Creative Economy in Georgia: Baseline Study of Key Indicators, Characteristics, and Needs

The research report was prepared within the framework of “Creative Twist - Boosting the Cultural and Creative Industries in Georgia,” implemented by LEPL Creative Georgia with the financial support of the UNESCO International Fund for Cultural Diversity (IFC

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Research Abstract

The document (Creative Economy in Georgia: Baseline Study of Key Indicators, Characteristics, and Needs) is part of "Creative Twist - Boosting the Cultural and Creative Industries in Georgia," a project implemented by LEPL Creative Georgia with the financial support of the IFCD.

The report combines the results of a full-scale baseline research conducted for the first time on the general condition of Georgia's creative economy, its needs, resources, and development prospects. This document will prelude the medium-term State strategy for developing a creative economy on the national level and the corresponding action plans.

The paper is divided into four parts: (1) a brief overview of the policies, legislation, funding schemes and stimulation mechanisms related to Georgia's creative industries, (2) a study of the economic indicators of the creative industries as unified and sub-sectorial systems, (3) an analysis of the needs and opportunities of the creative industries based on the results of the qualitative study conducted in Tbilisi and across the regions of Georgia, (4) an analysis of the internationalisation prospects of the creative industries based on the results of the quantitative study.

Due to the growing interest in the creative economy in the world, many authors are investigating the impact of culture on the development of the economy. However, considering the absence of similar studies and statistical data in Georgia, it is challenging for local policymakers and those in the creative sector to perceive the economic dimension of culture and creativity.

This research attempts to respond to this challenge. It gathers different data related to creative industries—economic, employment and export statistics and the results of qualitative research—general needs and challenges. This information is essential for evidence-based policy planning and implementation, which the policymakers have had little opportunity to do until now.

Acknowledgement:

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The implementation of the research was coordinated by the Creative Georgia team: Khatia Chokhonelidze, Elene Toidze and Vato Urushadze.

About the project:

This study is a part of the large-scale “Creative Twist - Boosting the Cultural and Creative Industries in Georgia” project. It was the first project from Georgia to be funded by the UNESCO International Fund for Cultural Diversity (in total, nine projects were awarded (out of 480) by IFCD in 2020).

The project aims to research and identify creative industries, raise awareness about the sector, and develop an evidence-based medium-term strategy and corresponding action plans; it envisages neutralising the factors hindering the development of the creative industries and developing respective strategic and practical tools. One of the critical challenges is (1) the lack of statistical data and comprehensive analysis of creative industries, one of the negative consequences of which is (2) the lack of awareness of creative industries’ potential for sustainable development on the national level. These two problems ultimately lead to (3) the absence of an evidence-based and unified State vision and policies for developing a creative economy on the national level. Therefore, conducting a baseline study of the sector is critical in the project's development. Together with the Culture Strategy 2025, it should form the basis for developing the State strategy in the creative economy.

A Brief Overview of the Research Results

Over the past decade, creative industries have become an integral part of the agenda of the developed world. 2021 was declared the International Year of Creative Economy for Sustainable Development by the United Nations. At the same time, by resolution 1[1], the UN General Assembly reinforced the role of culture as a leading catalyser in sustainable development, as it positively impacts both social and economic dimensions: by generating income and creating jobs, creative industries significantly contribute to the economy's growth; their diversity makes them a source for innovative problem-solving in various life areas, including education, tourism, healthcare, technology, and environmental protection.

Many national and corporate studies act as the alibi, e.g., according to Ernst & Young (E&Y) (2013), the creative economy accounts for 3% of the world GDP (which exceeded India's GDP ($1,900 billion) in the same year) and employed 30 mm. people. Creative industries generate 10% of the GDP in South Korea and the United States[2]. In Barcelona, Buenos Aires, Seoul and Tokyo, jobs in cultural sectors account for 9 to 13% of the labour market[3]. These figures are impressive but still need to fully reflect the benefits of the culture and creative industries in improving the lives of society and sustainable development. Moreover, due to the complexity of the research methodology, it is challenging to fully comprehend the spillover effects of culture in the mentioned or other studies.

Georgia has always been considered a country distinguished by its rich culture, creative potential and human talent. As a result, a national document, Culture Strategy 2025, was developed aimed at the sustainable development of cultural affairs, in which creative industries were determined as strategic priorities. Nevertheless, the following challenges are still present in Georgia:

» General understanding of the creative sector's economic potential (especially by the policy- and decision-makers).

» Identifying creative industries as a unified sector.

» In addition to the cultural and aesthetic values, understanding the economic and social benefits of the activities by creative professionals.

The role and capabilities of the cultural and creative sectors have yet to be fundamentally rethought in Georgia; the potential of these sectors in the country's development has not been fully comprehended yet. Thus, Creative Georgia faced many difficulties in developing the formula for a thriving creative ecosystem. The main element has not been collected, analysed or interpreted comprehensively—the data. In this regard, this study is of crucial importance. It finally allows creative industries to be perceived and represented as a unified sector.

The research shows that the creative sector is an integral part of the Georgian economy, and some of its sub-sectors have high growth potential.

» According to the 2019 data, the total turnover of the creative industries exceeds 1.8 b. GEL. Furthermore, the average annual growth rate of the industry's total turnover is 8% (2015-19).

» The share of added value created by creative industries in the business sector is 3.8% and exceeds 876 mm. GEL (2019). The average annual growth rate of the industry's added value is 9% (2015-19).

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[1] UN (2021) https://documents-dds-ny.un.org/doc/UNDOC/GEN/N21/408/18/PDF/N2140818.pdf?OpenElement

[2] World Bank Group. (2020) Orange Economy: As a Driver of Jobs for Youth https://www.s4ye.org/sites/default/files/2020-09/Jobs%20in%20the%20Orange%20Economy.pdf

[3] Gijs de Vries. (2022) The SDGs require a stronger role for culture in development. https://oecd-development-matters.

» Creative economy employs 1 out of 11 people employed in Georgia. The total number of employees in the creative economy is 150,687, 8.9% of the total employed[4].

» The average salary in creative industries is significantly higher than in the overall business sector.

If other sectors of the economy (e.g., the mining and the energy industries) are homogeneous, creative industries are diverse. They consist of many elements; therefore, their boundaries are more elastic and changeable, making it difficult to treat them as a unified sector. But all diverse operators of creative industries are connected by one source—creativity. Creativity is a multi-layered phenomenon and is the basis of seemingly very different fields, e.g., audio-visual arts, cultural heritage, advertising, literature… gastronomy[5]. This is precisely why, when characterising the creative industries or presenting aggregated data about them, it is essential to appropriately consider the local context and select the classification or research methodology.

This study follows the rationale mentioned above. After profound analysis of the context and available information and data scattered in different structures, firstly, the research methodology was created; then, the local classification of the sector was refined, and, finally, the classifications suitable for the local environment/context of creative occupations and products were developed. Therefore, in addition to having the ambition to become a basis for overcoming the current challenges related to the creative industries (as it allows us to analyse the sector in a unified way, perceive its economic potential and outline the needs), the study acts as a starting point for future studies within the industry, as it includes the local environment/context-based methodology and information on statistical data needs.

According to the research, creative industries have significant potential to access international markets.

» In 2015-2019, the export of creative products[6] (in USD) grew by 11.8% annually, and the export of creative services increased by 27% annually on average.

» In 2020, compared to 2019, the total export of design and fashion products increased by 43%.

» The average annual growth rate of the export of services related to IT services was 88% (2015-19)

The study forefronts the sector's unity regarding the economic indicators and needs. Despite the diversity, most sub-sectors have similar needs, which relate to strengthening the relevance of knowledge and skills to the labour market, international promotion and access to foreign markets, increasing and diversifying funding, availability of spaces, etc.

Improving the quality of educational programmes and skills is vital to increase the economic and social benefits of the sector.

» Annually, an average of 783 and 475 (2015-2020) creatives complete academic degrees and courses from higher education institutions and vocational schools, respectively.

» According to the research, it is necessary to adapt educational programmes to the requirements of the labour market and improve students' managerial, digital and entrepreneurial skills.

» The educational programmes and curricula need to be revisited and upgraded considering the deficient professions within the sector (for example, tailor in the fashion industry, technical engineer in the music industry, and quality inspector in the gastronomy and wine industry).

[4] This figure is based on data from the Saxstat Labor Force Survey (LFS) 2019 and includes those employed in the creative economy and primary and secondary jobs.
[5] For complete information, please see Exhibit N1 - Classification of Creative Industries, LSI Creative Georgia
[6] Due to the lack of detailed data relevant to the classification, it does not include wine exports

» A notable shortage of qualified human resources was revealed outside Tbilisi, where the rate of human resource outflow is high.

The research shows that the creative economy's potential to transform regions and settlements must still be unleashed.

» The inhabitants outside Tbilisi mostly see culture as a matter of symbol, wealth, and tradition, and it is less associated with the concepts of dynamism, innovation, production, distribution or commercialisation.

» The role of the creative industry in the development of the respondents' city or village is mainly connected with the development of tourism, and they think it will be promising to define a specific cultural niche for them, which will help to utilise the potential of tourism properly.

» Cultural and gastro-tourism are one of the main directions within the Georgian tourism industry.

» In 2015-2019, the number of international visitors involved in local cuisine and wine-tasting activities grew by an average of 24.8% per year. In 2019 their number exceeded 5.4 mm. and accounted for 75% of total visitors.

This study represents an essential source of qualitative and quantitative data related to the sector. However, it also highlights respective gaps and needs.

There is a need for detailed research on various sub-sectors and conceptual dimensions of creative industries and addressing the challenges in current data collection.

» Creative industries are largely service-oriented industries. Therefore, it is essential to have more detailed data on trade in services.

» Due to insufficient statistical data, some creative industries are overestimated, and others cannot be measured.

» For developing creative industries, studying the factors that make some less attractive will be essential. Identifying and working on the hindering factors will help to attract investments, which, in turn, will increase the opportunities for the development of the industries.

» To overcome the skills-related challenges, studying the relationship between curricula and employment opportunities is essential.

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Acronyms and Abbreviations:

BPM6 – The Balance of Payments and International Investment Position Manual (edition 6)

Geostat – The National Statistics Office of Georgia

GITA – Georgia's Innovation and Technology Agency

GNTA – The Georgian National Tourism Administration

HS – The Harmonized System

ISCO – The International Standard Classification of Occupations

LFS – Labour Force Survey

NACE Rev.2 – The Statistical Classification of Economic Activities in the European Community (Revision 2)

UNESCO – The United Nations Educational, Scientific and Cultural Organization

UNCTAD – The United Nations Conference on Trade and Development

USAID – The United States Agency for International Development

UN – The United Nations

WIPO – The World Intellectual Property Organization

GNM – Georgian National Classifier

Introduction

Creative industries are based on the skills, talents, and creativity of individuals. They contribute significantly to a country's development and employment growth and promote local culture, products and services on international markets. As of 2015, the creative economy employed approximately 30 mm. people and generated about $2,250 b. in annual revenue. The importance of creative industries is growing yearly, which, among other factors, is demonstrated by the fact that in 2019, at the 74th Assembly of the United Nations, 2021 was declared the International Year of Creative Economy for Sustainable Development.

The definition of creative industries varies per country; international organisations also provide their classifications. However, most often, we meet the definition of the UK Department for Digital, Culture, Media & Sport, according to which creative industries originate in individual creativity, skill and talent and have the potential for wealth and job creation through the generation and exploitation of intellectual property. The United Nations Conference on Trade and Development further explains that economic activities based on these industries constitute the creative economy.

There are many classifications of creative industries and their economic activities, each of which is primarily tailored to the economic activities of a given country or a group of countries. In the current report, "Creative Industries" are explored through the lens of "The Roadmap for Developing Cultural and Creative Industries in Georgia", elaborated by Creative Georgia in 2016[7]. The legal documentation of the European Commission and UNESCO, as well as international best practices and local experience, were considered during the classification (identification of the sub-sectors) of the creative industries of Georgia. Illustration 1 lists the activities under each sub-sector.

Illustration 1 *Classification of Creative Industries, LEPL Creative Georgia*

Architecture	**Design and Fashion**
Architectural activities	Specialised design activities (interior, industrial, graphic design)
Engineering and technical services	Fashion industry
Visual Arts	**Film and Video**
Artistic products (painting, sculpture, photography, new media art, etc.)	Production of a motion picture, video, and television programme
Industrial dimension of art organisations and institutions	Post-production of a motion picture, video, and television programme
	Distribution of a motion picture, video, and television programme
Cultural Heritage	**Media and Broadcasting**
Museum-related activities	Radio broadcasting
Library and archival services	Television broadcasting
Preservation of historical buildings and sites	Internet broadcasting
Industrial dimension of nature reserves, botanical, zoological and entertainment parks	
Literature and Publishing	**Music**
Magazines and periodicals	Manufacturing of musical instruments

[7] More specifically, this guide was created within the framework of the Creative Georgia program at the end of 2016. At the beginning of 2017, this program was transformed into a legal entity under public law.

Book publishing	E-commerce of music
Sale of second-hand books	Retail sale of music and video recordings in specialised stores
Translation	Production of music and sound records
Sale of books and printed materials in specialised stores	Sales of musical instruments in specialised stores
Production and distribution of e-books	Live performances
Advertising	**Performing Arts**
Services (PR, communication, merchandise) provided by advertising agencies	Theatre, dance, ballet, circus, opera and musical performances
Media representation	Performing arts promotion activities
Consultancy	Entertainment industry and festivals
Arts and Cultural Education	**Digital Technologies**
Industrial dimension of arts and cultural education	Creation of software, web platforms and applications
Crafts	Databases
Textiles, ceramics, woodwork, metalwork, glass, leather products, etc.	Production and reproduction of computer media
Gastronomy and Culinary	Production of computer games
Culinary education	Programming
Organic, local and innovative food and culinary start-ups	Creation of innovative technology-based services and products

Evidence and data-based development strategies and action plans play an essential role in the proper development of creative industries. Creative industries' funding and industry-related knowledge in the business sector also remain challenging in developed (e.g., the UK) countries. Thus, support programmes must be targeted and directed toward the sub-sectors that need them most. Therefore, it is essential to accurately represent each sub-sector's economic situation and current trends.

Research Goals, Objectives, and Methodology

In Georgia, the absence of creative industries-related data was constantly considered one of the critical problems. This situation was a key challenge for public policy agencies, as it was impossible to implement evidence-based policies. In addition, the lack of data made it difficult to perceive the creative activity as a commercial activity and understand its economic and social benefits.

In 2016, the country's first national strategy for culture was adopted—the Culture Strategy 2025, one of the directions of which was for creative industries to obtain periodically updated data. However, on the one hand, the complexity of the sector itself, and on the other hand, due to the lack of a universal research methodology and the scarcity of statistical data, it has not been possible to conduct a comprehensive baseline study that would analyse the industries from different perspectives in a comparative manner yet.

Until now, only the "CDIS Georgia Analytical and Technical Report" based on the methodology of UNESCO's "Culture for Development Indicators - CDIS" and "The creative sector in Georgia - Situation, potential and policy issues" by the German Economic Team Georgia and the ISET Policy Institute (both published in 2017) can be considered as the essential sources containing information about the sector. Then, however, they needed help to fill in the gaps completely.

In response to the current situation and challenges, the corresponding report aims to measure the creative economy, study the economic performance of creative industries, and identify the primary needs and challenges of the sector across the country.

Based on the sophisticated profile of the sector and the complexity of the research goals, the study is multi-layered. It attempts to answer four main questions, which break down into more specific questions:

1) What is the regulatory framework of creative industries in Georgia, and under what circumstances do legal entities or individuals operate?

2) What is the total ratio, development trends and contribution of each sub-sector and entire creative economy to the overall economy of Georgia?

3) What are the primary needs and challenges of the creative industries in Tbilisi and beyond?

4) What opportunities or challenges exist regarding the internationalisation of Georgian creative industries?

The report is divided into four main parts. Each includes chapters and sub-chapters, and within each part, the respective methodology of analysing the data is revisited.

Generally, this report is based on the experiences of the representatives of all fourteen sectors (see Illustration 1) and State agencies. It reflects upon the difficulties, success stories and problem-solving scenarios across the creative sectors from 2015 to 2021. It should be noted that the research does not focus on an in-depth analysis of each sub-sector: common findings and implications highlight the need for individual research for each sub-sector.

In the study, it is impossible to ignore the impact of the Covid-19 pandemic: the years 2021-2022 have proved particularly critical and damaging for the creative industries and the economy in general. This issue requires a specific study; however, the report also briefly reviews the main obstacles of these times.

The activities within the research framework were based on the qualitative and quantitative research methodology. In addition, the following sociological research methods were implemented: document analysis, focus group, expert survey, structured interview, and telephone survey. The study aims to discuss creative industries' economic and social dimensions and the instruments for measuring their contribution to the sustainable development of Georgia.

Conceptual Framework

Along with the rapid development of global creative industries and their capabilities, international organisations and governments are more actively considering the economic importance of culture. However, when familiarising ourselves with cultural and economic policy documents, or joining global networks, people employed in these sectors, amongst them policymakers, offer us different concepts, which leads to ambiguity and a non-systematic comprehension of each sub-sector. The idea of creative industries is particularly new for Georgia, and the present study's findings demonstrate the necessity of its definition.

In the early 1940s, Theodore V. Adorno and Max Horkheimer introduced the world to the "culture industry" concept. Adorno criticised the "culture industry" through which corporate producers exercised top-down control, opposing the idea that culture "can emerge spontaneously from the masses." As a result, Adorno (1903-1969) and his co-author Max Horkheimer (1895-1973), in one of the chapters "The Culture Industry: Enlightenment as Mass Deception" of their book "Dialectic of Enlightenment" (1944), replaced the term "mass culture" with "culture industry." By this, they meant that mass culture does not come from the masses but is produced for them.

An excellent example of early use of the creative industries concept is the Australian case, when in 1994, the government released a new cultural policy document, "Creative Nation: Commonwealth Cultural Policy" (October 1994), which aimed to harness the country's new IT capabilities and the rising tide of global culture via digital media. In addition to the cultural policy, the document had an economic dimension. It was the first time the Australian federal government had formally developed a cultural policy and later endorsed the same paper to provide an additional $250 mm. to cultural institutions. The report emphasises the importance of culture as a national identity and the need to increase its definition. The conceptual framework from this period incorporates additional cultural sub-sectors—film and radio, libraries, etc. In addition, the report highlights the economic potential of cultural activities and the arts.

The United Kingdom began to intensively introduce the concept of creative industries in 1997, as soon as the New Labour Party came to power. In parallel with the consideration of creative industries as part of the economic policy, the issue of the promotion of information and communication technologies was actively discussed. In this regard, the term "cultural industries" was substituted by the term "creative industries," aimed at merging culture and media policies.

It is essential to refer to their internationally shared definitions to promote the implementation and widespread use of the term in the public and private sectors. Here, it is necessary to consider that, despite the meanings given below, different organisations and scientists often use other terms describing the same field. So far, there is no universal, fully agreed definition.

According to UNESCO's definition, creative and cultural industries include those sub-sectors that combine the creation, production, and commercialisation of creative "content" with cultural and intangible essence. The "content," typically a product or a service, is usually protected by copyright. In addition to all artistic and cultural products, the sector extends to architecture and advertising.

The UK Government's Department for Culture, Media and Sport (DCMS, 1998) define creative industries as: "those industries which have their origin in individual creativity, skill and talent" and "have a potential for wealth and job creation through the generation and exploitation of intellectual property."

According to the definition of the national cultural strategy of Georgia— "Culture Strategy 2025", "Creative industries produce and distribute goods or services which embody or convey cultural expression, irrespective of the commercial value they may have; Besides the traditional arts sectors, creative industries encompass the audio-visual sector, publishing, media and broadcasting and crafts, etc."

John Howkins, in 2001, developed the concept of "creative economy," referring to economic systems where value is accumulated via activities based on imagination rather than traditional resources of land, labour or capital.

According to the United Nations Conference on Trade and Development (UNCTAD), "the creative economy is an evolving concept which builds on the interplay between human creativity and ideas and intellectual property, knowledge and technology." According to the definition of UNCTAD, "creative industries" are the beginning of the "creative economy." They are defined as production cycles of goods and services, which use creative and intellectual capital as the leading resource.

A creative ecosystem encompasses creative activities in which creative resources (humans, spaces, workplaces, and platforms—physical or digital) are interconnected. Human resources include policymakers, creatives, entrepreneurs, and mediators. Independence is the ferment that binds a thriving creative ecosystem.

While designing the research, the authors considered, on the one hand, the international experience that exists in terms of defining the sector, definitions and classification of the terms, and, on the other hand—the current state of affairs in the local context: how the information about the terms are disseminated and perceived and how are the sub-sectors identified.

This research has referred to similar international studies of the creative industries' needs, economic impact, and sectoral analysis. It should be noted that a complete analysis of sectoral studies, resource needs and challenges across Georgia has not been conducted so far. However, the legacy of other existing research projects implemented in Georgia in recent years focuses more on analysing specific sectors, emerging industries and the challenges of creative people, which is a valuable source for researchers to identify systemic problems.

International Practice in Support and Research of Creative Industries

The "Convention on the Protection and Promotion of the Diversity of Cultural Expression[8]," developed by the United Nations Educational, Scientific and Cultural Organization (UNESCO) in 2005, is an essential basis for the policy supporting the creative economy. One of the critical activities within the convention is to support research and data collection around the creative economy for evidence-based policy development. Because cultural industry[9] is a vital component of the creative industry (e.g., the "Concentric Circles Model[10]" and the "Symbolic Texts Model"), UNESCO considers series indicators ("Culture for Development") as one of the research tools in the creative economy. The series is divided into seven main dimensions, which combine 22 quantitative and qualitative indicators[11]. It includes economy, education, governance, public engagement, gender equality, communication, and heritage. In the dimension of the economy, the leading indicators are the contribution of cultural activities to the gross domestic product, employment and spending on cultural activities.

In addition, the United Nations Conference on Trade and Development (UNCTAD) launched the Creative Economy Programme in 2004. Based on trade data, it analyses the contribution of creative industries in trade and outlines future potentials[12]. A document[13], published by the organisation in 2004 emphasises that creative industries are one of the main determinants of economic growth, contributing to integration into the rapidly changing and growing world economy. The organisation analyses the statistical data of trade in services and goods based on the Harmonised System (HS) of description and coding of goods and the Balance of Payments Manual (BPM6). The creative economy database of UNCTAD records 12 leading indicators through which the role and growth of creative industries in a country's economy are evaluated.

These indicators can be divided into two groups, namely:

> Indicators related to the export and import of creative goods and services

> Data about the export and import of creative goods and services

The indicators developed in each direction evaluate both nominal indicators of trade and the share of relevant trade flows in the economy's total export and import, annual growth rates, and export and import concentration index.

According to UNCTAD, creative industries include crafts, audio-visual production, design, media, performing arts, publishing and fine arts[14]. According to the same classification, creative and related services include advertising, market research, public opinion polling, architectural, engineering, and other technical services, research and development, computer and information services, royalties, license fees, and personal, cultural and entertainment services. This, in turn, is divided into two categories: audio-visual and related services and other personal, cultural and entertainment services.

The European Commission, as the executive structure of the European Union, is actively involved in developing creative industries and increasing their role in the economy. The European Commission

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[8] UNESCO (2005). The Convention on the Protection and Promotion of the Diversity of Cultural Expressions.
[9] UNESCO. (2017). UNESCO Cultural Indicators for Development (CDIS).
[10] Throsby, D. (2008). The concentric circles model of the cultural industries. https://www.researchgate.net/publication/248952696_The_concentric_circles_model_of_the_cultural_industries
[11] UNESCO. (2004). Culture for Development.
[12] UNCTAD. (2004). Creative industries and development.
[13] UNCTAD. (2004). Creative industries and development.
[14] The UNCTAD classification of creative industries products.

implements the programme “Creative Europe[15]”, the purpose of which is - 1. Protection, presentation and development of European culture, linguistic diversity and heritage; 2. The increasing importance of creative and cultural sectors in the economy, focusing on the audio-visual industry. The programme's first phase was implemented in 2014-2020, and the second is planned for 2021-2027 with a budget of 2.44 b. Euros. The programme has three main directions. These are culture, media and intersectoral directions. The first includes the industrial dimension of architecture, cultural heritage, design, literature and publishing, music and performing arts[16].

LEPL Creative Georgia, an organisation under the Ministry of Culture, Sports and Youth of Georgia, plays a vital role in developing creative industries in Georgia. The organisation was created based on the goals of Culture Strategy 2025[17]: „to create a favourable environment for the development of creative industries, increase awareness about them, develop skills related to creative entrepreneurship, research the sector, improve access to finance across the industry, promote the development of creative platforms and clusters and the internationalisation of the sector.“ In addition to Creative Georgia, other national organisations are actively involved in projects promoting creative industries. Their activities will be discussed in the following chapters.

