

Crafting Futures

Impact of Covid-19 on the Uzbek craft sector

In this report, we outline the main findings on the impact of the Covid-19 pandemic on the craft sector in Uzbekistan. The report is organised into sections including an executive summary and key findings, the impact of the pandemic on operations, finances, staff and creativity, learning, digital readiness, conclusions, and demographics and methods. The report uses a combination of the quantitative results from the survey and the analysis of the interviews.

Executive summary

The craft sector in ODA countries has been dramatically affected by the Covid-19 pandemic as the craft infrastructures of exchange rely extensively on face-to-face contacts, which have been interrupted due to lockdowns. Through a Global Challenges Research Fund (GCRF) Covid-19 focused grant awarded in April 2020, we have investigated the impact of Covid-19 among craft makers in Uzbekistan. The impact has been quite severe.

Almost two-thirds of respondents have closed operations during the pandemic. Just 12.9% are able to operate normally. Half of respondents have seen their income decline. Almost a quarter of the sample said they were unable to survive more than four weeks on their existing financial resources, suggesting an urgent need for financial support in the sector. Only 20% are currently able to pay their staff.

There is a very strong message coming through: those who use social media/digital platforms are less likely to have closed their operations, less likely to have made redundancies, more likely to trade overseas, more likely to still be paying their staff and generally seem to be in better shape with the exception of income which has simply dropped across the board. The move towards a digital economy and the use of social media in Uzbekistan is therefore timely. Training and infrastructure are urgently needed.

Our key findings are:

1. The Covid-19 pandemic has had a **wide-ranging impact** on the craft sector across finances, operational matters and staff.
2. The sector is in **urgent need of financial support and training on social media to reach international markets**.
3. Businesses who are active **social media users are more flexible** and better able to try to respond to the crisis.
4. A significant number of businesses are **unable to pay their staff**.

Introduction

The research team was awarded a Global Challenges Research Fund (GCRF) grant to investigate the impact of Covid-19 on the craft sector in Uzbekistan.

The aim of the research was to investigate the impact the pandemic had on preserving craft as intangible heritage and what support is needed to be put in place to help craft makers throughout this crisis, ensuring the long-term sustainability of a sector that has been systemically compromised by the pandemic. The craft sector is pivotal to the socio-economic development of Uzbekistan, and it plays a critical role in conserving and perpetuating a rich culture. Covid-19 has placed an incredible socio-economic strain on the Global South, especially in the arts and humanities sectors, which are often overlooked by local governments, and thus have not been supported by the first raft of emergency response policies. Craft is the second-largest employer in ODA countries after agriculture, worth over £25.6 billion annually ('Artisan Alliance' 2020). Covid-19 has deeply affected it as the infrastructures of trade and exchange – which were reliant on physical gatherings such as markets, tourists and large fairs – have been closed. In Uzbekistan, craft and its markets were used to preserve a rich and variegated encounter of cultures. What is the future of craft in this scenario? In 2018, the then new President Shavkat Mirziyoyev began important wide-ranging reforms such as the privatisation of the economy and the provision of support to SMEs, which benefitted the craft sector. The Covid-19 pandemic halted these positive reforms, negatively impacting households in rural areas where, according to the Statistical Office and the World Bank, there has been an increase in unemployment and people living in poverty, endangering the future survival of the craft enterprises. The distress caused by the pandemic was already visible at the end of February and beginning of March 2020 during the scoping visit of the Crafting Futures programme.

Many of the craft makers that attended the workshop in Bukhara were experiencing significant losses in income due to the reduced presence of tourists. During the workshop, the attendees discussed the first effects of Covid-19: orders cancelled, little cash liquidity to face the crisis, and no tourists (especially international, their largest market). As sales involve face-to-face interaction, craft makers also have no means to communicate stories about the products, thereby interrupting craft heritage knowledge diffusion. To understand the extent of the problem, in April 2020 the University of Leicester awarded us a GCRF Urgency Fund: Covid-19 focused grant to conduct an exploratory study on the impact of Covid-19 on craft in Uzbekistan. We conducted a survey and semi-structured interviews with craft makers.

The data are worrying: The data shows that the Covid-19 pandemic and its associated lockdown have had a significant impact on the craft sector with many respondents reporting a drop in sales, income and having concerns about their ability to keep operating. The lack of income is threatening the preservation of their craft heritage. 61% of respondents said that they have mothballed their operations in response to the lockdown. 60% of the craft makers surveyed are considering discontinuing production to recover from the losses; 40% do not believe they will survive more than 12 weeks. The creation of a digital ecosystem has emerged as an immediate solution to tackle the crisis as this will allow craft makers to reconnect with their markets and support networks.

Impact of the Crisis

In this section, we analyse the impact of Covid-19 on the organisations' operations, their finances, their staffing and their approach to learning and creativity.

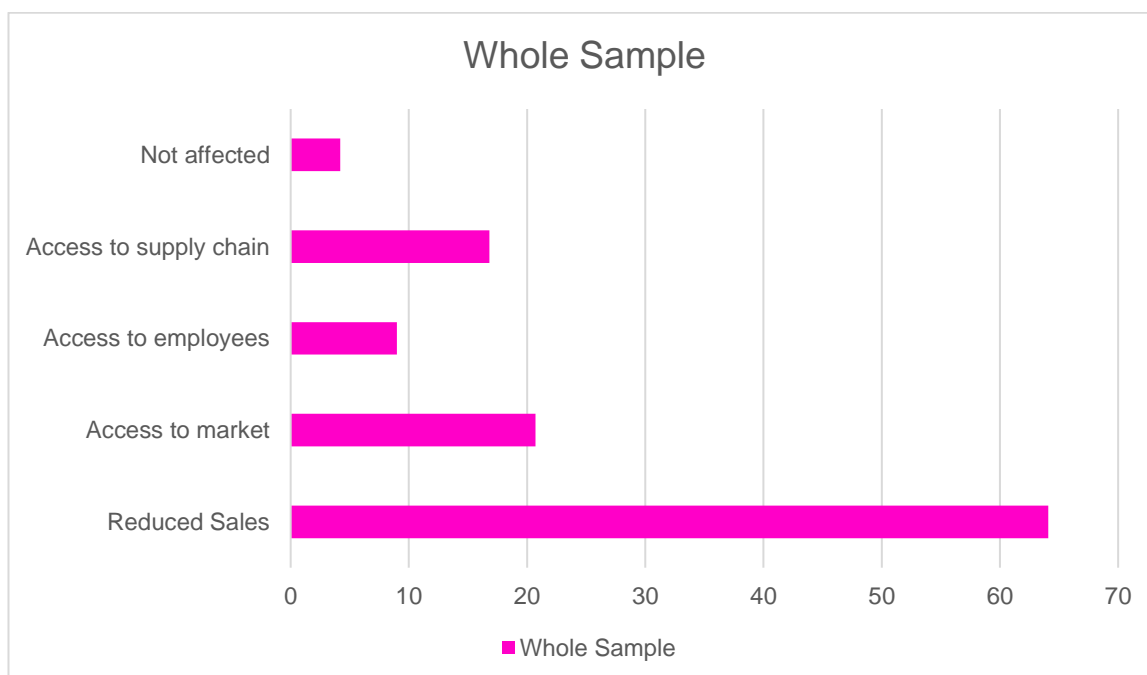
Operations

In this section, we investigate the impact of the Covid-19 pandemic lockdown on the operations of the craft sector. We firstly asked respondents to identify areas that had been impacted from a list we provided; multiple responses were allowed. As can be seen in Figure 1, 64.1% reported that they have seen a reduction in sales during the lockdown. 20.7% have seen their access to the market impacted by the pandemic and 16.8% reported issues accessing their supply chains.

