the database of the World Bank, the spending of foreign tourists in 2010²⁷ for Uzbekistan totalled 121 million USD, which is 0.31% of GDP. Of course, there is also domestic tourism, but it is unlikely that its contribution may exceed the contribution from foreign tourism.

It is possible that evaluation of the contribution of tourism to GDP in the 1.8-2% is based on the above data on the export of tourist services. But the value of this index does not exceed 1.1% of

²³ New opportunities for tourism in the Republic of Uzbekistan: A rapid assessment. Publication of the World Bank. March 2013

²⁴ Appendix to the Resolution of the State Committee on Statistics of Uzbekistan from the "18" in January 2012 number 1 (http://old.stat.uz/basis/20/?PAGEN_3=2), p. 10.

²⁵<http://www.press-service.uz/ru/news/5013/>

²⁶ Note that in the assessment of alternative culture sector's contribution to the GDP such significant differences were not observed

²⁷ There is no data for the following dates

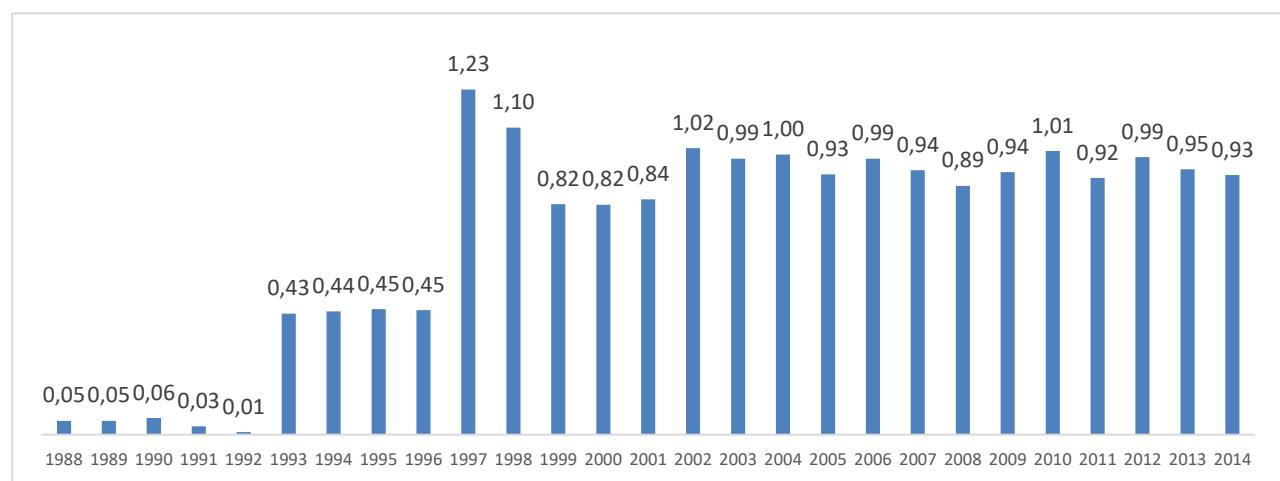
GDP (see. Table 2.12). It is unlikely that the contribution of domestic tourism (which, as mentioned above, is almost not taken into account) is equal to 0.7-0.9% of GDP).

Table 2.13. Alternative evaluation of the share of tourism services in GDP.

	2012	2013	2014
Production of travel services (including hotels), in bln. UZS	236,9	313,0	374,7
GDP of the Republic of Uzbekistan), in bln. UZS	97929,3	120861,5	144867,9
The share of the cost of tourist services in GDP, %	0,24%	0,26%	0,26%
Export of travel agency services (tourism), in mln. USD	567,9	615,4	
GDP of the Republic of Uzbekistan), in bln. USD	51183,4	56795,7	
The share of export value of travel agency services in GDP, %	1,11%	1,08%	

Source: State Statistics Committee of Uzbekistan.

Figure 2.5. The share of the tourism sector in GDP of Uzbekistan.



Source <http://www.wttc.org/datagateway/>.

Table 2.14. The share of the tourism sector in GDP in 2014 by countries

Egypt	5,9	Armenia	3,6	Czech Republic	2,6	South Korea	2,0
Malaysia	5,7	Brazil	3,5	Cuba	2,6	Denmark	1,9
Spain	5,6	Slovenia	3,5	Bosnia-Herzegovina	2,5	Netherlands	1,9
Singapore	4,9	Estonia	3,5	Japan	2,4	Ukraine	1,9
Sri Lanka	4,8	United Kingdom	3,5	Saudi Arabia	2,4	Lithuania	1,9
Turkey	4,7	Chile	3,2	Belgium	2,3	Belarus	1,9
Vietnam	4,6	Indonesia	3,2	Slovakia	2,3	Kazakhstan	1,7
Italy	4,1	Latvia	3,1	Iran	2,3	Russian Federation	1,5
New Zealand	3,9	South Africa	3,0	Azerbaijan	2,2	Kyrgyzstan	1,3
Argentina	3,8	Pakistan	2,9	India	2,2	Canada	1,2
Bulgaria	3,7	United States	2,6	Israel	2,2	Uzbekistan	0,9
France	3,6	China	2,6	Serbia	2,1		

Source: <http://www.wttc.org/datagateway/>.

Meanwhile, according to the World Travel and Tourism Council share of the tourism sector in Uzbekistan's GDP in 2014 amounted to 0.93% of GDP (see. Figure 2.5). At the same time, since 2002 the level of this indicator has not changed much.

And for this indicator the country ranks last among the 47 countries for which data are available, including such neighbouring countries as Kazakhstan and Kyrgyzstan, although they do not have such a tangible cultural heritage as Uzbekistan (see. Table 2.14).

Число иностранных туристов в Узбекистане увеличилось на 30%

За последние три года количество иностранных туристов, приезжающих в нашу страну, увеличилось более чем на 30 процентов. В этот период Национальная компания «Узбектуризм» максимально активизировала работу по продвижению на мировом рынке национальных туристических услуг. Год за годом, нанизывая на нить времени награды и фестивали, новые маршруты и вкус узбекской кухни, конференции и телефильмы, специалисты отрасли путешествий помогают иностранцам проникнуться «духом Востока» во всех его проявлениях.

Начиная с 2011 года в Узбекистане организуются «Мега-инфо-туры» с участием представителей иностранных СМИ и туристских компаний. Каждый год в этом проекте принимают участие более трехсот представителей СМИ и туристских компаний из разных стран. Все это позволяет расширять партнерство с международными телеканалами, в числе которых Euronews, BS-Asahi, World Travel, Россия 1 и другие. Практический результат «Мега-инфо-туров» – трансляция авторских фильмов о традициях и обычаях Узбекистана многомиллионной аудитории потенциальных туристов в нашу страну.

Пример такого рода туров. В Узбекистане с ознакомительной поездкой побывали несколько делегаций из Японии, в составе которых были представители телеканала «NHK», а также газет «Асахи Шимбуин» и «Секай Ниппо». Они посетили Ташкент, Самарканд, Бухару, Хиву и Фергану. В результате в японских СМИ было несколько публикаций и репортажей о Республике Узбекистан, а в январе этого года японское телевидение показало премьеру полуторачасового документального фильма «Путешествие по маршрутам культурного наследия Узбекистана». Известная японская актриса и телезвезда А. Нишина рассказывала зрителям о древней истории, культуре, национальной кухне, туристических достопримечательностях, а также современном социально-экономическом развитии Узбекистана.

На телеканале «Euronews» в прошлом году были выпущены в эфир три передачи о Самарканде, Бухаре и Хиве. В этом году на телеканале стартовала новая рубрика «City-tour», посвященная Ташкенту во всем его туристском разнообразии. Миллионы телезрителей в разных странах узнали о Великом шелковом пути, частью которого были наши древнейшие города, достопримечательностях этих городов, включая архитектурные памятники.

Недавно в Узбекистане побывала съемочная группа британской компании «Pioneer Productions», которая сняла сюжет о Бухаре. Это станет частью документального сериала для канала «Discovery Networks International». Проект осуществлен в рамках сотрудничества НК «Узбектуризм» и Всемирной Туристической Организацией ЮНВТО. Как сообщает пресс-служба НК «Узбектуризм», документальный фильм планируется к выходу в эфир на канале «Discovery» в конце текущего года.

Источник: <http://www.12news.uz/news/2015/07/%D1%87%D0%B8%D1%81%D0%BB%D0%BE-%D0%B8%D0%BD%D0%BE%D1%81%D1%82%D1%80%D0%B0%D0%BD%D0%BD%D1%8B%D1%85-%D1%82%D1%83%D1%80%D0%B8%D1%81%D1%82%D0%BE%D0%B2-%D0%B2-%D1%83%D0%B7%D0%B1%D0%B5%D0%BA%D0%B8%D1%81/>

Thus, the existing official estimates of the share of the tourism sector in GDP is questionable and needs to be confirmed or adjusted. But in any case, even if we accept the official estimate, the value is very small for a country with such a great potential for the development of cultural tourism.

To summarize this section:

- The contribution of the tourism sector in the country's GDP is unlikely to exceed 1% (official data - about 2% of GDP).
- The number of domestic tourists increased and in 2013 amounted to approximately 1.5 million people.

- The exact number of foreign tourists visiting Uzbekistan is impossible to estimate. But it is unlikely the number of visitors who are actively using the tourism infrastructure, exceeds the level of 500 thousand people a year. The calculation of the official rate of foreign tourists (almost 2 mln. people in 2013) is formally consistent with the recommendations of the World Tourism Organization. However, this approach does not allow to estimate the real number of foreigners arriving in Uzbekistan, using tourist facilities and visiting tourist sites (i.e. those persons who should be considered tourists).
- a methodology for calculating the volume of exports of tourism services needs to be clarified and adjusted. Methods by which surveys of tourists are conducted is not transparent and the results are questionable. It is absolutely wrong to include tourist spending identified in the surveys into the exports article of "The export of travel agency services."

2.3. Evaluation of the contribution of the cultural sector in the economy of the regions of Uzbekistan

It can be assumed that the degree of development of the cultural sector could affect some of the indicators of economic development at the regional level, particularly in the industrial structure of the economy (the greater development of the tourism industry and other related sectors of the economy than in other regions), higher income levels than the national average and so forth.

Unfortunately, a detailed analysis of the impact of the cultural sector to carry out regional differences is not possible due to lack of detailed statistics. So we shall use the data obtained for a very preliminary analysis.

In Uzbekistan, the cultural centre is definitely the capital. A lot of cultural facilities are located here (see. Section 3). However, given that Tashkent is also a financial and economic centre of the country, we can not in the framework of inter-regional analysis highlight the specific impact on the development of the city's cultural sector. Precisely because Tashkent is not a typical region of Uzbekistan.

Table 2.15. The amount of export of items "Hospitality", "Tourism" and "Trade", in thousand USD.

	2000	2005	2010	2011	2012	2013	2014
<i>Tashkent</i>	16368,2	14766,1	35171,6	36469,2	44308,9	41805,4	38262,1
<i>Samarkand region.</i>	3641,3	3413,4	7588,9	7604,1	11106,9	10510,3	6525,9
<i>Bukhara region.</i>	2800,2	1734,1	4254,1	4298,0	4083,4	4486,7	3862,4
<i>Khorezm region.</i>	625,4	293,8	1360,5	1559,8	2051,8	1802,1	1893,4
<i>Ferghana region.</i>	14037,4	8,2	207,5	336,0	322,2	274,6	490,3
<i>Nawoiy.</i>	0,0	26,5	77,2	73,8	340,6	337,7	330,9
<i>Surkhandarya region.</i>	15,3	1917,7	112,9	112,7	192,2	311,4	300,0
<i>Andijon.</i>	0,0	0,0	289,8	210,6	710,4	360,7	274,5
<i>Tashkent region.</i>	15,2	0,0	66,6	84,6	203,4	376,6	269,9
<i>Namangan region.</i>	1,7	0,0	91,2	151,0	237,1	253,8	247,0
<i>The Republic of Karakalpakstan</i>	2,2	5,9	55,4	131,8	124,0	151,8	202,4
<i>Kashkadarya region.</i>	54,6	0,0	157,9	151,2	120,9	151,1	156,8
<i>Syrdarya region.</i>	0,0	0,0	11,8	44,3	1896,2	23,1	33,4
<i>Jizzakh region.</i>	0,6	0,4	101,9	0,0	3,5	1,4	0,8

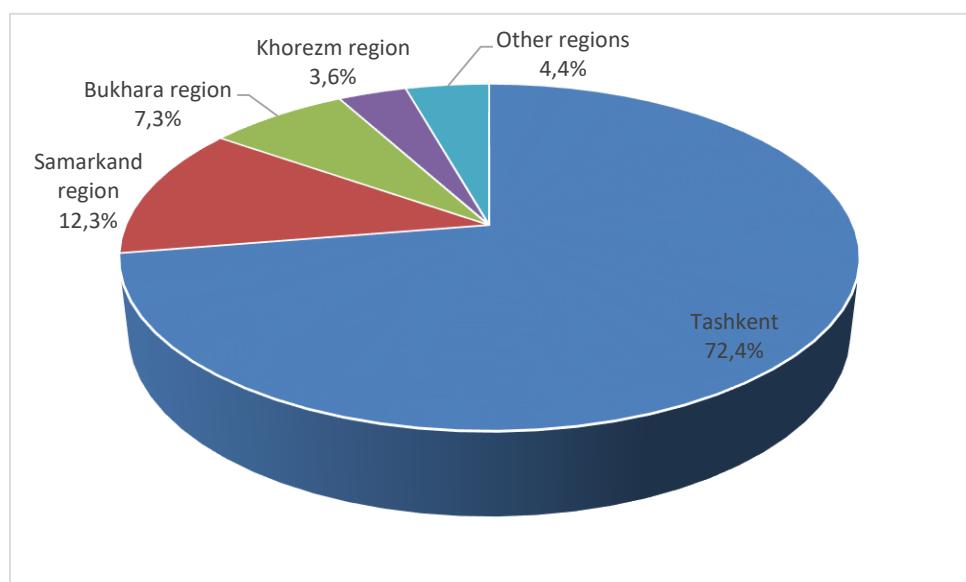
Source: Calculations based on data from the State Statistics Committee of Uzbekistan.