As in EU countries, incentive programmes for creative industries play an essential role in access to finance and capacity development in Georgia. We can see the results of the support programmes implemented by Creative Europe when observing the economic indicators of the EU countries[18].

According to 2019 data, the total turnover of creative industries in the EU[19] countries amounted to 643 b. Euros, approximately 17% higher than in 2013. In the same period, the turnover share of creative industries in GDP increased from 4.2% to 4.6%. It should be noted that the growth rate of creative industries (2.6%) is higher than that of the gross domestic product of the EU countries (2.1%)[20]. The mentioned circumstance makes creative industries faster than average growing industries. In this regard, Georgia is slightly behind the average indicators of the EU member states. In 2015-2019, the average growth rate of creative industries was 2.5%, and according to the data of 2019, the share of turnover in GDP is 4.5%.

As of 2019, the visual arts, advertising, and audio-visual industries are leading in total turnover indicators: in 2013-2019, the total growth rate reached a double-digit mark. In this respect, Georgia's advertising, architecture, literature and publishing industries are prominent.

Between 2013 and 2019, the added value created by the creative industries in the EU grew by an average of 2.9% per year and amounted to 253 b. Euros in 2019. We can compare these figures with other sectors to emphasise how critical creative industries are in the European Union economy. For example, as seen in Graph 1, the added value created by the creative industries is 1.4 times higher than the added value of the telecommunications industry and 2.3 times higher than the automotive industry.

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[15] Creative Georgia is part of the Georgian Information Desk of the "Creative Europe" program, which provides representatives of the cultural sector with the necessary information, advises on participation in the program, and also helps in finding international partners. More information on the activities of the Creative Europe Georgia desk is available at the following link: https://www.facebook.com/creativeeuropege

[16] Culture and Creativity. (n.d.). About the Creative Europe Programme. https://culture.ec.europa.eu/creative-europe/about-the-creative-europe-programme

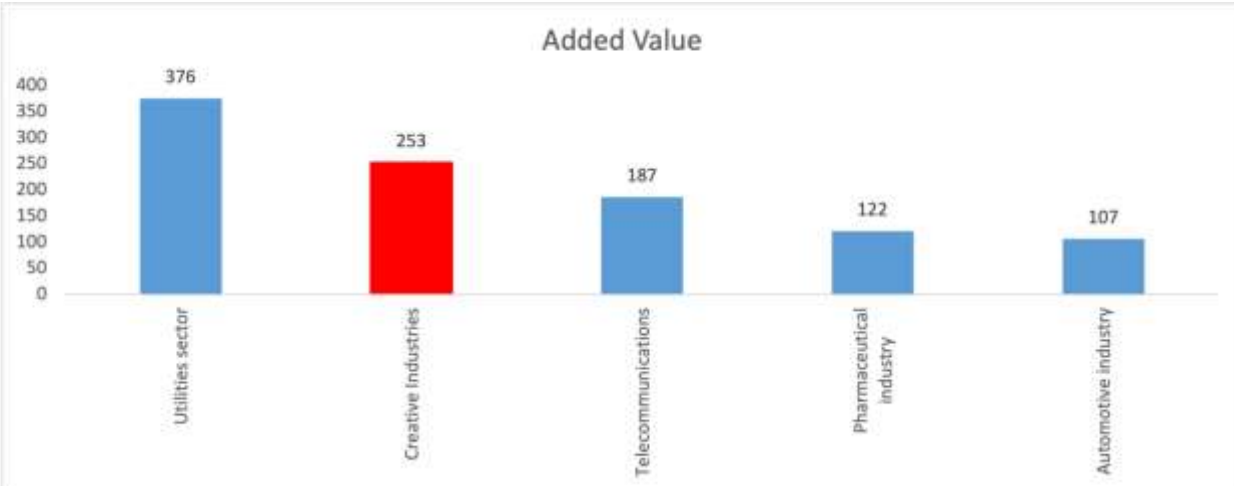
[17] Culture Strategy of Georgia 2025. (n.d.). https://mes.gov.ge/publicInfo/wp-content/uploads/2013/12/კულტურის-სტრატეგია-2025.pdf

[18] We can consider the United Kingdom as one of the successful examples regarding the development of creative industries. In addition, among countries like Georgia, it is interesting to discuss the example of the creative economy of Estonia (Appendix 3).

[19] It refers to the current 27 states of the European Union together with the United Kingdom.

[20] GDP at constant prices (USD). Source - World Bank database.

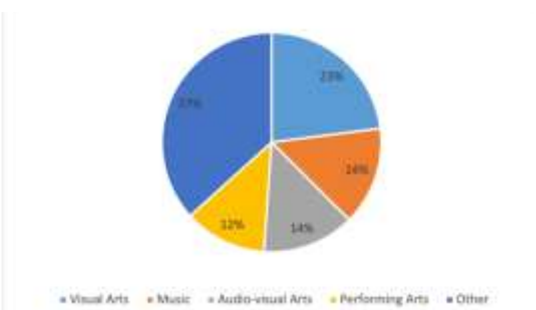
Graph 1 Added value created by creative industries relative to other sectors in the EU



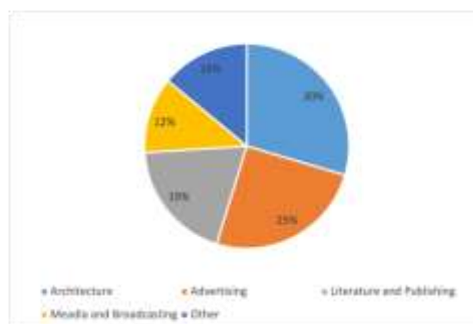
Source: Eurostat

As of 2019, creative industries in the 28 EU Member States employ approximately 7.6 mm. people. A prominent role is played by the visual arts, music, audio-visual and performing arts sectors, separately employing more than a million, and their combined share in total employment is 68% (Graph 2). In this regard, we see a different picture in Georgia. In total, more than 31 thousand people are employed in creative industries. 30% are engaged in architecture, 25% in advertising, and 19% in the literature and publishing industries (Graph 3).

Graph 2 – Distribution of employees by creative industries, EU, 2019



Graph 3 – Distribution of employees by creative industries, Georgia, 2019



Source: Eurostat, Geostat

Part I: General Overview of Creative Industries in Georgia: Support Mechanisms and Legislative Framework

Discussing creative industries in Georgia's public policy context started in 2016 when “Culture Strategy 2025” was created. The development of creative industries was set as one of its eight strategic directions. Already in 2016, following the objectives of the Strategy, the “Roadmap for Developing Cultural and Creative Industries in Georgia” was developed, leading to the creation of the “Creative Georgia” programme and ultimately a legal entity under public law—“Creative Georgia” was established in 2017. The organisation's mission is to create a favourable environment for developing creative industries in the country, for which it implements various programmes.

The “Culture Strategy 2025” remains the primary regulatory framework for creative industries. However, the conceptual or general legislation has not yet reflected the term and corresponding classifications. Although Georgian legislation defines various support mechanisms in this regard. They will be discussed in different chapters below.

This section briefly reviews the main policy instruments and legislative and financial mechanisms that regulate and promote the creative industries in Georgia and analyses public documents from various agencies and organisations and in-depth interviews conducted across different municipalities within the research framework.

After reviewing the general policy and legislative frameworks, this section attempts to answer the following questions:

- What part of the 2019-20-21 State budget was allocated to creative industries?

- During the last years (2015-2020-21), what part of the total budget of the municipalities was allocated to support the development of creative sectors?

- How are priorities identified among the following categories: funding cultural events, arts education and scholarships, open calls and support of independent initiatives? (Comparing the results of the mentioned years will determine if the municipalities spend the budget in a targeted and result-oriented way).

- How are databases of creative industries collected in Tbilisi and beyond?

Aimed at these questions, the following materials were obtained from each municipality across 11 regions:

- Annual budget of 11 municipalities and their distribution rationale (2015-2020 data)

- Information on events and open calls held by 11 municipalities (2015-2020 data)

- Database of non-entrepreneurial (non-commercial) legal entities under municipalities and contact information of representatives of local creative industries.

To obtain information about the State funding of culture in 2019, 2020 and 2021, the 2021 and 2022 State budget laws of Georgia were analysed, and to get the same information about the Autonomous Republics of Adjara and Abkhazia, respective budget laws (from 2019, 2020 and 2021) were studied.

The content analysis of the selected documents began with open coding, which means combining the data into a broad descriptive category; similar data were grouped, subcategories were created, and a coding framework was developed. The last stage was devoted to selective coding. As a result, a logical, hierarchical data system became visible to the researcher as the basis of the interpretation process. On the other hand, interpretive analysis as a supporting tool has been used to create guidelines for different research methods apart from its primary purpose.

1. Legislative Framework and International Mechanisms of Creative Industries

As already mentioned, the term and classifications of creative industries are not defined by the legislation of Georgia. Currently, the legislation related to culture and related fields in the country extends to creative industries.

According to the "CDIS Analytical and Technical Report" published in Georgia in 2017, the legal framework of culture in Georgia has been assigned a score of 0.68 out of the highest "1". The report interprets this score as an indicator of a robust legal framework based on the ratification of key international legal instruments.

Despite the mentioned data, the in-depth interviews and focus groups within the qualitative research of this report reveal critical legislative aspects. According to the respondents, implementing corresponding measures would improve the general situation of the sector (including the creative industries) in Georgia.

The Law of Georgia on Culture, adopted in 1997, is one of the paradigmatic mechanisms regulating the field. It is based on the Constitution of Georgia, international conventions, and other normative acts. The Law on Culture, to which 13 amendments have been made to date, defines and regulates the mandate and obligations of various State agencies, organisations and individuals in the field of culture. "This law, taking into account the priority of the field of culture, its greatest strategic importance, instructs the State, higher authorities and municipalities to provide maximum financial and other material-technical assistance to all fields of culture[21]". The chapter—"Transitional Provisions" includes a list of legislative acts that must be elaborated and implemented under this law. Some laws mentioned in the list already exist and are in effect, while some still need to be developed and adopted.

The list specified in the transitional provisions of the Law on Culture includes, among others, an initiative regarding developing a separate law on sponsoring and charitable activities. However, Georgian legislation currently does not define alternative means of funding for creative industries. An exception is an entry specified in the Tax Code of Georgia on the exemption from value-added tax (VAT) of publishing or sale of books[22].

The "Culture Strategy 2025" strategic goals indicate creating a favourable regulatory environment for developing culture and establishing support mechanisms for the sector. For example, according to one of the expected results of the 4th strategic goal: "Culture is funded from all budgetary levels; from diversified sources—innovative funding and stimulation measures are introduced, there is greater motivation for the private sector to allocate funds for culture; funds are distributed transparently and efficiently."

Despite the discussion between the transitional provisions of the Law on Culture of Georgia and the directions of the "Culture Strategy 2025", as well as the efforts and initiatives of independent initiative groups and individuals employed in the public sector, so far, there are no records related to philanthropy and charity in the context of the culture in the Georgian legislation, no relevant preferential systems have been implemented. The establishment of tax benefits for investment in culture or consumption of creative products and services is significant for developing the economic dimension of culture and the emergence of alternative means of funding, which is an urgent issue against the background of traditionally limited budgetary financing for culture in Georgia. According to the policy document published in 2022—"Designing Creative Cluster Ecosystem in Georgia:" "encouraging philanthropy and charitable activities in Georgia is a matter of vital importance because most of the initiatives related to culture are financed only from State/municipal bodies and, among them, from the agencies of autonomous republics of Georgia. There are cases when enterprises (business sector) and individuals carry out charity only within the

[21] Legislative Herald of Georgia. (n.d.). Law on Culture of Georgia https://www.matsne.gov.ge/ka/document/view/31402?publication=13

[22] Legislative Herald of Georgia. (n.d.). Tax Code of Georgia; Article 172-173 https://matsne.gov.ge/ka/document/view/1043717

framework of (corporate) social responsibility because the existing legislation does not include tax incentive mechanisms that would encourage donations from the business sector and individuals[23]".

The first legislative initiative to encourage investment in culture belongs to the Taso Foundation. The diagnostic report prepared in 2020 by Nikoloz Nadirashvili, the national expert of UNESCO on the legislative regulations related to philanthropic and charitable activities in Georgia[24], describes in detail the issues related to the draft Law of Georgia on Philanthropy, Charity and Public Partnership, which was initiated by Taso Foundation three times (the last attempt in 2016). According to the report, the draft law was submitted to the relevant parliament and government agencies for consideration. However, all attempts were unsuccessful.

Creative Georgia has been committed to advocating change regarding philanthropy, culture consumption and investment legislation. The organisation, within the framework of the EU/UNESCO-supported project "Designing Creative Cluster Ecosystem in Georgia", started working on the analysis and enactment of transversal stimulation schemes, which could bring benefits both for the development of creative spaces and clusters and the development of culture and creative industries in general. The report mentioned above and the policy document were prepared within the framework of the same project. In addition to these documents, a remarkable document was developed – "Review and Economic Justification of Legislative Mechanisms for Stimulating Culture," to propose an optimal model of the amendments within the Tax Code of Georgia based on a comparative analysis of international best practices. This would create an institutional framework for encouraging corporate and individual philanthropy and charity in culture[25].

Part of the recommendations prepared within the project's framework is focused on encouraging individual philanthropy. It implies creating such an opportunity under which the population can apply a small percentage of their income tax to the organisation of their choice. Part of the recommendations refers to corporate philanthropy. It aims to increase the private sector's role in culture funding to ensure the sector's sustainability by creating additional financial flows. In addition to offering models of individual and corporate philanthropy, the document discusses preferential mechanisms related to VAT, which, on the one hand, could become an incentive for the consumption of cultural products and services and, on the other hand, can become a tool for promoting the sector in general.

In the Georgian legislation, one of the thriving yet not fully explored laws is the "Law on Copyright and Related Rights", about which the lack of information and knowledge prevents creative professionals from engaging in international online commerce. The obligation to achieve an adequate and effective level of law enforcement is also related to Article 150 of Chapter 9 of the Association Agreement with the European Union.

The research was also interested in analysing hindering factors for the practical work of state structures. The respondents identified the problems related to purchasing and promoting quality cultural products from the State as one of the main challenges. According to the respondents, the existing State procurement legislation obliges State structures to purchase artistic products through tenders, while tender procedures ignore criteria other than low price in the evaluation process. Therefore, priority is given to budget products and services. This is often seen as a sceptical practice by the sector's representatives.

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[23] Policy document - Designing Creative Clusters Ecosystem in Georgia, Nikoloz Nadirashvili, Dr Lidia Varbanova, 2022. The paper was prepared within the project " Designing Creative Clusters Ecosystem in Georgia "framework, supported by the European Union/UNESCO. The project is implemented by LEPL "Creative Georgia".

[24] "Diagnostic Report on legislative regulations related to philanthropic and charitable activities in Georgia, Nikoloz Nadirashvili, 2020; the document was prepared within the framework of the EU/UNESCO-supported project " Designing Creative Clusters Ecosystem in Georgia ". The project is implemented by LEPL "Creative Georgia".

[25] Overview of legislative mechanisms for stimulating culture and economic justification, Nikoloz Ostapenko, 2022. The document was prepared within the framework of the EU-UNESCO-supported project " Designing Creative Clusters Ecosystem in Georgia ". The project is implemented by LEPL "Creative Georgia".

In recent years, it has become common for those employed in the creative industries to produce joint projects and share resources. On the one hand, establishing connections and professional networks helps to overcome challenges jointly and, on the other hand, to access financial resources easily. The Law on Creative Workers and Creative Unions gives associations and unions the legal status by which creative workers have more access to specific resources (grant programmes, membership across international networks and co-participation in cooperation projects). However, despite the supporting mechanisms described in the law, the "creative worker" classification is vague, defined as a natural person whose intellectual-creative activity results in a work of literature and art. This narrow classification of the "creative worker" does not effectively comprehend the job profiles within creative industries.

Table 1 - The list of acts in Georgian legislation on culture and related fields

Title	Adoption date
Law of Georgia on Culture	12/06/1997
Law of Georgia on Cultural Heritage	08/05/2007
Law of Georgia on the Export of Cultural Valuables from Georgia and Their Import to Georgia	22/06/2001
Law of Georgia on Museums	22/06/2001
Law of Georgia on Professional Theatres	05/04/2013
Law of Georgia on Support of the National Cinematography	05/12/2000
Law of Georgia on Copyright and Related Rights	22/06/1999
Law of Georgia on Creative Workers and Creative Unions	08/06/1999
Law of Georgia on Innovations	22/06/2016

One of the essential prerequisites for developing Georgia's creative industries is the Association Agreement with the European Union, which came into effect on July 1, 2016. According to Articles 362 and 363 of Chapter 17 of the Association Agreement, the Government of Georgia is obliged to present the role of culture in the economic and sustainable development of the country, as well as in international cooperation, which implies the protection of cultural diversity, as well as the creation of simplified and better conditions for economic activity, and in general to conduct an open and interactive dialogue on cultural policy.

Considering the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, which Georgia ratified in 2008, it is essential to promote the development of creative industries in Georgia and the European Union. In particular, the Convention obliges the parties to promote cultural production, self-expression, and participation in the cultural activities of the citizens. Since there is unequal availability of resources needed for the production of culture in the regions and Tbilisi, the mentioned obligation still needs to be reflected on the entire territory of Georgia.

Based on the research results, the changes in the rules for funding cultural projects in 2021 can be considered a positive event. The deadlines for providing funding were shortened, and the criteria for selecting participants in the competition were refined, aimed at the participation rate growth. According to most respondents, expanding the competition component by the Ministry of Culture, Sports and Youth of Georgia is a new and successful practice. However, the recommendation to decentralise the budget and provide resources with the help of intermediary LEPLs is still relevant for those employed in the creative sector.

While drawing attention to the legal framework tailored to individual sectors of creative industries, it is essential to single out the "Law of Georgia on Support of the National Cinematography" approved by the Parliament of Georgia at the end of 2000. Based on the law, a legal entity under public law—the Georgian National Film Centre—was created in 2001. The centre has financed national film production since then.

It implements competition-based and peer-reviewed support schemes to develop educational programmes, film production, and export. Based on the growing pace of film production in Georgia, the export of films in recent years, and successful cases, it is essential to work further with initiative groups to refine the law and review the resources allocated from the State budget, considering the increased demand and changed circumstances.

One of the successful legislative instruments aimed at the development of cinematography is "Film in Georgia," which allows local and international film producers to shoot a film or other audio/visual production in Georgia and cashback up to 20-25% of qualified expenses.

2. Promotion of Culture, Including Creative Industries, by Reviewing Georgia's Central and Municipal Budgets

As already mentioned, the primary source of funding within the culture sector of Georgia is the State budget, distributed by the central government and the governments of autonomous republics or municipalities as annual subsidies to their LEPLs and NNLEs but also via direct support programmes or open calls. Most of the budget for culture is allocated to cultural institutions, LEPLs. The Ministry of Culture, Sports and Youth of Georgia has the largest share of funding. Some sectors, amongst them the ones related to creative industries, are supported by LEPLs under the Ministry of Economy and Sustainable Development of Georgia and the Ministry of Environmental Protection and Agriculture of Georgia, which will be discussed in the following subsections of this paper.

The following tables attempt to present the State funding of culture in Georgia by analysing the data of the central government and the autonomous republics. These tables only partially reflect the total funds spent on culture and creative industries at different governmental levels and only include the funds allocated by the agencies responsible for culture. In addition, it should also be noted that it is difficult to accurately describe the funds allocated to culture by the central government agencies because, in 2019-2020 and the first quarter of 2021, culture policy belonged to the competencies of the Ministry of Education, Science, Culture and Sports of Georgia, which in March 2021 was divided into (1) the Ministries of Education and Science and (2) Culture, Sports and Youth. Accordingly, the programme/sub-programme codes intended for culture are reflected differently across the State budget laws of different years. In some cases, the given codes show the combined data of the sectors; in others—the data is separated, making it challenging to present the justified picture for all three years (2019-2020-2021) in a comparable way. Based on the information available across the State budgets, two illustrated tables were prepared, the 1st for 2019 only[26], in which the funds allocated for culture are distributed according to the budget codes of the Ministry of Education, Science, Culture and Sports, and the 2nd for 2020-2021[27], which contains the same information according to the budget codes of the Ministry of Culture, Sports, and Youth.

Table 2 - State funding of culture, based on the 2019 budget of the Ministry of Education, Science, Culture, and Sports of Georgia, in mm. GEL [28].

* includes funds for culture and other related fields subjected to the Ministry.

[26] The 2019 table was prepared on the basis of Article 16 of the State Law on the 2021 State Budget of Georgia - Appropriations of the State Budget of Georgia. Available at the link
https://matsne.gov.ge/ka/document/view/5071216?publication=3

[27] The table for the years 2020-2021 was prepared based on Article 16 of the State Law on the State Budget of Georgia for 2022 - Appropriations of the State Budget of Georgia. Available at the link
https://matsne.gov.ge/ka/document/view/5309246

[28] The 2019 table was prepared on the basis of Article 16 of the State Law on the 2021 State Budget of Georgia - Appropriations of the State Budget of Georgia. Thematic divisions are indicated in accordance with the classifications specified in the law. Available at https://matsne.gov.ge/ka/document/view/5071216?publication=3 In order to describe the thematic and content of the budget articles, as well as to count the budget funds spent on culture by various state structures, it is necessary to conduct a complete analysis.

Direction	2019
Developing State policies and managing respective programmes in education, science, culture, and sports*	34,531.50
Support for investments in culture and infrastructural projects	10,138.80
Promotion of arts and sports establishments*	6,368.20
Promotion of culture	74,508.60
Protection of cultural heritage and improvement of the museum systems	26,430.60
Sum	**151,977.70**

Table 3 - State funding of culture — the 2020-2021 budgets of the Ministry of Education, Science, Culture and Sports of Georgia, and the 2020-2021 budgets of the Ministry of Culture, Sports and Youth of Georgia, in mm. GEL[29].

* includes funds for culture and other related fields subjected to the Ministry/ies

Direction	**2020**	**2021**
Higher education in arts and sports *	11,907.80	12,015.00
Infrastructural development	32,417.00	55,685.00
Promotion of arts and sports establishments*	6,247.80	6,782.00
Promotion of culture	68,658.10	70,829.00
Protection of cultural heritage and improvement of the museum systems	24,861.10	33,612.00
Measures aimed at social protection of arts professionals and sportsmen	16,906.50	32,122.00
Sum	**160,998.30**	**211,045.00**

Table 4 - Funding of culture on the example of the budgets of the autonomous republics of Adjara and Abkhazia, 2019, 2020, and 2021, in mm. GEL[30].

Agency	**Year**	**2019**	**2020**	**2021**
Ministry of Culture, Education and Sport of Adjara A.R.	**Sum**	**18,723.200**	**14,749.800**	**14,562.400**
	Promotion of culture and support of the development of creative industries	628.400	708.400	655.000
	Institutional development of cultural organisations	325.900	0	0

[29] The table showing the 2020 and 2021 budgets was prepared based on Article 16 of the State Law on the 2022 State Budget of Georgia - Appropriations of the State Budget of Georgia. Thematic divisions are indicated in accordance with the classifications specified in the law. Available at the link https://matsne.gov.ge/ka/document/view/5309246?publication=0 In order to describe the thematic and content of the budget articles, as well as to count the budget funds spent on culture by various state structures, it is necessary to conduct a complete analysis.

[30] The table was prepared based on the law on the republican budgets of the autonomous republics of Adjara and Abkhazia for 2019, 2020 and 2021. Thematic divisions are indicated in accordance with the classifications specified in the law. Available at links, 2019: https://matsne.gov.ge/ka/document/view/4418241 2020: https://matsne.gov.ge/ka/document/view/5054251?publication=2 2021: https://matsne.gov.ge/ka/document/view/4733926?publication=4

	Protection of intangible cultural heritage	213.900	96.600	160.000
	Professional development within cultural sector	145.300	92.000	140.000
	Development of cultural tourism	420.600	0	0
	Safeguarding, developing, and promoting cultural heritage	2,573.800	2,598.600	2,448.600
	Development of museums and galleries	1,776.400	1,709.800	1,740.800
	Supporting performing art and music	12,213.000	9,120.700	8,843.300
	Supporting the development of literature	133.900	123.700	134.700
	Improving the infrastructure of cultural establishments	292.000	300.000	440.000
Ministry of culture and education of Abkhazia A.R.	**sum**	**2,393,597**	**2,468,900**	**2,434,290**
	Support of cultural organisations, promoting cultural values and supporting culture-related activities	2,393,597	2,468,900	2,434,290

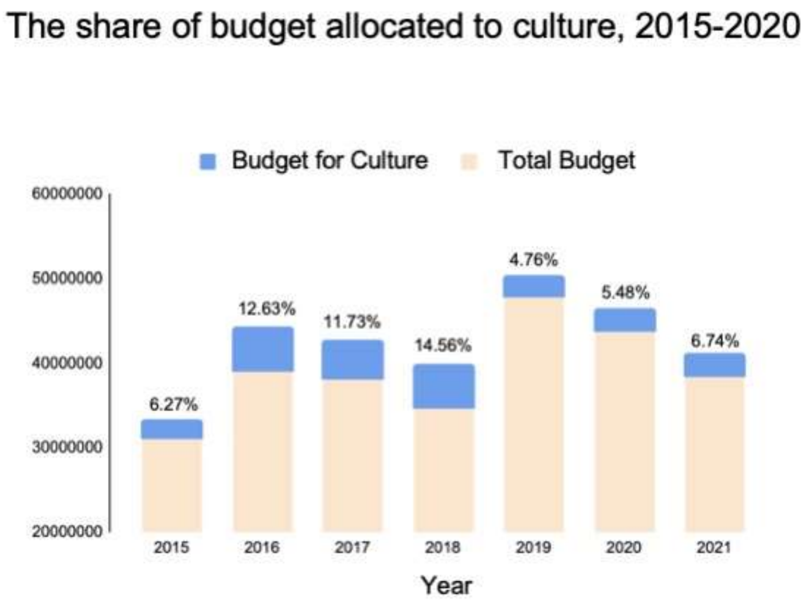
Sometimes, local municipalities also invest in developing the cultural sector and creative industries and strengthen local resources along with central and A.R. governments through annual budgets.