Older businesses were more likely to report a reduction in sales than their younger competitors. 75% of those who had been in operation for more than six years have reported a reduction in sales as an impact compared to a little over half of those who have only been open a year. 84.1% of sole traders reported that they had suffered from reduced sales during the pandemic. Access to market was a more significant problem for those who employ more than six people (more than a third) than the micro businesses (around one in ten).

Those respondents who had tried new methods of keeping in touch with clients were less likely to report a drop in sales than those who hadn't (61.3% versus 71.9%), suggesting that those who are taking a proactive approach are seeing some success. Social media users are also less likely to have suffered a drop in sales (56.9%) than those who aren't active online (69.2%).

Figure 1: Impacts of the crisis



A dramatic reduction in sales was noted across the interviews. For example, an adras interviewee noted that:

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'over the course of two months or more the sales stopped ... 100%'

while the artist interviewee declared that:

'I'm not selling anything now. I'm just sitting and working. I do not make any sales.'

The reliance of craft sales on tourism gives rise to concern over the duration of the crisis and on circumstances that stretch far beyond Uzbekistan. For example, the embroidery interviewee mused:

'Because as far as I know even if Uzbekistan releases this lockdown and opens up everything, this situation is not going to improve our business. It's not going to make any change to our business situation right now. I'm not sure about our other crafts people, but in our case, it's not going to affect positively. Because, even if Uzbekistan actually abolishes the quarantine, because other countries will still have quarantine tourists will not be coming to Uzbekistan.'

Two further impacts of the Covid-19 crisis came out strongly during the interviews: the availability of raw materials and the impacts on cash flow.

Although some interviewees, by luck or design, had reserves of raw materials – such as clay from South Korea – to see them through the coming months, others had highlighted difficulties in obtaining raw materials, with one master indicating this was their 'main problem' (carpet interviewee). Sourcing from within Uzbekistan was an issue due to internal constraints on transportation. This problem was amplified for overseas supplies. One interviewee stated that:

'we have a huge interruption ... For example, on the backside of our pillows we put some fabrics and we cannot buy those. We cannot buy the zippers and we have run out of our paints and the fabric paints for the thread. Because they come from abroad, we cannot buy them.' (embroidery interviewee)

and another that:

'I used to order some paint brushes from Russia, which I cannot do right now ... I used to order frames from China, but now it's also closed down. So ... I have to make the frames myself.' (artist interviewee)

In relation to cash flow, a number of the interviewees noted that they were carrying on producing during lockdown even though the possibility of sales was low:

'... production is going on ... everything is continuing ... In the beginning ... in April we had some sales ... but then sales stopped.' (carpet interviewee)

Others highlighted the amount of cash they already had tied up in stock, for example, the embroidery interviewee noted that:

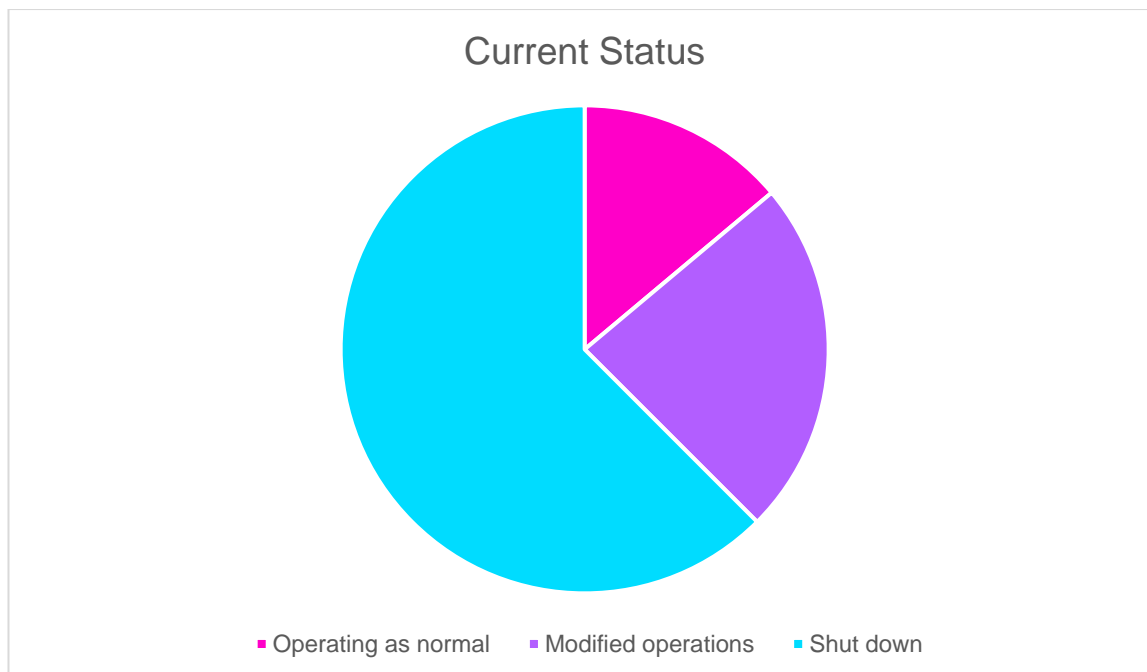
'We continue working [but] ... [in] our stock we have more than one ton of product ... we have quite a significant [amount of] money [tied up in stock] in Turkey.'

As we will explain in the next section, these cash-flow problems reverberate along the supply chain, back to the craft businesses, and ultimately, where the businesses outsource the craft work, to the craft workers themselves.

We then asked respondents how their organisations are operating in the current circumstances. Only 13.9% say that they are able to operate as normal with a little under a quarter saying that while they are still in operation, they have had to modify how they go about their business. Almost two-thirds of all respondents to the survey reported that they have shut down or mothballed their business in response to the pandemic lockdown.

When splitting this data by years in business we see that newer businesses are the most likely to have modified their operations (46.5%) rather than shutting down (38%), whereas older businesses were less likely to have modified what they were doing. Social media users are also less likely to have shut down their businesses than those who don't use social media as part of the (55.8% versus 63.8%).