The main historical and cultural centres are considered three cities - Samarkand, Bukhara and Khiva. We can assume that the economies of the regions where these cities are located, may be have an “impact” of the cultural sector in the framework of the inter-regional comparisons.

The most obvious “impact” of the cultural sector on the economy is the development of the tourism sector. However, data on the share of tourism in the gross regional product (GRP), employment and income in the tourism sector at the regional level are not available. There are only regional data on the level of exports of services of "Hospitality", "Tourism" and "Trade" items (see. Table 2.15).

The undisputed leader of export of tourist services is the capital. This is due to two factors: a) for business meetings and talks, exhibitions and fairs, as well as for the treatment foreigners mainly come and live in Tashkent; b) the majority of tourist agencies, including organizing tours to regions of Uzbekistan are located in Tashkent. It is no accident that in 2014 Tashkent had 72.4% of export of services from Uzbekistan on the positions of "Hospitality", "Tourism" and "Trade" (see. Figure 2.6). The rest of the exports of services according to articles is distributed between Samarkand, Bukhara and Khorezm region (23.2%). The remaining 10 regions account for 4.4% of exports of tourism services.

Figure 2.6. Distribution of exports of articles of "Hospitality", "Tourism" and "Trade" in 2014, in %.



Source: Calculations based on data from the State Statistics Committee of Uzbekistan.

To trace a possible link of the cultural sector with other sectors of the economy it is necessary to analyze the share of these sectors in the gross regional product of each region. Unfortunately, the structure of the GRP is very aggregated: detailed sectoral structure is absent, there is only a breakdown by several major sectors (see. Table 4 of Annex 3).

Table 2.16 shows that the sectoral structure of GRP of the three regions, taken as a simple arithmetic average of the values of the share of each industry in the GRP of each region is different from the sectoral structure of GRP of other regional groups (Group 1 – Tashkent and Navoi region, industrial and economic regional leaders of Uzbekistan, Group 3 – other regions) in the following ways:

- less significant share of industry in GRP;
- a higher proportion of agriculture and construction in GRP;
- The percentage of sectors such as agriculture, construction, trade and public catering for the 2000-2013 expanded to a greater degree in GRP than in other regions of the groups.

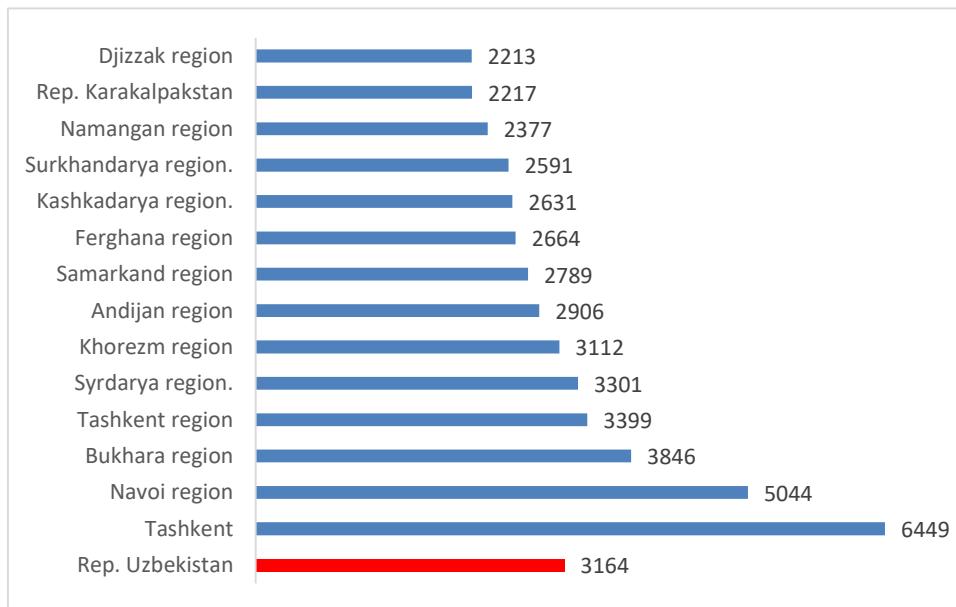
It is possible that a large proportion of construction, increase in the share of construction, trade and public catering in GRP in these three regions can be associated with the development of culture and tourism sectors. But it is impossible to confirm or refute this assumption on the limited data available.

Table 2.16. The structure of the gross regional product by regions of Uzbekistan.

	Industry		Agriculture		Construction		Transportation		Trade and catering	
	Share in GRP in % in 2014	Change of share in GRP for 2000-2014, times	Share in GRP in % in 2014	Change of share in GRP for 2000-2014, times	Share in GRP in % in 2014	Change of share in GRP for 2000-2014, times	Share in GRP in % in 2014	Change of share in GRP for 2000-2014, times	Share in GRP in % in 2014	Change of share in GRP for 2000-2014, times
Tashkent	21,8	1,15			7,6	0,76	13,4	0,72	14,9	0,73
Navoi region	45,0	1,26	16,4	0,64	5,7	0,78	11,2	1,24	6,2	1,29
Average value	33,4	1,20	16,4	0,64	6,7	0,77	12,3	0,98	10,6	1,01
Bukhara region	15,2	1,07	29,3	0,86	10,2	1,92	9,5	1,34	8,1	1,29
Samarkand region.	13,3	1,45	30,8	0,68	8,7	1,64	8,1	1,19	9,3	0,99
Khorezm region	11,9	1,40	31,7	0,71	10,9	1,85	10,2	1,57	8,5	1,12
Average value	13,5	1,31	30,6	0,75	9,9	1,80	9,3	1,37	8,6	1,13
Rep. Karakalpakstan	12,7	1,34	20,0	0,94	12,8	1,00	11,3	0,87	9,0	0,96
Andijan region	20,5	1,55	28,3	0,63	5,8	1,18	7,5	1,83	9,0	0,65
Djizzak	10,1	1,87	37,7	0,77	10,1	1,84	10,6	0,93	10,0	1,56
Kashkadarya region.	33,7	1,89	19,4	0,58	7,8	0,60	7,2	1,04	7,6	1,01
Namangan region	10,7	1,05	35,5	0,83	7,7	1,05	8,9	1,75	9,6	0,79
Surkhandarya region.	8,2	1,37	38,2	0,72	9,1	1,82	12,0	1,52	10,4	1,33
Syrdarya region.	19,5	1,30	38,0	0,87	7,1	1,42	8,8	1,01	8,5	1,16
Tashkent region	29,2	1,33	20,3	0,51	4,9	1,40	15,2	2,08	10,7	1,24
Ferghana region	17,7	1,06	19,0	0,74	7,2	1,95	12,2	2,84	9,4	0,91
Average value	18,0	1,42	28,5	0,73	8,1	1,36	10,4	1,54	9,4	1,07

Source: Calculations based on data from the State Statistics Committee of Uzbekistan.

Figure 2.7. Per capita income in 2013 in thousand soums.



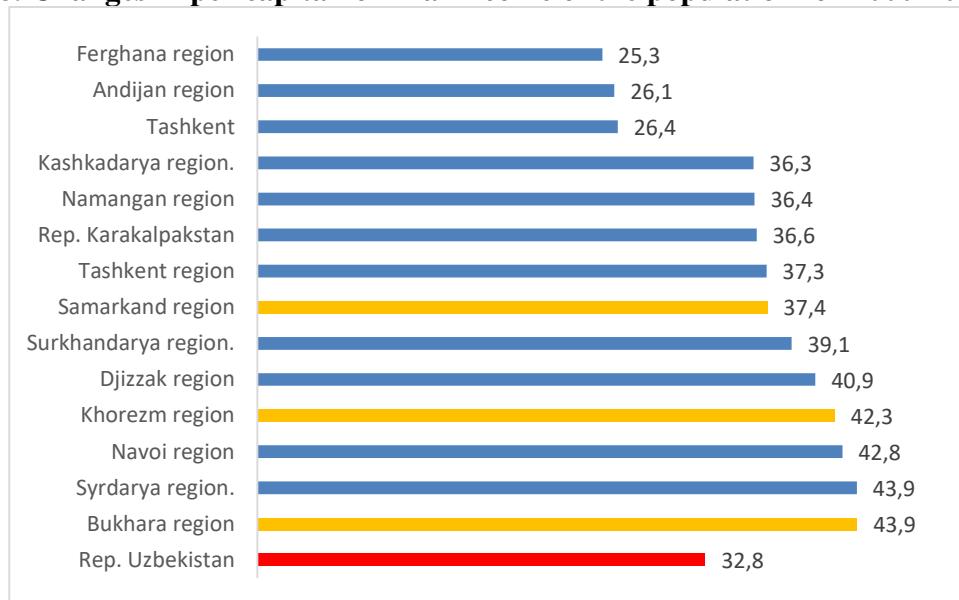
Source: Data from the State Statistics Committee of Uzbekistan.

Next, let us compare the per capita income of 14 regions of Uzbekistan in 2013. (see. Figure 2.7). Unconditional leaders are Tashkent and Navoi – Uzbekistan's economic centres with a developed industry. Among the remaining 12 regions studied three demonstrate better figures

than others. All of them are part of the six regions of the middle-income population, and even the Bukhara region occupies third position after Tashkent and Navoi region.

As per the growth of nominal income in 2000-2013, the Bukhara region ranks first in Uzbekistan, Khorezm and Samarkand - the fourth and seventh place out of 14, respectively (see, Figure 2.8).

Figure 2.8. Changes in per capita nominal income of the population for 2000-2013, in times.



Source: State Statistics Committee of Uzbekistan.

It can be assumed that the relatively good position of the three regions in the level and growth of incomes of the population may be related to the impact of culture and tourism sectors, which are really quite developed. But this is only a hypothesis, which is impossible to confirm or deny based on the available data.

Thus, based on the analysis of the available data it can be argued that the regions of Uzbekistan have significant accumulated cultural heritage specializing in tourism. We can also assume that the development of the sectors of culture and tourism has a positive effect on the development of the sectors of construction, trade and catering, as well as the level of household income.

3. The Republic of Karakalpakstan: the state sectors of culture and tourism, examples of organizations and projects

In preparing this section, along with the official data, data of UNESCO projects in Uzbekistan and the results of meetings with representatives of the sector of culture and tourism in the Republic of Karakalpakstan and Khorezm region have been used.

3.1. The tourism potential of the Republic of Karakalpakstan

The Republic of Karakalpakstan has a large, and still unexplored opportunities for the development of the tourism sector, related to both the creation of new and use of existing tourist destinations and the development of different areas of tourism.

Historical sites and opportunities for cultural tourism. More than 90% of the historic monuments of ancient and medieval Khorezm, as well as the so-called "Kerder culture" are located on the territory of Karakalpakstan. The most potentially attractive sites for are the following:

- **Koi Krylgan Kala Fortress** – built in IV – III centuries BC. in the tradition of ancient Khorezm. The walls of the fortress around the circumference is 865 m. The fortress is surrounded by two walls, and in the middle there is a two-story cylindrical building. The building could be used as a point of astronomical observations. The site is included in the provisional list of UNESCO within the category "Castles of Ancient Khorezm."²⁸
- **Zhambas Kala Fortress** – IV century BC – I century AD. The collected materials, mainly ceramics, are characterized by the early-ancient culture of Khorezm. The site is included in the provisional list of UNESCO within the category "Castles of Ancient Khorezm."
- **The Big Guldursun Fortress** (III-IV centuries BC., XII-XIII centuries AD.) – One of the largest border fortresses of Khorezm was built on the foundation of a deserted ancient fortress. A large number of ancient and medieval pottery, bronze crafts and jewelry, ancient and medieval coins were found inside the fortress during archaeological excavations. The site is included in the provisional list of UNESCO within the category "Castles of Ancient Khorezm"
- **Mizdahkan** (Gyaur Kala Khojaly) – archaeological and architectural ensemble of the IV century BC – XIV century AD, is located on an area of more than 200 hectares. Unique assuar burials, coins, various household utensils, glass, highly artistic products of gold were found during the excavations at the ensemble.
- A cult building **Chilpik**. During II – IV centuries it was built as a Zoroastrian dharma. In IX – XI centuries it was used as a signal tower for the locals in the neighbourhood.
- **Kyzyl-Kala Fortress** (I – II centuries, XII – beginning, XIII century) was presumably built as a defensive fortress, and was part of a chain of Khorezm fortifications created by the government to protect the northeastern boundary of the ancient Khorezm.
- Mound **Toprak-kala** (I – IV century BC.) – covers an area 500x350 meters and was the residence of the rulers of Khorezm. Various ornaments, fragments of sculptures, frescoes, inscriptions on ancient Khorezm language were found at the site. The site is included in the provisional list of UNESCO within the category "Castles of Ancient Khorezm."

²⁸<http://whc.unesco.org/en/tentativelists/5311/>. Inclusion in the provisional list does not yet provide for any "privileges". This is a list where an issue of inclusion of a certain site into the World Heritage List is raised.

- Ayaz Kala – three fortresses located nearby – Historical site of the Kushan Empire period (the end of the II century - beginning of the I century BC). According to archaeological data life in Ayaz Kala lasted until the IV – III centuries AD. The site is included in the provisional list of UNESCO within the category "Castles of Ancient Khorezm."
- Mound *Dzhanpyk Kala* (IX – XI centuries, XIII – XIV centuries AD.). The excavations revealed numerous finds previously imported from various countries of the East and the West. The Mound served as a port city in the Middle Ages.
- Mausoleums *Naridzhan-bobo* (XIV c.), *Maslumhan Sulu* (XIV – XVII centuries.).