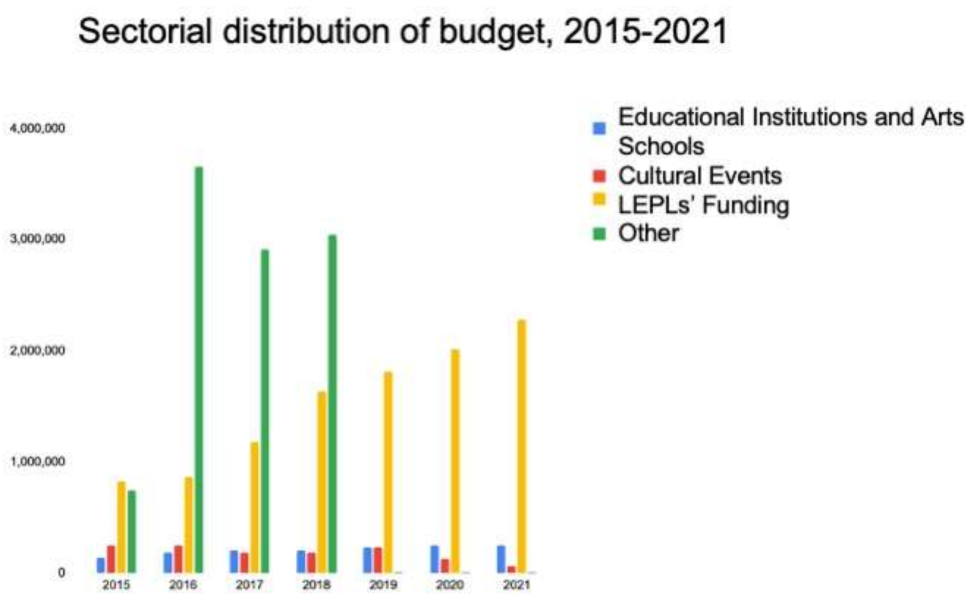
The analysis of the results of the received information and the in-depth interviews conducted within the qualitative research framework reveals both successful and ineffective examples of using financial means. It should be noted that in municipalities, fundamental funding-related changes have not been implemented in recent years. Furthermore, this part of the qualitative research did not include the capital—Tbilisi, which has a different legal status and financial means.

Based on the analysis of the culture budget of 11 municipalities, we can note that in most cases, only 3% to 5% of the total budget is allocated to culture. This pattern is unchanged throughout 2015-2020. However, in exceptional circumstances, 6% to 13% of the total budget is earmarked for culture.

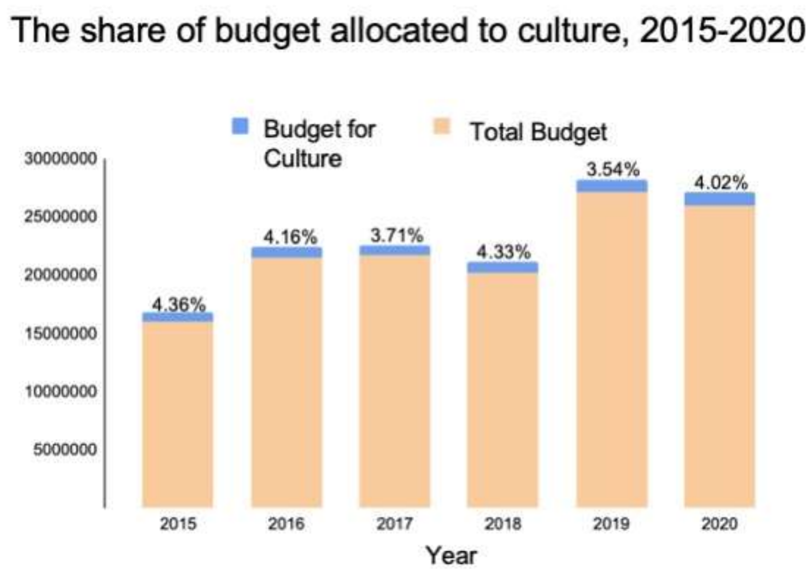
It should be noted that the central part of the funding of creative industries and culture in the regions represents financial support allocated to municipal organisations, which usually equals 50% to 80% of the budget intended for the cultural sector. The remaining amount is assigned to funding artistic and cultural events, educational institutions, and art schools. Municipalities spend a minimum of the cultural budget supporting local creative sectors through open calls. In most municipalities, such practices are not implemented at all.

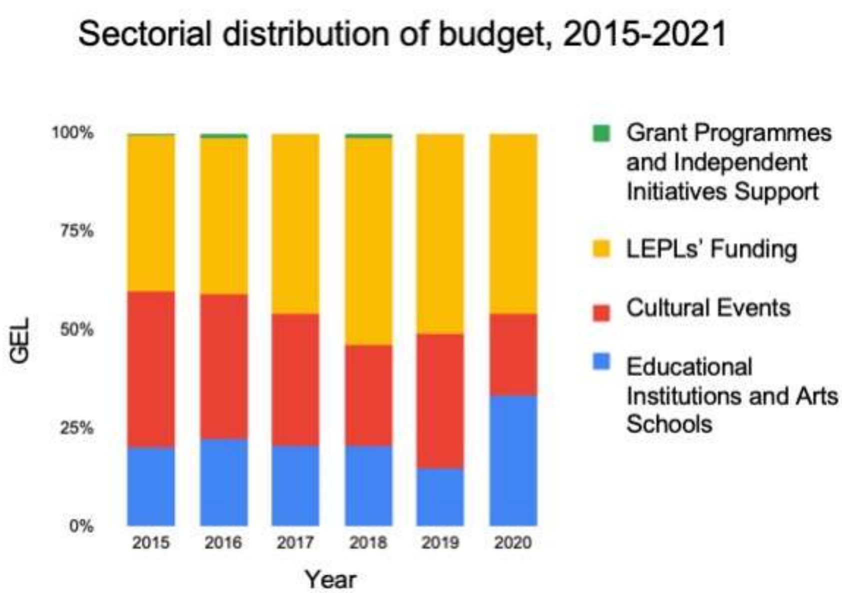
For example, in the municipality of **Ozurgeti**, from 2015 to 2016, the percentage share allocated to culture in the general budget increased sharply. However, by 2019, it dropped to the record low of the last five years. Despite the decrease in the share, against the general budget increase, the budget allocated to culture was the highest in 2019. In the same municipality, when observing the sectoral distribution of the funding, it is visible that the amount allocated for educational institutions, art schools, and cultural events is minimal.



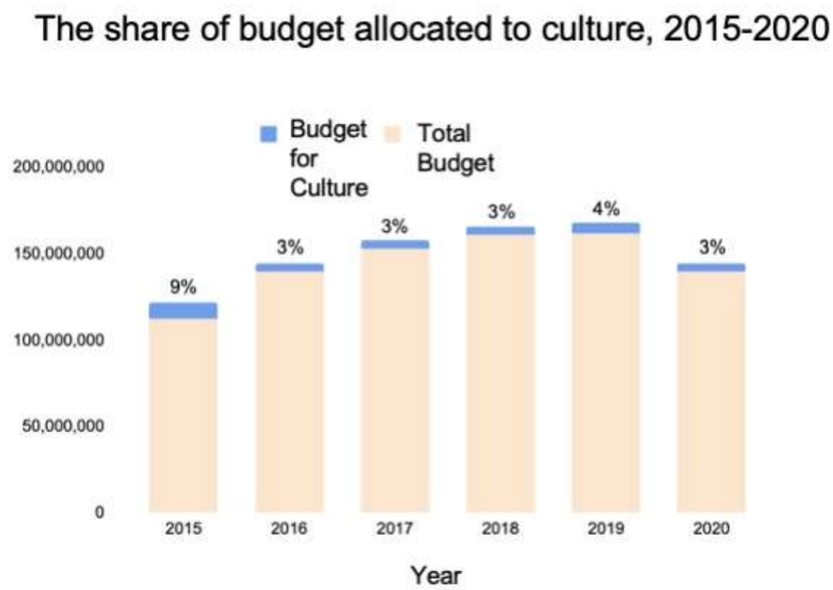


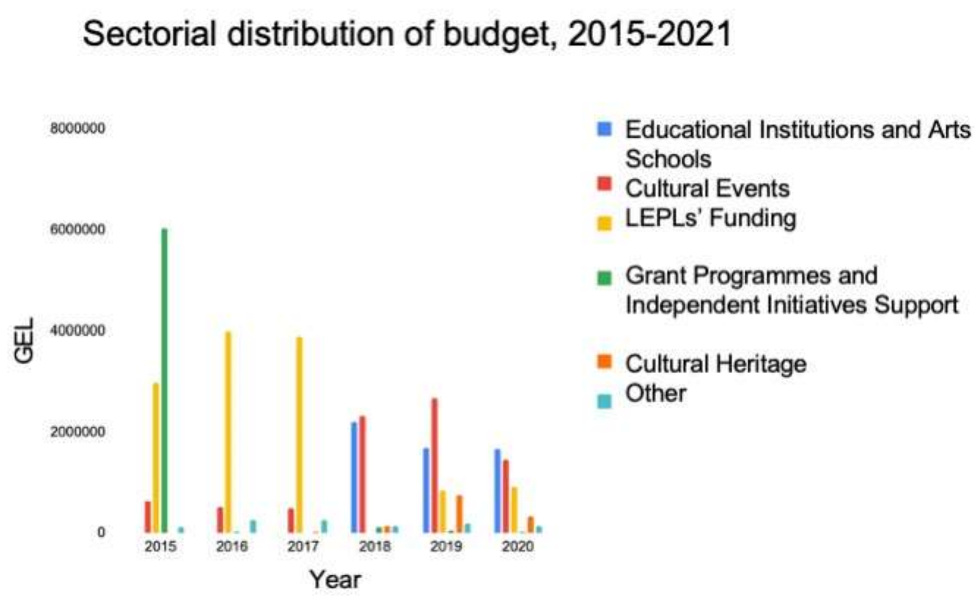
In **Akhaltsikhe**, from 2015 to 2020, budget distribution was stagnant and fluctuated between 3.7% and 4.3%. Nevertheless, by 2019, the budget is significantly increasing compared to 2015. However, the overall picture of funding allocation remains unchanged: the amount allocated for local grant programmes and initiatives in 2015-2018 is meagre, and from 2019, such a component disappeared altogether.





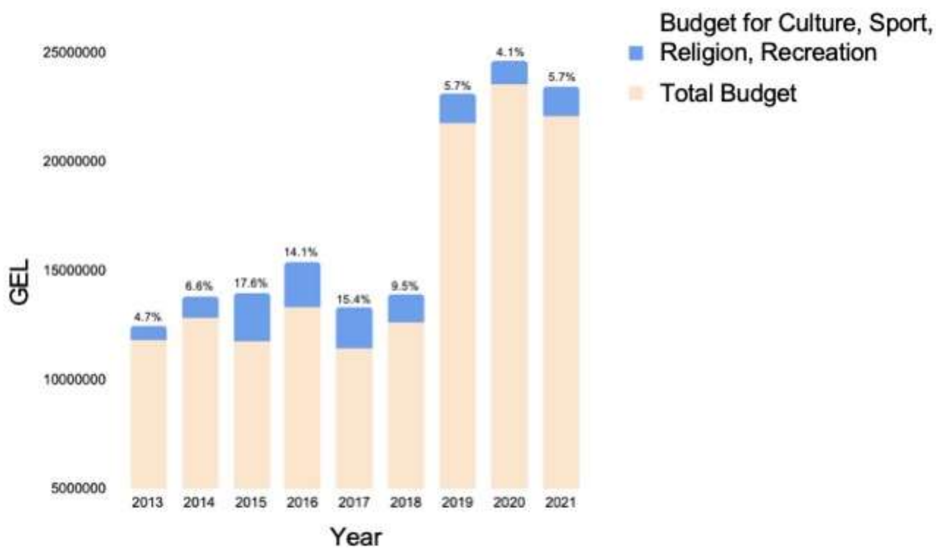
The picture of **Batumi** municipality is also unchanged. The percentage allocated to culture in the last five years is at most 4%. A significant part of the allocated money is spent on local LEPLs, while the resources allocated to local grant programmes and initiatives are overlooked.





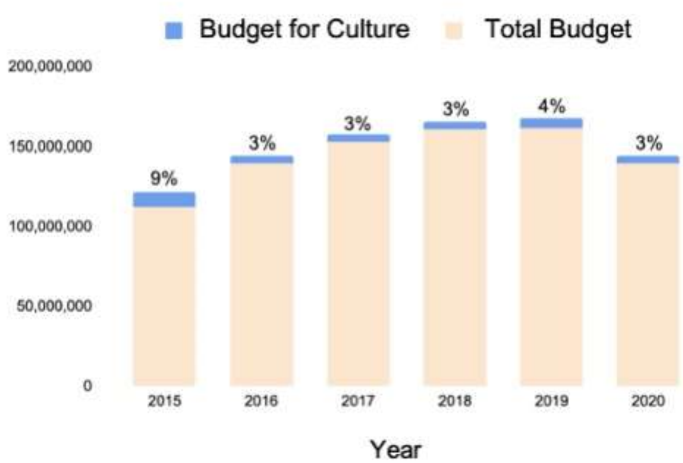
Unlike other municipalities, Telavi's percentage share of the budget allocated for culture is relatively high**,** and it ranges between 5.2-6.5% in the last three years. By the general trend, the resources allocated to the LEPLs in **Gori** are significantly higher than in other directions. The positive dynamics of the resources allocated for culture in **Dusheti** municipality in recent years are striking. Even in 2015, the percentage share of the budget allocated for culture was 17.6%, and in 2019-2021, although the percentage share decreased, the budget doubled.

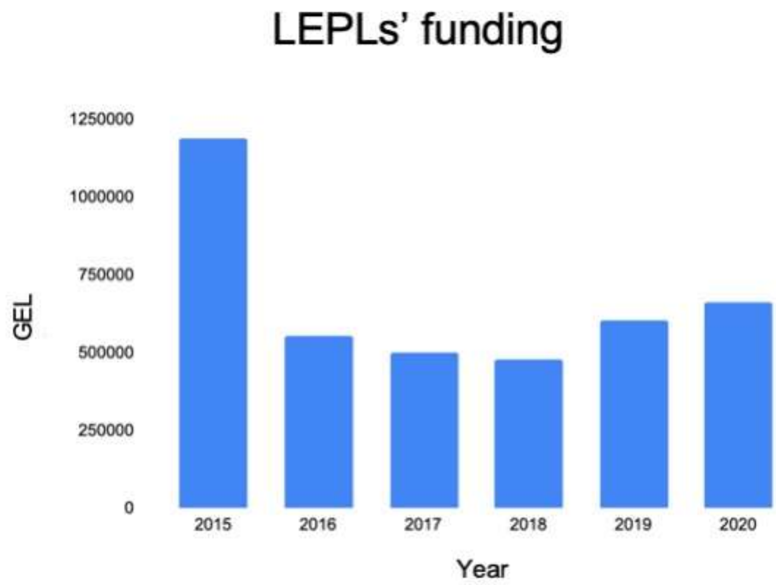
The share of budget allocated to culture, 2015-2020



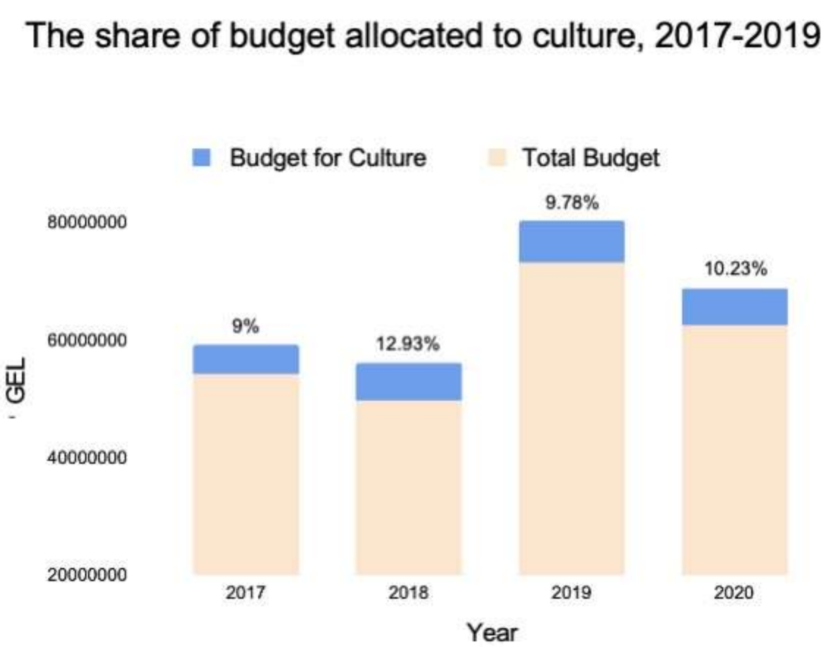
Like other municipalities, the dynamics are unchanged in **Rustavi,** and the amount allocated for culture was at most 3% of the budget in 2021.

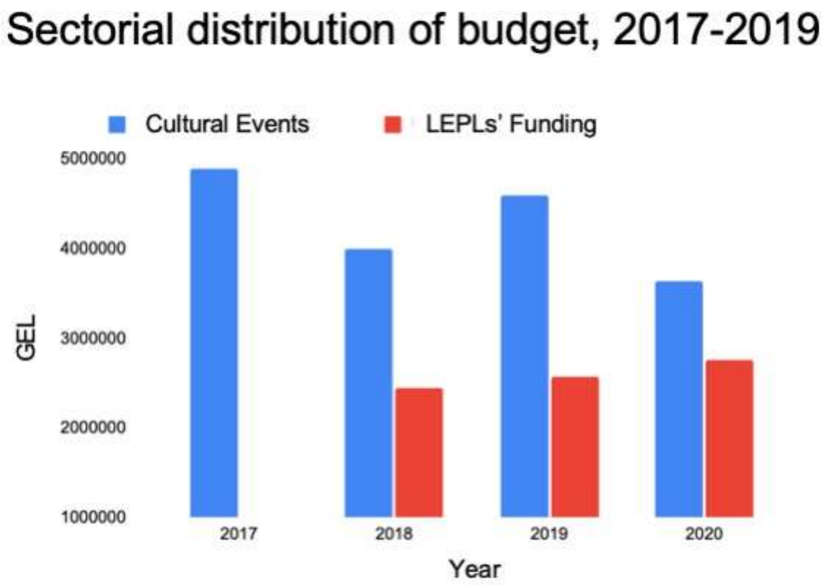
The share of budget allocated to culture, 2015-2020



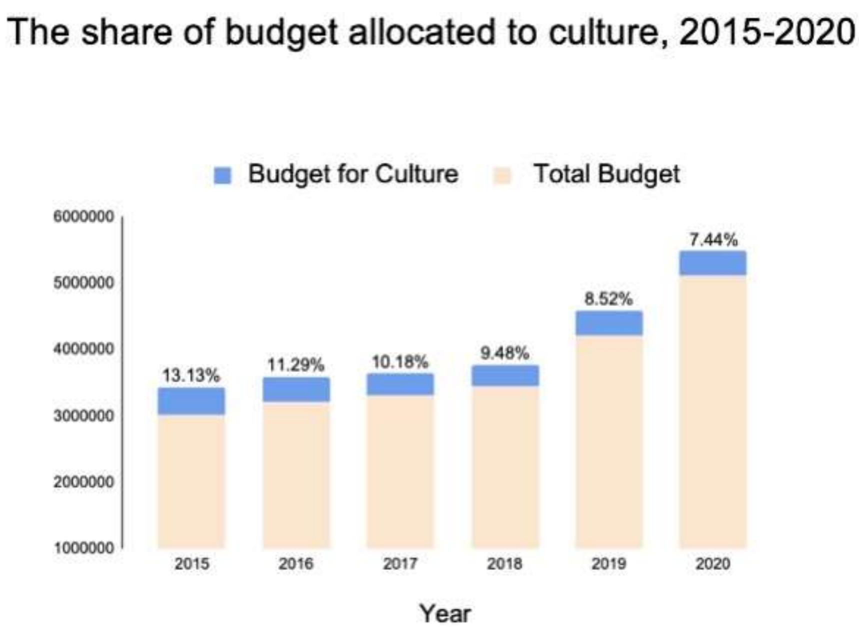


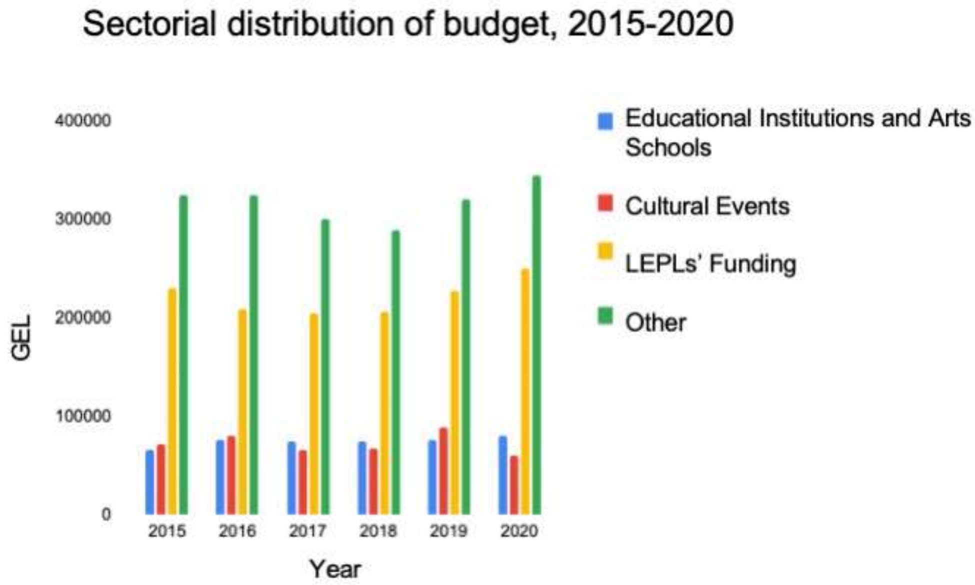
Unlike the latter, the funds allocated for culture in **Zugdidi** are relatively high and equal 9-13% for the last years. On the contrary, in **Poti**, where the percentage share allocated for culture from the budget has recently been 5-6%, the funds directed to local grant programmes and initiatives are significantly scarce.





In **Oni** municipality, in the last three years, the percentage allocated to culture from the budget is, on average, 10%. The amount allocated for events is relatively high.





The analysis of the in-depth interviews conducted within the qualitative research framework shows that some municipalities' representatives of the Culture Unit see the need to redistribute the budget and adapt it to local needs. The results of the focus groups confirm the same opinion. There is a need to increase the existing funding for promoting culture and apply it to such issues as improving local infrastructure, promoting cultural events, or increasing the number of open calls for independent applicants. Many representatives of the Culture Unit also mention the cases of allocating scholarships to students and schoolchildren or funding their studies as successful practices. They believe such an opportunity is essential for the region to maintain specific artistic professions and increase motivation.

3. Economic Programmes for Creative Industries in Georgia

The development of creative industries and the growth of their role in the economy is one of the critical challenges and, simultaneously, an opportunity for the Georgian economy. Several projects implemented in Georgia in recent years to develop and promote creative industries emphasise the industry's importance. As mentioned, to develop creative industries in Georgia, a Legal Entity under Public Law—Creative Georgia, was created and has been operating in the Ministry of Culture, Sports and Youth system since 2017. Furthermore, in 2016, Creative Georgia (a Ministry programme at that time) developed "the Roadmap for Developing Cultural and Creative Industries in Georgia," which is the basis for this work. In addition to Creative Georgia, other organisations are actively involved in creative industries promotion, for example, LEPL Enterprise Georgia, Georgia's Innovation and Technology Agency, Tbilisi City Hall, USAID's Economic Security Programme, EU4Business and the EU4Culture initiatives and the British Council in Georgia. In recent years, the mentioned organisations and initiatives have been implementing projects, the purpose of which, in addition to the development of the private sector in general, is the targeted support of creative industries, which means both the acceleration of existing production and encouragement of the discovery of new opportunities and their integration into the production process.