Figure 2: Operational status



We see this range of operational responses reflected in the interviews, with production stopped (fabric interviewee) to others continuing production as before (carpet and embroidery interviewees) partly because of the distributed nature of production (i.e. homework). The remainder having modified their operations (ceramics and artist interviewees).

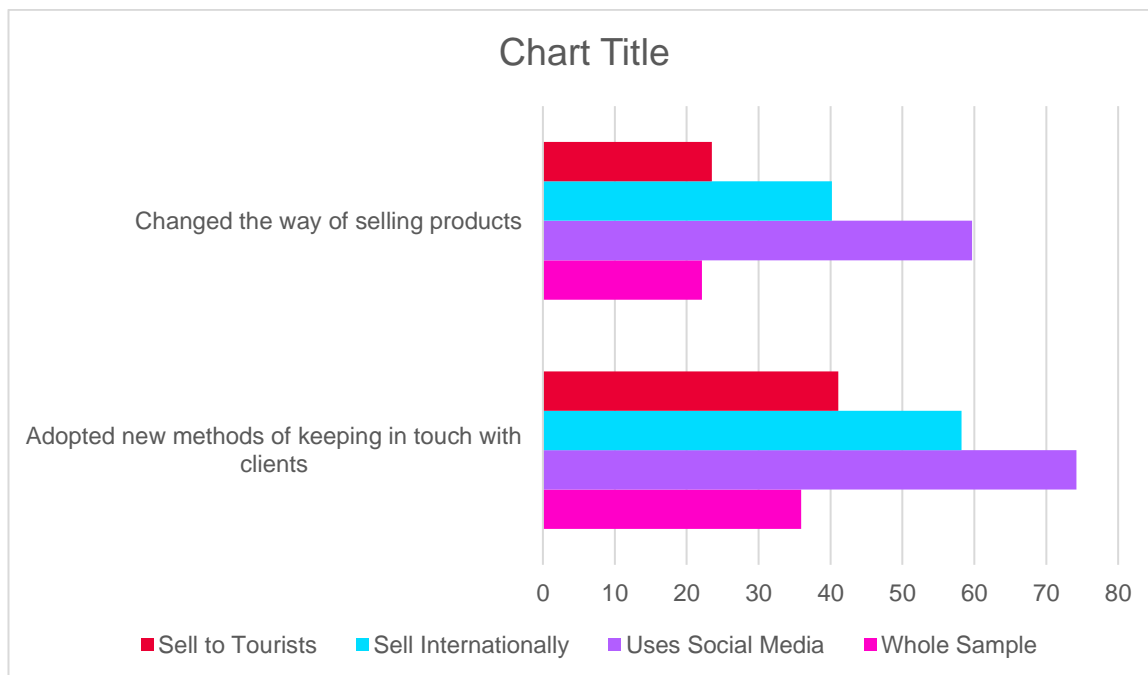
We then asked respondents how they had reacted to the lockdown. We asked whether they had adopted new methods of keeping in touch with their clients and whether they had changed the way that they sell their products as a result of the pandemic. More than a third (35.9%) had found new ways of contacting their clients and a little under a quarter have changed their selling techniques. When questioned further on what they had done to change in response to Covid-19, the most common changes concerned moving online to get in touch with clients, for example by building websites or, more commonly, selling through Telegram groups. They have also increased the use of phone for selling their products, increased advertising, reduced prices and offered a delivery service where possible.

The interviewees highlighted the active use of a range of social media tools to access clients, including Telegram, Instagram, WhatsApp and Facebook, as well as the use of Zoom and Gmail. With regard to the use of Zoom, for example, an artist interviewee revealed that 'sometimes they [clients] ask how I work, and I show my work and I'm showing my gallery through Zoom.' The use of such digital tools was seen as vital to address the pressing need of generating sales:

'We have to find new markets now, we have to search for new markets, we have to search for others ... we have to find new markets to sell our products, not only in Uzbekistan, but also in other countries in Central Asia or even other foreign countries.' (ceramics interviewee)

The larger firms in the sample were more likely to have adopted new methods of keeping in touch with clients. 75% of companies employing more than ten people reported they had done this. The differences in these answers when split by social media use are stark. 74.2% of social media users say they have adopted new ways of keeping in touch with clients compared to just 29.5% of those who don't have a digital presence.

Figure 3: Responding to the crisis



One interesting response to the crisis is the use of new methods of teaching students and masterclasses. For example, the artist interviewee revealed:

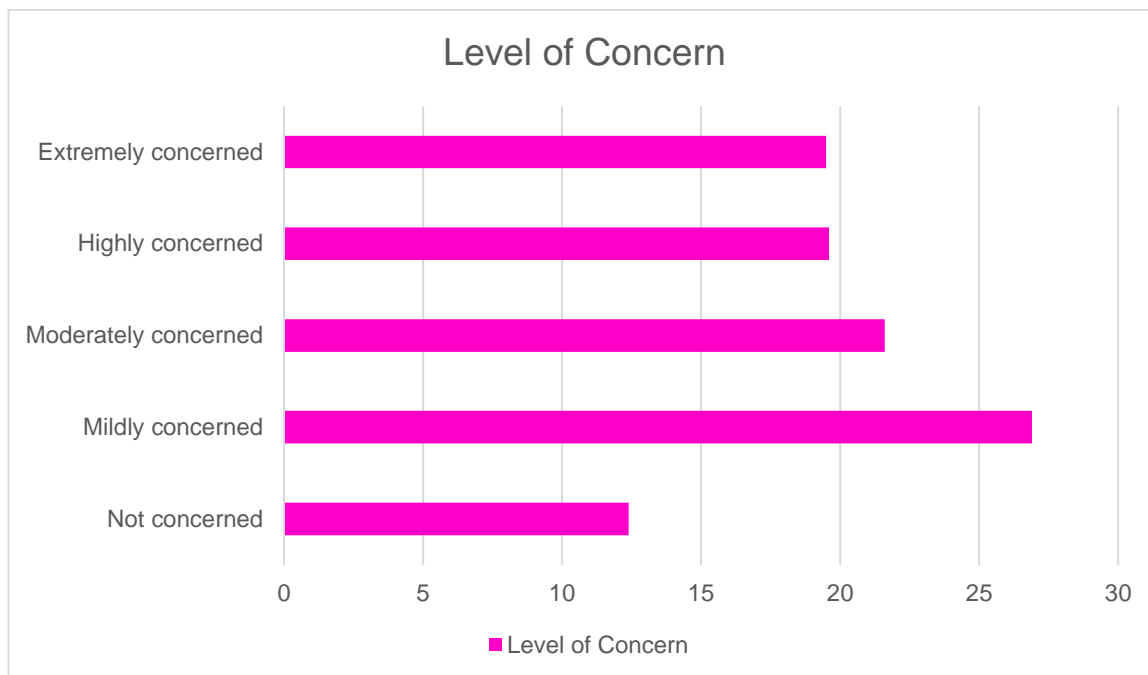
'I'm teaching my students online through Telegram and we have announced a contest among students for the best drawing. We have prizes like colours and some tools for painting for them. To kind of stimulate them to work, this is how we work now.'