A significant potential to attract tourists lies within collections in museums and scientific institutions used for the organization of museum exhibitions. In Karakalpakstan currently there are several museums, the most important of which are the *State Art Museum of Karakalpakstan Savitsky (hereinafter – the Savitsky Museum) and the National History Museum of Karakalpakstan*. In Muinak there is a *museum of the Aral Sea (Muinak History Museum)*, about the life of people prior to the environmental disaster and the disaster itself. In the future, the *Museum of Archaeology* on the basis of the Karakalpak branch of the Academy of Sciences of the Republic of Uzbekistan is planned. This museum will store and process archaeological remains found on the territory of Karakalpakstan. Currently, the Institute of Humanities of the Karakalpak branch of the Academy of Sciences has exhibited a small collection of archaeological finds, in particular, the famous paintings from the archaeological site "Ahshakan-Kala."

Table 3.1. The number of museums (end of year).

	2000	2005	2008	2009	2010	2011	2012	2013	2014
Republic of Uzbekistan	88	99	101	105	105	106	107	109	111
<i>Republic of Karakalpakstan</i>	3	3	3	4	4	4	4	4	4
Andijan region	9	9	9	9	9	9	9	9	9
Bukhara region.	6	12	13	13	13	13	13	13	13
Jizzakh region.	5	5	6	6	5	5	5	5	5
Kashkadarya region.	2	2	2	2	2	2	2	3	3
Nawoiy.	7	9	9	9	9	9	9	10	10
Namangan region.	1	1	1	2	2	3	3	3	3
Samarkand region.	8	8	8	9	10	10	10	11	11
Surkhandarya region.	1	2	2	3	3	3	3	3	3
Syrdarya region.	2	2	2	2	2	2	2	2	2
Tashkent region.	6	6	6	6	6	6	6	6	6
Ferghana region.	12	13	14	14	14	14	14	13	13
Khorezm region.	2	2	2	2	2	2	2	2	2
Tashkent	24	25	24	24	24	24	25	25	27

Source: State Statistics Committee of Uzbekistan.

Opportunities for ethnic tourism. Unique culture of the Karakalpak can be of interest for tourists – their traditional villages with traditional crafts, folk festivals, festivals, etc. Since ancient times, Karakalpaks are known for their handicrafts: their knitting carpets, weaving, embroidery, wood carving, ivory mosaic putting. Traditional crafts in Karakalpakstan are making a significant contribution to economic and social development of the region and local tourism. An example would be Crafts Development Center established in the Karakalpak branch of the Academy of Arts of Uzbekistan with the support of UNESCO Office in Tashkent in the framework of the UN Joint Programme "Sustaining Livelihoods affected by the Aral Sea Disaster" (see. Section 3.2).

Opportunities for religious tourism. Many holy places ("Sultan Baba", "Narinzhana Baba", "Karakum ishan", "Ishan-Kala", "Payghambar-kyzy", "Dauth-ata", "Yusuf ishan", "Mazlumkhan Sulu "" Kabakly-ata "," Hakim-ata "," Tokpak-ata "and others.) are widely popular among Muslim pilgrims, as well as for those interested in religious sites in the region.

Opportunities for eco-tourism. Karakalpakstan has a significant fund of objects of natural origin, which could be used for eco-tourism: the Ustyurt plateau²⁹, Kyzylkum desert, the valley and delta of the Amu Darya River, the Lower Amudarya State Biosphere Reserve (former Reserve Badai Tugay, where you can see exotic animals - hyenas, wild sheep, bald badger, porcupine and rare birds - the Egyptian vulture, owl Griffon) Sudoche Lake (a stopping place for migratory birds), Lake Hudzhakul, Lazarev Island (with rare pink limestone quarry), salt marsh Karaumbot. A unique monument, which could attract tourists is a ship graveyard in the town of Muinak.

The tourism potential of Karakalpakstan is highly dependent on the nature and volume of tourist flow in the neighboring Khorezm region. Often foreign tourists come to Karakalpakstan from there, and most of the historical sites of the two regions are closely related.

The main tourist site of Khorezm region - Ichon-Kala - inner fortified town, which is located in the modern Khiva, occupies an area of about 30 hectares and has a rectangular shape. This is where the oldest architectural monuments of Khiva are concentrated – Juma mosque, Seyid Alauddin and Pakhlavan Mahmoud mausoleums, some great madrasahs, 43.5 m tall minaret of Islam Khodja, Tash-Hauly Khan's palace. The powerful walls surrounding the inner city, each about 10 meters tall, with towers and fortified gates and Kunya-Ark Citadel are also of great value. The landmark of Ichon-Kala can also be characterized by its layout, preserving complicated network of small streets and dead ends typical for the old eastern cities. In general, single and unique ensemble of Ichon-Kala represents a vivid picture of the eastern city of XVIII-XIX centuries and includes 60 valuable architectural monuments and about 400 traditional houses and other residential buildings. Since 1969 Ichon Kala has the status of a historical and architectural reserve and in 1990, this medieval fortress is declared as a World Cultural Heritage.³⁰

In Ichon-Kala various sorts of handicraft production and artisans flourish, there are many families of craftsmen who live in the complex. There are 17 hotels, souvenir shops and rows of shops, restaurants, cafes, Chaykhonas. In 2014, Ichon-Kala was visited by about 725 thousand people, including 42.5 thousand foreign tourists.

Unfortunately a large part of the flow of foreign tourists visiting Samarkand and Bukhara do not get to reach Khiva (and even more so Karakalpakstan). The main reason is a bad road between Bukhara and Khiva (6-7 hours journey). However the government is taking measures to address this issue. Thus, in the tourist season Uzbekistan National Company "Airways" includes flights from Urgench to Tashkent with a stopover in Bukhara.

In recent years, tourist infrastructure has been actively developing in Karakalpakstan. Ten years ago there was not a single hotel that meets international standards in the country. Now there are quite a few hotels that are acceptable for foreign tourists. If in 2006 there were only 3 (!) hotels or similar accommodation the entire territory of Karakalpakstan, in 2014 there are 41 (see. Table 3.2), mainly in Nukus. And in the tourist season there is a high hotel occupancy. In the southwest of Nukus there is a modern automobile camping.

In the 90s **catering sector** of the Republic was in a deplorable state. Now there are number of modern restaurants and cafes in Nukus.

²⁹These can be used both in the field of eco-tourism and cultural tourism: well-organized service network caravans have been found on the Silk Road

³⁰<http://ru.wikipedia.org/wiki/Ичан-Кала>

Table 3.2. Hotels and similar accommodation facilities (year-end).

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
The Republic of Uzbekistan	239	241	261	279	309	434	500	521	541	613
<i>Rep. Karakalpakstan</i>	5	3	6	4	6	32	36	40	40	41
Andijon region.	5	7	8	9	15	16	16	19	20	21
Bukhara region.	36	39	42	49	51	59	74	70	79	85
Jizzakh region.	5	6	7	6	9	15	16	15	18	20
Kashkadarya region.	14	10	7	9	10	23	34	33	43	41
Nawoiy.	6	9	11	11	7	11	15	23	20	23
Namangan region.	6	4	7	8	9	11	13	16	17	16
Samarkand region.	40	40	41	45	50	68	83	83	86	97
Surkhandarya region.	14	14	17	16	12	26	28	29	28	29
Syrdarya region.	5	2	2	4	4	11	9	9	7	5
Tashkent region.	14	12	16	16	13	31	26	35	40	41
Ferghana region.	13	14	12	13	15	21	25	23	20	46
Khorezm region.	14	16	17	18	21	24	30	32	33	34
Tashkent	62	65	68	71	87	86	95	94	90	114

Source: State Statistics Committee of Uzbekistan.

**Hotel "Jipek Zholy":
an example of the development of hotel business in Karakalpakstan**

Hotel "Jipek Joly" is an example of the rapid development of the tourism sector in recent years. The hotel is located in the centre of Nukus in two buildings, located in different places. The hotel has a yurt, which is intended for stay-over. During the 2008-201 the number of foreign guests increased by 4,5 times (from 911 to 4124 people per year) and the number of days of stay of foreign guests by 5.2 times. In 2014 approximately 6 thousand residents stayed in the hotel. The hotel has 11 permanent staff members, but during the tourist season temporary workers are hired and the number of staff is doubled.

	2008	2009	2010	2011	2012	2013	2014	Change for the 2008-2014, in times
The number of hotel guests	2265	2032	4859	3828	4505	4993	5922	2,6
The number of foreign guests	911	1020	2039	2334	3128	3297	4124	4,5
Number of residents - citizens of Uzbekistan	1354	1012	2820	1494	1377	1696	1798	1,3
The number of days of stay of foreign guests	1045	1020	2100	2738	2571	4587	5418	5,2
The number of days of stay of local residents	1688	1502	3434	1648	1942	1875	3272	1,9
The average number of days of stay of foreign guests	1,15	1,00	1,03	1,17	0,82	1,39	1,31	1,1
The average number of days of stay of local residents	1,25	1,48	1,22	1,10	1,41	1,11	1,82	1,5
The number of permanent employees of the hotel <i>including women</i>	5	7	7	7	9	10	11	2,2

Source: Administration of "Jipek Zholy" Hotel

The **key issue of tourism development** in Karakalpakstan is a small number of widely visited tourist **destinations**. Foreign tourists often visit either historical monuments in the south of Karakalpakstan (within the tour to Khiva) or Savitsky Museum in Nukus (more than five thousand foreign visitors in 2013 and 2014). Much rarer do they visit Muinak (eco-tourism). The

situation is exacerbated by the *remoteness of the main tourist destinations from each other and the poor quality of the roads that connect them*. So the distance from Nukus to Muinak is 200 km, from Nukus to Khiva – 180 km, from Nukus to Khiva visiting the main historical monuments in the south of Karakalpakstan – more than 250 km.

In addition, the Republic *does not possess its own fleet of coaches*. In urban areas, except in Nukus, there are *not enough hotels and catering outlets* (for example, there is not a single hotel in Muinak). There are problems with the quality of *other infrastructure* (road toilets, street lighting). Practically there is *no entertainment*, which could attract foreign tourists. There is *insufficiency of printed and published materials on the Internet for tourists*: literature, guidebooks, maps, especially in foreign languages. There is an acute *shortage of qualified professionals in the field of tourism and hotel industry*, for example, there is not a single tour guide with the knowledge of French language. There are no local producers of modern souvenirs (magnets, etc.), printing materials such as T-shirts with drawings and inscriptions – these products would have to be ordered in Tashkent.

Finally, travel agencies (working mainly in Tashkent, less – in Samarkand, Bukhara and Khorezm) rarely organize tours to Karakalpakstan, poorly inform about the possibilities of travel and stay in Karakalpakstan, as it is not profitable for them to carry tourists over long distances on bad roads. Local tour operators also bring very few tourists (for example, in 2013 - only 67 foreign tourists, and in 2014 - 422³¹).

The situation is aggravated by the fact that there *is not a single organ or authority responsible for coordinating the work of governmental and nongovernmental institutions in the sectors of culture and tourism, there is no comprehensive program for the development of tourism*.

3.2. Examples of activities of individual organizations and projects in the field of culture and tourism in the Republic of Karakalpakstan

This section will provide examples of the activities of individual organizations and donor projects in the field of culture and tourism on the basis of information that has been collected during the visit to Karakalpakstan and Khorezm region, as well as from public sources.

Currently in Karakalpakstan there are five UN agencies (UNDP, UNESCO, UNFPA, WHO and UNV) that are implementing a **United Nations Joint Programme "Sustaining Livelihoods affected by the Aral Sea Disaster."** The program is aimed at "strengthening the economic, food and environmental safety and health of the population of Karakalpakstan affected by the ecological disaster of the Aral Sea". Within the framework of this programme UNESCO has been implementing a number of measures aimed at developing cultural and ecological tourism, traditional crafts. In particular these measures include:

Tourism:

- Development and publication of the history and culture of Karakalpakstan.
- Conducting a training on "Tourism and museums."
- Conduct series of trainings for specialized tour guides.
- Creating an information center for visitors on the basis of the administrative Lower Amudarya State Biosphere Reserve building.
- Supporting the development of tourist yurt camp "Dzhambas-Kala."

Craftsmanship:

³¹ Data from the Karakalpak branch of "Uzbektourism"

- Increasing income opportunities for 100 women and people with disabilities by improving production and marketing of local handicrafts.
- Carry out practical training on traditional crafts (embroidery, carpet weaving, natural dyeing, yurt decoration).
- Creation of the Center for development of crafts in the Karakalpak branch of the Academy of Arts of Karakalpakstan.
- Round table on the preservation and development of traditional crafts in Karakalpakstan.

General:

- Conduct research on the contribution of culture to economic development in Karakalpakstan (based on which this report was prepared).

The project documents provide indicators that will assess the effectiveness of the measures.

The activities in the direction of "tourism" is supposed to monitor the following indicators:

- The number of objects created for the development of ecotourism.
- The number of foreign tourists visiting the sites and using the infrastructure.
- Number of jobs created in the field of ecotourism.
- Revenue resulting from the tourists visiting various tourism objects.
- Degree of satisfaction of the guests.
- Number of people trained in the field of tourism, and the skills used in practice

In the "craftsmanship" direction we are planning to assess the means on the basis of the following indicators:

- The number of persons trained in the production of handicrafts.
- Number of people trained and skills used in practice.
- Income earned from the sale of handicrafts.
- Number of jobs created in the handicraft centres / workshops.

The following will provide a more detailed information about some of the projects operating under the program. Note however that for effective monitoring of the goals and objectives of the program it is necessary to conduct a series of measures that would allow to evaluate the activities carried out by planned indicators. For example, taking account of the number of visitors and their spending in tourism facilities, tourist sites, survey of visitors and participants of trainings and other events. In practice, however, such measures are not always implemented, ***making it difficult to monitor***. At the same time the administration of the project maintains a database of actual and potential beneficiaries.

State Museum of Art named after I.V. Savitskiy is one of the largest museums of Uzbekistan.