As mentioned above, one of the programmes supporting the industry is "Film in Georgia," which is implemented by Enterprise Georgia. The project started in 2016 and allowed local and international producers to regain some of their costs. In 2016-2019, 31 projects were included in the programme, and the number of qualified expenses[31] amounted to 95.4 mm. GEL. As a result, the total cashback issued for these projects reached 11.1 mm. GEL. Among the implemented projects, the ninth part of the Fast and Furious film series is the largest. As of 2019, 8 Georgian films were financed within the programme.

Enterprise Georgia also implements the "Micro and Small Business Support" programme, which enables local small entrepreneurs to start, develop and expand their activities. Currently, the programme covers more than 300 areas, including creative industries.

The industrial direction of Enterprise Georgia is another programme, among the beneficiaries of which we find representatives of creative industries. The programme involves co-financing the loan granted by commercial banks or the leasing interest rate. In response to the Covid-19 pandemic, the co-financing period increased from 24 to 36 months, and the loan amount and the leasing value increased to 10 mm. GEL[32]. The Business Universal is an entrepreneurship promotion programme targeting the sub-sectors of creative industries. By increasing access to funding, the programme aims to promote the creation of new enterprises and the development and equipping of existing ones. Enterprise Georgia also actively supports the development of the fashion industry. The agency has been supporting this sector since its establishment. Its goal is to promote Georgian designers and introduce the Georgian fashion industry's potential to international representatives. In 2015-2019, the agency sponsored several shows, including the 2019 Mercedes-Benz Fashion Week. In 2020, during the pandemic, the fashion industry faced significant problems. As part of the export promotion programme, to solve the problem, the agency offered a co-financing programme to companies operating in the industry to participate in online showrooms. As of 2020, 19 events and online showrooms were organised with 49 individual beneficiaries[33]. According to the 2020-2021 Investment Promotion Strategy and Action Plan of Enterprise Georgia, the fashion and design industry occupies one of the leading positions in terms of investment attractiveness and value[34].

The US Agency for International Development (USAID)'s Economic Security Program includes promoting creative industries. Through technical assistance and grant schemes, the program supports industrial development and productivity growth. Technical assistance involves improving value chains, developing workforce capacity, increasing the efficiency of micro, small and medium-sized enterprises, and facilitating communication between the public and private sectors[35]. The Covid-19 pandemic has become a challenge for many creative entrepreneurs, as a result of which the relationship between entrepreneurs and consumers has been significantly complicated. Therefore, a favourable project for artisans was implemented within the Economic Security Program of USAID, allowing Georgian entrepreneurs to place their products on the Etsy platform and make them available to local and international buyers. It should be noted that within the program's framework, the entrepreneurs received the necessary technical assistance for placing their products on the platform from the platform's representative[36].

The 4-year EU4Culture initiative[37] of the European Union aims to encourage the development of creative industries in Eastern European countries and, among them, in the settlements and cities of Georgia. On the one hand, this supports the development of municipal culture policies. On the other hand, it promotes the development of opportunities and mobility of the sector's representatives. Within the framework of the EU4Business's programme, EU4Business: Connecting Companies offers assistance to five sectors of the

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[31] A qualified expense is an expense incurred on the goods or services provided within the framework of the project in the territory of Georgia.
[32] Enterprise Georgia. (2020). Annual Report 2020.
[33] Enterprise Georgia. (2020). Annual Report 2020.
[34] 2020 - 2021 attraction strategy 2020. (2021). https://www.enterprisegeorgia.gov.ge/uploads/files/publications/5efcbf01c88cf-Investment-Strategy.pdf
[35] USAID. https://www.usaid.gov/georgia/our-programs
[36] Economic Security Program, Quarterly Report, 2020, Quarter III. (n.d.). https://www.usaid.gov/georgia/our-programs
[37] EU4Culture. (n.d.). https://euneighbourseast.eu/projects/eu-project-page/?id=1487

economy (which are considered to have significant potential in trade with the EU). Among them are the creative, textile, bio/organic food, tourism, and wine industries[38].

The creative industries have been among the priorities of the British Council for several years. The organisation actively works in the direction of research, policy and capacity building of creative industries nationally. Also, it promotes the introduction of the creative entrepreneurship component across the institutions of higher education[39].

Georgia's Innovation and Technology Agency (GITA) operates in Georgia to promote innovations. The agency has implemented several important projects. Among them is the Business Incubator, which supports entrepreneurs with innovative ideas (including people working in creative industries). The programme includes a series of trainings, product prototyping and assistance in finding investors. Currently, the agency has 5,000.00, 15,000.00, 100,000.00 and 650,000.00 GEL grant programmes available to creative and other industries. Among the funded projects, there are start-ups representing the gaming industry.

It should be noted that the development of creative industries in the capital is supported by Tbilisi City Hall, which implements a competition-based "Creative Tbilisi" programme[40] to develop and implement creative ideas. It includes four directions: publishing, design and crafts, audio-visual and visual arts (photography, installation and painting). For this programme in 2021, 910,000.00 GEL[41] was envisaged within the municipal budget, which is 49% higher than the last year's share.

As the importance of the creative industries grows, it is essential to collect unbiased statistical information about these industries, which will facilitate the implementation of research-based, highly targeted and result-oriented programmes in the future. The following sections of the report discuss the methodology for collecting and describing statistical data related to Georgia's creative industries and present the industry's economic trends.

[38] New EU4Business Project to Connect Companies in the Eastern Partnership countries with EU. (n.d.). https://eu4business.eu/news/
new-eu4business-project-to-connect-companies-in-the-eastern-partnership-countries-with-eu/#:~:text= The chosen sectors are: Bio, Brussels on 17 January, 2020.
[39] Creative Spark. (n.d.). http://designonline.org.au/wp-content/uploads/2017/06/CreativeSparkPromptSheet.pdf
[40] "Creative Tbilisi" programme (n.d.). https://tbilisi.gov.ge/news/7786
[41] 2021 Budget for Tbilisi (n.d.). https://tbilisi.gov.ge/page/43

Part II - Economic analysis of creative industries in Georgia

This part of the research provides the economic analysis of creative industries in Georgia (according to illustration 1) and observes the development trends. Finally, it provides recommendations for efficient and sustainable development of creative industries nationwide.

First, it introduces the detailed methodology and data sources, according to which the economic indicators of the significant actors within Georgian creative industries will be presented.

The central part of the report initially summarises the overall volume and trends of the creative industries in Georgia. By presenting cumulative data, it is possible, on the one hand, to see what share creative industries have in the entire private sector and, on the other hand, to assess the contribution of each creative industry to the creative economy. After the summary assessments, the report examines each creative industry in detail. Finally, recommendations are presented based on the analysis, which should contribute to the elaboration of the evidence-based strategy for developing creative industries.

1. Quantitative Research Methodology and Data

The current section presents the methodology and relevant data used for the economic analysis of the creative industries. We categorise the economic data into several groups: first, the report analyses the leading indicators related to the economic activity of enterprises: their turnover, added value, output, the number of employees and their average monthly salary, and the share of women among the employees[42]. In addition to the mentioned indicators, the report presents the labour survey results. The age distribution of the employees clearly shows the involvement of young people in the industry and the process of a generational shift. Third, economic analysis also includes foreign trade data. Studying foreign trade and markets provides information for determining the industry's potential and developing future action plans.

The next group of data is the analysis of the distribution of the number of active organisations and their scale, which, like the first group of indicators, allows us to see trends in the industry, in turn, dramatically simplifying the assessment of the effectiveness of incentive programmes and the attractiveness of the sector for investors. Additionally, the report uses data from the National Tourism Administration of Georgia, the Ministry of Education and Science of Georgia, and the Ministry of Culture, Sports and Youth of Georgia to analyse the cultural tourism and arts and cultural education sectors.

The classification of creative industries in this report, based on "the Roadmap for Developing Cultural and Creative Industries in Georgia" and subsequent amendments, is given in Table 4.

Table 4 Classification of Creative Industries in Georgia

Classification of creative industries			
1	Architecture	8	Music
2	Design and Fashion	9	Advertising
3	Visual Arts	10	Performing Arts
4	Film and Video	11	Art and Cultural Education
5	Cultural Heritage	12	Digital Technologies
6	Literature and Publishing	13	Crafts

[42] The National Statistics Office of Georgia (n.d.). 1–5. https://www.geostat.ge/media/32249/BS_მეთოდოლოგია.pdf

7	Media and Broadcasting	14	Gastronomy and Culinary

Source: Creative Georgia

The quantitative analysis of the industries listed above is based on secondary data collected from local sources. More specifically, Table 6 shows the indicators used in the study and the data sources used in their calculation.

Table 6 Main indicators and Data Sources Used in the Qualitative Analysis

N	Indicator	Source
1	The volume of trade (products) in creative industries	Geostat, foreign trade statistics, 2015-2020
2	The volume of trade (services) in creative industries	The National Bank of Georgia, balance of payments, 2014-2020
3	Turnover in creative industries	Geostat, statistical survey of enterprises, 2014-2019[43]
4	Added value	
5	Production volume	
6	The number of hired employees	
7	The ratio of women in hired employees	
8	Average monthly salary of hired employees	
9	Age distribution among hired employees	Geostat, labour force survey (LFS), 2019
10	The number of self-employed	
11	The number of employees with creative job profiles within the industry	
12	The number of employees with non-creative job profiles within the industry	
13	The number of active organisations	Geostat, business register, 2015-2020
14	The amount of international visitors, their expenses and participation in gastronomic and cultural tourism-related activities	GNTA, 2015-2020
15	Number of students and graduates enrolled and active in programmes related to the creative industries in higher education institutions and vocational schools. Volume of funding for programmes related to creative industries in higher educational institutions and vocational schools.	Ministry of Education and Science of Georgia; Ministry of Culture, Sports and Youth of Georgia

Note: *for the preparation period of the report, the last available statistical data by the National Statistics Office of Georgia on enterprises came from 2019. Therefore, the indicators analysed include 2019 data. As for the statistical data of the labour force*

[43] The desired and discussed SEC 006-2016 (NACE rev.2) economic activity codes for each industry are presented in Annexe 2.

survey, due to the pandemic, the data from 2020 cannot accurately reflect the situation in this regard. Therefore, this report relies on the data from 2019. Indicators for which 2020 data were available are also presented where possible.

The process of collecting data for analysis can be described as follows:

1. Analysis of foreign trade data. The categories of products related to creative industries were determined at the first stage of processing the indicators (exports, imports, export markets, and importing countries) related to the foreign trade of creative products. Then these categories were related to the sub-sectors presented in Table 1. We used the UNCTAD classification to classify creative products and assigned the product categories to the respective sub-sectors of creative industries. UNCTAD also defines the commodity codes of the creative products category according to the HS 2012 classifier. Annexe 1 presents the types of products related to the creative industries and the corresponding HS 2012 codes. In addition to the codes given in the UNCTAD definition, Annexe 2 presents some relevant HS codes describing creative industries trade. Annual export (domestic export and re-export) and import statistics by 6-digit HS 2012 codes are finally based on Geostat's foreign trade portal data for 2015-2020. Information about trade partners was analysed based on the same source.

2. Trade in services in creative industries. In addition to products, creative industries are service providers. Therefore, the report also presents the trends in trade in services. We use the methodology developed by UNCTAD for estimating trade in services in creative industries. Trade in services in the creative industries is presented according to the following components of the balance of payments: (i) advertising, market research and public opinion polling; (ii) architectural, engineering and other technical services; (iii) research and development, computer and information services; and (iv) personal, cultural and entertainment services, which, in turn, is divided into two categories: audio-visual and related services and other personal, cultural and entertainment services. Additionally, royalties and license fees are considered by UNCTAD as a component related to the creative industries. Therefore, trade in services by creative industries for Georgia is calculated according to these components of the balance of payments of Georgia (BMP6) for 2015-2020.

3. Main indicators related to the economic activity of businesses. To collect data on the mentioned economic indicators (turnover, added value, output, number of hired employees and their average monthly salary, and share of women among hired employees), creative industries were first assigned an appropriate GNM 006-2016 (NACE rev.2) economic activity classifier codes.

Annex 2 presents the preferred GNM 006-2016 (NACE rev.2) codes for creative industries (column 2) and the codes available from the statistical study of enterprises (column 3). However, as seen from the Annexe, in many cases, the statistical data of enterprises does not allow us to generate data at the desired (4-digit) level. Instead, analysed economic activities correspond to 3-digit or 2-digit coding levels.

In addition, the relatively large aggregation codes are not informative for analysing some sub-sectors (design and fashion, arts and cultural education, and crafts). Therefore, here the indicators are not diagnosed. As for visual and performing arts, the figures for these two sub-sectors will be presented as totals due to the absence of disaggregated data.

There is no corresponding statistical data at the 4-digit level for some sub-sectors because of the non-representativeness of the sample of operating businesses. Therefore, in case of insufficient actors in a particular sub-sector, the reliability of statistical data is low. Furthermore, aimed at the justified study of creative industries, we must consider that individuals might be engaged in creative industry-related activities parallel to their primary/full job. Therefore, it is possible that creative activities are not fully reflected in statistical data.

As an additional challenge related to data availability, we should mention that in many cases, due to the relatively narrow definition of creative activities, the related economic activity cannot be detected in the classifier of types of economic activity. Therefore, some creative activities cannot be included in the list of codes of the desired GNM 006-2016 (NACE rev.2) classifier at the initial stage of the analysis and, accordingly, in the subsequent steps—in the data analysis.

4. Analysis of the number and size of active organisations. Data on the number of active organisations are taken from the Geostat business register. In this case, the data is available with a narrower breakdown of the SEC 006-2016 (NACE rev.2) classification even at the 4-digit level and matches the desired classification (Annexe 2, column 5).

According to the data of the business register, organisations include Partnership, Non-entrepreneurial (Non-commercial) Legal Entity, Individual Entrepreneur, Joint-stock Company, Legal Entity under Public Law, State institution, General Proprietorship Company, Branch of a Foreign Non-entrepreneurial Legal Entity, Permanent Establishment of a Foreign Enterprise, Branch of Foreign Enterprise and Limited Liability Company.

Active organisations are grouped into three main categories: large (average annual number of employees exceeds 249 or average yearly turnover exceeds 60 mm. GEL), medium (average annual number of employees ranges from 50 to 250, or yearly average turnover ranges from 12 to 60 mm. GEL) and small (the yearly average number of employees does not exceed 50 employees and the average annual turnover does not exceed 12 mm. GEL)[44].

5. Results of the labour force survey. The data of the labour force survey (LFS)-based indicators are also available with a narrower breakdown and match the preferred classification (Annexe 5, column 5). The current report analyses the data from the LFS conducted in 2019.

5.1 Primary and secondary employment are considered when counting the hired employees and self-employed.

5.2 It should be noted that the number of hired employees is used only to analyse the age breakdown.

5.3 As for the number of self-employed, the small number of respondents participating in the LFS makes it impossible to observe each sub-sector. Therefore, the data of self-employed are analysed cumulatively for the creative industry.

5.4 Finally, the International Standard Classification of Occupations (ISCO) counts the number of people employed in creative positions across creative and non-creative industries. It should be noted that, at the time of data processing, the data of the National Office of Statistics of Georgia were presented in the ISCO-88 (2006) classification. However, UNESCO used the updated ISCO-08 classification (2012) to define creative professions, which according to our analysis and to fit the data of LFS, was converted to ISCO-88. The list of creative occupations according to the ISCO-88 classification is presented in Annexe 3.

6. Gastronomy and culinary; cultural tourism. To analyse the gastronomy and culinary industry, where we do not have the corresponding GNM 006-2016 (NACE rev.2), we consider the GNTA data of the international and domestic visitor survey. In this section, we analyse general trends in international visitors, international and domestic visitors' spending on food and beverage and their involvement in gastronomic tourism-related activities. Additionally, restaurant and food delivery services (Sec 006-2016 (NACE rev.2) classification code 56.1) will be analysed, considering their close connection with gastronomic tourism.

[44] The National Statistics Office of Georgia (n.d.). 1-5.

Because Georgian wine is an integral part of the gastronomy and culinary industry, the report also presents data on foreign trade in wine. However, it is essential to note that the data on the wine trade includes both small family wineries (which are more associated with the creative industries) and large companies. Due to the incompleteness of additional data sources, separating these two categories is impossible. In addition to gastronomy and the culinary industry, the report examines cultural tourism due to its close association with the creative industries. In this case, the expenditure incurred by international and domestic visitors on cultural tourism and their involvement in cultural tourism-related activities will be analysed based on the GNTA data.

7. Arts and cultural education. The report uses the data of the Ministry of Education and Science of Georgia and the Ministry of Culture, Sports and Youth of Georgia to analyse the data on education in the creative domain. More specifically, to observe the existing curricula in the arts and cultural domains, the demand for acquiring creative professions and the process of prioritisation of creative education for the State, the report analyses the number of students in the creative industries-related programmes at the institutions of higher and vocational education and respective funding schemes. It should be noted that educational programmes related to creative industries are grouped in the report according to the International Standard Classification of Occupations (ISCO-88). These groupings at higher and vocational educational programmes are presented in Annexe 4 and 5.

Based on these data and indicators, the following sections of the report include a quantitative analysis of each creative industry, preceded by a summary of trends for the overall creative economy.

2. Summary of Economic Indicators of the Industry

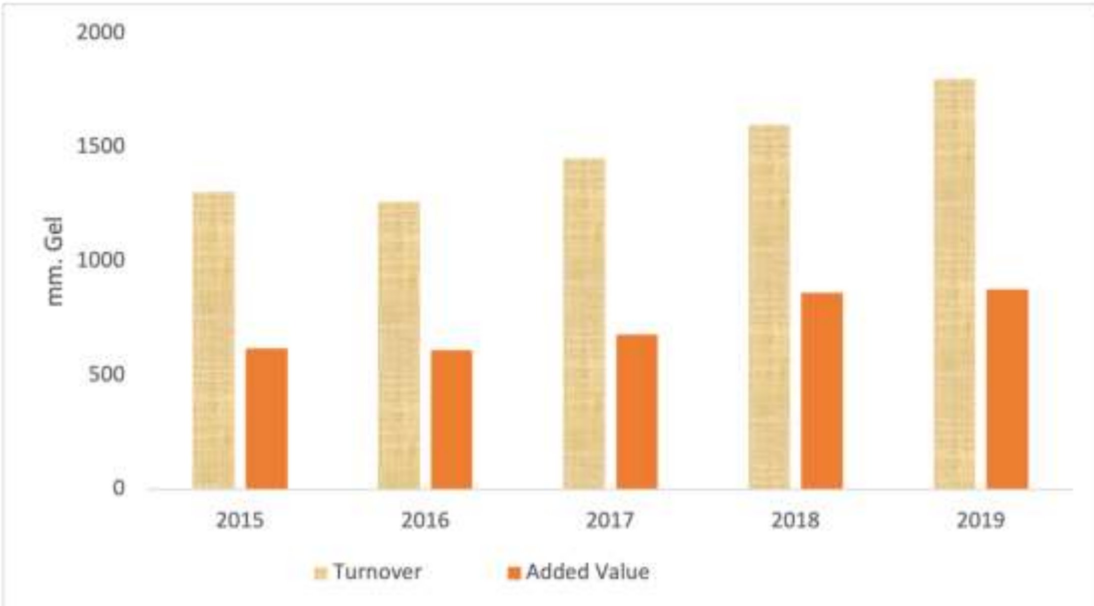
The following section discusses the aggregate economic indicators of the creative industries: architecture, visual and performing arts, film and video, cultural heritage, literature and publishing, media and broadcasting, music, advertising and digital technologies. The results of the labour force survey and data on the number and size of active organisations include design and fashion, and crafts. The current section also summarises foreign trade data for architecture, design and fashion, visual and performing arts, film and video, cultural heritage, literature and publishing, music, digital technologies and craft. The total foreign trade data does not include wine trade because, as mentioned in the methodology section, it is impossible to single out small family wineries.

In 2015-2019, the number of active enterprises in creative industries increased from 5,579 (2015) to 6,019 (2019) and decreased to 5,728 in 2020. According to 2020 data, 52.6% (3,013 enterprises) are Limited Liability Companies, 36.7% (2,106 enterprises) are Individual Entrepreneurs, 7.1% (407 enterprises) are Non-entrepreneurial (Non-commercial) Legal Entities, 1.5% (87 enterprises) are the Legal Entities under Public Law, and 2.1% represent other types of legal entities. In addition, 77.3% (4,426) are small, 3.0% (medium), and 0.4% (23) are large. Information about the size of the remaining enterprises (20.1%) is unavailable.

In 2015-2019, the average annual growth of the total turnover[45] of creative industries amounted to 8% exceeding 1.8 b. GEL by 2019 (Graph 4).

[45] Revenues received from the sale of goods and services by the economic entity during the reporting period

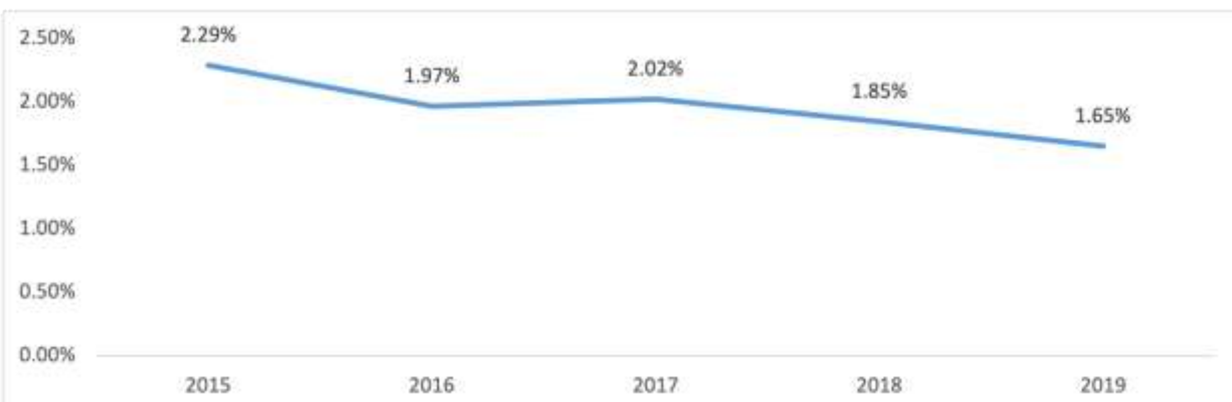
Graph 4: Aggregated turnover and added value, 2015 to 2019



Source: Geostat

In 2019, the turnover of creative industries amounted to 1.65% of the entire business sector. This share (Graph 5) decreased every year, implying that the growth rate of the total turnover of the business sector exceeds the growth rate of the turnover of creative industries.

Graph 5: The share of the creative industries in the entire business sector's turnover, 2015 to 2019



Source: Geostat

According to the 2019 data, advertising has the largest share (695 mm. GEL) in turnover among other creative industries. It is followed by architecture (505 mm. GEL) and literature and publishing (327 mm. GEL). Thus, these three industries' share is 85% of the total turnover. The remaining six industries are significantly behind (Graph 6).