This is potentially one novel practice that might be employed more widely within the craft sector during the crisis, as well as post-crisis, to good effect, since others noted that they had had to cancel all of their masterclasses (e.g. ceramics interviewee).

Finances

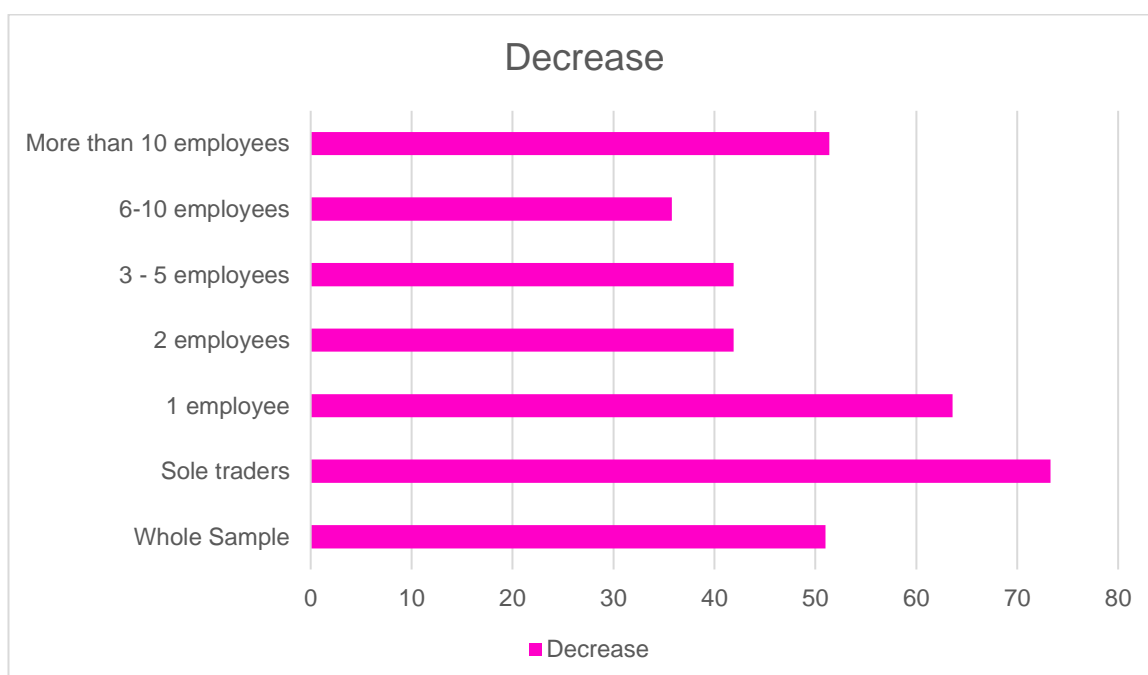
In terms of the financial impact of the lockdown, we asked a series of questions related to income and costs of the crisis. In Figure 4, we present the levels of concern expressed by respondents about their finances in the light of the crisis. The results here show that one in five are extremely concerned with a similar proportion stating they are 'highly' concerned about their financial position. However, this proportion increases markedly for the newest businesses in our sample, with 45.6% of those open for up to year saying they are extremely concerned about their finances.

Figure 4: Concern about finances



Looking at the impact on income itself, 51% of all respondents said that their income had decreased during the pandemic, while a further 44.1% indicated it was not yet clear. Just 1.2% of respondents said their income had increased during this period, possibly through the use of social media. The vast majority of our sample are micro businesses (See Figure 12). The sole traders and those who only employ one person are more likely to have seen a drop in income than those with more employees.

Figure 5: Decrease in income by size of company



42.5% confirmed they have incurred additional costs in dealing with Covid-19, with over a third (Table 1) saying that protecting their workers from Covid-19 had cost the business money and a similar number saying that they had incurred costs setting up employees to work from home.

Table 1: Additional costs

Cost	%
Protecting workers from Covid-19 in the workplace	37.2
Increased security costs	28.4
Setting up employees to work from home	35.1

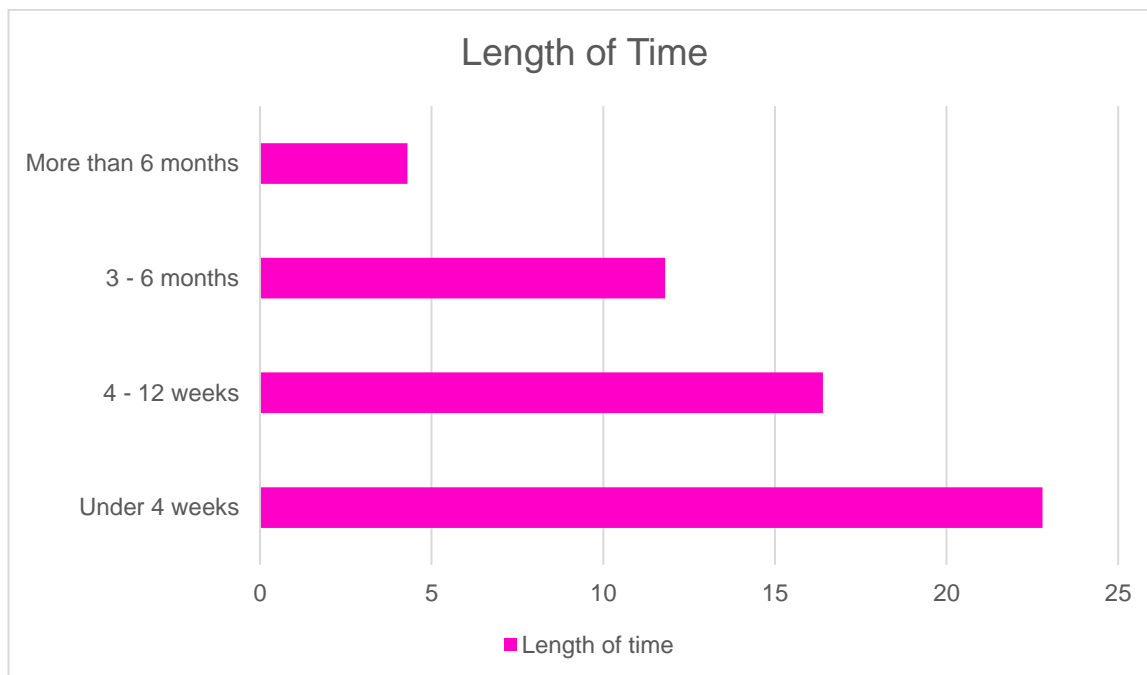
Table 2 shows that 26% of our respondents indicated that they currently owe people money (not including employees) and that 16.5% were owed money by others. Of those who are in debt, only 25.1% are currently in a position to repay the money they owe.