Its funds and expositions currently account to more than 90 000 exhibits. Museum collections are exhibited in three departments - the culture of ancient Khorezm, Karakalpak folk arts and crafts and fine arts. The collection of the Museum is recognized as the world's second-largest collection of Russian avant-garde (after the Russian Museum in St. Petersburg), as well as one of the largest collection of ancient arts and crafts of the peoples of Central Asia.

The museum is a major cultural attraction in Nukus and all of Karakalpakstan. From 1998 to 2014, the number of visitors to the museum has increased by 14.2 times (from 1 473 to 21 154), including foreign visitors by 116.3 times (from 46 to 5349) – see. **Table 3.3.**

Table 3.3. The number of visitors and the number of employees of the State Museum of Arts named after Savitsky

	1998	2000	2005	2010	2011	2012	2013	2014
Total visitors of the museum	1473	1643	13637	16628	22095	26279	24327	21154
Number of foreign visitors	46	168	1678	3875	3251	4763	5080	5349
<i>including free of charge</i>		2	591	1299	395	478	643	539
The number of local visitors	1427	1475	11959	12753	18844	21516	19247	15805
<i>including free of charge</i>	46	166	1087	2576	2856	4285	4437	4810
Number of Employees	46	49	75	77	81	81	89	86
<i>including women</i>	31	30	50	52	54	55	57	56

Source: State Museum of Arts named after Savitsky

Projects of the Museum

In 1998-1999, the Museum realized the project on "**Revival of handicrafts**". During the project there were 5 craft workshops on training of national Karakalpak embroidery, woodcarving, making national Karakalpak musical instruments, carpet weaving and the manufacture of Karakalpak yurt. In the course of the project 20 participants had been trained. A yurt had been made, which is now exhibited in the museum. Since 2000, within the framework of the project of the "Cultural Heritage" Association and "Revival of carpet weaving" in Nukus an experimental carpet shop had been operating, where 22 types of rugs with Karakalpak ornamental motifs have been created based on the sketches of an artist A. Shpade. Such shops operated in Shumanay and Kegeyli areas of the Republic of Karakalpakstan.

The British Council's "Museum on the Wheels" project has been implemented in the 2003-2005 academic years, and had continued its work in the following years with the support of UNESCO Uzbekistan, the Swiss Cooperation Agency and the "Laboratory for Social Development" NGO (Kazakhstan, Karaganda). Work on the project had included the organization of traveling exhibitions in secondary schools of the remote regions of Karakalpakstan, as well as in a children's home (orphanage), lectures and quizzes, visits to ancient monuments. Thanks to the project tens of thousands of schoolchildren and orphans got acquainted with the folk arts and crafts of Karakalpak people and artists of different generations; thousands of students attended lectures on various topics, as well as visited a museum in the capital.

"Young art critic" project, which was implemented in 2003-2005 academic years and was financed by the British Council. Within this project 40 high school students in Nukus got acquainted with the history of world art from ancient to contemporary times. A study of the Savitsky Museum's collection of arts and monuments of Ancient Khorezm was sort of a live communication with history. As part of the activities, all the museum professions were presented and the students themselves organized an exhibition in the Museum.

Source: <http://museum.kr.uz/>

The Savitsky Museum is a **fine example of long-term sustainability of the project in the field of culture**, including through the use of a wide range of commercial tools that allow a cultural institution to earn money.

The museum has a cafe (including the opportunity for visitors to get acquainted with the national cuisine), a bookstore (books, albums on the history, art), souvenir shop, weaving mill (for products for the souvenir shop and based on separate orders of customers). For tourist groups during lunch, in addition to excursions, other activities can be carried out: folk concerts and lectures (for example on the problem of the Aral Sea). Visitors can pay to take photographs of exhibits, and buy the right for presentation of images of the exhibits. The Museum helps with the provision of tour guides and with the organization of trips to the tourist spots of Karakalpakstan.

The museum has its own website (<http://museum.kr.uz/>). The site has good, clear structure, quality and rich content, the materials are presented in two languages: Russian and English. The

one only shortage is the lack of online services, such as selling items of folk art and crafts, souvenirs, photos, videos and movies and so on. Currently only books from the bookstore can be ordered by email can. However one can go even further, and for example, organize excursions and lectures via the online.

Интерактивные занятия с экспонированием пяти предметов народно-прикладного искусства музея им. И. В. Савицкого

Летом 2013 года сотрудники музея во главе с директором Мариникой Бабаназаровой проводили в школах Каракалпакстана интерактивные занятия с экспонированием пяти предметов народно-прикладного искусства. На вопрос «Почему только пять экспонатов?» инициаторы проекта отвечают так: «Мы полагаем, что переизбыток и информационное переполнение традиционных экспозиций не дает возможность акцентировать внимание детей и в результате он уходит, получив поверхностное знание, при этом он не вступает во взаимодействие с предметом и в какой-то степени остается равнодушным».

Для реализации проекта был изготовлен специальный футляр для экспонирования музейных предметов. У одной из стен актового зала школы устанавливается этот футляр с двусторонними дверцами. Дверцы шкафа до поры до времени остаются закрытыми, создавая атмосферу сакральности традиционной культуры и ценности настоящего музеиного предмета. По одну сторону от футляра устанавливаются щиты на которых размещается выставка рисунков, выполненных учениками художественного лицея г. Нукуса с изображениями животных, растений, предметов быта и т.д. На других щитах, в закрытых конвертиках – листы с графическими изображениями отдельных каракалпакских орнаментов. Проводя детей вдоль выставки детского рисунка, вместо экскурсии рассказывается народная сказка, которая является тем сквозным мотивом, через который раскрывается смысл всего происходящего на занятии.

Основная канва сказки заключается в том, что один царь, научившийся ткать ковер, попав в смертельную беду, спасает свою жизнь, благодаря тому, что сумел отправить сообщение, зашифрованное в орнаментах вытканного им ковра. В сказке присутствуют все объекты, изображенные на выставке детских рисунков. По окончании сказки детям предлагается представить себя древними людьми, которые не владеют письменностью и передать на бумаге события, изложенные в народной сказке. Желающим принять участие в этом, раздаются бумаги, краски, мольберты, предоставляется время – 15-20 минут. По истечении указанного времени детям дается задание – разместить свои рисунки на щитах, где располагались закрытые конвертики с графическими изображениями каракалпакских орнаментов. Затем экскурсовод предлагает сравнить, как дети изобразили верблюда, собаку, гуся, дерево, дорогу и т.д., а как древние каракалпаки в своих тканых и вышитых изделиях изобразили только след верблюда, подразумевая целого верблюда, след собаки – подразумевая собаку и т.д.

Наконец наступает кульминационный момент, когда сотрудники музея открывают дверцы сундука-футляра. Перед присутствующими появляются образцы каракалпакской вышивки и ткачества. Экскурсовод рассказывает о народно-прикладном искусстве каракалпаков, об орнаментах каракалпакских узоров в предметах ткачества, вышивки, резьбы по дереву и многое другое, связанное с народным искусством. В заключительной части занятия объявляется конкурс рисунка, который должен проходить в стенах музея.

Источник: <http://museum.kz.uz/>

State History Museum, founded in 1929, with a capacity of more than 65 thousand exhibits, on:

- historical and cultural monuments on the territory of the Republic, including models of ancient settlements and artifacts found during archaeological excavations at the sites;
- traditional culture and art of the Karakalpak people; Karakalpak traditional clothes, especially the rich exposition of women's clothing and jewelry, cookware and other household items of that period, accessories of a yurt;
- nature of Karakalpakistan, including dioramas of landscapes of the Ustyurt plateau, Kyzylkum, the Aral Sea basin, Badaytugaysk reserve, rich exhibits of flora and fauna;

- Modern Karakalpakstan, people living and working here.

The museum is in distress. It does not have its own exhibition space. The exhibition is organized in the assembly hall of the local school, which can accommodate a maximum of 1% of the available items. The unique exhibits are kept in rooms not designed for such purposes.

Lacking own premises, the museum does not have the capacity to fully carry out its mission, as well as for commercialization activities to ensure long-term financial stability.

A number of organizations and projects working in Karakalpakstan are aimed at the development of **applied arts and crafts**.

So the purpose of the public association of women of creative and intellectual work "***Golden Heritage of Aral***" is to provide every possible assistance in improving the real economic, social, cultural, spiritual and intellectual level of the most vulnerable people in the Aral ecological crisis³². According to the creators of the association, this goal can be achieved, including through the revival of the Karakalpak applied art and folk crafts. The emphasis of the association is on studying the experience of national masters and its subsequent transmission to women and youth, primarily unemployed women and disabled persons. In addition the union is engaged in the development of self-employment and entrepreneurship of women, assisting them to become more sustainable and self-sufficient. The union is also engaged in conducting of outreach to increase the level of environmental education, activities on personal hygiene of women and children. The union is working with donors and international organizations, including UNESCO Representative Office in Uzbekistan. In 2004 – 2006 a craft workshop equipped with machines for the processing of wool was created in Muinak with the assistance of UNESCO. Currently it operates partially.

Another example. In 2014 a Crafts Development Center was opened under the Karakalpak branch of the Academy of Arts of Uzbekistan with the support of UNESCO (within the framework of UN Joint Programme "Sustaining Livelihoods affected by the Aral Sea Disaster"). The objectives of this center include supporting artisans, development and promotion of traditional crafts in Karakalpakstan. The center has a seminar room, a resource center, a library, a craft shop equipped with machines for carpet weaving and room for embroidery making. In the future, the Center plans to expand the functions and types of traditional crafts. In the course of the opening of the Center a practical training on natural dyeing, Karakalpak embroidery, carpet weaving and yurt decoration, as well as a "round table" on "Problems of preservation and development of traditional crafts in Karakalpakstan" were held. About 40 girls had been trained as a result. UNESCO's contribution to the initiative was to create the center in Karakalpakstan, including the development of the concept strategy, as well as repair of premises, and provision of furniture and special equipment, as well as practical training courses. Furthermore it is planned to open up a store for the sale of products of traditional textiles: weaving, carpet weaving, embroidery, etc., as well as works of contemporary artists.

Development of home textile industry in Nantong, China through improved copyright institutions and legislation

China has provided two options for protecting the interests of rights holders since the adoption of new copyright legislation in the early 2000s. The first of these options constitutes the judicial approach, which allows rights holders to pursue criminal or civil litigation against infringers. The second is an administrative enforcement procedure which involves administrative authorities who have the authority to conduct investigations into reported cases of copyright infringement. A series of amendments to the Copyright Law were completed in 2001, followed by the revision of the corresponding implementation rules and regulations by the State Council. Under Chinese Copyright law patterns of printed fabrics are eligible for copyright protection as works of fine art, however patterns of printed fabrics may claim

³²<http://nfestival.narod.ru/goldaral/index.html>

design patent protection. Prior to this lack of protection for patterns and designs in other regions of China, resulted in large-scale copying of Nantong designs, eroding profit margins for textile products.

Improved copyright protection in Nantong has effectively helped producers to update and upgrade their products. As a result, Nantong textiles have achieved a large measure of success in both the domestic market and in international markets. The quality of textiles has been dramatically affected. By 2008 more than 80,000 patterns had been registered for protection in the Nantong region

This has created large domestic markets in textiles with two industrial parks, two logistic centres and a specialized home textile trading market within an overall area of 1.5 million m². There are more than 5,000 home textile enterprises around the market, including 418 companies. The area also contains more than 20,000 family workshops, and processing sites spread over ten towns in the three surrounding counties. More than 200,000 people are directly employed in this industry. The Nantong home textile markets have also become important for Chinese textile exports. The two main markets attract international home textile buyers in more than 100 countries of the world. In the 10-year period between 1999 and 2008, the export value of all Nantong textile products grew from US\$ 817.89 million to US\$ 4.077 billion, with an average annual growth rate of 17.4 per cent. The export value of home textile products increased from US\$ 98.75 million in 1999 to US\$ 1.007 billion in 2008, an average annual growth rate of 26.14 per cent.

Source: «Creative Economy Report», UNDP/UNESCO, 2013.

As part of the UN Joint UN Programme "Sustaining Livelihoods affected by the Aral Sea Disaster" in February – October 2014, on the initiative of UN Women in Uzbekistan a series of trainings in Muinak for making of souvenirs of shells, dolls, and handmade embroidery were held. They were attended by more than 50 women and girls from three local communities. For 10 participants of the training materials were purchased for further work.

Another example. UNESCO Office in Uzbekistan in cooperation with the Karakalpak branch of the Association of Business Women of Uzbekistan created a workshop for making ***traditional musical instruments*** Azatbayeva, which was opened in May 2012 in Nukus, in the framework of the UNESCO project for the development of traditional crafts of Uzbekistan. This project was initiated in 2010, and a number of activities were held under its framework, including national workshops to improve the design and quality of handicrafts in Uzbekistan on natural dyeing, traditional embroidery, carpet weaving and design, a book "Applied Art of Uzbekistan: tradition and innovation"³³ was published. The project was implemented with the financial support of the Trust Fund of the Republic of Korea. Production of national musical instruments is one of the few areas of traditional crafts in Karakalpakstan, which was preserved in its original form. This is due to the fact that in the spiritual life of the Karakalpak people a huge role was played by the heroic epic, which were transmitted orally in a musical and poetic form.

UNESCO Centre for carpet weaving and natural dyeing in Khiva

In 2002, at the initiative and with the support of UNESCO, on the territory of Ichon-Kala (Khiva) a Centre for carpet weaving and natural dyeing was established, where traditional handicrafts (carpets, Suzanne) mainly silk, using natural dyes are manufactured. The center has 14 machines, which employ mostly young girls and women. The products are sold mainly in the Ichon-Kala.

The main problems that the center is facing are: insufficient demand (declining in recent years), poor distribution network, access to raw materials (it is not profitable to sell silk in small batches).

Source: Center for manual carpet weaving and natural dyeing.