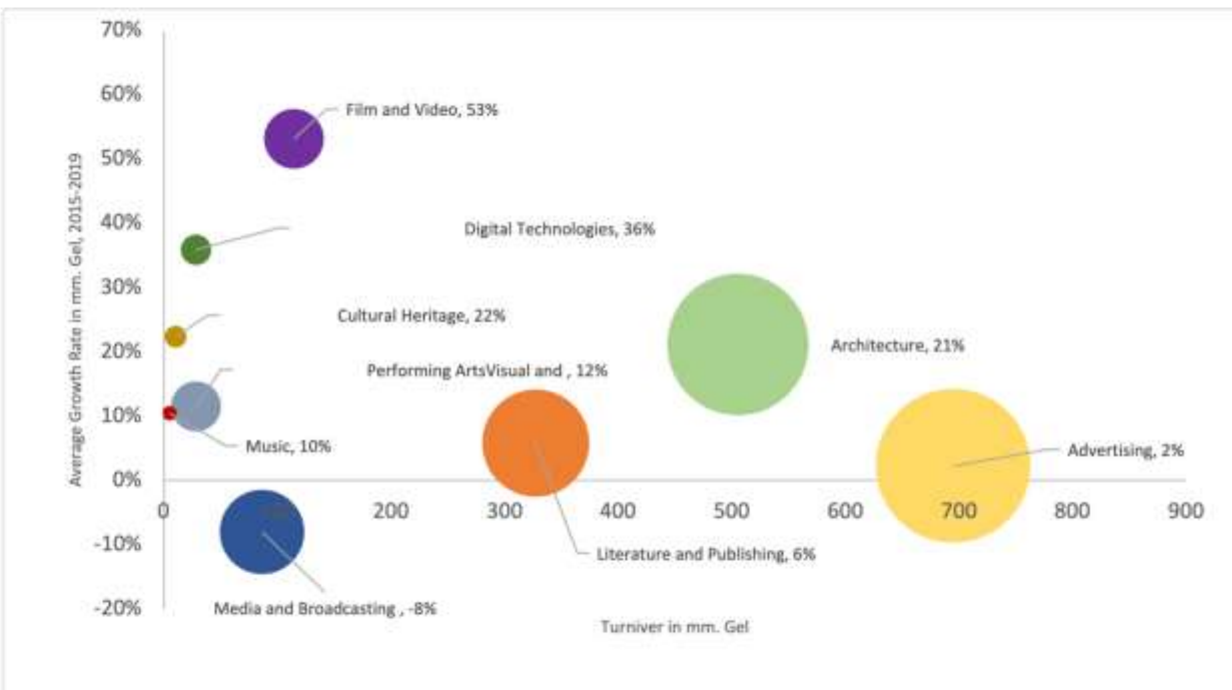
When comparing industries according to the turnover rates, it should be considered that, due to the scarcity of data, the architectural domain extends to engineering activities, technical testing, and analysis. Visual arts are combined with performing arts, while digital technologies do not encompass consumables.

Graph 6: The volume and share of the turnover of creative industries in broader turnover in 2019

Source: Geostat

In most cases, the turnover growth rate of relatively small industries is higher than that of leading ones. From 2015 to 2019, film and video was the top sector in terms of the average annual growth rate: its turnover increased by 53% annually. It is followed by digital technologies (36%) and cultural heritage (22%). Only media and broadcasting experienced a negative average annual turnover growth rate (-8%) (Graph 7).

Graph 7: The turnover of creative industries and the average annual growth rate of the turnover



Source: Geostat

Note: The size of the circles on the graph corresponds to the average output of a specific industry from 2015 to 2019

In the mentioned period, the added value[46] created by the creative industries grew by an average of 9% annually. In 2019, the total indicator of the added value of creative industries exceeded 876 mm. GEL, 1.7% more than the corresponding indicator from 2018 (Graph 4).

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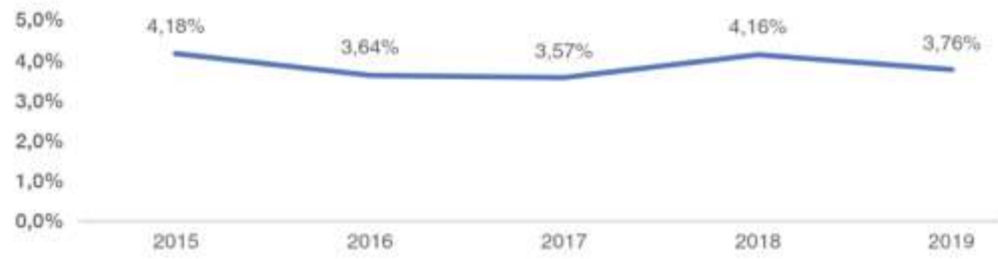
[46] Value added created in the production process - the difference between the cost of produced goods and services and intermediate consumption

In 2019, the share of the added value of creative industries in the entire business sector decreased compared to 2018 and amounted to 3.8% (Graph 8). In 2019, advertising had the largest share (38%) in the total added value of creative industries. It was followed by architecture (36%), literature and publishing (11%), media and broadcasting (6%) and film and video (4%).

Graph 8: The share of the added value of creative industries in the entire business sector

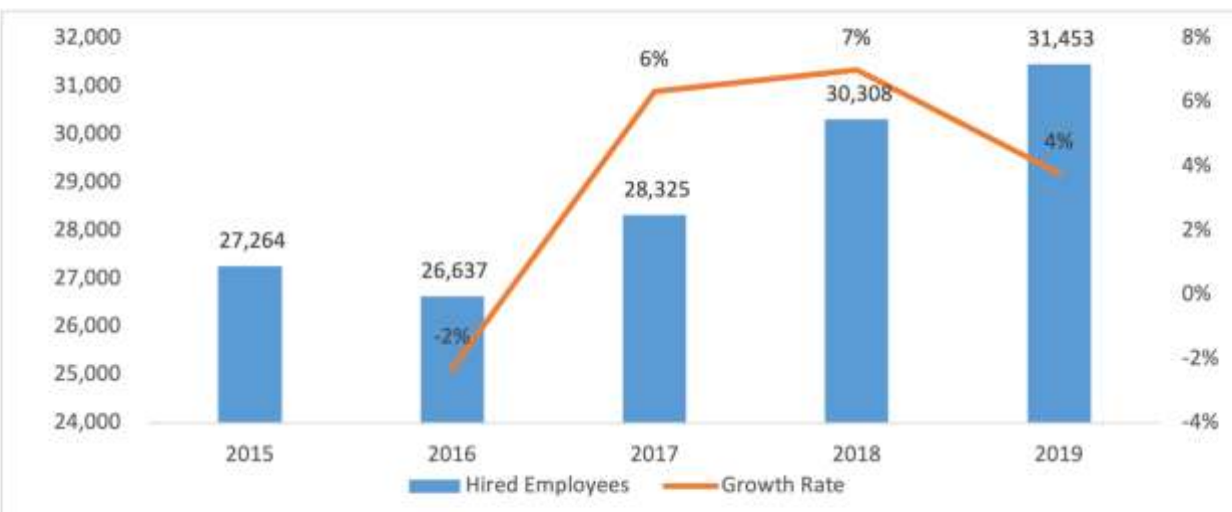


Source: Geostat

The highest rate of average annual growth of added value from 2015 to 2019 was observed in the film and video sector (47%) and cultural heritage (38%), and the smallest was in media and broadcasting (-10%), followed by literature and publishing (4%).

The average annual growth of hired employees from 2015 to 2019 amounted to 4%. In 2019, the number of hired employees in the creative industries amounted to 31,453 (4% of the hired employees across the entire business sector). In 2019 the industry employed 4,189 more than in 2015 (Graph 9).

Graph 9: The number of hired employees and growth rate



Source: Geostat

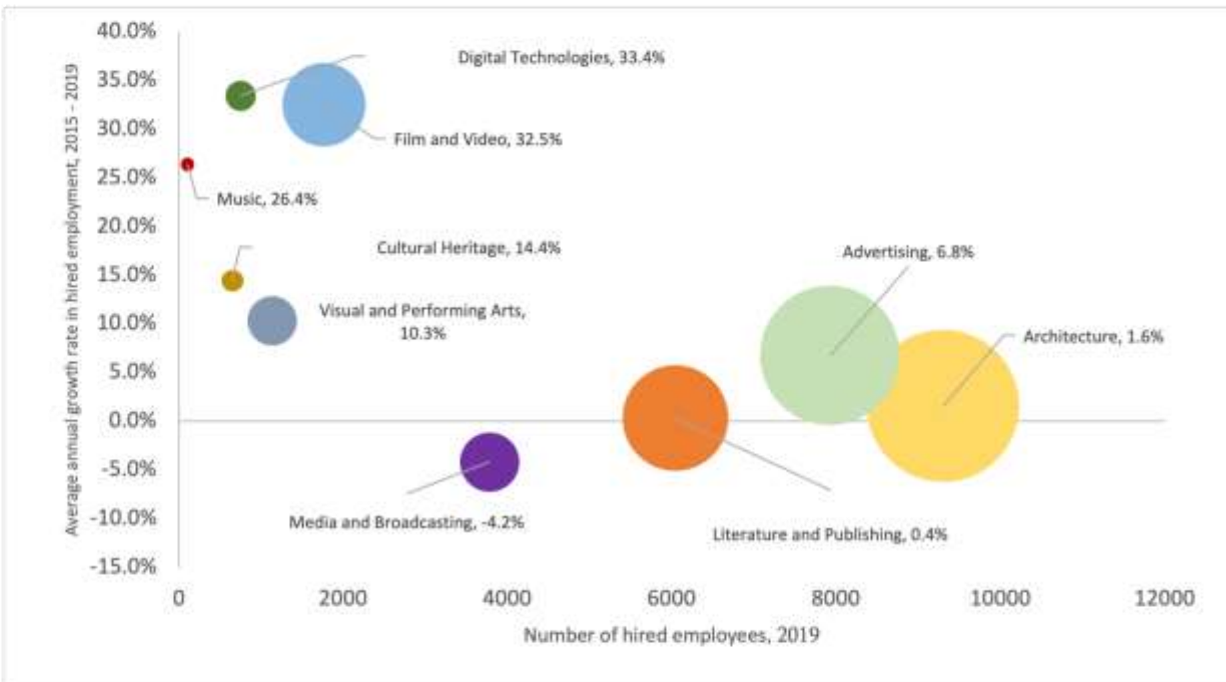
Among the creative industries, architecture is the biggest employer. It employed 9,303 people in 2019 (31%) and is followed by advertising (7,924 employees, 24%) and literature and publishing (6,044 employees, 20%). These three industries account for about 74% of the total employment within the sector (Graph 10). Alike the turnover, this data clearly shows the distinction between the sub-sectors of the creative industry.

Graph 10: The number of hired employees in creative industries and their share in total hired employees

Source: Geostat

However, the leading industries (architecture, advertising, literature and publishing) recorded low average annual employment growth rates from 2015 to 2019 (Graph 11).

Graph 11: The number of hired employees across creative industries and the average annual growth rate



Source: Geostat

Note: The size of the circles on the graph corresponds to the average output of a specific industry from 2015 to 2019

Digital technologies and film and video had the highest average annual growth rate of hired employees from 2015 to 2019 (33.4% and 32.5%, respectively). Although the number of employees in digital technologies is significantly lower than that of the leading industries, it is worth noting that the industry is developing rapidly. On the other hand, the number of hired employees in media and broadcasting experienced a 4% average annual decrease during the mentioned period (Graph 11).

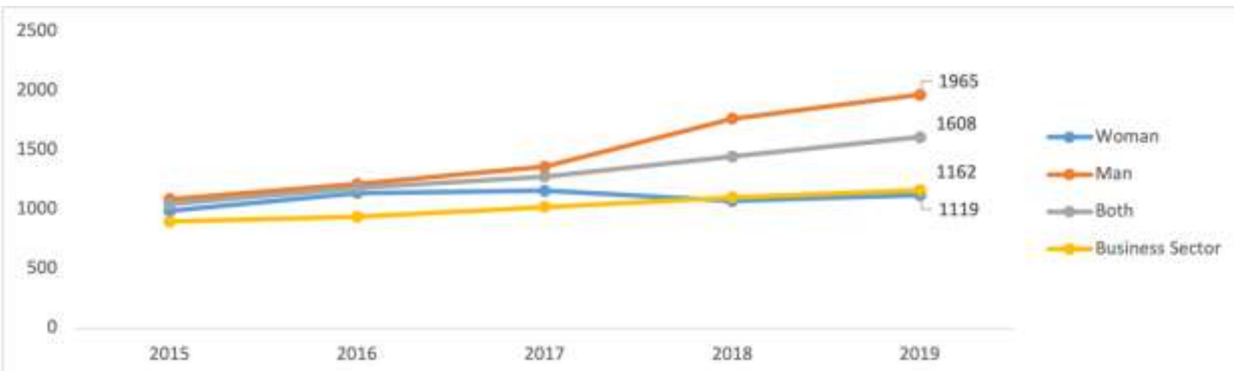
According to the 2019 labour force survey of the National Statistics Office of Georgia, creative industries mostly employ people between 30 and 45 years old (28.6%), followed by the workforce between 15 and 30 years (18.1%).

The share of women among hired employees increased from 41.4% (2015) to 42.2% (2019). For comparison, women made up about 50.3% of the hired employees in the economy in 2019. According to the data in 2019, the share of women among the hired employees is the highest in literature and publishing (59%) and the lowest in architecture (28%).

As for the number of self-employed people, according to the 2019 labour force survey, 9,084 people were self-employed in creative industries (primary and secondary employment), out of which 36.1% were between 45 and 60 years, and 9.8% were between 60 and over. In addition, only 27% are women.

From 2015 to 2019, the annual growth rate of the average salary of hired employees was 11%. On the other hand, the average monthly salary of women grew by 3% annually and by 16% for men. As a result, between 2015 and 2019, gender inequality between average salaries increased significantly. According to the data of 2019, the salary of women employed in creative industries is 1,119.00 GEL, while men receive 1,965.00 GEL; and the total average salary across creative industries is 1,608.00 GEL. This, in turn, significantly exceeds the average salary across the business sector (1,162.00 GEL) (Graph 12).

Graph 12: Average monthly salary of the hired employees across creative industries and business sector



Source: Geostat

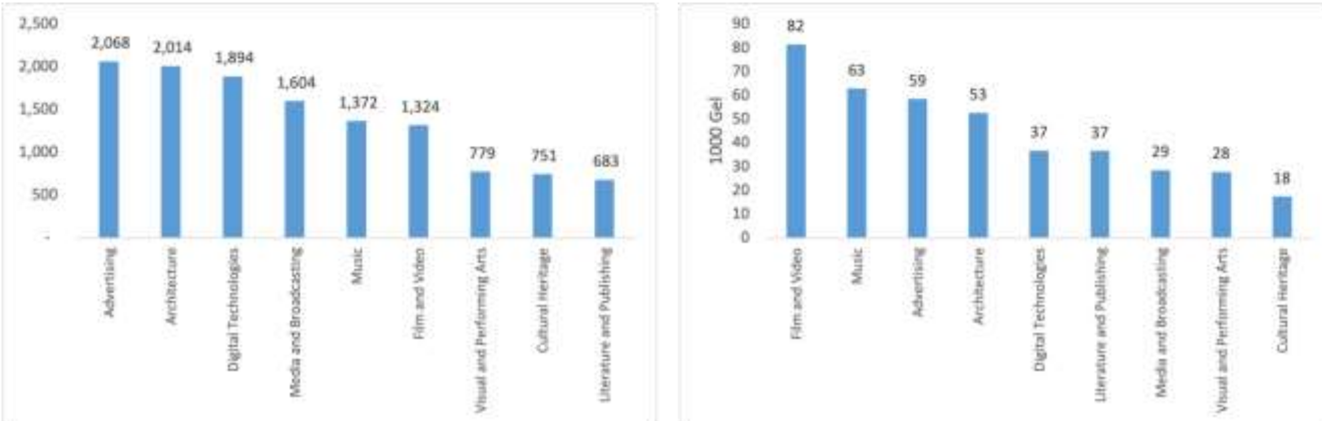
According to 2019 data, the highest average salary among creative industries can be found in advertising (2,068.00 GEL) and architecture (2,014.00 GEL). The lowest is in visual arts (779.00 GEL), cultural heritage (751.00 GEL) and literature and publishing (683.00 GEL).

According to 2019 data, in terms of productivity[47], film and video, and music domains have the largest share, followed by advertising and architecture. The lowest productivity is in the visual arts and cultural heritage sub-sectors (Graph 13).

[47] Productivity is calculated relative to the average annual number of employees of the industry's annual output.

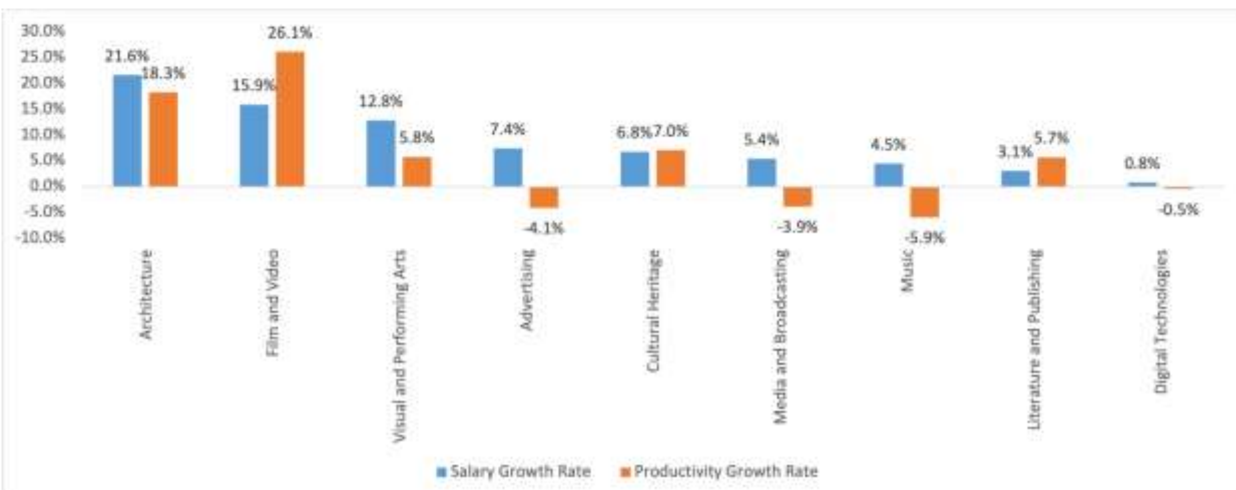
Graph 13: Average monthly salaries of the hired employees and annual productivity

Source: Geostat



According to Graph 14, architecture and film and video sub-sectors are the most rapidly developing domains characterised by double-digit average annual growth in remuneration and productivity. Moreover, the monthly average salary is increasing despite declining productivity in advertising, media and broadcasting, digital technologies and music. In this regard, advertising is particularly noteworthy, with the highest monthly average salary in 2019 (Graphs 13 and 14).

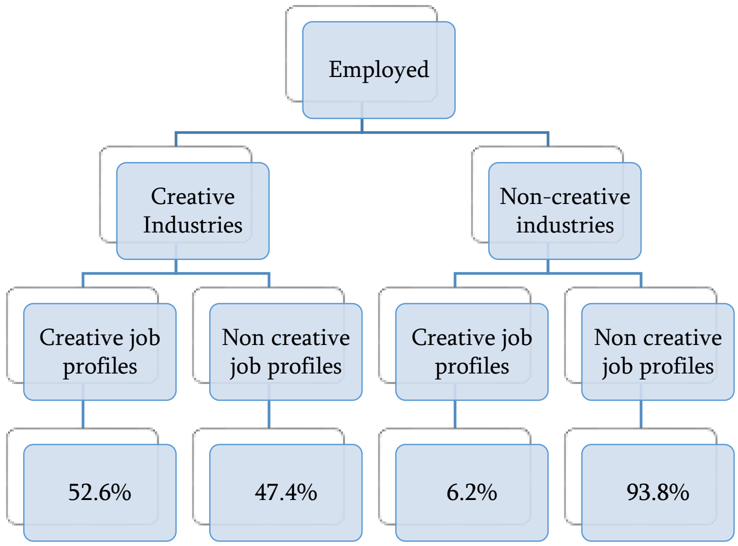
Graph 14: Average annual growth rate of salaries and productivity



Source: Geostat

According to the 2019 labour force survey, 52.6% of those in the creative industries have creative job profiles. As for non-creative sectors in the economy, 102.4 thousand people (6.2%) have creative job profiles there. Only 20% of people with creative job profiles (across creative and non-creative industries) are employed in creative industries (Figure 2).

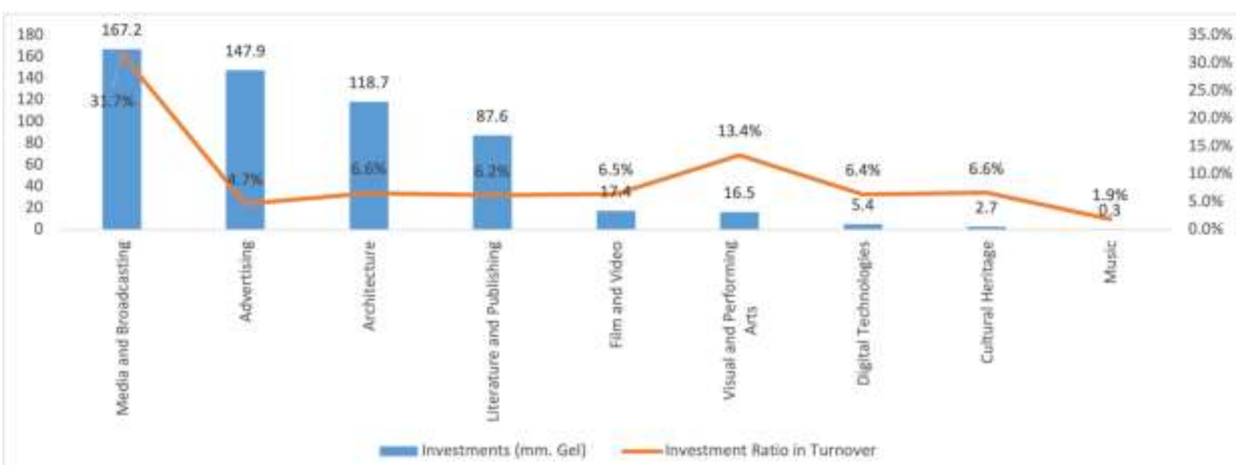
Figure 2: The distribution of employed people (hired employees and self-employed people) with creative and non-creative job profiles across creative and other industries in 2019



From 2015 to 2019, more than 563 mm. GEL was invested[48] in creative industries: the most significant investment was in media and broadcasting (167.2 mm. GEL) and advertising (147.9 mm. GEL). In comparison, the smallest amount was invested in music (0.3 mm. GEL) and cultural heritage (0.3 mm. GEL) (Graph 15).

The highest average annual growth rate of investments from 2015 to 2019 was in the film and video (41.7%) and architecture (28.5%) domains, while the lowest negative growth rate was in media and broadcasting (-38.9%). In the same period, the share of investments in turnover is the highest in media and broadcasting (31.7%) and visual arts (13.4%). In comparison, the lowest was recorded in the music industry (1.9%) (Graph 15).

Graph 15: The sum of investments and their ratio in turnover, 2015 - 2019



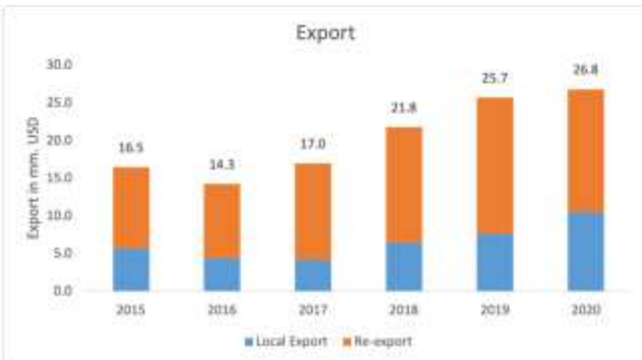
Source: Geostat

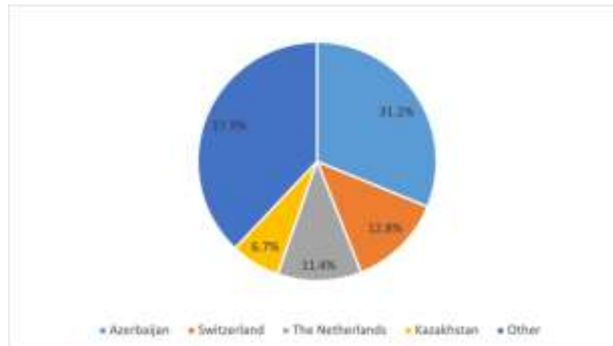
[48] Investments are calculated as the sum of investment in fixed assets and changes in inventories.

As for the dynamics of foreign product trade, from 2015 to 2019, creative industries exports[49] (USD) grew by 11.8% annually on average. The average growth rate of local exports was 7.6%, and the share of re-exports amounted to 13.8%. In 2020, compared to 2019, total exports increased by 4.3% and amounted to 26.8 mm. USD (Graph 16).

According to 2019 data, the primary market for local exports is Azerbaijan, which accounts for 31.2% of the total exports. It is followed by Switzerland (12.8%), the Netherlands (11.4%) and Kazakhstan (6.7%) (Graph 16).