Table 2: Estimated debts

Debt	%
We are in debt	26.0
Able to pay debts	25.1
Does anyone owe you money	16.5

Finally, on the financial impact, we asked our respondents how long they felt they could survive on their existing financial resources. The results in Figure 6 suggest we may assume that the results in Table 2 underestimate the concerns in the sector. 22.8% of all respondents did not think they could survive another four weeks on their existing resources and a further 16.4% can only last up to three months. More than half overall do not think they can survive more than six months unless income starts to flow back into the sector. 57.5% of the newest businesses in the sample fear they can't last more than four weeks on their existing resources. When split by social media use, the data suggests that those who are digitally active are better placed than those who are not. In fact, 12.5% of social media users in the sample said they could survive more than six months compared to just 3.2% of non-users.

Figure 6: How long can you survive on existing financial resources?



The primary assistance that interviewees raised was of the making available of bank loans to allow their businesses to overcome the period in which sales, and thus cash flow, would be depressed. It was recognised that the impacts of the Covid-19 crisis on their businesses cash-flow was not simply short-term as a result of the lockdown, but medium-term as there will be a likely dramatic reduction in overseas tourists during the current summer season. When asked about the prospects of a return to normal, our respondents said this would very much depend on the ending of lockdown and re-opening of borders to allow tourists back into the country. Even then most felt it would take 3–6 months after the end of lockdown before any semblance of normality returned.

Staffing

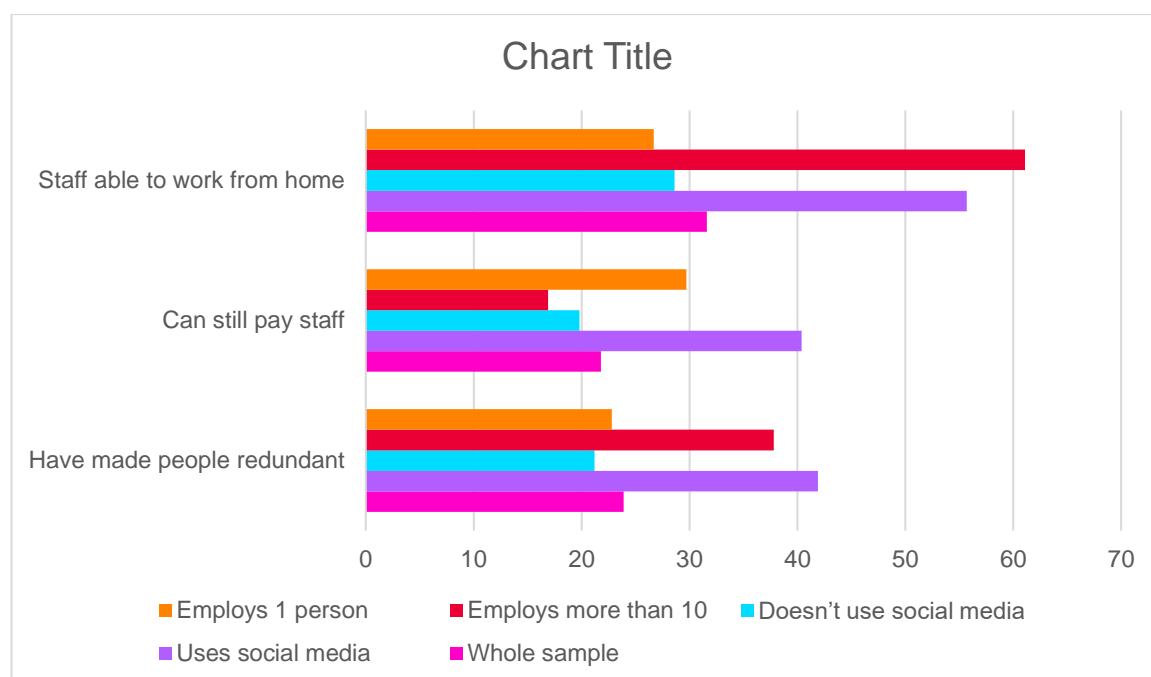
Turning now to the impact on staff (Figure 7), less than a quarter of respondents (23.9%) said they had made people redundant as a result of the pandemic. Which, on the face of it, is a positive result. However, it seems that rather than reducing employee numbers, companies are choosing to keep people but not pay them as just one in five say they can still pay their staff at the moment. Where businesses had made people redundant, the average number of people losing their jobs was four. One company in the survey reported that they have laid off 40 people. Of those who could still pay their staff at the time of completing the survey, the outlook is not positive. On average respondents could only continue paying their staff for another six weeks.

Evidence of the move to non-payment also came through in the interviews. For example, the embroidery interviewee noted that:

‘... talking about the business process, maybe the only thing is [it has] affected our ability to pay salaries to our workers, but thanks to God, our workers ... understood the situation. So, those women, are such good people, so that even if I explain to them, “I cannot pay you now”, they continue doing the job, they continue doing these embroideries here and I say that “I cannot pay now”, they say “okay, no problem, you can pay later, but now we don’t want to sit without any work, so we prefer to continue working”.’

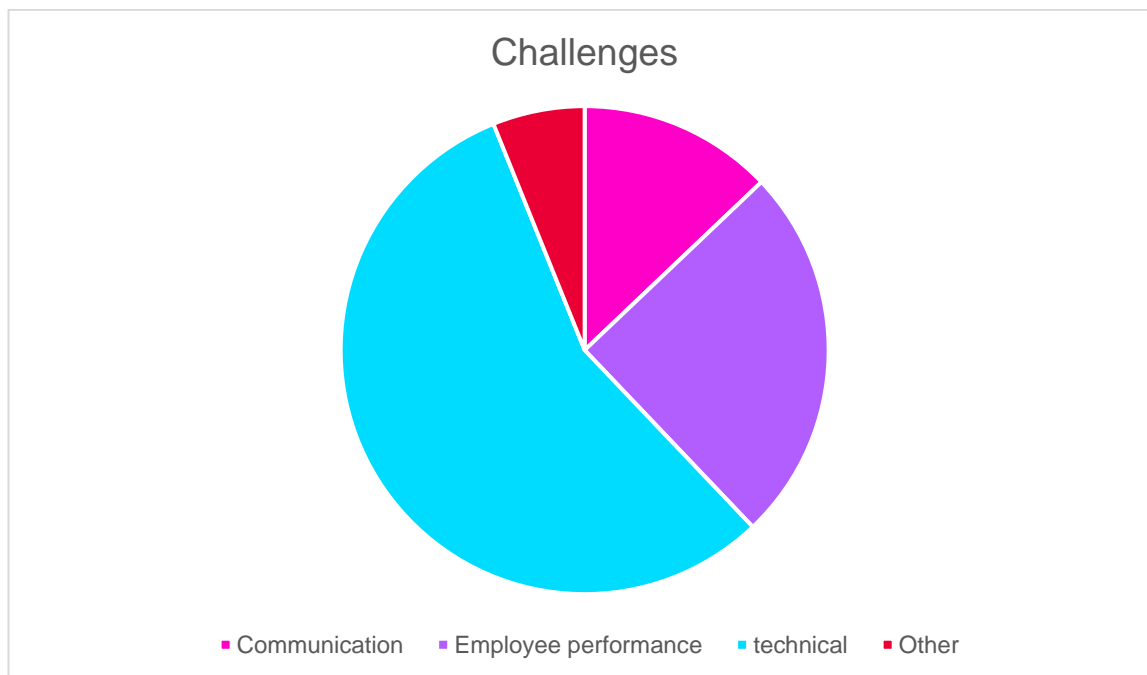
Incidence of redundancies was far higher in the larger companies (37.8%) than in those employing just one (22.8%) or two (17.9%) people. 40.4% of organisations using social media are still able to pay their staff, while this figure drops below one in five for those without social media.