³³ In accordance to the information provided by the UNESCO Office in Tashkent and <http://www.orexca.com/news/archives/4194>

Since 2011, the premises of the workshop were repaired, new furniture, equipment and materials were purchased. The workshop produces 25 titles of national musical instruments made of wood, clay, metal, cane, including 8 kinds of recovered and forgotten instruments. Moreover, Otarbayev regularly conducts training sessions for young artists, thus transmitting traditional knowledge and skills to future generations. Products are sold at specialized musical stores in the markets, or to music schools, houses, art, museums. After the opening of the workshop demand for the products has increased many times, and the master and his adepts are invited to national and international events.

Creative Industries Support Programme

Cambodia's Preah Vihear and Angkor temples, traditional hand woven silk products and classical ballet performances are well-renown symbols of the Kingdom's rich cultural heritage, attracting increasing numbers of tourists each year. Despite this wealth of tangible and intangible cultural assets, many local producers and artists, especially indigenous groups living in remote communities, remain below the poverty line.

In this context, the JP was designed to support the Royal Government of Cambodia in unlocking the potential of creative industries for economic and social development, by developing and safeguarding local and indigenous talent in the performing arts, traditional weaving, pottery, basketry, and resin industries.

- Handicraft producers and their support NGOs were connected to wholesalers and retailers through study tours/market exposure trips (158 beneficiaries) and 8 indigenous trade fairs
- Effective market linkages were established for 94 artists in local performing arts troops through support for indigenous performances and the organization of a Youth Arts Festival
- Enhanced cultural entrepreneurial skills through improved business development services (BDS) for 1, 24 beneficiaries, including 715 artisans
- Mentorship programmes in handicraft production were conducted for 63 producer groups
- 2 cultural centres were established in Mondulkiri and Ratanakiri provinces to organize cultural events and document indigenous heritage

The JP's impact has been widespread with its activities benefiting a notable network of over 1,750 direct beneficiaries and over 3,200 indirect beneficiaries. More than 800 individuals, including 583 handicraft producers, 132 resin producers and 94 artists living in the targeted provinces - 67% of whom were women and 87% of whom were from indigenous groups - directly benefited from the JP through capacity building, business development, enhanced market access, and improved commercialization of local cultural products. Female beneficiaries, belonging to six different ethnic groups and living in all four target provinces, in particular experienced great economic impacts through the JP's promotion of culture-based economic activities.

Source: «Creative Economy Report», UNDP/UNESCO, 2013.

The main problem for the development of handicraft projects is ensuring ***long-term sustainability***, a key aspect of which is the question of ***sales of the manufactured goods***. Such projects are successfully functioning when combined with the provision of opportunities for participants to actively sell its products, for example, at exhibitions and fairs. But once donors cease to sponsor the visit and delivery of products of craftsmen on such events, these craftsmen usually begin to have problems with sales. It should be borne in mind that:

- settlements, employing crafts masters, are often located in remote areas from markets;
- the production of certain types of products (eg, carpets) require large expenditures for the purchase of materials, a significant effort that does not allow the craftsmen to carry out production for stocks and wait for a long time until the products will be sold;

- Karakalpakstan does not have a developed business infrastructure, which would allow to effectively sell products of craftsmen;
- artisans and handicraft development project organizers usually do not have knowledge and skills in the field of marketing and sales, and are poorly informed about the needs of tourists, design and packaging requirements that apply to such products by foreign buyers.

Thus, the long-term sustainability of projects to support arts and crafts lies in the creation of conditions and opportunities for the sale of products of craftsmen.

In addition, the planning and implementation of such projects needs to work out the issues of materials, as in the Karakalpakstan many kinds of materials are not produced, including fabric and thread).

Given that the key issue of tourism development in Karakalpakstan is a small number of widely visited tourist destinations (see. **Section 3.1**), it is very important to support the **initiatives on creation and development of tourist facilities**. Note that enthusiasm and dedication of the initiators of these projects play a huge role in such initiatives.

An example of private initiative in this direction is a private house-museum of Amet and Ayimhan Shamuratovs family. The museum was opened in 1998 in Nukus. The entire exhibition of this museum (about 2000 items) is based on the personal belongings of the spouses and rich archive of materials of the actress: photographs, books, documents, portraits, concert attributes - testifying to their joint path. The museum's collection also includes handicrafts of Karakalpak people: carpet weaving products, household items, jewelry, objects of the recent past. The photographs demonstrate the people who created the history of Karakalpakstan, the color of Republic's culture: writers, artists, scientists, prominent statesmen and public figures. The exhibits of the museum allows us to follow close ties of Karakalpak literature and art with those of the Uzbek, Russian, Kazakh, Turkmen and Azeri cultures. And the spouses formed a sort of a bridge between these cultures, trying to maintain close relations with many public figures of various countries. An ethnographic dance ensemble "Ayymhan lapyzy" (Tunes of Ayimhan), foreign languages clubs as well as a study group of national embroidery, and a preschool education club were opened under the auspices of the museum. Also a souvenir shop operates under the museum. In 2014 the museum was visited by more than 3 000 people.³⁴

Lower Amudarya State Biosphere Reserve (LASBR) - the first biosphere reserve in Uzbekistan. It was established in 2011 on the territory of Beruni and Amudarya district of Karakalpakstan with a total area of 68 718 hectares, of which 11,568 hectares are protected area with strict security regime. The part of the reserve is currently held by Steppe-tugai reserve named Badai Tugay (6 462 ha), founded in 1971 for the preservation of riparian ecosystems and the Bukhara deer. Currently floristic composition of LASBR consists of 419 species of higher plants. LASBR also recorded 356 species of vertebrates, including 36 species of mammals, including - Amudarya pheasant, jackal, jungle cat, wild boar, 26 species of fish, 2 species of amphibians, 13 species of reptiles, more than 91 species of birds. One of the merits LASBR is preservation of the Bukhara deer population, included in the Red List of the International Union of Conservation of Nature (IUCN) and the Red Book of Uzbekistan. In 1978, there were 16 species of Bukhara deer, in 2010 – 500, in 2014 – about 700. According to scientists, the reserve has managed to become the largest shelter for Bukhara deer population in the world.

The territory of the LASBR possesses a number of cultural heritage monuments, bearing scientifically valuable material on history, ethnography, town planning, fortifications, and the material culture of Central Asia. Often, the staff of the Biosphere Reserve are now faced with the

³⁴Sources: http://orexca.com/rus/nukus_museum.shtml, interview with the administration of the Museum.

lack of scientific certainty, a systematic presentation of information about historical and cultural monuments, as well as methods for their conservation³⁵.

Within the framework of the UN Joint program "Sustaining Livelihoods affected by the Aral Sea Disaster" a number of measures are being carried: assistance in building of institutional capacity of the administration and staff of the LASBR, new approaches, methods and models for the sustainable functioning of the reserve, as well as assistance in the preparation of the nomination of LASBR for inclusion in the MAB UNESCO (Man and Biosphere Programme). With the assistance of the project LASBR office spaces have been renovated, new furniture and equipment has been purchased, a museum has been set up, and a seminar on the development of tourism in the LASBR has been conducted.

There is untapped potential for commercialization of LASBR: opportunities for excursions and leisure (there are several cottages in the reserve), sale of souvenirs and so on. Conservation and sustainable use of cultural and historical monuments in the territory LASBR or closely adjacent territories are also of great importance.

Projects on creation of yurt camps near Ayaz-Kala fortress (16 yurts), Dzhambas-kala fortress (8 yurts) and Toprak-kala fortress (5 yurts). The idea of a yurt camp is a combination of visits to historical sites, and getting to know the national Karakalpak way of life, customs and traditions, kitchen with outdoor activities (hiking, horseback and camel riding, beach, fishing, skating on the lake, overnight in a yurt, and so on.). All three camps are located in the south of Karakalpakstan, so the main contingent are visitors to Khiva (the distance to the most remote camp - Dzhambas Kala is 125 km, which is located on the road between Bukhara and Khiva). The number of visitors in 2014: Ayaz Kala – about 1000 people., Dzhambas Kala – about 100 people., Toprak Kala – about 700 people. In 2015, prices for accommodation in the camps were reduced because of the low demand (in 2015 - \$ 25 at the official rate per night, including breakfast).

The creation of the yurt camp "Ayaz-Kala" and "Dzhanbas Kala" was assisted by UNESCO in particular the development of the design of the complex "Dzhanbas-Kala", installation of solar panels and wind generators, power generators, desalination of water, office equipment, Internet access, repair of yurts, purchase of new yurts and so forth.

The key problem of yurt camps is the falling attendance in the 2013-15. As with the development of handicraft, the weak point here is the **question of marketing and sales**. One also has to think for the future feasibility of establishing several yurt camps which are not far from each other. The same tourists will not stop in more than one yurt camp. The presence of three camps in close proximity to each other means that they take each other's customers. Another complication: bad roads (especially to "Dzhanbas-kala"), no gas, electricity (solar power is not enough), water (the need to transport water).

There is an unrealized potential for commercialization of projects, which require pro-active promotion of the yurt camps, their inclusion in a larger number of tourist programs, sale of souvenirs and handicrafts within the camps. It is also necessary to carry out a survey of visitors to identify their needs and wishes.

The Aga Khan Trust's Azhar Park project in Cairo

In 1984, His Highness the Aga Khan decided to finance the creation of a park for the citizens of the Egyptian capital. The only central location of a suitable scale was the derelict Darassa site, a 30-hectare (74-acre) mound of rubble adjacent to the historic city. The site posed several technical challenges: It had been a debris dump for over 500 years and construction required excavation, grading and replacement with appropriate fill. A total of 1.5 million cubic metres of rubble and soil, equivalent to 80,000 truckloads, had to be moved. In addition, three 80-meter freshwater tanks for the city of Cairo

³⁵<http://karakalpakiya.ru/заповедные-зоны/>

had to be incorporated into the park design. Specialized plant nurseries had to be created to identify the best plants and trees for the soil, terrain and climate. Over 655,000 young plants from cuttings and seeds were planted in the park.

Today, the US\$ 30 million project evolved to include the excavation and extensive restoration of the 12th century Ayyubid wall and the rehabilitation of important monuments and landmark buildings in the historic city project. The project also included socio-economic initiatives, such as housing rehabilitation, providing microfinance, creating apprenticeships and healthcare facilities in the adjoining low-income Darb al-Ahmar district.

As a result the park itself attracts over one million visitors a year, and hundreds of young men and women have found work in the park, either in horticulture and on project teams restoring the Ayyubid wall.

The project was intended to provide an alternative path to traditional remedies to the decline of historic neighbourhoods. These usually involved isolating monuments by the forced removal of the local inhabitants, or accepting a laissez-faire approach that allowed commercial developers to set priorities. In either case, residents were displaced. The approach adopted by the Aga Khan Trust for Culture, on the contrary, sought to stimulate rehabilitation without displacing residents, largely by ensuring that they have a stake in the future of their community, and by helping create viable businesses through the provision of micro-credit and assisting owners restore crumbling houses.

Source: <http://www.akdn.org/hcp/egypt.asp>

Another promising center of tourist attraction can be Muinak. Here there is the famous graveyard of ships, the Museum of the Aral Sea. One can organize trips from Muinak and along the dry bottom of the Aral Sea all the way to Ustyurt Plateau, where there are gorgeous natural landscapes and tracks of networks of caravan services on the Silk Road. However, the expansion of the tourist flow in Muinak is prevented by poor infrastructure (roads, means of transport, hotels, public catering and so forth.) and a small number of attractive tourist sites.

As part of the UN Joint Programme "Sustaining Livelihoods affected by the Aral Sea Disaster" various measures to *raise awareness about the cultural heritage and promote the cultural achievements of the Republic of Karakalpakstan* have been taken. Specifically a book titled "Legacy of Karakalpakstan" has been prepared and published. The aim of the publication is to present and promote the unique historical, cultural and natural heritage of Karakalpakstan and thereby contribute to the achievement of sustainable development. The book is intended for a wide readership, published in Russian and English. The book is accompanied by a tourist map of Karakalpakstan, as well as a music CD with recordings of traditional musical heritage of Karakalpakstan. In the future translation into Uzbek and Karakalpak languages is possible.

In addition, the project has produced the following publications:

- S.P Tolstov: "Following the footsteps of ancient Khorezm civilization" (in English, 2005, 316 pages);
- Vladimir Artemyev and Alla Urmanova: "The Golden Ring of Ancient Khorezm" Tour Guide (English, Japanese, German and French, 2005, 30 pages);
- V. Yagodyn and Alison Betts: "Ancient Khorezm" (in English, 2006 and 2007, 34 pages);
- V. Yagodyn and Alison Betts: "Golden Ring of Ancient Khorezm" (second edition, supplemented in English and Russian languages in 2009, 68 pages);
- Ayaz Kala, a report on the practical training (in Russian and English, the book presents interesting information not only monuments but also other attractions of Karakalpakstan, 94 pages, 2007).

From 10 to 12 September 2015 Margilan hosted a festival of traditional textiles "Bajrami Atlas" (Atlas Festival), organized jointly by the Center of crafts of Margilan, the Hokimiyat of Margilan (City Administration), the Republican Association "Hunarmand", National Commission of

Uzbekistan for UNESCO , DVV International in Uzbekistan and UNESCO Representative Office in Uzbekistan. The main purpose of the festival was safeguarding, development and promotion of the cultural heritage of Uzbekistan, support the development of traditional crafts and to improve the crafts and design quality, particularly traditional textiles. Moreover, this festival contributes to development of sustainable tourism in the region thus contributes to the increasing the income-generation of local population. Participants from Karakalpakstan were also able to take part in this festival, which included the following activities: Scientific conference on Safeguarding and Development of Traditional Textile in Uzbekistan, Art exhibition on traditional textile, Practical trainings and master-classes on traditional embroidery, block printing, natural dyeing, design and marketing, Defile with the elements of the traditional textile of the leading designers of Uzbekistan and special guest from Bangladesh, UNESCO Artist for Peace – designer Bibi Russell, Fair of Uzbek traditional crafts.