Graph 16: Creative industries' export, 2015-2020 and destinations



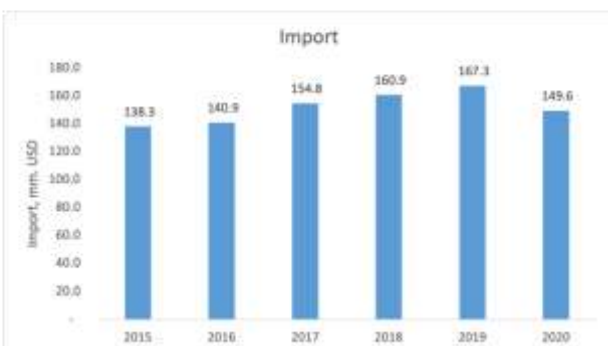


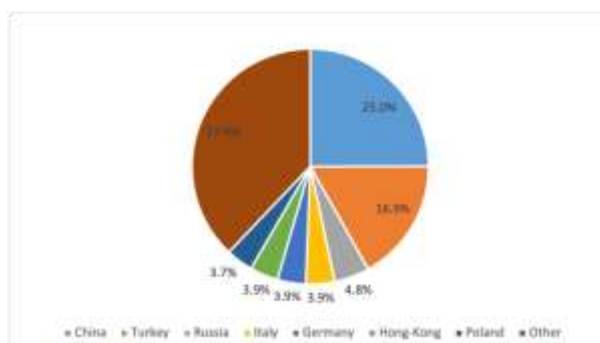
Source: Geostat

From 2015 to 2019, the total import of creative industries grew by an average of 4.9%. The maximum rate (167.3 mm. USD) was recorded in 2019. In 2020, compared to 2019, imports decreased by 10.6% and amounted to 149.6 mm. USD (Graph 17).

In 2019, 25% of the products imported to Georgia came from China, 17% from Turkey, 5% from Russia, and 5% from Italy (Graph 17). In 2019, 55% of imported products came from the crafts domain and 28% from the design and fashion sub-sectors[50].

Graph 17: The import of creative industries, 2015 - 2020 and major import countries





Source: Geostat

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[49] Excluding wine export

[50] The main products exported and imported by industries are discussed in more detail in the respective industries sections.

2.1 Architecture

In the next section, we will discuss the economic indicators for the architecture industry. According to the classification of creative industries, the architecture industry includes economic activity code 71.11 - Architectural activities (GNC 006-2016 (NACE rev.2)).

However, considering data availability, the leading economic indicators are presented according to code 71 - Architectural and engineering activities, Technical testing and analysis. In addition, information on active organisations registered in the industry and the indicators based on the labour force survey are presented for code 71.11 (Architectural activities) of the same classifier (Table 1.1).

Table 1.1 Economic activities included in the architecture industry, according to the available data.

Creative Industry (1)	Preferred GNC 006-2016 (Nace rev. 2) Code (2)	Available GNC 006-2016 (Nace rev. 2) codes for the data of a statistical survey of enterprises (3)	Column N3 includes: (4)	Available GNC 006-2016 (Nace rev. 2) codes for the Business Register and labour force survey-based data (5)
Architecture	71.11 – Architectural activities	71 – Architectural and engineering activities; Technical testing and analysis.	71.11 – Architectural activities 71.12 - Engineering activities and related technical consultancy 71.20 - Technical testing and analysis	71.11 – Architectural activities

The architecture industry occupies one of the leading positions among other creative industries. In terms of turnover in 2019, it is second only to advertising and is the leader in the number of employees hired. From 2015 to 2019, investments exceeded 118 mm. GEL and the average annual growth rate was 28.5%. It should be noted that when comparing the architecture industry with other creative industries, we should remember that in the analysis of the mentioned industry, considering the data availability, a relatively enlarged category of economic activity is referred to.

Between 2015 and 2019, the number of organisations active in the architecture industry was stable, although there was a slight decrease in 2020 (from 1,212 to 1,126). According to the legal form of the entities, Limited Liability Companies predominate (79% - 889 enterprises), followed by Individual Entrepreneurs (17% - 189 ind. entrepreneurs). 86% of the mentioned entities (965 enterprises) are small, and 1% (11 organisations) are medium. Information on the size of the remaining 10% (150 enterprises) is unavailable. It should be noted that there are no large active enterprises in the architecture industry.

From 2015 to 2019, the average annual nominal growth rate of the industry turnover was 21%, which is 3% higher than the growth rate of the total turnover of the overall business sector in Georgia. The growth rate reached its peak (38%) in 2017. Finally, in 2019, the turnover of the architecture industry exceeded 505 mm. GEL, which is 16% higher than the corresponding indicator of 2018 (Graph 1.1). According to the same year's data, 28% of the total turnover of creative industries comes from the architecture industry.

From 2015 to 2018, the added value created by the industry was characterised by an increasing trend and in 2018 amounted to 315 mm. GEL. And then, in 2019, it slightly decreased to 312 mm. GEL (Graph 1.1).

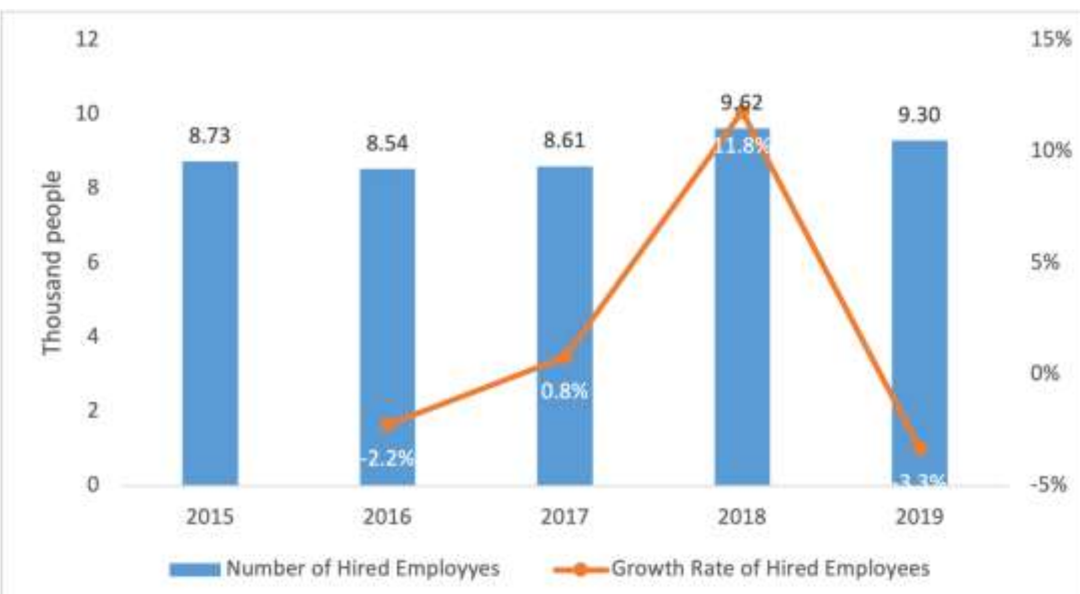
Graph 1.1 Architecture industry turnover and added value, 2015-2019

Source: Geostat

During the mentioned period, the share of the industry's added value is relatively stable in relation to the output and ranges from 60% to 68%.

The average annual growth of the number of hired employees in the architecture industry from 2015 to 2019 was 1.5%. In total, 569 additional jobs were created during this period. In 2019, after a 3.3% decrease compared to 2018, the number of hired employees amounted to 9,303 (Graph 1.2). Despite the low employment growth rate, other economic indicators point to rapid development, which is explained by the increase in the productivity of employees in the industry: it increased from 27 thousand in 2015 to 52.8 thousand GEL in 2019.

Graph 1.2 The number of hired employees in the architecture industry and annual growth rate, 2015 - 2019

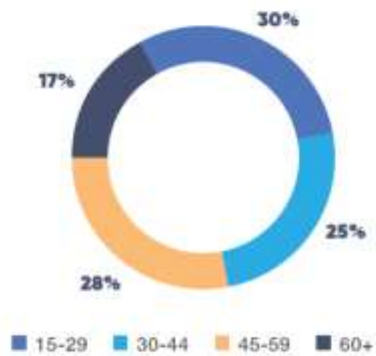


Source: Geostat

According to the data from 2015, the share of women among the hired employees in the industry was 25%. The indicator reached its peak (35%) in 2018, and in 2019 it decreased to 28%.

According to the 2019 labour force survey by the National Statistics Office of Georgia, the representatives of the 15 to 29-year-old category predominate among those employed in the sector, making up 30% of the total number. The "60 +" age category represents the smallest number (17%) of hired employees (Graph 1.3).

Graph 1.3 The distribution of hired employees by age in the architecture industry in 2019

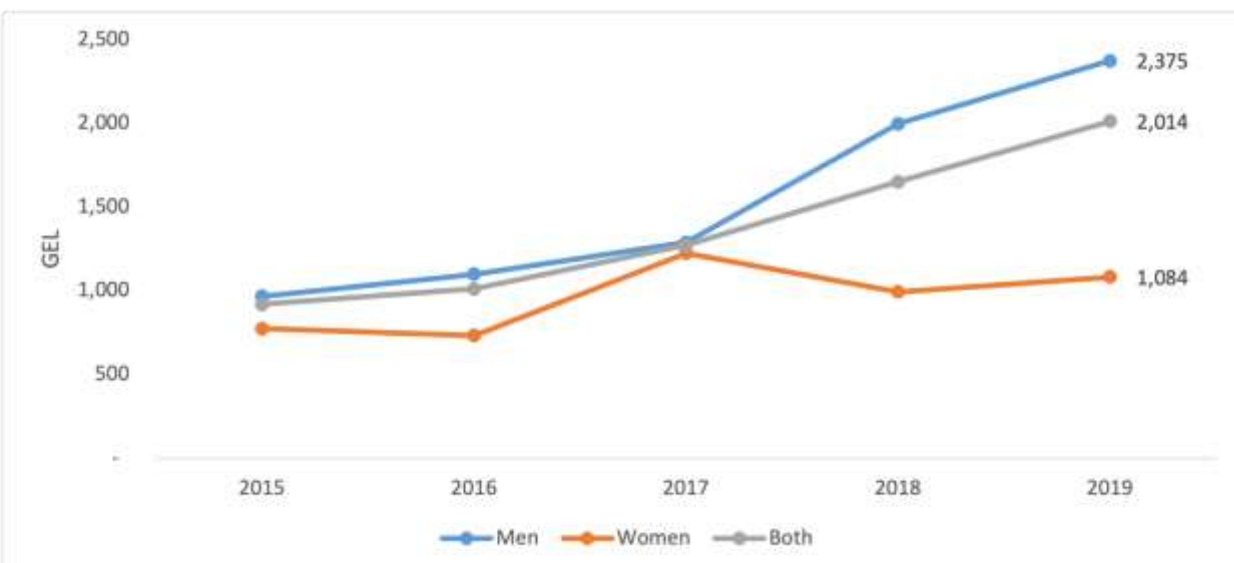


Source: Geostat, labour force survey, 2019

The number of employees in the industry is equally distributed among age groups. However, the high rate of hired employees under 30 is noteworthy.

From 2015 to 2019, the average monthly salary of the hired employees increased by 22% annually. From this, the average annual growth rate of women's salary is 9% and men's—25%. The gender pay gap narrowed to almost zero in 2017 but widened again in 2018 and 2019. According to the data of 2019, the average salary was 2,014.00 GEL, of which men received 2,375.00 GEL on average, while women received only 1,084.00 GEL on average (Graph 1.4).

Graph 1.4 Average monthly salary of hired employees in the architecture industry, 2015 - 2019

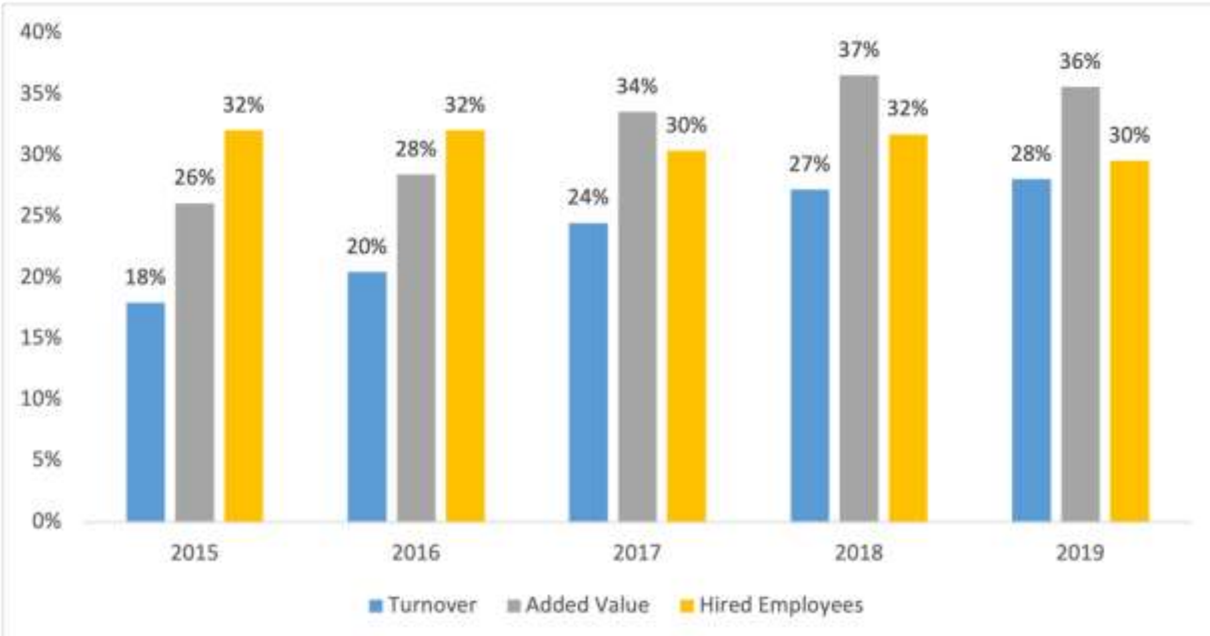


Source: Geostat

To present the role of the architecture industry amongst others, we compare its turnover, added value and employment indicators with those of other creative sectors (Graph 1.5).

From 2015 to 2019, the share of hired employees in architecture was 30-32% of the total employment in creative industries. As for the percentage of the sector in the total turnover, this figure was 18% in 2015, but by 2019 it had increased and reached 28%, indicating the increasing importance of the architecture industry across the creative industries. An expanding trend also characterises the share of the architecture industry in the total added value until 2018 (in 2019, it slightly decreased and amounted to 36%) (Graph 1.5).

Graph 1.5 Share of architecture industry in total creative industries' turnover, added value and employment, 2015-2019



Source: Geostat

Regarding trade trends within the industry, it should be noted that trade in goods is almost non-existent. Only a small volume of imports is recorded from 2015 to 2018. The sector's external trade is mainly related to trade in services, the trends of which will be discussed in the section on Trade in Services of the Creative Industries.

2.2 Design and Fashion

The design and fashion industry, according to the classification of creative industries, includes economic activity code 74.10 - Specialised design activities (GNC 006-2016 (NACE rev.2)). However, considering the data availability, information on registered active organisations, foreign trade data and labour force survey results are presented only.

Table 2.1 Economic activities included in the design and fashion industry, according to the available data.

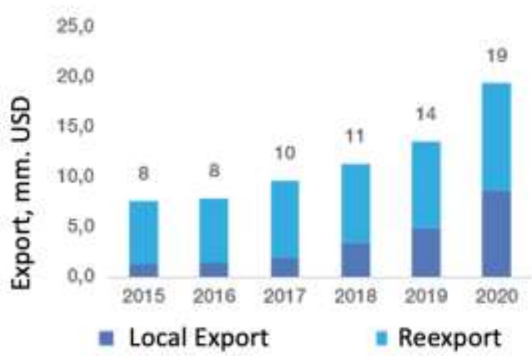
Creative Industry (1)	Preferred GNC 006-2016 (Nace rev. 2) code (2)	Available GNC 006-2016 (Nace rev. 2) codes for the data of a statistical survey of enterprises (3)	Available GNC 006-2016 (Nace rev. 2) codes for the Business Register and labour force survey-based data (5)
Design and fashion industry	74.10 – Specialised design activities	The code for specific economic activity is not available	74.10 - Specialised design activities

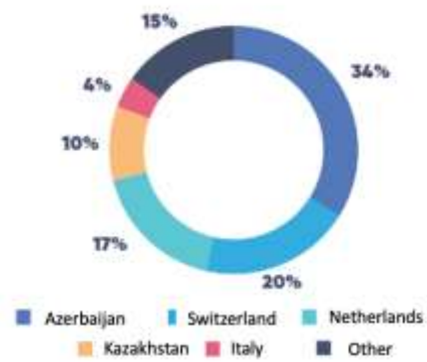
Between 2015 and 2019, the number of active organisations registered in the design and fashion industry grew by an average of 42% annually. As a result, in 2019, the number of organisations active in the sector reached 143, and in 2020, it increased by an additional 20% and amounted to 172. According to the data from 2019, 70% of the entities (121) are Individual Entrepreneurs, and 30% (51) are Limited Liability Companies. 41% (71) are small, and information is unavailable for the remaining 59% (101).

From 2015 to 2019, the average annual growth of design and fashion industry exports was 15%: local exports grew by 39% and re-exports by 8% on average. In 2020, compared to 2019, total exports increased by 43% and amounted to 19.4 mm. USD (Graph 2.1). The significant growth rate of local exports can be explained, among other things, by the incentive programmes in the industry.

According to the data for 2019, the leading position in local exports is held by Azerbaijan, which accounts for 34% of total exports. It is followed by Switzerland (20%), the Netherlands (17%) and Kazakhstan (10%) (Graph 2.2). According to the same year's data, the trade in shoes and perfumes is leading.

Graph 2.1 The export in fashion and design / Graph 2.2 Major export destinations



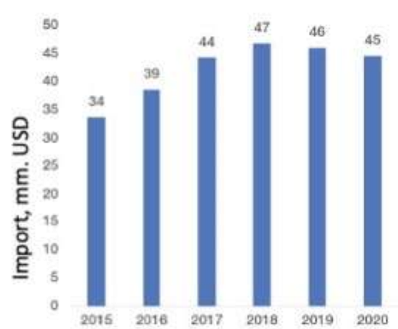


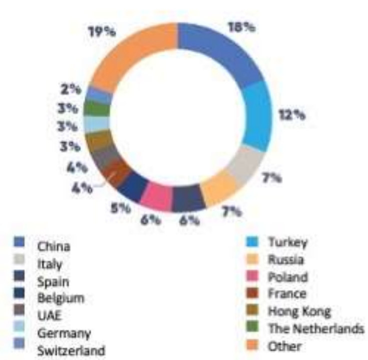
Source: Geostat

Between 2015 and 2019, imports from the design and fashion industry grew by an average of 12% annually. The maximum rate (46.9 mm. USD) was recorded in 2018. As for 2018-2020, imports decreased by an average of 2% per year, and finally, the import figure in 2020 amounted to 44.6 mm. USD.

In 2019, 18% of the design and fashion products imported to Georgia came from China, 12% from Turkey, 7% from Italy, and 7% from Russia. About 57% of the products imported by the fashion and design industry this year were perfumes, bags, suitcases and shoes.

Graph 2.3 The import of fashion and design, 2015 - 2020 / Graph 2.4. The major importing countries in the fashion and design industry, 2019





Source: Geostat

2.3 Visual and Performing Arts

The following section will discuss the visual and performing arts industries. Considering the availability of data, economic indicators based on the statistical survey of enterprises (Table 2) are provided cumulatively for both: the visual and performing arts industries by Code 90 — Creative, arts and entertainment activities — of the classification of types of economic activity of GNC 006-2016 (NACE rev.2). Information on registered active organisations in the visual and performing arts industry, as well as indicators based on labour force surveys, will be presented separately for both sectors according to the codes indicated in Table 3.1.

Table 3.1 Economic activities included in the visual and performing arts industries, according to the available data.

<table>
<tr><th>Creative Industry
(1)</th><th>Preferred GNC 006-2016 (Nace rev. 2) Code
(2)</th><th>Available GNC 006-2016 (Nace rev. 2) codes for the data of a statistical survey of enterprises
(3)</th><th>Column N3 includes:
(4)</th><th>Available GNC 006-2016 (Nace rev. 2) codes for the Business Register and labour force survey-based data
(5)</th></tr>
<tr><td>Performing arts</td><td>90.01. Performing arts
90.02 Support activities to performing arts</td><td rowspan="2">90 – Creative, arts and entertainment activities</td><td rowspan="2">90.01 – Performing arts
90.02 - Support activities to performing arts
90.03 Artistic creation
90.04 Operation of arts facilities</td><td>90.01 – Performing arts
90.02 - Support activities to performing arts</td></tr>
<tr><td>Visual Arts</td><td>74.20 Photographic activities
90.03 Artistic creation
90.04 Operation of arts facilities</td><td>74.20 Photographic activities
90.03 Artistic creation
90.04 Operation of arts facilities</td></tr>
</table>

Source: Geostat

The role of visual and performing arts across the creative industries in Georgia is relatively modest. However, it should be noted that due to the insufficiency of data, it is impossible to observe photographic activities, one of the components of the visual arts industry.

As of 2019, the sector accounts for only 1.6% of the total turnover and 3.6% of employment in the creative industries. However, it should be noted that more than 16.5 mm. GEL was invested in the visual and performing arts industries from 2015 to 2019, about 13% of the total turnover.

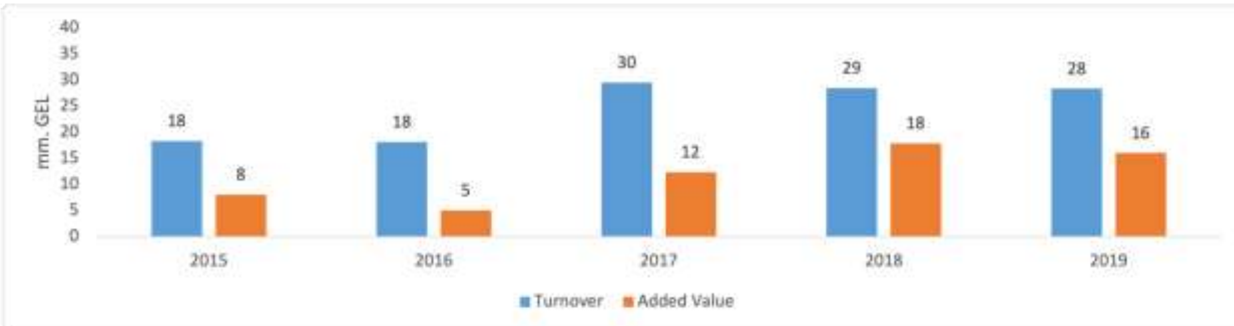
Between 2015 and 2020, the number of legal entities active in the visual arts industry increased slightly. It peaked in 2019 and amounted to 482 active organisations; in 2020, it decreased by 7.7% (445 active organisations). According to the same year's data, Individual Entrepreneurs predominated among the entities (64% - 283 ind. entrepreneurs), followed by Non-entrepreneurial Non-commercial Legal Entities (19% - 85 NNLEs). Furthermore, 69% of the mentioned organisations (307) are small, 6% (26) are medium, and less than 1% (2) are large. Information about the remaining 24% is not available.

Between 2015 and 2019, the number of organisations active in the performing arts industry increased by 9%. The maximum rate (266 active organisations) was recorded in 2019; in 2020, the number of active organisations decreased to 251. In 2020, individual entrepreneurs predominated (43% - 109 Ind. Entrepreneurs), followed by Limited Liability Companies (25% - 62 LLCs). 53% of the mentioned organisations (132 organisations) were small, 13% (32) were medium, and 2% (4) were large. For both industries, the decline in active organisations in 2020 is mainly due to the Covid-19 pandemic.

From 2015 to 2019, the average annual growth of the turnover of the visual and performing arts industries was 12%. In 2017, the growth rate peaked and increased by 63% compared to 2016, after which it remained relatively stable and exceeded 28 mm. GEL in 2019—1.6% of the total turnover of creative industries, emphasising the modest role of visual and performing arts industries amongst other creative industries (Graph 3.1).

In the same period, the added value created by the industry is more variable: it grew by 19% annually on average, reached the lowest point in 2016 (5 mm. GEL), and peaked in 2018 (17.9 mm. GEL). In 2019, the added value decreased by 10% compared to 2018 and amounted to 16 mm. GEL (Graph 3.1).

Graph 3.1 – The Turnover and added value of visual and performing arts, 2015 - 2019



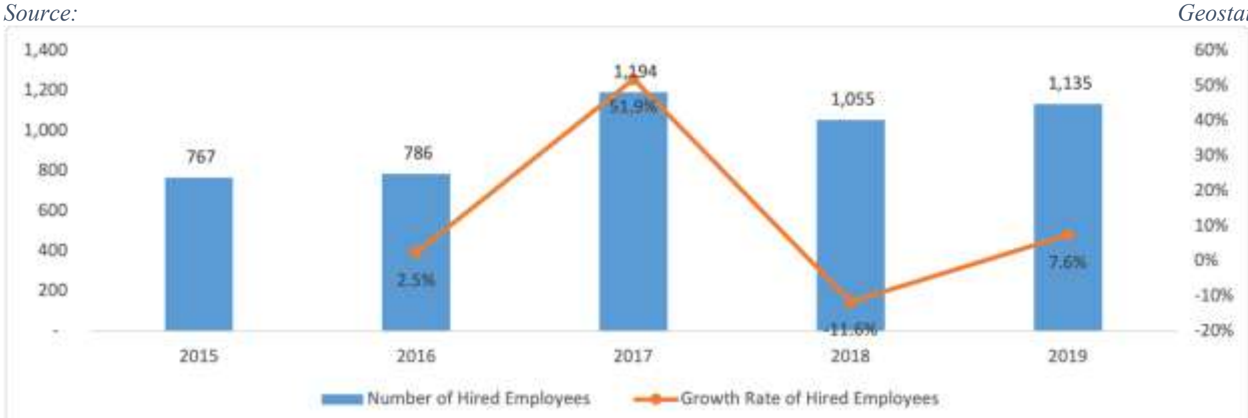
Source: Geostat

By 2015, the share of added value in relation to output was 44%. The indicator fell in 2016 (27%), and as a result of the increasing trend in the coming years, it peaked (49%) in 2019. Such fluctuations indicate the instability of the added value in the industry, making the sector less attractive to private investors.