Figure 7: Impact on staff



A little under a third of respondents (31.6%) reported that their staff are able to work from home, but of course there are challenges related to homeworking. The main challenges of working remotely are technical (56%), controlling employees’ performance (25%) and difficulties in communication (12.9 per cent). Even here, companies that have an online presence are better performing, with 55.7% of those using social media suggesting their staff are able to work from home compared to 28.6% of those who are do not. Probably because they are able to keep in touch though digital means rather than face-to-face contacts.

Figure 8: Main challenge of working remotely



Creativity and Learning

Interestingly, the interviews also revealed a couple of positive outcomes of the lockdown, although these might be trumped by the negative outcomes the longer the economic and financial impacts of the lockdown persist.

The first of these positive outcomes relates to creativity. For some, the lockdown has provided a period of quiet and calm from the normal day-to-day rigours of running a business that has allowed time for creative reflection. One master pointed out that:

'... frankly speaking, the pandemic is also giving us a good chance now, because now we are sitting ... in our workshops, and working and creating ... [so] in terms of creating products, actually I'm working even more and creating even more.' (artist interviewee)

while another mused:

'[for] a piece of art you need some quiet environment and you have to be a calm mind. So, this is a good opportunity to creating some artworks.' (ceramics interviewee)

and another:

'I'm a craft artisan, so I'm interested in producing new ideas. So, we are preparing now new actually styles and new models.' (carpet interviewee)

The second relates to learning and building new connections. One interviewee noted:

‘During this pandemic, it was a chance for me to learn a new ceramics direction. I actually connected with some museums. There is one museum of oriental countries in Moscow. I got in touch with them and I also wrote to the museums in Europe and I am also learning more about our traditional ceramics. Because in the museums in our country we have a lot of artefacts, not only ceramics but also writings, and sometimes in old journals and magazines you can find some information. I started to learn, and I came up with a new project, so I will start this after the pandemic.’ (ceramics interviewee)

Drawing upon such learning opportunities and building such connections requires digital skills, and this is the theme to which we now turn.

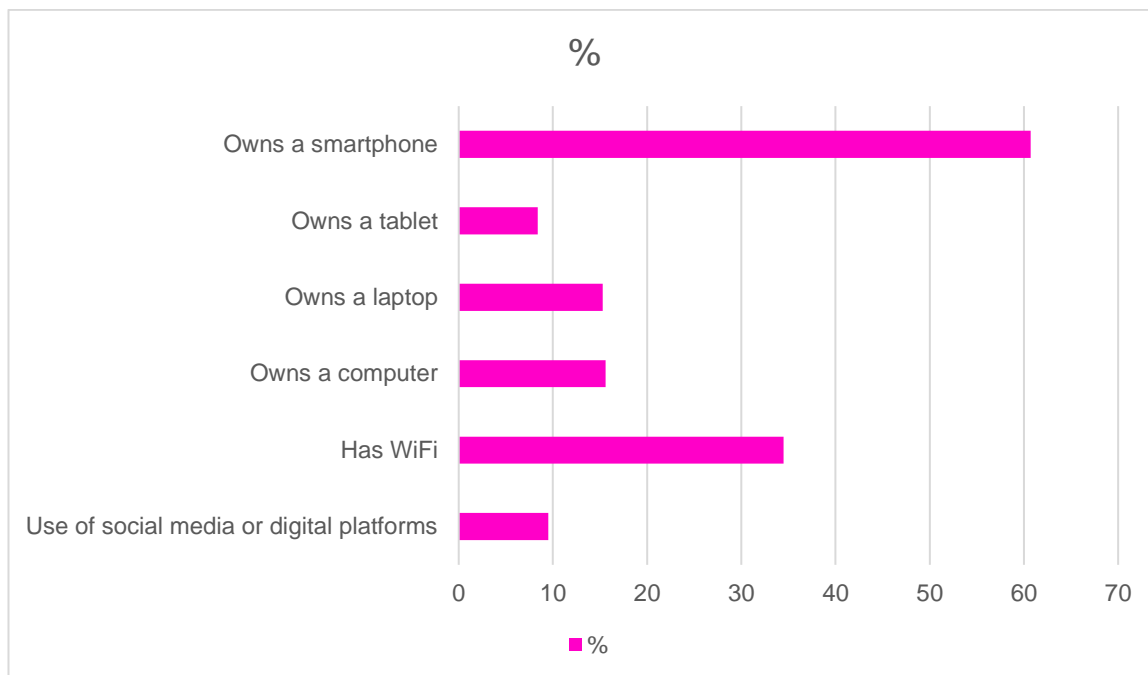
Digital Readiness

This concerns digital readiness – as we outlined in the previous section, our analysis shows that those respondents who are already using digital platforms and social media, or have access to Wi-Fi, are coping with the crisis better than those who don’t. This suggests that increasing digital capacity among crafts people in Uzbekistan will be a key component in terms of the sector’s recovery and of increasing the resilience of the craft makers.

Only 9.5% of the survey’s respondents use digital platforms or social media. This could be an infrastructure problem as only 34.5% of the respondents have Wi-Fi (Figure 9). Telegram is by far the most popular platform in use in our sample, followed by Facebook, Instagram and Etsy. Craft makers predominantly use smart phones (60.7%) as only 15% own computers and laptops.