Cultural revival in the wake of the Essaouira Festival, Morocco

Launched by the Government of Morocco in 1998, the festival of Essaouira is one the largest cultural event in North Africa that is currently contributing to the creation, renewal and dissemination of music, dancing and singing in the Maghreb. Specialized mainly in traditional music, the Essaouira Festival has brought about a revival of Gnawa North African music and given a global dimension to traditional Moroccan music. Already in the 1970s, before the creation of the festival, the city of Essaouira was a hotbed of hippie culture in Morocco. It hosted internationally known rock stars and was an inevitable stop for hippies visiting the country. Since its first edition, the festival has given the city an international reputation and promoted Gnawa music from a local to a global scale. The festival provides a new impetus to the eclectic programming of the stage encounters between famous jazzmen and *maalems* (masters) of Gnawa. In contrast, the event enabled local groups to acquire an international reputation.

One of the factors contributing to the success of the festival is its spiritual element. The festival is originally an expression of worshiping rituals. Gnawa music is tied to specific rituals, making it a mixture of singing and prayer. This sacred dimension has also given rise to small-scale tourist flows. Such enthusiasm led to the construction of multiple resorts and restaurants, whose luxury services are far from the original spirit of the festival.

The size of the festival has grown over the years, gathering up to 400,000 people. The festival has been a meeting place for Moroccans, Europeans and Americans, especially young people. However, an older audience, with greater purchasing power, is also attracted to the event, resulting in a high demand for old houses, also known as *riyadh*, which foreign residents turn into expensive homes.

Source: «Creative Economy Report», UNDP/UNESCO, 2013.

4. The impact of cultural values on the economic development of Uzbekistan

In section 1.4 it was demonstrated that the influence of culture on economic development is not limited to the sector's contribution to GDP, employment, consumption, and so on. Culture, not as a sector of economic activity, but as a set of values and traditions has an impact on economic development, through the behaviour of actors of economic activity. In particular, values (including religious) and stereotypes people have a direct impact on the characteristics of consumer behaviour and the propensity to save, the behaviour of people in the workplace (work ethic), the nature of relations between employers and employees, on the dominant models of development of business, on the problems arising in the negotiation and execution of transactions and so forth.

The author of the report are aware of only one study in Uzbekistan, where the interaction between culture and the economy is seen in this context, namely the analytical note "Socio-cultural factors of economic development in Uzbekistan" (2006)³⁶. This section provides a summary of the results of this study.

The main objectives of the 2006 study were:

- To analyse the impact of historical traditions, ethics, rules of conduct of Uzbek citizens on their activities and the nature of decision-making in the economic sphere;
- To assess the positive or negative impact of different cultural factors on labor, business and investment activity.

Within the framework of the study the following work had been done:

1. A large body of literature on research in the field of relationship between culture and economic development has been analysed.
2. A series of in-depth interviews of foreigners living in Uzbekistan for a long time had been conducted (35 people interviewed in September-October 2006).
3. As part of the survey "Portrait of a businessman" more than 1,500 people from all regions of the country were surveyed a number of questions on the subject were asked (April-May 2006).
4. Two "round tables" and a number of individual meetings with specialists had been conducted (September, November 2006).

All this allowed to put forward a number of working hypotheses.

4.1. The risks of failure and bad faith of the personnel arrangements

The problems indicated in the subtitle section, perhaps, can be considered the most acute problems of economic and business development, among those that are closely linked to socio-cultural factors. The acuteness of the problems is established by the result of the surveys of businessmen (entrepreneurs) and foreigners:

- For 71% of entrepreneurs **high risks of failure to fulfil obligations** under agreements are an important issue;

³⁶ Analytic note. Socio-cultural factors of economic development in Uzbekistan. Generalized results of two sociological research. The study was conducted by the Center for Economic Research commissioned by the UN Development Programme in Uzbekistan. Authors notes: Yu Yusupov, I. Pugach. Tashkent, 2006.

- For 51.3% and 44.7% of entrepreneurs (a) **unscrupulous work of the personnel** as well as (b) issues of **theft and fraud of personnel** are important issues respectively;
- A survey of entrepreneurs shows that the existing system of protection of transactions and property rights are not effective enough in Uzbekistan: 48.3% of respondents are **not quite sure that the state protects the rights of entrepreneurs**, 43.7% believe that **the strengthening of the order of protection of property rights and entrepreneurs should be the top priority of economic policy**;
- the surveyed foreign citizens indicate a low degree of respect for the formal agreements and laws in the domestic business environment;
- Foreigners also believe that local workers are lead by "a relic of the Soviet labour relations" in the style of their behaviour with respect to the company and management, which implies lack of discipline, lack of loyalty, theft, misdemeanours cover of the work of colleagues and others.

Obviously, high risks of default of agreements/deals/transactions negatively affect the financial stability and the level of transaction costs of enterprises. The consequences of widespread dishonesty and bad faith of the staff is also quite clear: the opportunities for growth of labour productivity, the introduction of progressive forms of work organization, the development of joint ventures and foreign businesses in the country all become very limited. In the context of "Soviet-type" behaviour of employees traditional Western models of incentives for personnel management often do not work. All this **adversely affects the competitiveness of the economy of Uzbekistan**.

In the research note the following directions and ways of solving the problems are indicated:

- **Strengthening the system of official protection of transactions.** The State shall ensure the establishment of an effective system of protection of interests of participants of contracts. Creating and improving the efficiency of institutions that protect the rights of entrepreneurs, enabling them to reduce business risk, increase reliability of transactions, should be an important priority of the state policy.
- **Establishment and strengthening of structures and networks of entrepreneurs, that reduce the risk of breach of contracts.** The appearance of such structures and networks is a natural reaction to the low efficiency of formal mechanisms for the protection of property rights and transactions. We can assume that the close and friendly exchanges, mutual trust in the business environment and the company can significantly reduce the costs of conclusion and execution of transactions, losses related to bad faith of both commercial partners and employees. The study confirmed this hypothesis: all categories of entrepreneurs who successfully develop their businesses are actively involved in social networks at various levels: family and closest associates, local communities, business networking, official business associations. They are actively using both formal and informal means of conflict resolution with other businesses and government agencies. Close social ties are also used for other purposes, primarily for the expansion of business: loans from friends and family, share in the business. In this regard, it is necessary to promote non-governmental institutions to protect property and transactions (arbitration courts, business associations, and so forth), as well as institutions, reducing the costs of transactions (production and marketing cooperatives, credit unions, specialized intermediaries, insurance companies, etc.).
- **Development of family business traditions.** Other (in addition to the creation of social networks in the business environment) natural reaction to the high risk of default transactions and employee dishonesty is a widespread nepotism in business. It is understandable that entrepreneurs have more reason to trust the family members, relatives and friends than strangers. Therefore, the first priority in negotiation and hiring is given to family members. Another reason for nepotism in business is a high priority of family values and relationships for the people of Uzbekistan. Accordingly, it can be assumed that family business is more organic for Uzbekistan

than classical Western corporations. At the same time one must take into account the negative aspects of nepotism: the hired personnel is not necessarily the most professional and the concluded deals are not the most profitable, which affects the efficiency

- **Strengthening of business and work ethic.** Historical experience provides many examples of how the prevalence of certain ethical values can compensate for the inefficiency of the official institutions of protection of property rights and transactions. A special role here belongs to religious values. One of the most surprising results of the survey of entrepreneurs lies in the fact that there are more successful businessmen among Muslim entrepreneurs, who strictly follow the prescribed religious rules (regular prayers, fasting, donations to the mosque and so forth.), compared to the average businessmen or to Muslim respondents, who do not strictly follow the religious rules. Moreover, businessmen from this category of persons (as opposed to Muslims, who do not strictly observe religious rules) prefer formal business to informal one, actively use modern forms and methods of business organization, are focused on investment in physical and human capital, use of external experts in the field of consulting and marketing. The authors of the analytical report explain this phenomenon by the fact that "solid" Muslims - are law-abiding and adhere to the rules in everything: in religion and business. Therefore, they prefer not violate the law in the exercise of business activities, primarily use legal schemes of recruitment, fund-raising, sale of goods and so forth. This is where the rejection of a shadow version of business development comes from. In addition, a steady vital position, solid moral principles make them reliable partners and employers. Hence their success in business. You can also assume that the "solid" Muslims are quite acceptable as employees: their attitudes do not allow to boil the pot or steal in the company. Thus, the elements of Muslim entrepreneurship and work ethic can be used as a tool to reduce transaction costs and increase the efficiency of the national economy

Among the proposed measures to strengthen the business and work ethics are:

- **education, outreach and advocacy of the "eternal" values** ("Thou shalt not deceive", "Thou shalt not steal") in mass consciousness;
- preparation, publication and broad discussion of the ethical codes of the entrepreneur, employer and employee;
- modernization of education and training, especially the school system (requires changes in the curriculum and learning principles).

4.2. Some of the stereotypes of behavior and economic development

1. Survey of the foreigners demonstrated that the national business is characterized by immediacy, the desire to make "quick money", even at the expense of promising cooperation, the lack of strategic thinking. The study's authors believe that this feature is not connected with the specific culture of the people, and weak protection of property rights, the instability of the business environment, inadequate legislation and unpredictable socio-economic policy of the government. This gives rise to uncertainty about the future, the desire to get rich quick, the abandonment of long-term planning and development of a long-term strategy of market behaviour. This hypothesis is confirmed by the results of survey of entrepreneurs:

- Respondents argue that both instability and unpredictability of change as well as complexity and contradictory nature of legislation have virtually equal negative impact on the business environment (69.6% and 68.5%);
- Only 54.4% of respondents believe that business in Uzbekistan can be conducted without violating laws. 66.3% agree with the statement that, if required, most entrepreneurs can be held accountable for violations.

The conclusion is obvious: the transparency and predictability of government policy, consistency and simplicity of legislation are among the most important (if not the most important) components of the business climate in Uzbekistan. And improvements in this area can make a fundamental change in the business and investment activity.

2. According to the foreign respondents domestic organizations and enterprises are dominated by highly **authoritarian, centralized management style**. This means that more complex management models (based on the delegation of powers, coordination of decisions and so forth) specific to the West and Japan will be more difficult to be applied in Uzbekistan, which puts certain barriers to the development of big businesses, the implementation of corporate governance principles, attraction of direct foreign investment from countries with a predominance of the "democratic" models of management. It is possible that from the cultural standpoint small and medium enterprises, where authoritarian management style can be effective, have more prospects for development than large ones. At the same time measures of propaganda or perhaps economic measures are needed to stimulate the decentralization of the management, the development of skills of delegation of authority. This line of work is also relevant to improve management in the public sector.

3. As shown by polls Uzbek society is characterized by a **high degree of hierarchical relations, a high level of "power distance"³⁷, passivity, lack of initiative, indecision of subordinates**. This has a negative effect on innovation, labour and entrepreneurial activity. Accordingly, there is a need for major changes in the systems of family and school upbringing and education. We need more advocacy and changes in school curricula, educational models. One of the possible areas of practical policy in this area could be the establishment of management standards and their implementation, especially in the public sector, business and public services (education, health). The standards should be designed to encourage the initiatives of subordinates and increase the level of mutual respect between the leaders of the organizations and staff. They should define the boundaries of managers' authority.

4. For people in Uzbekistan the so-called "conspicuous consumption" can be applied, which is characterized by: significant spending on activities and products that demonstrate the status of the person, his commitment to the traditions and social relations. For rich people, businessmen, this is evident through high spending on luxury products and family events (such as weddings). This is often complemented by the "demonstration of the status" of being an important and influential man, shown, unfortunately, sometimes in the arrogant, boorish, contemptuous attitude to the representatives of the "lower" levels of society. All this adversely affects the level of investment and business image. We need a serious advocacy work as well as economic measures aimed at the formation of the ethics of the business and the rich man. There is a sense in the study and implementation of past traditions of business and society, social responsibility of business.

The practice of "conspicuous consumption" is not only a characteristic attributed to the rich, even members of the poorest strata of society who, because of tradition and the need to participate in social networks, are expected to organize all sorts of traditional festivals (weddings and festives) that require significant spending that could have been used for investments in physical and human capital. Implementation (through propaganda and possibly economic incentives) of other behavioural patterns could contribute to the growth of investment activity and investment in human capital. At the same time, the traditional festivities have a number of important social functions (establishing and maintaining social relationships, help the poor and so on.) That must be considered in the planned behaviours.

5. Analysis of the results of the survey of entrepreneurs revealed three main models of business development in Uzbekistan: a) a model of extensive growth, focused on employment and mostly

³⁷ That is to say there is a significant gap in status between supervisor and subordinate.

informal social networks in business; this model is mainly used in a poorly developed business infrastructure (including in the area of banking services), in labour-intensive industries and, presumably, in the informal economy; b) a model of intensive growth, focused on investment in physical and human capital, the use of modern technologies and business practices; c) rent-seeking model, focused on the extraction of excess profits from underdeveloped competition and unequal conditions for doing business. The analysis showed a very strong relationship between the system-setting parameters of the first and the second of the above models and socio-cultural and psychological characteristics of the respondents. This suggests that socio-cultural factors have an active influence on the choice of strategic behaviour of entrepreneurs, business practices.

4.3. Improving the quality and realizing the potential of human capital

1. Business survey showed that the important qualities of a successfully developing entrepreneur include **the pursuit of knowledge, the propensity for innovation and creativity**. These qualities should be taught and nurtured since childhood along with independence, ability to take decisions, critical, logical and rational thinking. Considering that a) these qualities are useful not only for entrepreneurs, but also for employees, b) based on a survey of foreigners, domestic workers are lacking of these qualities³⁸, it is advisable to carry out an appropriate modernization of school programs and public education principles. Public policy should be aimed at encouraging families to invest part of the proceeds in human capital, for example through tax exemption of the income tax of expenses for the education of children and their treatment.