The average annual growth of hired employees in the visual and performing arts industries from 2015 to 2019 was 10.3%; in total, 368 additional jobs were created in both industries. In 2019, after an annual increase of 7.6%, the number of hired employees amounted to 1,135 (Graph 3.2).

Graph 3.2 The number of hired employees in the visual and performing arts industries and respective growth rate, 2015 - 2019

Source: Geostat



During this period, the share of women among the hired employees is distinguished by significant instability. The minimum rate (24%) was recorded in 2015, and the maximum (65%) in 2016. The instability continued after that; finally, in 2019, the share of women among the hired employees amounted to 37%. These dynamics imply frequent turnover of employees in the industry, which makes the sector less desirable for job seekers.

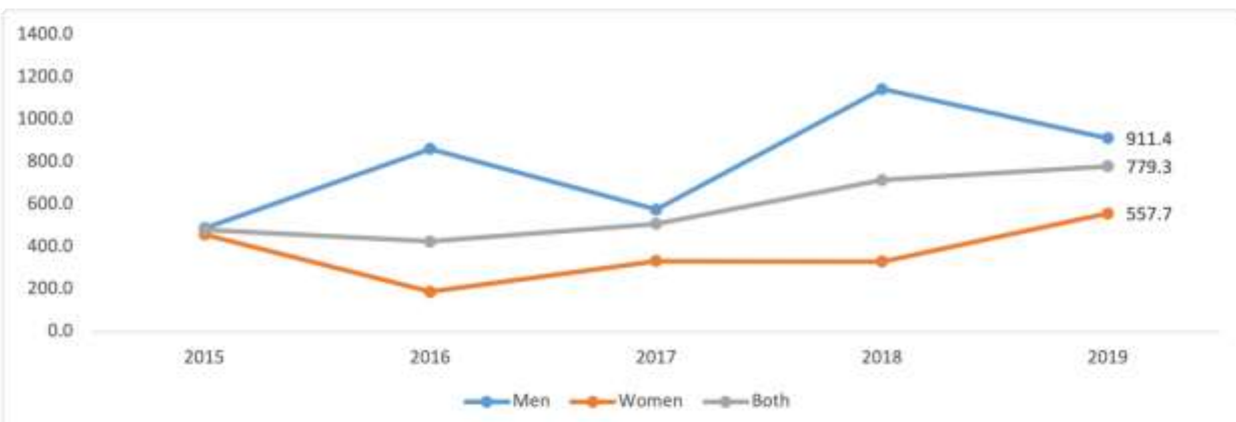
According to the 2019 labour force survey of the National Statistics Office of Georgia, the "60+" age category predominates in the visual and performing arts industries, making up 33% and 30% of the total, respectively. On the other hand, the smallest number of employees in the visual arts industry is represented by the 15- to 30-year-old age category (15%) and the 45- to 60-year-old age category in the performing arts (21%) (Graph 3.3).

Graph 3.3 - Distribution of hired employees in visual and performing arts industries by age categories in 2019

Source: Geostat, labour force survey

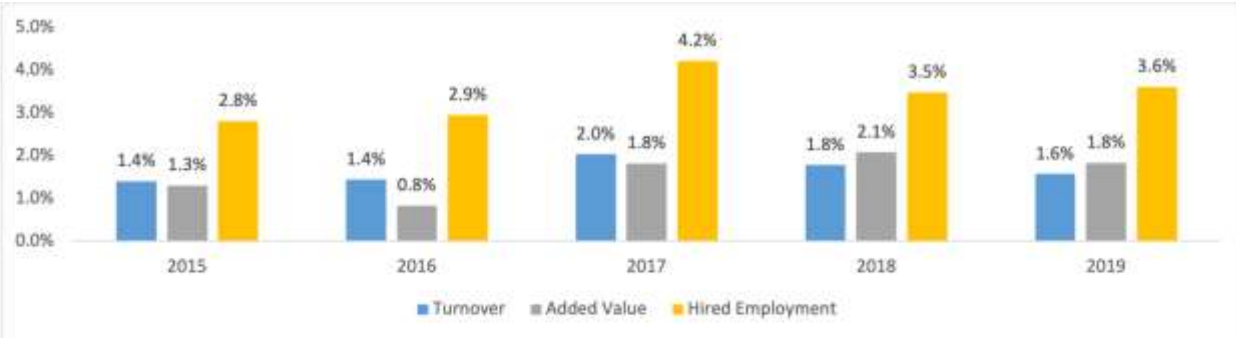
From 2015 to 2019, the average monthly salary of hired employees grew by 13% annually; the annual growth rate of women's average salary was 5%, while the rate for men equalled 17%. By 2015, the gender imbalance between incomes was almost zero, although the gap increased in subsequent years. According to the 2019 data, the average monthly salary of women is 558.00 GEL and 911.00 GEL for men; the aggregated average is 779.00 GEL (Graph 3.4).

Graph 3.4 - Average monthly salary of hired employees in visual and performing arts, 2015 - 2019



Source: Geostat, labour force survey

Graph 3.5 - Share of visual and performing arts industries in total turnover, added value and employment in the creative industry



Source: Geostat

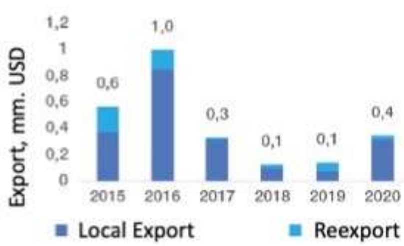
From 2015 to 2019, the number of hired employees in the visual and performing arts industries ranged between 2.8-4.2% of total employment in the creative industries. The sector's share in total turnover was 1.4% in 2015; by 2019, it slightly increased to 1.6%. In the same period, the share of added value increased slightly from 1.3% to 1.8% (Graph 3.5). The data reviewed indicate lower productivity in the visual and performing arts industries compared to other creative industries.

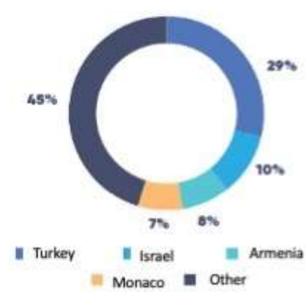
Between 2015 and 2019, exports of the visual arts industry decreased by an average of 29% annually. The average decrease rate of local exports was 33%; for re-exports, the rate amounted to 23%. In 2020, compared to 2019, total exports increased by 141% and amounted to 352 thousand USD. It should be noted that the export figure exceeded 1 mm. USD in 2016, which is the historic maximum (Graph 3.6). This achievement was due to the significant increase in the export of handmade products in 2016.

According to the data for 2019, the leading position in the export market is held by Turkey, which accounts for 29% of local exports. It is followed by Israel (10%), Armenia (8%) and Monaco (7%) (Graph 3.7).

Figure 3.6 - Exports of the visual arts industry, 2015 to 2020

Figure 3.7 - Main export markets of the visual arts in 2019





Source: Geostat

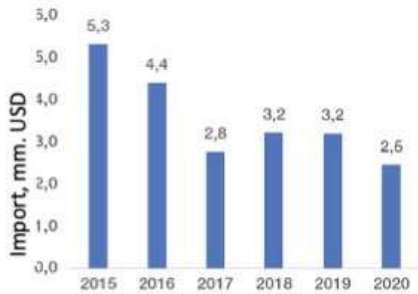
About 63% of exported items in the same year represent paintings, pictures, sculptures and other decorative products.

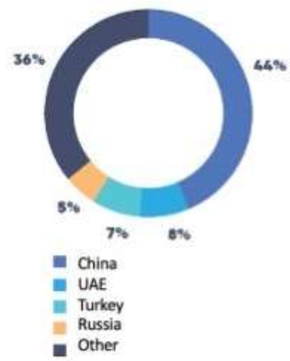
Between 2015 and 2019, imports of visual arts decreased by an average of 12% annually. The peak (5.3 mm. USD) was recorded in 2015, and the smallest amount (2.8 mm. USD) was recorded in 2019. In 2020, compared to 2019, imports decreased by 24% and amounted to 2.5 mm. USD (Graph 3.8).

In 2019, 44% of the products of the visual arts industry imported to Georgia came from China, 8% from the United Kingdom, 7% from Turkey, and 5% from Russia (Graph 3.9). Paintings and figurines held the leading position in imports.

Figure 3.8 - Visual arts industry imports, 2015 - 2020

Figure 3.9 - Major importing countries in the visual arts domain in 2019





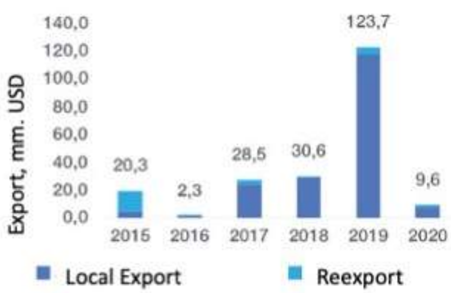
Source: Geostat

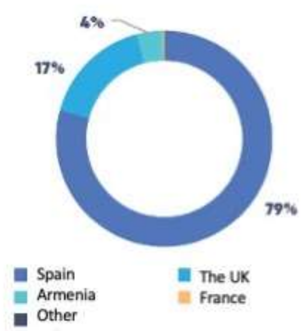
As for the performing arts, the exports in 2015-2019 were unstable. This applies to both local exports and re-exports. During the mentioned period, exports grew by 57% annually on average. The export figure reached its peak in 2019 and amounted to 118.8 thousand USD; in 2020, it decreased to 6.9 thousand USD. In 2020, local exports fell to 8 thousand USD; according to the data, the total export was 9.6 thousand USD in 2020 (Graph 3.10).

According to the data for 2019, the primary export market is Spain (79%) and mainly includes the products needed for carnivals, celebrations and entertainment (Graph 3.11).

Graph 3.10 - Exports of the performing arts industry, 2015-2020

Chart 3.11 - Main export markets of the performing arts industry in 2019



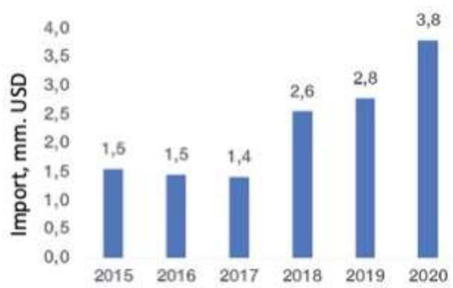


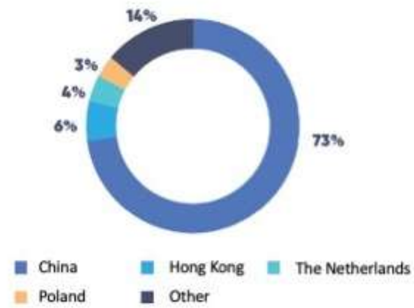
Source: Geostat

Between 2015 and 2019, imports in the performing arts industry grew by an average of 16% annually. In the mentioned period, the maximum rate (2.8 mm. USD) was recorded in 2019. In 2020, compared to 2019, imports increased by 36% and amounted to 3.8 mm. USD. In 2019, 73% of the products of the performing arts industry imported to Georgia came from China, 6% from Hong Kong, 4% from the Netherlands, and 3% from Poland (Graph 3.12 and 3.13). Alike exports, imports also consisted entirely of products necessary for carnivals, celebrations and entertainment.

Graph 3.12 - Imports of the performing arts industry, 2015-2020

Graph 3.13 - The main importing countries within the performing arts domain





Source: Geostat

2.4 Film and Video

In this section, we discuss the economic indicators for the film and video industry, which, according to the classification of creative sectors, includes economic activity code 59.1 - activities related to the production of motion pictures, video and television programmes (Sec 006-2016 (NACE rev.2)) (Table 4.1).

Table 4.1 Economic activities included in the film and video industry, according to the available data.

Creative Industry (1)	Preferred GNC 006-2016 (Nace rev. 2) code (2)	Available GNC 006-2016 (Nace rev. 2) codes for the data of a statistical survey of enterprises (3)	Available GNC 006-2016 (Nace rev. 2) codes for the Business Register and labour force furvey-based data (5)	Creative Industry (1)
Film and video	59.11 Motion picture, video, and television programme production activities; 59.12 Motion picture, video, and television programme post-production activities; 59.13 Motion picture, video, and television programme distribution activities; 59.14. Film screenings.	59.1 - Motion picture, video, and television programme production activities.	59.11 Motion picture, video, and television programme production activities; 59.12 Motion picture, video, and television programme post-production activities; 59.13 Motion picture, video, and television programme distribution activities; 59.14. Film screenings.	59.11 Motion picture, video, and television programme production activities; 59.12 Motion picture, video, and television programme post-production activities; 59.13 Motion picture, video, and television programme distribution activities; 59.14. Film screening.

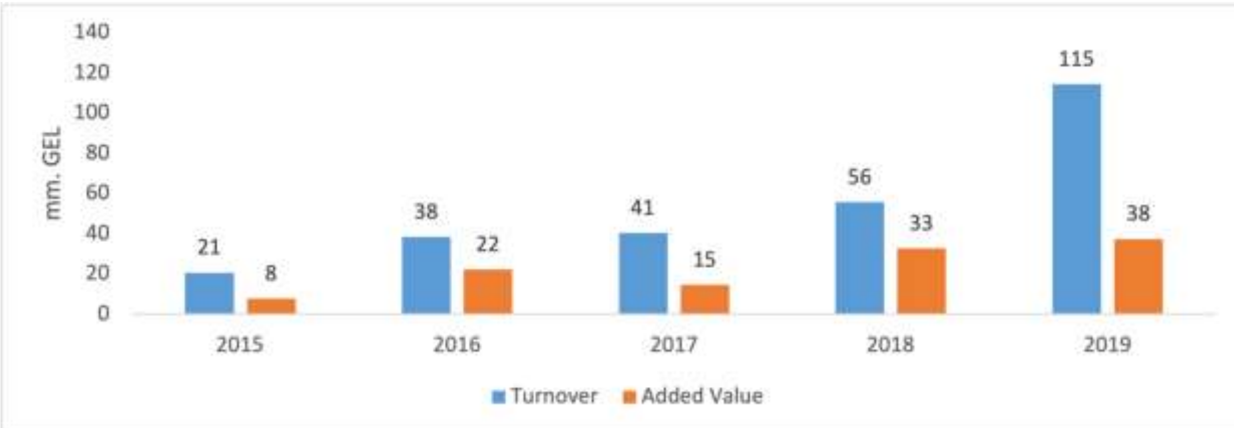
The film and video industry is one of the fastest-growing creative industries. In 2015-2019, the industry's average annual growth rate exceeded 50%. However, it should also be noted that despite high growth rates, the industry's size is still small compared to other creative industries.

Between 2015 and 2020, the average annual growth of the number of organisations active in the film and video industry was 7%. After the increasing trend of 2015-2019, the mentioned indicator decreased slightly by 2% (from 193 to 189) in 2020 during the pandemic. In 2020, most enterprises were Limited Liability

Companies (69% - 130), followed by Individual Entrepreneurs (25% - 47). 75% of the enterprises (141) are small, 2% (4) are medium, and 1% (1) are large organisations. No information is available regarding the size of the remaining 22%.

In 2015-2019, the average annual growth of the turnover and added value amounted to 53% and 47%, respectively (Graph 4.1). However, despite high growth rates, as of 2019, the film and video industry accounted for only 4.3% of the total added value by the creative industries.

Graph 4.1 Film and video industry turnover and added value, 2015-2019

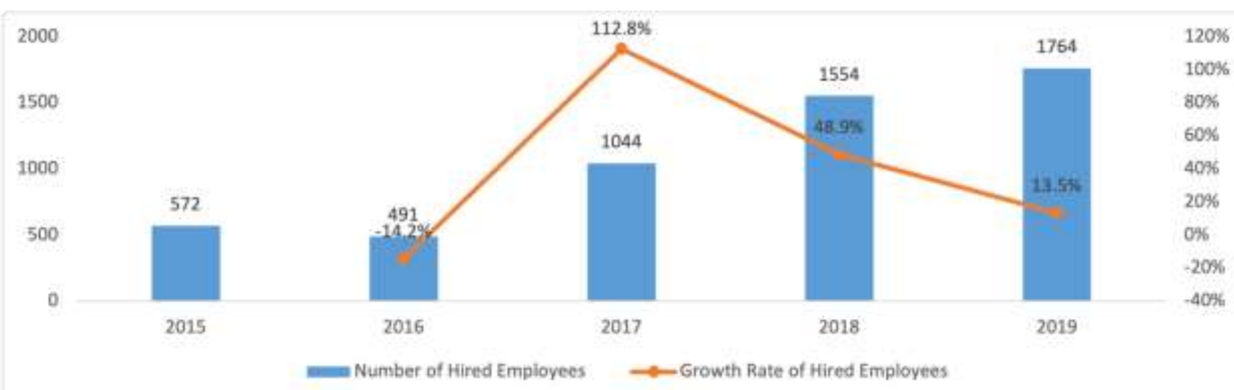


Source: Geostat

The added value ratio to output was unstable during this period. In 2015, the share of added value was 41% of the production. The best rate of the period was recorded in 2016 (54%), but after a downward trend in the following years, it decreased to the lowest point of 26% in 2019. As in other industries with similar characteristics, this situation creates a less attractive environment for investors.

Between 2015 and 2019, the average annual hiring rate in the film and video industry was 33%. An additional 1,192 people were employed in the sector between 2015 and 2019, and their number reached 1,764 in 2019 (Graph 4.2). As a result, the film and video industry ranks second among the creative industries in average annual employment growth, second only to digital technologies. Nevertheless, it should be noted that the number of hired employees is still small and, as of 2019, represents only 6% of the total employment in the creative industry.

Graph 4.2 The number of hired employees in the film and video industry and the growth rate, 2015-2019

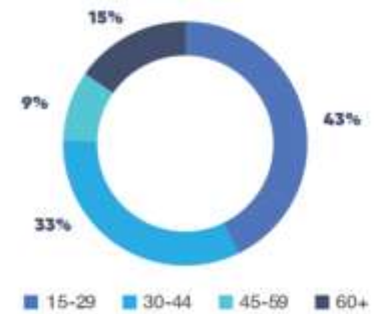


Source: Geostat

Between 2015 and 2019, the share of women among the hired employees in the industry had a downward trend, and after reaching the maximum value (56%) in 2016, it decreased to 33% in 2019.

According to the 2019 labour force survey of the National Statistics Office of Georgia, the 15- to 29-year-old category's representatives predominate among those hired in the film and video industry, making up 43% of the total. The age category of 45 to 60 years (9%) represents the smallest number of hired employees (Graph 4.3).

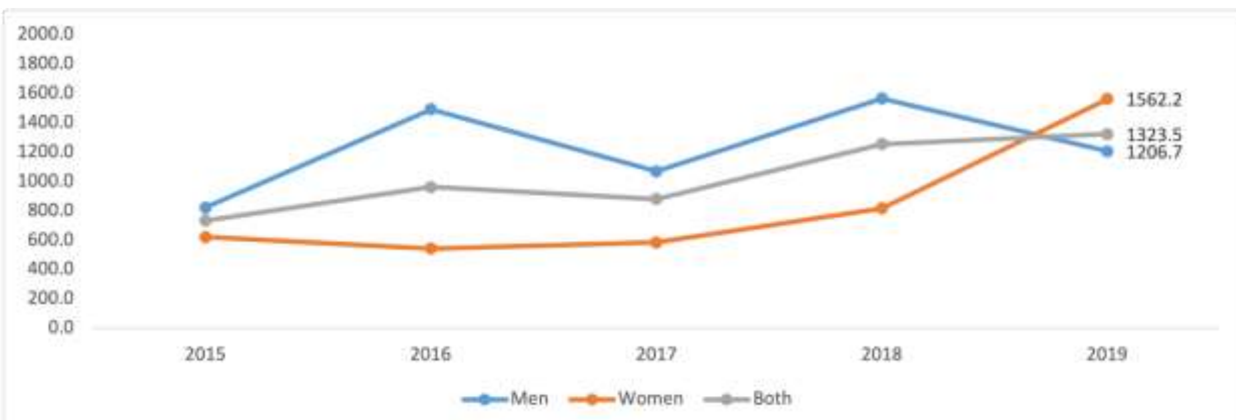
Graph 4.3 The distribution of the hired employees in film and video industries by age



Source: Geostat

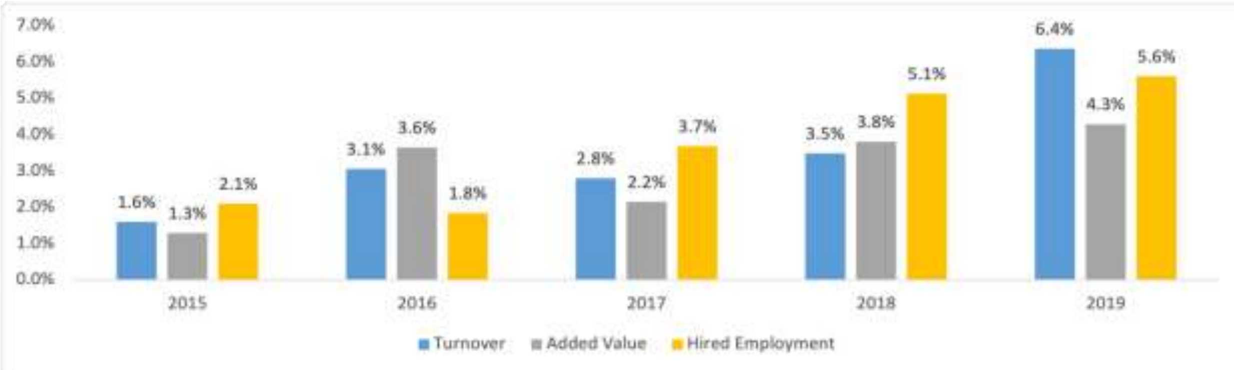
Between 2015 and 2019, salaries for hired employees in the industry grew by an average of 16% annually, with an average annual increase (26%) in salaries for women and 10% for men. In 2016, the gender pay gap peaked, with men earning an average of 2.7 times more than women. The gender imbalance between salaries turned to the opposite side in 2019, when salaries for men amounted to 1,207.00 GEL and for women—1,562.00 GEL (Graph 4.4). In this regard, the film and video industry is an exception since, in all other sectors, men's salaries are higher than women's, or close to it.

Graph 4.4 Average monthly salary for hired employees in film and video industries, 2015 - 2019



Source: Geostat

Graph 4.5 Film and video industries' share of turnover, added value and hired employees across all creative industries.



Source: Geostat

Between 2015 and 2019, the share of employment in the film and video industry increased from 2.1% to 5.6% against the entire creative sector. Moreover, in the mentioned period, the percentage of industry turnover also increased in relation to the total indicator (1.6% in 2015 and 6.4% in 2019 (Graph 4.5)). This circumstance gives grounds for positive expectations about the film and video industry. In addition, it is worth noting that employees' productivity in the film and video industry increased by an average of 26.1% annually between 2015 and 2019, which is the best indicator among all creative industries.

Product trade in the film and video industry is small compared to other sectors. In the trade of goods in this industry, we only observe the trade of motion picture magnetic and optical media (disclosed magnetic and optical media that include a soundtrack or only a soundtrack). In 2019, the exports of the mentioned industry amounted to 172.9 thousand USD, and the products were exported entirely to the Polish market. As for imports, in 2019, the indicator amounted to 315.3 thousand USD. It should be noted that the film and video industry also includes trade-in services. Specifically, services and fees related to producing films and television programmes; additionally, taxes on the reproduction or distribution (or both) of cinematographic production as copyright items. The listed services are discussed in more detail in the subsection: Trade in services in the creative industries.

2.5 Cultural Heritage

In the next section, we discuss the economic indicators for the cultural heritage industry, which, according to the classification of creative sectors, includes Code 91 of GNC (006-2016 (NACE rev.2)) - activities of libraries, archives, museums and other cultural institutions (Table 5.1).