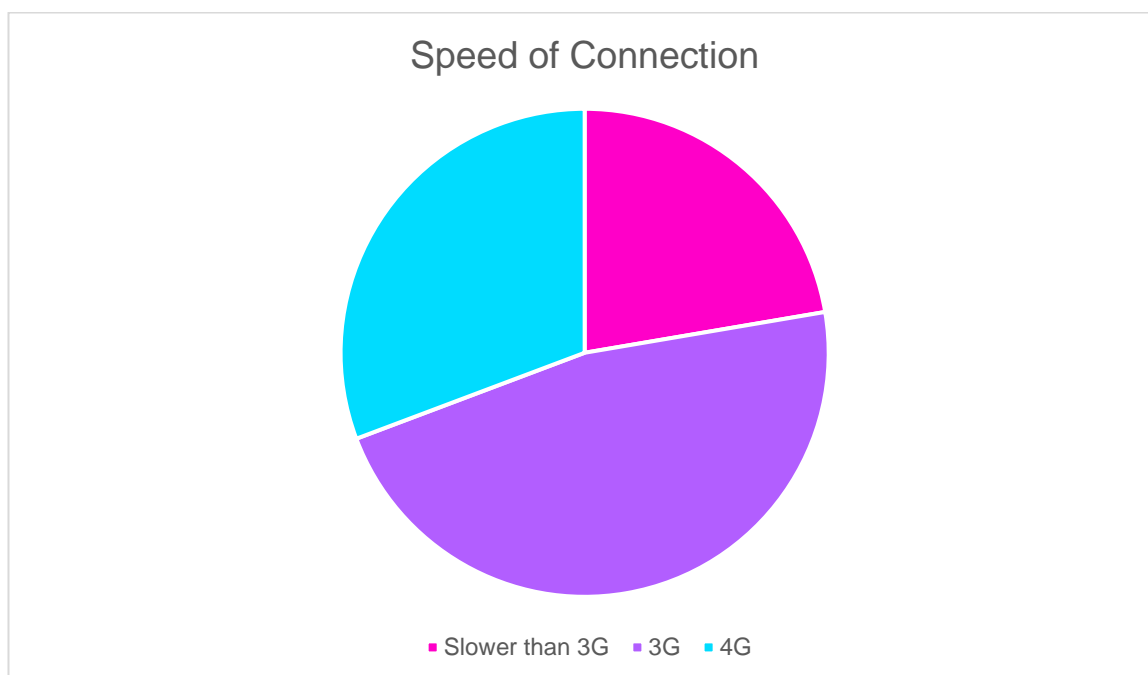
The data has consistently shown that those respondents who are active on social media or digital platforms have been more able to react to the lockdown. For example, use of social media is more prevalent among those businesses who had tried new methods of contacting clients (17.3%) than those who hadn’t (3.4%). This difference is even more stark between those who have tried new sales methods (26.1%) and those who hadn’t (4.7%). This pattern is repeated in Figure 13, where social media users are also more likely to sell to international and tourist markets. Taken together, this shows that the businesses in our survey who use digital platforms and social media are far more flexible and able to react to the crisis to try new approaches than those who are not. The interviewees revealed a desire to use social media more actively to market and connect to clients, but also a recognition of the need for assistance in developing the necessary skills to undertake this effectively.

Figure 9: Digital use



A further issue to contend with is the speed of the Wi-Fi connection people have. More than half report that they only have either 3G or slower. Only 30.7% have a 4G signal. This is important information as this needs to be taken into account when digital training packages are being designed. The hardware and connectivity will have a huge impact on the accessibility of any training packages produced.

Figure 10: Speed of Wi-Fi connection



Finally, we investigated the respondents' existing digital competencies. Unsurprisingly, given the lack of access to digital platforms and Wi-Fi, most of the skills listed in Table 3 have relatively low responses. For example, only 18.4% know how to make a video on their phone and then upload; only one in ten have a decent quality recording device, which would allow them to semi-professionally record footage for social media marketing.

Table 3: Digital competencies

Digital Competences	%
I have a quality webcam or video recording device on my computer	10.1
I know how to make a video on my phone and get the video on to my computer	18.4
I know how to edit video files	12.8
I know how to upload video files to the internet e.g. YouTube, website etc.	12.4
I have a decent microphone for my computer so I can record my own audio and/or voice	7.8
I have 'streamed' video on the internet before (includes video conferencing such as Skype)	7.1
I know how to podcast	5.4

Conclusions

The Covid-19 pandemic has had wide ranging and significant impacts on the crafts sector in Uzbekistan. These are summarised below:

- The financial impact has been grave, leaving many workers without pay as businesses fight for survival.
- Our results showed that where respondents were already using social media or digital platforms, they were better able to reach customers, suppliers and deal with the impacts of the pandemic.
- Our results also show, however, that connectivity is poor and ownership of the necessary equipment to move online is low.
- In addition, the skills needed to advertise and sell online are lacking at the moment.
- Two areas require urgent attention. Firstly, financial assistance to underpin the sector, and, secondly, improved infrastructure and training to increase the digital capabilities of the sector.

Appendix: Demographics and Methods

This report builds on our earlier work as part of the British Council Crafting Futures programme in Uzbekistan and outlines the results of further research funded by the GCRF and University of Leicester into the impact of the Covid-19 pandemic on the craft sector in Uzbekistan. The research involved a comprehensive online survey of crafts people, which was designed by the research team and distributed by the Hunarmand Association in May 2020.

The survey was available in Uzbek Cyrillic, Uzbek Latin Script and Russian. It included questions on the impact of the crisis, response to the crisis, digital and online activity, and support requirements. In total, 792 usable responses were obtained. The survey was supplemented by five in-depth interviews via Zoom exploring the issues and themes of the survey. The interviewees were drawn from across a range of crafts (ceramics, embroidery, carpets, fabrics, painting and paper).

The three data files were cleaned and merged once data collection was halted, and the merged file was analysed using SPSS. Open-ended answers on the age of the company, number of employees and region of operation were recoded for ease of analysis and presentation. This report presents the results of each theme and the analysis process included splitting the results by a series of control variables to test for differences in experience by different characteristics (size of company, age of business, international activity, region, use of digital media and technology).