2. In accordance with the results of the survey of entrepreneurs, co-factors of a "successful" businesses are:

- **a higher than average level of education;**
- **a larger than average experience of doing business;**
- **greater than the average orientation for the market (including for foreign markets), for consumer demand;**
- **Active use of ICT;**
- **high demand for consulting and marketing services.**

According to the foreign respondents, local entrepreneurs lack the experience and skills of **self-organization and the organization of business**, especially in matters of personnel management, planning and orientation to the market requirements and customers.

In this regard, it is important to *increase the "human capacity" of local entrepreneurs, through educational programs and development of the scope of consulting and marketing services*. It is also very important to implement the *principles focused on long-term planning, tough competition and customer satisfaction*.

3. As the results of the survey of entrepreneurs have shown, exposure to the influence of foreign culture is a positive factor a "successful" business. This is indicated by the data of the greater share of "successful" businessmen among those with the experience of studying and working abroad, English-speaking³⁹. We can assume that a better acquaintance with foreign culture including business and labour culture provides added value to the entrepreneur's business organization. Not to mention the great possibilities of direct borrowing of industrial, commercial and organizational technologies, as well as business ethics. Therefore, strong participation of young people in intercultural exchange should be ensured. One form of such an exchange may be a connection of domestic and foreign educational institutions.

³⁸According to foreign nationals, many of our compatriots inherent conservatism of thought, lack of desire to gain new knowledge and skills, reluctance to use new technologies, lack of independence in decision making, lack of initiative.

³⁹Considering the countries, where the majority of Uzbek nationals work or study, we are talking about the impact of Western and Russian cultures.

4. High level of hard work, enterprise, organization, creativity, high capacity of people of Uzbekistan to the establishment of new businesses and project management, marked by foreign respondents, can be the basis for policy change in support of entrepreneurship. The main thing that is required is not the support but rather identification and removal of barriers to doing business.

5. Conclusions and recommendations

As mentioned in the **introduction**, this study is designed to a) develop a methodology and to assess the contribution of the cultural sector in the economy of Uzbekistan and Karakalpakstan, including Karakalpakstan, b) assess the economic aspects of the individual projects in the sphere of culture.

Evaluation of the contribution of the cultural sector in the economy of Uzbekistan and Karakalpakstan was conducted in accordance with the recommendations of UNESCO (see. **Sections 1.1 and 1.3**). However, the available statistics do not allow for a full assessment of the contribution of the sector to the national economy, and some of the official indicators, especially indicators of development of the tourism sector, are questionable (see section **1.5. 2**). Yet approximate estimation of the contribution of culture and tourism sectors in the economy of Uzbekistan and its regions was given (see. Section 2).

Evaluation of selected projects in the cultural sector was made on the example of projects and organizations that operate or previously operated in the Republic of Karakalpakstan, which implement the UN Joint program "Sustaining Livelihoods affected by the Aral Sea Disaster" (see. **Section 3**). The evaluation was based on the results of interviews with representatives of the cultural sector and projects in this sector, as well as data from open sources. In Section 3, the issues of the state of the cultural sector and the tourism potential of the Republic of Karakalpakstan were also considered.

In **Section 4** some aspects of the influence of cultural values on economic development and business in Uzbekistan were analysed. The section is based on an earlier study materials.

Accordingly, conclusions and recommendations of the study are presented in three sub-sections.

5.1. Quantitative assessment of the contribution of the cultural sector in Uzbekistan's economy and problems of statistics

In accordance with the results of this study, the estimated quantification of the **contribution of the cultural sector in the economy of Uzbekistan** in the last year for which data is available (2013 or 2014), is as follows:

- The share of the cultural sector to the GDP is about 0.5%. It is possible that this value is greater, as the border of the cultural sector as defined by the official statistics does not include industries of the economy that can be attributed to the cultural sector in accordance with the procedure of UNESCO, such as publishing, broadcasting, provision of creative services. A lack of full data on these sectors did not allow us to adequately assess the contribution of the cultural sector to the country's GDP.
- The share of employment in the cultural sector of the total employment in the country is at least 0.3% (taking into account only employment in legal entities). If one considers employment in non-legal persons and in industries attributed to the cultural sector, in accordance with the methodology of UNESCO, this value should be more, but these data are not available.
- The share of expenditures on culture in total consumer spending of the population is no more than 0.4%.
- The share of investment in fixed capital of culture and art in total volume of investments is 0.6%.

And since 2000, the sector's contribution to the economy has not increased, and in some positions (employment, investment in fixed assets) decreased slightly.

Approximate quantification of the contribution of the tourism sector in the economy of Uzbekistan as a result of this study is as follows:

- The contribution of the tourism sector in the country's GDP is unlikely to exceed 1% (official data - about 2% of GDP).
- The number of domestic tourists in 2013 totalled approximately 1.5 million people.
- The number of foreign tourists visiting Uzbekistan and actively using the tourism infrastructure does not exceed the level of 500 thousand people a year.

The report also makes some conclusions about **the impact of the cultural sector in the economic development of the regions of Uzbekistan**. So, based on analysis of available data, it can be argued that the regions of Uzbekistan that have accumulated significant cultural heritage are specialized in tourism. We can also assume that the development of the sectors of culture and tourism has a positive effect on the development of the sectors of construction, trade and catering, as well as the level of household income. To test this hypothesis, we need more high-quality statistics.

Further, we shall discuss the **quality of the official statistics**.

Official statistics are limited and tend to be overly aggregated, which does not allow for a full assessment of the contribution of culture and tourism sectors in the economy. In particular:

- Data on the cultural sector are often presented in figures together with those of other sectors (sport, education, science) without isolating the cultural sector figures. For example, according to the response from the State Statistics Committee and interviews of the Committee's employees, the State Statistics Committee does not possess general data on employment in the sector of "Culture and Art". There are only such data in a more aggregated form – on the sectors of education, culture and art, science and scientific services. Another example: on request to the State Statistics Committee on provision of data on the structure of consumer spending in the framework of this study, such data were obtained for 4 years (2000, 2005, 2010, 2014) on the integrated structure of expenditure and expenditure "for the services of institutions of culture and sport", and the sectors of culture and sports are not separated, and the structure of these costs are not presented. Note that the State Statistics Committee does not publish or provide data on the detailed structure of household income and expenditure, although such data are available.
- There is practically no information at the level of sub-sectors of the cultural sector and related areas of economic activity, including those attributed to the cultural sector, in accordance with the methodology of UNESCO. At least according to our requests, such information was not provided.
- A significant part of indicators are not presented in the regional context. They apparently do exist (as they are available at the country level), but are not published or available on request.
- Official statistics for the tourism sector raises many questions and concerns, methods used for calculating indicators are not transparent. This applies above all to the three benchmark indicators of the sector: the number of foreign tourists, the volume of exports of travel services and share of tourism in the GDP of the country. The report demonstrated that:
 - The methodology used to calculate the official figure of the number of foreign tourists does not allow to estimate the real number of foreigners arriving in Uzbekistan, using tourist facilities and visiting tourist sites (i.e. those are the persons who should be considered tourists).
 - A methodology for calculating the volume of export of tourism services needs to be clarified and adjusted. Methods by which surveys of tourists are conducted is not transparent and the results are questionable. It is wrong to include tourists' spending identified in the survey into exports article of "The export of services of travel agencies."

- Methods of assessing the contribution of tourism to GDP is not transparent, and official figures are questionable..

Recommendations:

1. To organize the collection, compilation and publication of the indicators characterizing the functioning of the cultural sector and related industries in line with international standards. In particular, one must ensure the inclusion of the indicators characterizing the value added, volume of revenue, number of employees, the number of organizations, investment in fixed assets and exports, employment income, population spending, government spending in the context of the cultural sector as a whole, in the context of sub-sectors of the cultural sector and in related industries as well as in the regional context. The structure of the cultural sector, as well as a list of related industries in line with UNESCO's approach is presented in **Annex 4**.
2. To ensure the publication on a regular basis of the results of household surveys conducted by the State Statistics Committee, in particular, the detailed structure of household income and expenditure.
3. To ensure publication on an ongoing basis of the date on the structure of employment, including self-employment, employment and income with a detailed breakdown by sector and sub-sectors of the economy and the regions.
4. Evaluate the number of foreign tourists visiting Uzbekistan on the basis of data on their residence in hotels and / or visiting historical sites.
5. Develop a methodology of surveying of foreign tourists and calculation of the volume of exports of travel services that is transparent. Transfer the resulting survey data not on all foreigners arriving in Uzbekistan (other than arriving for permanent residence or for employment), but only on those who use the tourist infrastructure, those who can be considered real tourists. Fix costs of tourists, identified as a result of the surveys in a separate article and not in the article of "Export of travel agency services." It is possible that a more objective measure of the spending of foreign tourists in Uzbekistan could be the difference between imported and exported foreign currency, as stated in the customs declaration of the visiting foreigners, plus data on exports of services from travel agencies, airline and railway companies (passenger transport).

5.2. Assessment of the economic aspects of the individual projects in the cultural sector in the Republic of Karakalpakstan

Karakalpakstan has a big, yet not fully realized potential for the development of the tourism sector related to both the creation of new and development of existing tourist destinations and the development of different areas of tourism, especially cultural, ethnic, religious and ecological tourism.

The territory of Karakalpakstan has more than 90% of the historic monuments of ancient and medieval Khorezm, as well as the so-called "Kerder culture". A number of historic sites are included in the provisional list of UNESCO within "Castles of Ancient Khorezm" category. A significant potential to attract tourists lies within the collections stored in museums and scientific institutions. Karakalpak traditional crafts, folk celebrations, festivals, etc. may also be of considerable interest for tourists. Many sacred sites are widely popular among Muslim pilgrims. Finally, Karakalpakstan has a significant fund of objects of natural origin, which could be used for eco-tourism.

The tourism potential of Karakalpakstan is highly dependent on the nature and volume of tourist flow in neighbouring Khorezm region. Often foreign tourists, who come to Karakalpakstan come from there, as most of the historical sites of the two regions are closely related.

The key challenge for the development of tourism in Karakalpakstan is a small number of widely visited tourist destinations. The situation is exacerbated by the remoteness of the main tourist destinations from each other and the poor quality of the roads that connect them. In addition, the Republic does not have its own fleet of tourist buses in the cities, except for Nukus, lacks hotels and catering outlets, there are problems with the quality of other infrastructure (road toilets, street lighting), there is practically no entertainment. In addition, there is not enough information in print and online for tourists about Karakalpakstan, there is an acute shortage of qualified professionals in the fields of tourism and hotel industry, there are no local producers of modern souvenir printed products. Finally, travel agencies rarely organize tours to the Republic of Karakalpakstan and poorly inform about the possibilities for a stay in Karakalpakstan.

The most famous destination in Karakalpakstan, which attracts the largest number of tourists is the State Museum of Art named after I.V. Savitsky, which also serves a fine example of long-term sustainability of a project in the field of culture, including through the use of a wide range of commercial tools that allow cultural institutions to earn money, which have been described in section 3.2 of this report. Another large Museum of the Republic is the State Museum of Regional Studies of Karakalpakstan, which on the contrary, is in distress and does not even have its own premises.

Among the donor projects in the sector of culture and tourism, currently operating in the Republic of Karakalpakstan, the leading position is occupied by UNESCO projects, including those operating under the UN Joint Programme "Sustaining Livelihoods affected by the Aral Sea Disaster". The most important achievements of UNESCO projects implemented in recent years include:

- assistance in creation of a workshop for making traditional musical instruments of Azatbay Otabayev and a Crafts Development Centert at the Karakalpak branch of the Academy of Arts of Uzbekistan;
- conducting trainings and "round tables" on the development of traditional crafts in Karakalpakstan (Natural dyeing, Karakalpak embroidery, carpet weaving, yurt decoration);
- assistance in the organization of work in the field of tourism in the Lower Amudarya State Biosphere Reserve;
- assistance in the creation and organization of the two yurt camps, located near the southern fortresses of Karakalpakstan;
- the publication of a number of books and guides that promote awareness of the cultural heritage and promote the cultural achievements of the Republic of Karakalpakstan;
- assistance in the organization of festivals of traditional textiles "Atlas Bajrami" in Margilan, which were attended by representatives of Karakalpakstan.

Our study showed that the main problem for the development of handicraft projects and support of tourist facilities is ensuring their long-term sustainability, the key to that is the question of sales of goods manufactured and attraction tourists who are not always at the centre of attention in the planning and implementation of these projects. It should be remembered that in Karakalpakstan's commercial and tourist infrastructure is not developed. Had it been developed, it would allow to effectively sell products of artisans and attract tourists. Another issue is that artisans, tourism operators and organizers of the tourism projects, as a rule, do not possess the knowledge and skills in the field of marketing and sales, and are poorly informed about the needs of tourists.

Recommendations:

1. The most promising areas of activity of the government, donors and non-governmental organizations in the fields of culture and tourism in the Republic of Karakalpakstan, according to the authors of the study are:

- Creation and promotion of new tourist facilities, maintenance of the diversity of types of tourist facilities (departure from the "Four M" stereotype: mosques, mausoleums, minarets, madrasahs, which dominates the cultural tourism in Uzbekistan), including ethnographic, ecological and even extreme tourism (life in yurts in the desert, traveling through the desert, lakes), the development of combined tours (culture and nature). A diversity in the cultural component of the tourism programs must also be ensured. Thus, in one round one can present different cultural and historical layers of Ancient Khorezm (different states that existed on the territory of Khorezm in different periods of the millennia), religion (Zoroastrianism, Islam, Christianity), Uzbek and Karakalpak culture, modern art (Museum of Savitsky and Exhibition Hall of the Karakalpak branch of the Academy of Arts of Uzbekistan). To create new tourist facilities restoration of historical monuments, preparation and publishing of teaching materials, and information about new historic places is required as well.
- The implementation of infrastructure projects in: tourism (primarily transport and hotels), as well as in urban and rural areas in and nearby tourism sites (roads, street lighting, access to electricity, water, gas, etc.)
- Development, publication and dissemination of information about the history, culture, nature, sights and tourism opportunities in Karakalpakstan, preparation of learning and teaching materials that help guides, museum workers, travel agencies and so on. Another measure that would be of great benefit to the development of tourism is to prepare and provide maps (including interactive) indicating tourist attractions and tourism infrastructure, as well as guides. Materials for tourists definitely need to be prepared in English and other foreign languages and posted on the Internet.
- Development of the leisure and entertainment sector, which could attract tourists. For example, holding ethnic festivals, fairs, small and fascinating master classes at the Centre for the development of crafts and in craft workshops and so on, as well as Nukus theater visit in the tour packages to demonstrate performances, concerts of national music and dance.
- The development of traditional handicrafts, including in areas such as embroidery, costumes, kurak (patchwork art), carpet, hand fabric, jewelry making, pottery and ceramics, sewing shoes, silk products, manufacturing yurts, furniture, wood (doors, kitchen utensils), musical instruments, branded clothing, tablecloths, bedding, manufacturing dolls, toys, chasing, of stone, marble.
- Study the experience of other countries, other regions of Uzbekistan, for example, how they support organizations of tourism, crafts shops, stores, travel agencies, hotels.
- Promote capacity building of specialized secondary and higher educational institutions specializing in the areas of arts and culture, tourism, hotels, catering (improvement of curricula and programs, the introduction of modern teaching methods, training of the teaching staff, organization of internships for students and etc.).

1. Guidelines for the implementation of *projects in the fields of handicrafts and tourist facilities, support for museums:*

- Projects should be aimed primarily at improving human and institutional capacities of the beneficiaries, including the development of knowledge and skills in marketing and sales management.
- Projects should encourage various forms of co-operation of all organizations and individuals working in the fields of culture and tourism. For example, the cooperation of artisans on the joint promotion of products on the market (establishment of a common website, allows you to sell products over the Internet, joint participation in fairs, organization of stores in

Tashkent and other cities of Uzbekistan, etc.), Cooperative associations of artists, hotels, museums, travel agencies to create new tours, disseminate information about the tourist places and possibilities among potential clients and so on. It would be great to develop cooperative links with tourism organizations in other regions, especially in the Khorezm region and in Tashkent and create common tourist programs and routes.

- It is necessary to promote the improvement of tourism products and methods of their market promotion, including through a variety of combinations of different types of tourism services, conducting of various marketing activities, dissemination of information about the historical monuments and events. Market promotion should be based on a study of the opinions and needs of tourists.
- To promote the products and services you need to make greater use of the possibilities of modern information and communication technologies, including the sale of items of folk art and crafts, souvenirs, printed materials, photos, videos and movies, tourist services, excursions, sightseeing lectures, etc. through Internet.
- Artisans should be taught at least the basics of modern design (presentation of handicrafts, souvenirs should be adapted to the needs of today's customers), methods to promote their products to the markets, the use of modern packaging and so forth. In order to promote the products various promotional materials, including those in foreign languages "telling" interesting stories for each group of products are needed.
- Marketing of museums could be done through their promotion abroad and in the regions of Uzbekistan, their restoration, publication of catalogues and other material about their exhibits, staff development, training in the best museums of the world, advice from the experts (museum business, marketing), organization of exhibitions in other cities and countries, establishment of craft workshops at museums.
- Promising directions of tourism development include the creation of an ethnographic park (small exotic villages of 5-10 yurts, with the staff in national costumes, unique shops of Karakalpak handicrafts, restaurants and cafés of national cuisine, exhibition halls), support of festivals (for example, festivals of folk epics, or throat singing, unique cultural traditions of Karakalpak people, dance, puppets, melons), tourism fairs, exhibitions of folk art products, participation in international exhibitions and fairs.
- A good tool to promote and attract tourists could be the models of historic sites (castles and settlements) and their placement in highly frequented locations.
- In addition, for effective monitoring of the achievement of project goals and objectives it is necessary to carry out a series of measures that would allow to evaluate the activities carried out at the planned indicators (for example, keeping account of the number of visitors and their spending in tourism facilities, surveying visitors of tourist facilities, training participants and other events)

2. It is necessary to increase the **human resource capacity** of government and non-profit organizations, commercial organizations, professionals who work in the fields of culture, crafts and tourism (training, teaching and learning aids, international and inter-regional tours and internships, etc.), including in the following directions :

- history and culture, tourist attractions in Karakalpakstan (for tour guides, museum workers, employees of travel agencies), including outside of Karakalpakstan (eg, training of tour guides and travel agents in Khiva and Tashkent);
- management of tourism, hotel, restaurant business;
- Marketing in tourism, hotel and restaurant business;
- museum business, marketing in museums;
- marketing and design in craftsmanship;
- preparation of project proposals, project management, work with donors.

3. Some *policy recommendations*:

- It is necessary to develop a comprehensive program for the development of the tourism sector of Karakalpakstan, based on an assessment of the needs of the sector and analysis of the promising directions of its development.
- It is necessary to support and encourage cooperation among the various organizations working in the fields of Culture and Tourism: Ministry of Culture and Sports of the Republic of Karakalpakstan, the Academy of Fine Arts, "Uzbektourism", Chamber of Commerce, Business Women's Association, the Association of folk artists, craftsmen and artists "Hunarmand", hotels, travel agencies and so forth.
- It is necessary to maintain continuous work with tour companies, hotels, specialty shops, exhibition centres of Uzbekistan on market promotion and sale of products and services of the cultural and tourism sectors of Karakalpakstan (tours to tourist sites, products of artisans and artists, and so forth.). For this work, it is desirable to have representatives of Karakalpakstan in other regions of the country, especially in Tashkent and Khiva.
- It is highly desirable to create an electronic database of initiatives and projects including donor projects that have already been implemented in the Aral Sea basin, which would summarize the experience gained, realized and unrealized ideas.
- It is advisable to maintain prompt placement of information about the projects, cultural events, historic sites on the official website of UNESCO, on other websites that are popular abroad, as well as in UNESCO printed publications.

Подъем Руанды: страна отстраивается заново и меняет свой имидж

Руанда является уникальным примером в плане своих попыток выйти из крайней нищеты и трагедии за такое короткое время, что в значительной степени произошло благодаря руководству президента Поля Кагаме. За 15 лет Руанда превратилась из страны с репутацией «геноцид» в страну туристических отелей, изысканных кафе, Wi-Fi и торговых центров. Это произошло совершенно неожиданно. Два наиболее ярких элемента кампании по созданию нового имиджа страны включали следующие:

- Кардинально поменялась суть распространяемой информации. Рассказы о нищете и признании геноцида сменились на рассказы, наполненные оптимизмом, инвестициями и успехом. Президент провел много времени в США, общался с бизнесменами и показывал им другое лицо страны - не то, которое они ожидали увидеть.
- Заявления выполнялись на практике. Это были не пустые обещания и подтасованный успех. Каждая положительная история, получившая обнародование, могла быть подтверждена свидетелями и проверена на практике, что внушило огромный авторитет, реальное чувство оптимизма и изменило имидж страны. В наш век цифровой информации, когда у каждого есть телефон и он сам может быть репортером – такая «правда» становится все более и более важной.

Источник: Новые возможности для туризма в Республике Узбекистан: экспресс-оценка. Всемирный банк, Март 2013.

5.3. Impact of the cultural values on the economic development of Uzbekistan

Earlier research has shown that historically the customs, traditions, rules of behaviour of people in Uzbekistan have a serious impact on the economic development of the country, especially in the fields of employment and entrepreneurship. In particular, the impact of cultural values can be traced in the following areas:

- The consequence of preserving the traditions of Soviet work ethic and lack of deep traditions of respect for contracts and verbal agreements is that entrepreneurs face high risks of **default and negligence of personnel arrangements, weak protection of commercial transactions and property rights**. This significantly increases the transaction costs of enterprises, limits the possibilities of introducing modern management models, which adversely affects the level of competitiveness of the economy of Uzbekistan. Among the proposed recommendations, along with the likes of measures to strengthen the official system of protection of transactions, establishment and strengthening of structures and networks of entrepreneurs, development of the traditions of the family business, there are recommendations aimed at strengthening business and work ethics, including measures of educational and propagandistic character, preparation, publication and broad discussion of the ethical codes of the entrepreneur, employer and employee, the modernization of the system of upbringing and education.
- The management of domestic organizations and enterprises is dominated by **authoritarian, and highly centralized management style**, characterized by a **high degree of hierarchical relations, passivity, lack of initiative, indecision of subordinates**, which negatively affects the innovation, the labour and entrepreneurial activity, poses certain barriers to the development of big business, the implementation of the principles of corporate management. In this context, measures of propagandistic character *stimulating decentralization and democratization of the organization, the development of skills of delegation of authority, trust and respect for subordinates must be taken*. Accordingly, there is a need for major changes in the systems of family and school upbringing and education. The implemented cultural values should be aimed at encouraging initiatives of subordinates and increase the level of mutual respect between the leaders of the organizations and staff.
- For people of Uzbekistan the so-called "**demonstration consumption**" is a typical character, which implies significant spending on activities and products that demonstrate the status of the person, his commitment to the traditions and social relations. "Demonstration consumption" requires significant costs that could be used for investment in physical and human capital. Introduction (including through advocacy and education) of other behavioural patterns could contribute to the growth of investment activity and investment in human capital.
- Important qualities of a successful businessman are **pursuit of knowledge, propensity for innovation and creativity**. Accordingly, these qualities should be taught and nurtured since childhood along with independence, ability to take decisions, critical, logical and rational thinking. Thus, it advisable to carry out the corresponding modernization of school programs and school principles.
- **Exposure to the influence of foreign culture** is a positive factor for a "successful" business. Accordingly, it is necessary to ensure an active *participation of young people in intercultural exchange*.

THE CHINA CULTURE AND DEVELOPMENT PARTNERSHIP FRAMEWORK (CDPF)

Over the past decade, high priority has been given by the Chinese Government to ethnic minority development. Numerous plans and policies have been developed to reduce disparities between the country's ethnic minorities – which represent 8.5% of the national population and account for nearly 106 million individuals – and the majority Han population, in terms of access to quality education and health services, sustainable employment opportunities and full participation in governance processes.

The JP was developed to assist the Government in lifting its minorities out of poverty without destroying their valuable cultural identity, through pilot interventions aiming to promote cultural diversity as a catalyst for sustainable economic development, rather than an obstacle to overcome.

The project included the study of cultural and linguistic problems of ethnic minorities and other

studies, conducting trainings for representatives of minorities and officials, creation of an association of artisans and a tourism association, assistance in the training of minorities and preparing personnel for them, aid in the development of tourism business in rural areas, etc.

Over 64,900 persons directly benefited from the JP, including 10,000 people from ethnic minorities. The JP's main groups of beneficiaries include ethnic minorities, community leaders, religious and spiritual leaders, grouped professional collectives, and civil and community associations. They especially benefited from the JP's economic impact, as culture-related employment opportunities and incomes were generated in the crafts and tourism sectors. Moreover, over 2,000,000 persons indirectly benefitted from the JP, especially local communities living in the targeted geographic areas of intervention along with students, through the incorporation of cultural elements into primary and secondary education.

Source: «Creative Economy Report», UNDP/UNESCO publication, 2013.

Thus, in the today's business and labour culture of Uzbekistan, there are many factors that hinder the development of business and the economy in general. Therefore, it is important to search for "compensatory mechanisms" which would if not eliminate, at least reduce the impact of these negative factors. Moreover, this work should be carried out in two directions: first - reducing the damage caused by the negative stereotype of behavior, for example, the tendency of dishonest behaviour, the second - encouraging people to change negative stereotypes of behaviour. Perhaps in order to fulfil these objectives not only the legal and educational instruments, but also internal mechanisms contained in the culture of society itself can be used. For example, it is known that in many Asian countries relations that are adopted within a family apply to businesses and organizations, which are fixed by the internal rules of behaviour, which in its turn allows to solve many problems.

Consequently, more research is needed to identify factors contributing to the "tenaciousness" of the negative economic development behaviours, as well as "natural" mechanisms of their neutralization, and to provide suggestions of ways to overcome or compensate such behaviours.

In addition, the study of national culture allows us to determine the particular ways of implementing various development programs, both domestic and international, the best ways to show the introduction of such programs; to anticipate public reaction to these activities. Therefore, it is appropriate to have cultural recommendations on how to design and implement programs aimed at economic development (eg, territorial, on the development of individual industries, etc.).

Similarly, the study of cultural factors enables to consider how certain laws and regulatory mechanisms will be perceived by the population because of its culture and mentality. Accordingly, social and cultural factors have to have a greater consideration in government decision-making and design of regulatory acts. It would be nice to expose drafts of such decisions and acts not only to legal and economic, but also to the cultural review.

It appears that the most promising areas for further research include:

1. Investigation of the effect of family and school education on patterns of employment and entrepreneurial behaviour.
2. The influence of Islamic religious values to economic development and their implementation in the current business environment.
3. Identification and analysis of efficacy of informal institutions that are already established in the business environment to minimize the costs and risks associated with the influence of negative behaviours.
4. A detailed analysis of behavioural stereotypes and peculiarities of motivation of employees, including, among others, and the impact of socio-cultural factors on these stereotypes.

5. A detailed study of models of interaction between employees, between managers and subordinates, adoption, implementation and monitoring of management decisions in the existing domestic enterprises.

6. The influence of socio-cultural factors in the system of government.

Such studies would allow:

- to take better account of social and cultural factors in the processes of decision making and implementation, design and development of normative and regulatory acts, both by government and non-governmental sector, including international organizations and private enterprises;
- to purposefully use the features of the cultural environment for the realization of tasks at the level of the state, regions, programs, enterprises and organizations;
- develop and implement measures to change negative impact of the behaviours and characteristics of the local mentality on the economic development or develop compensatory mechanisms to reduce the negative effects of the impact of this kind of cultural factors.