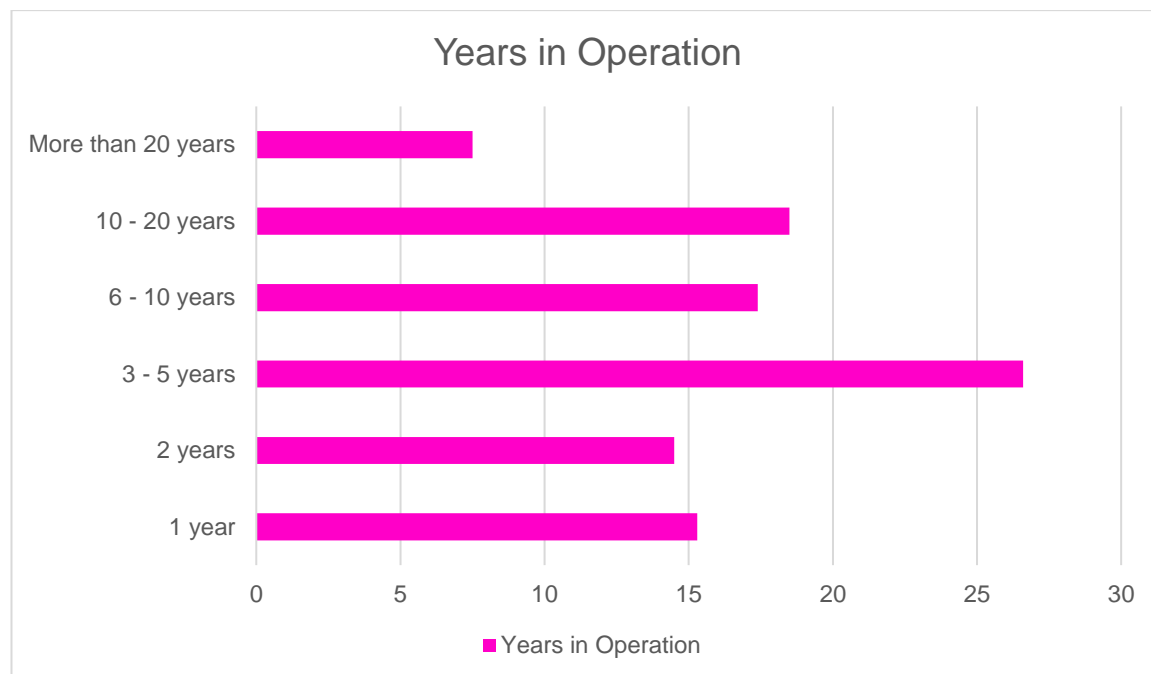
In this section, we outline the characteristics of our respondents. We asked respondents to identify sub-sectors in which they work. We gave them the option of picking more than one. In Table 4 we list the most common responses, which include textiles, wood carving, jewellery, floral pattern embroidery, ceramics and miniatures, highlighting the wide range of craft activities taking place in the Uzbek economy.

Table 4: Sub-sector

Sub-sector	%
Textiles	148
Wood Carving	104
Jewellery	53
Floral Patterns	50
Miniatures	32
Ceramics	23
Knives	8
Tiles	5
Others	150

The oldest company to respond to the survey reported that they had been in business for 50 years, while average length of time in business 8.09 years. Our sample includes a good proportion of younger business with more than a quarter being in business for two years or less.

Figure 11: How long have you been in business?



Turning to the number of people employed within the sector (Figure 12), our sample reported that between them they employ 4,057 people. The largest company in the survey accounted for 800 of these while the average number of employees per company is six. However, a significant proportion of our sample employ no one (9.3%) or just one person (25.9%).

Figure 12: Number of employees

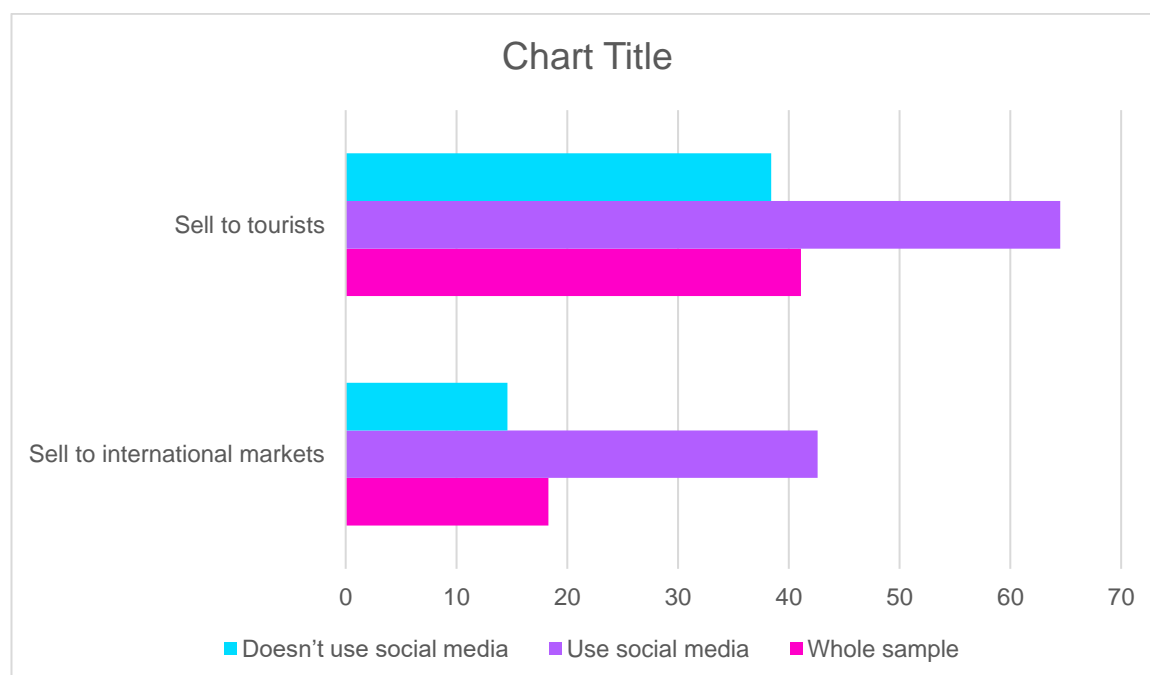


We also asked whether our respondents sold their products outside of the domestic Uzbek economy (Figure 13). Fewer than one in five said that they sell to international markets, while 41.1% sell their products to tourists.

When we split this data by age of business, it became apparent that older businesses are the most likely to sell to international markets. More than a third (35%) of those who had been in operation for over ten years sell internationally, which is significant compared to just 6% of those who have been open for just two years. This pattern also emerges when it comes to selling to tourists with almost three quarters of those who have been open for 10–20 years selling to tourists, a far higher proportion than both the sample as a whole and newer businesses in general. Companies who employed more people are also more likely to sell to international markets. Sole traders (12.7%) and those only employing one person (7.4%) were far less likely to sell internationally than those with 6–10 employees (40.3%) and those with ten or more employees (51.4%).

Use of digital platforms and social media is also a factor here. 42.6% of those who use social media sell to international markets compared to 14.6% for those who don't use social media. Similarly, sales to tourists are much higher among social media users, further demonstrating the increased ability of those with social media to reach new markets.

Figure 13: Whether sell beyond the domestic market



Finally, in the characteristics section we present the breakdown of the sample by the region in which they are based (Table 5). We gathered responses from all 13 regions of Uzbekistan, but the most common responses were Bukhara (26.1%), Xorazm (22.1%) and Surxondaryo (15.4%). Within those regions the most common Cities were Bukhara, Khiva, and Jarqurghon.

Table 5: Region

Region	%
Andijan	4.0
Bukhara	26.1
Fergana	3.2
Jizzakh	0.4
Xorazm	22.1
Namangan	0.8
Novoiy	2.9
Qashqadary	1.1
Samarqand	1.0
Sirdaryo	5.5
Surxondaryo	15.4
Tashkent	9.0
Karakalpakstan	8.6