Table 5.1 Economic activities included in the cultural heritage sector according to the available data

Creative Industry (1)	Preferred GNC 006-2016 (Nace rev. 2) code (2)	Available GNC 006-2016 (Nace rev. 2) codes for the data of a statistical survey of enterprises (3)	Available GNC 006-2016 (Nace rev. 2) codes for the Business Register and labour force survey-based data (5)	Creative Industry (1)
Cultural Heritage	91.01 Library and archives-related activities 91.02 Museums-related activities	91 – Library, archives, museums and other cultural	91.01 Library and archives-related activities 91.02 Museums-related activities	91.01 Library and archives-related activities 91.02 Museums-related activities

	91.03 Operation of historical sites and buildings 91.04 Botanical and zoological gardens- and nature reserves-related activities.	establishments-related activities	91.03 Operation of historical sites and buildings 91.04 Botanical and zoological gardens- and nature reserves-related activities.	91.03 Operation of historical sites and buildings 91.04 Botanical and zoological gardens- and nature reserves-related activities.

The cultural heritage industry is one of the least developed industries among the creative industries in Georgia. Despite the significant growth in the past years, as of 2019, the industry's role in the total turnover of the creative industries is just 0.6%. In 2015-2019, more than 2.6 mm. GEL was invested in the industry, which is 6.2% of the industry's total turnover for the same period.

In 2015-2020, the number of legal entities active in the cultural heritage industry was characterised by stability. By 2020, 124 active organisations were registered in the industry, which is 9% less than the same indicator for 2015 (137 organisations). According to the data of the same year, Non-entrepreneurial (Non-commercial) legal entities predominate (57% - 71 NNLEs), and Legal Entities under Public Law hold second position (18% - 22 LEPLs.). Furthermore, 73% of the mentioned entities (91) are small, 17% (21) are medium-sized, and 4% (5) are large. Information about the remaining 6% is not available.

Between 2015 and 2019, the industry's average annual growth in turnover was 22%, the third-best result among the creative industries. 2017 was remarkable when the growth rate peaked and equalled 75% compared to 2016 (Graph 5.1).

In the same period, the average annual growth of the added value created by the industry amounted to 38%. In 2019, the indicator of added value exceeded 6 mm. GEL, which is 25% more than the 2018 data (Graph 5.1).

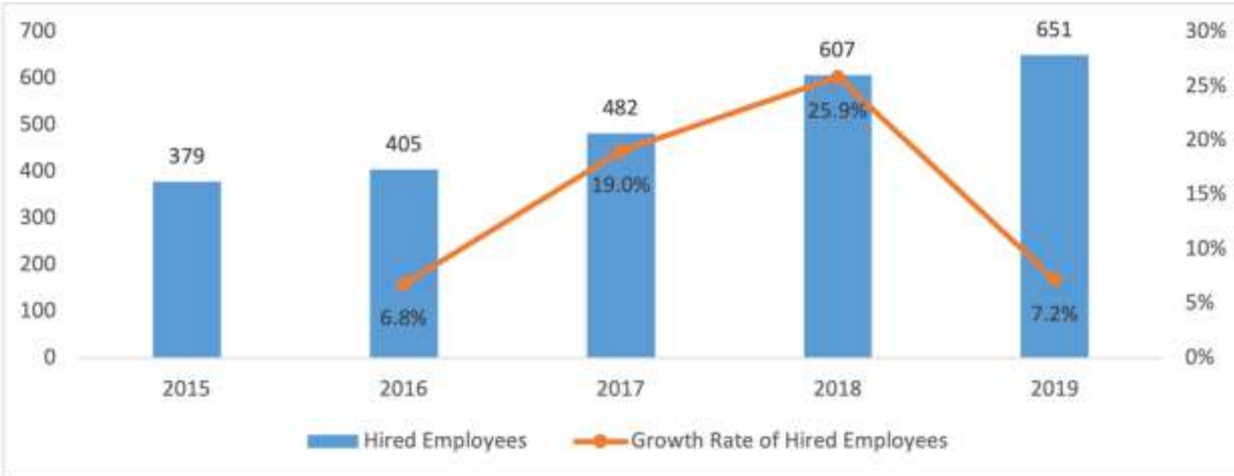
Graph 5.1: Turnover and added value in cultural heritage, 2015-2019

Source: Geostat

Recently, the ratio of value added to output in the industry has increased significantly, reaching 54% in 2019 compared to 33% in 2015.

The average annual growth in the number of hired employees in the cultural heritage industry was 14% between 2015 and 2019 (Graph 5.2).

Graph 5.1 The number of hired employees in the cultural heritage industry and the growth rate, 2015-2019



Source: Geostat

In total, 272 additional jobs were created in the industry during this period. As for 2019, after a 7.2% increase compared to 2018, the number of hired employees amounted to 651.

According to the data from 2015, the share of women among the hired employees in the industry was 63%. However, the indicator reached its maximum (66%) in 2016 and decreased to 37% by 2019. Such fluctuations indicate frequent turnover of employees, which calls into question the prospects of stable employment in the industry.

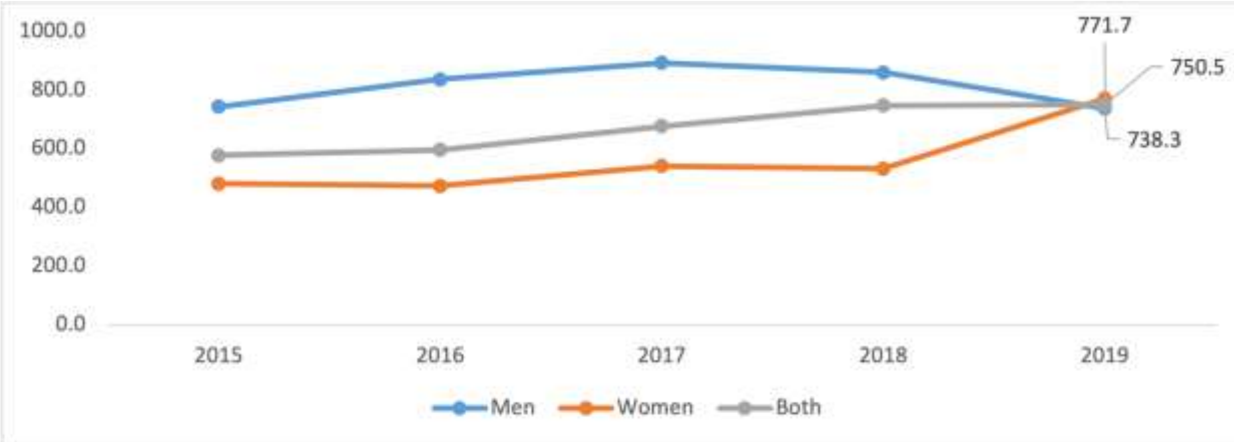
According to the 2019 labour force survey of the National Statistics Office of Georgia, people aged 60 and over predominate among those employed in the cultural heritage industry, who comprise 36% of the total. The age category of 15 to 30 years (7%) represents the smallest number of hired employees (Graph 5.3). The role of young people in the cultural heritage industry is one of the lowest among the creative industries.

Graph 5.3 The distribution of the hired employees in the cultural heritage industry by age

Source: Geostat

In 2015-2019, the average monthly salary of the hired employees increased by 7% annually. The average annual growth rate of women's salaries was 13%, while the change in the average salaries of men was almost zero. The gender imbalance between salaries was eliminated in 2019; Moreover, the average salary of women slightly exceeded that of men. According to the data of 2019, the average salary for men was 738.00 GEL, for women 771.00 GEL, and the industry average was 751.00 GEL (Graph 5.4). The salary level in the cultural heritage industry is relatively low; it is significantly lower than the indicator of the leading creative industries, as well as the average monthly salary of employees in the business sector nationwide.

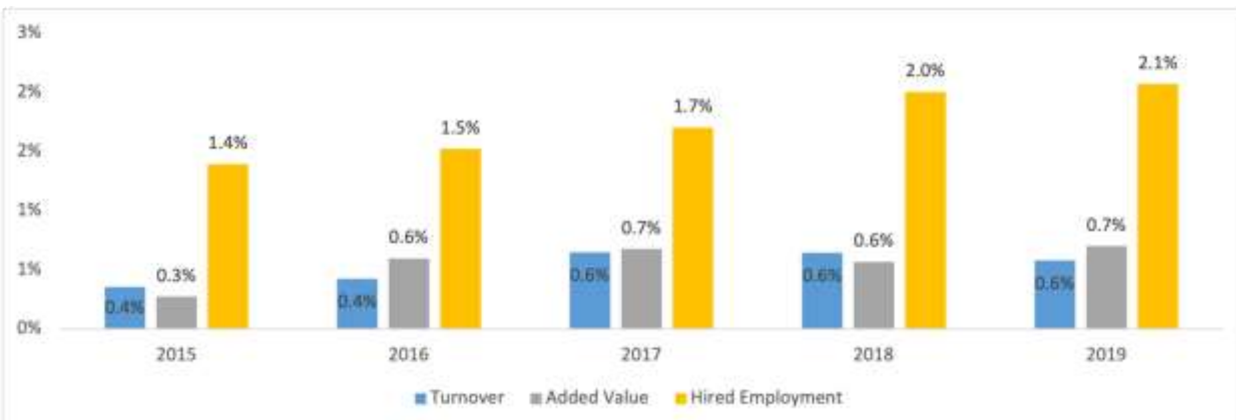
Graph 5.4 Average monthly salary for hired employees in cultural heritage industries, 2015 - 2019



Source: Geostat

In 2015-2019, the share of employed people in the cultural heritage industry was 1-2% of the creative industries. As for the sector's percentage in the total turnover, the mentioned indicator remained at less than 1% during this period. (Graph 5.5)

Graph: 5.5 Cultural heritage industries' share of turnover, added value and hired employees across all creative industries.



Source: Geostat

As for the foreign trade in goods, from 2015 to 2019, there was an insignificant volume of imports in the mentioned industry, and since 2017—zero exports. It should be noted that the cultural heritage industry is primarily related to service production. Trends in trade in services in this industry are discussed in the Creative Industries Trade in Services section under Trade in Personal, Cultural and Entertainment Services.

2.6 Literature and Publishing Industry

According to the classification of creative industries, the economic indicators of the literature and publishing industry include the codes listed in column 2 of table 6.1 (according to GNM 006-2016 (NACE rev.2)); however, due to the lack of detailed data, the data in the section are discussed in table 6.1 according to the economic activities listed in the 3rd column.

Table 6.1 Economic activities included in the literature and publishing sector according to the available data

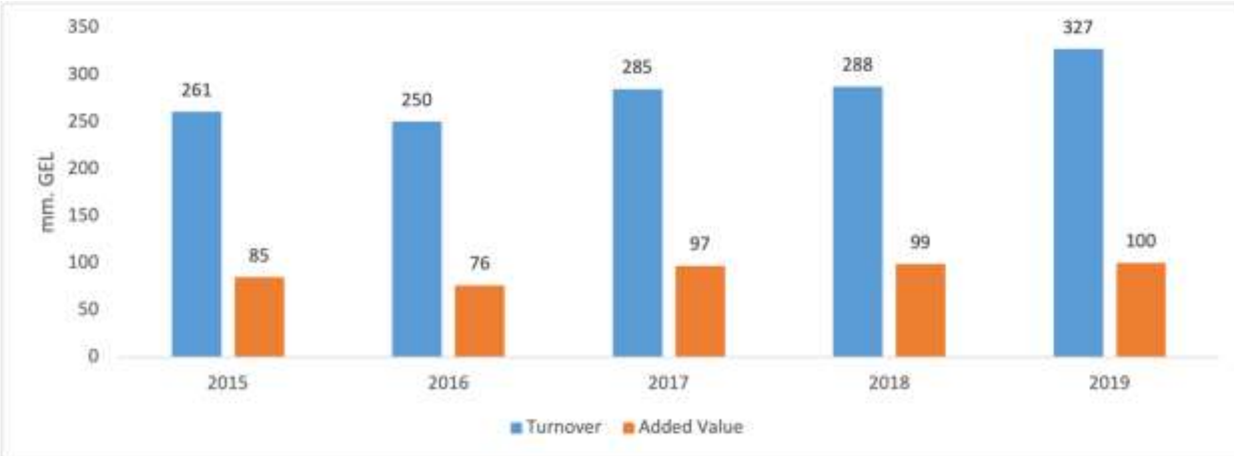
Creative Industry (1)	Preferred GNC 006-2016 (Nace rev. 2) code (2)	Available GNC 006-2016 (Nace rev. 2) codes for the data of a statistical survey of enterprises (3)	Available GNC 006-2016 (Nace rev. 2) codes for the Business Register and Labour Force Survey-based data (5)	Creative Industry (1)
Literature and Publishing Industry	18.11 Printing of newspapers 18.12 Other printing activities 47.61 Retail sale of books in specialised stores 47.62 Retail sale of newspapers and stationery in specialised stores 58.11 Book publishing 58.13 Publishing of newspapers 58.14 Publishing of journals and periodicals 58.19 Other publishing activities	18.1 - Printing and services related to printing 47.61 Retail sale of books in specialised stores 47.62 Retail sale of newspapers and stationery in specialised stores 58.1 - Publishing of books, periodicals and other publishing activities	18.11 Printing of newspapers 18.12 Other printing activities 18.13 Services for printing and information dissemination 18.14 Binding and related services 47.61 Retail sale of books in specialised stores 47.62 Retail sale of newspapers and stationery in specialised stores 58.11 Book publishing 58.12 Reference and address book publishing 58.13 Publishing of newspapers 58.14 Publishing of journals and periodicals 58.19 Other publishing activities	18.11 Printing of newspapers 18.12 Other printing activities 47.61 Retail sale of books in specialised stores 47.62 Retail sale of newspapers and stationery in specialised stores 58.11 Book, periodicals publishing and other publishing activities 58.13 Publishing of newspapers 58.14 Publishing of journals and periodicals 58.19 Other publishing activities

In 2015-2019, more than 87 mm. GEL was invested in the literature and publishing industry, about 16% of the total investments among the creative industries during the same period. Against the background of attracted investments, the volume of turnover among creative sectors and the number of employees, the literature and publishing industry occupies the third position.

In 2015-2020, the number of organisations active in the literature and publishing industry decreased by 13% (from 1,545 to 1,342). According to the data of 2020, Individual Entrepreneurs (53% - 706 Ind. Entrepreneurs) and Limited Liability Companies (43% - 581 LLCs) prevail. In addition, 85% of organisations (1134) are small, 1% (14 organisations) are medium, and less than 1% (2 organisations) are large. Information about the remaining 13% is not available.

In 2015-2019, the industry's turnover grew by an average of 5.9% per year, exceeding 327 mm. GEL in 2019 (Graph 6.1). In the same period, the added value created by the industry was characterised by a growing rate, the average annual growth rate of which was 4.2%.

Graph 6.1 Turnover and added value in literature and publishing, 2015-2019

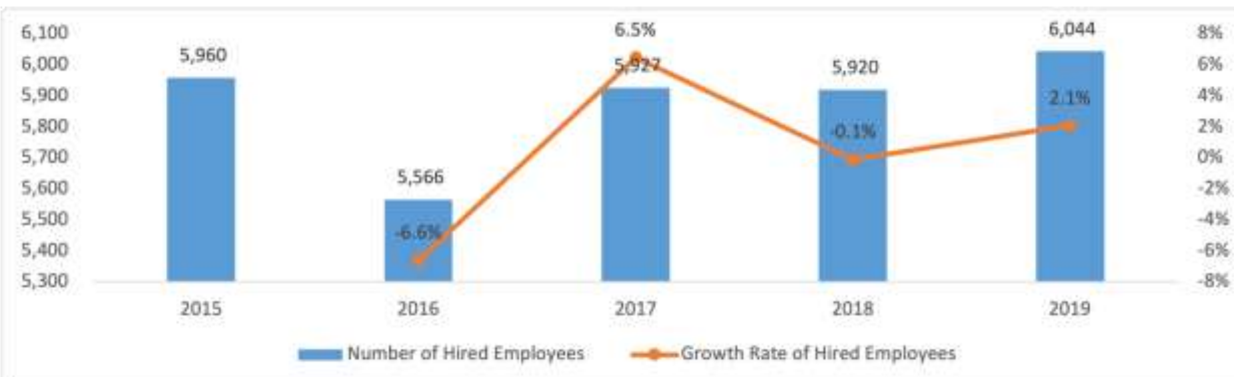


Source: Geostat

In 2015-2019, the share of the industry's added value was relatively stable and ranged from 39% to 45%. For 2019, the mentioned figure was 41.5%. Such stability is critical for attracting investment.

The number of hired employees in the literature and publishing industry was also stable in the same period. The indicator experienced the most significant change in 2016 and decreased by about 7% (from 5,960 to 5,566) but re-stabilised in 2017. As of 2020, the industry employs 6,044 people, among whom the share of women is 59% (Graph 6.2).

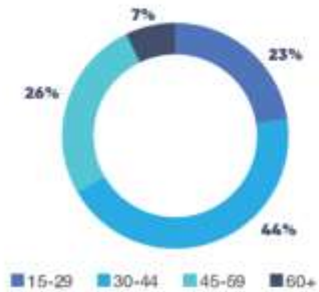
Graph 6.2 The number of hired employees in the literature and publishing industry and the growth rate, 2015-2019



Source: Geostat

According to the 2019 labour force survey of the National Statistics Office of Georgia, representatives of the 30 to 45-year-old category predominate among those employed in the literature and publishing industry, making up 44% of the total. The age category of 60 and over (7%) represents the smallest number of hired employees (Graph 6.3).

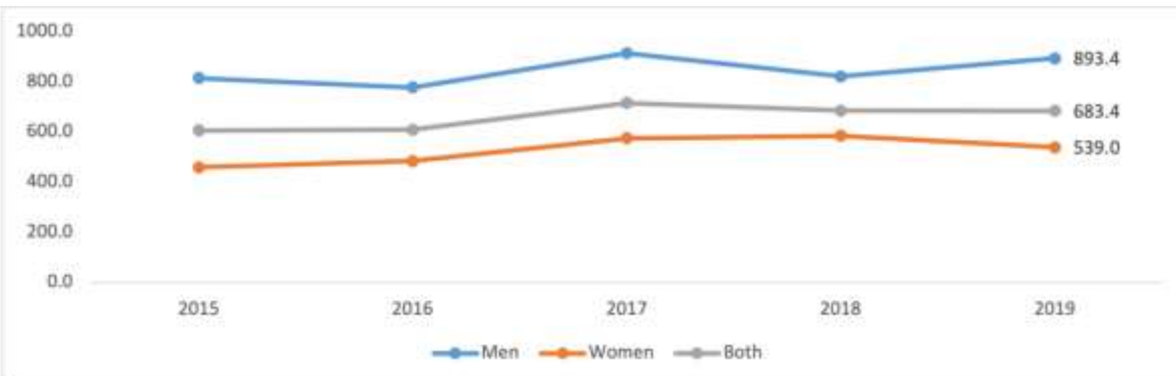
Graph 6.3 The distribution of the hired employees in literature and publishing by age



Source: Geostat, labour force survey

Between 2015 and 2019, the average monthly salary of hired employees grew by 3% annually, including an average annual salary increase of 4% for women and 2% for men. According to 2019 data, the monthly average salary for men was 893.00 GEL, while the corresponding figure for women was 539.00 GEL (40% less). The aggregated monthly average salary in the industry is 683.00 GEL (Graph 6.4).

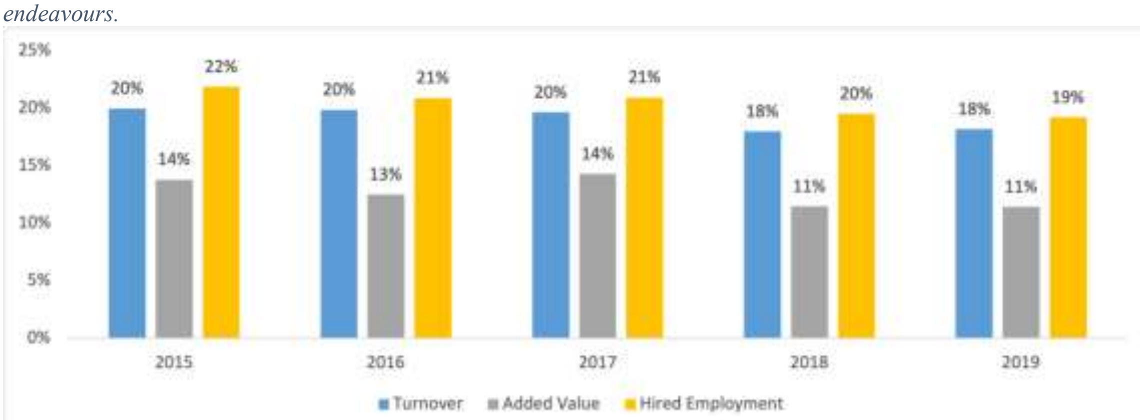
Graph 6.4 Average monthly salary for hired employees in literature and publishing, 2015 – 2019



Source: Geostat

Between 2015 and 2019, the share of workers employed in the literature and publishing industries in the creative industries decreased slightly, from 22% to 19%; the industry's turnover fell from 20% to 18% (Graph 6.5). The decrease is explained by the accelerated growth of other industries.

Graph: 6.5 Literature and publishing industries' share of turnover, added value and hired employees across all creative endeavours.



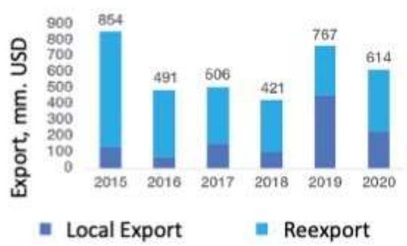
Source: Geostat

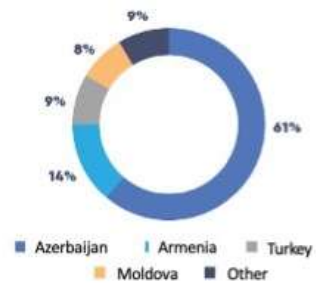
In 2015-2019, the export of the literature industry was characterised by variability. In the mentioned period, the average annual growth of local exports amounted to 36%, while re-exports decreased by 19% annually. The average annual change of the total export figure is 3%. In 2020, exports decreased by 20% compared to 2019 and amounted to 614 thousand USD (Graph 6.6).

According to 2019 data, the largest share of local exports (61%) comes from Azerbaijan, followed by Armenia (14%) (Graph 6.7). In 2019, the largest share of local exports (83.1%) was advertising materials, product catalogues and similar products.

Graph 6.6 Export, literature and publishing, 2015-2020

Graph 6.7 Main export destinations, literature and publishing, 2019

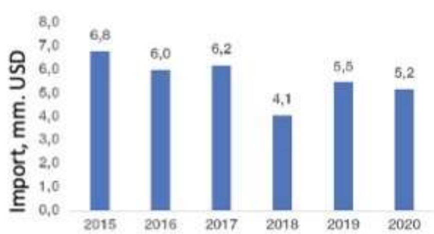


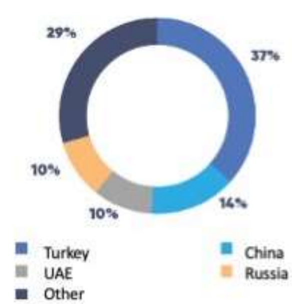


Source: Geostat

Graph 6.7 Import, literature and publishing, 2015-2020

Graph 6.8 Main importing countries, literature and publishing, 2019





Source: Geostat

In 2015-2019, the literature industry's imports decreased by an average of 5% annually. In 2020, compared to 2019, imports decreased by 5% and amounted to 5.2 mm. USD (Graph 6.8).

In 2019, 37% of the products of the literature industry imported to Georgia came from Turkey, 14% from China, 10% from the United Kingdom and 10% from Russia (Chart 6.9). More than half of 2019 imports included printed books, pamphlets, leaflets and similar printed materials.

2.7 Media and Broadcasting

In the next section, we will discuss the economic indicators for the media and broadcasting industry, which, according to the classification of creative industries, includes the following codes of the economic activity classifier: 60.1 and 60.2 (Sec 006-2016 (NACE rev.2)) (Table 7.1).

Table 7.1 Economic activities included in the media and broadcasting sector according to the available data

Creative Industry (1)	Preferred GNC 006-2016 (Nace rev. 2) code (2)
Media and broadcasting	60.10 Radio broadcasting 60.20 Creation of television programming and broadcasting activities

In 2015-2019, more than 167 mm. GEL was invested in the media and broadcasting industry, the highest figure among creative sectors. In the same period, a downward trend is observed in the industry, both in turnover and output, as well as in the number of hired employees.

Between 2015 and 2020, the number of organisations active in the media and broadcasting industry decreased by 19% (from 151 to 122). In 2020, the leading position was held by Limited Liability Companies (80% - 97 LLCs), followed by Non-entrepreneurial (Non-commercial) Legal Entities (13% - 16 NNLEs). In addition, 79% of organisations (96 organisations) are small, 11% (13 organisations) are medium, and 2% (3 organisations) are large organisations. Information about the remaining 8% is not available.

In 2015-2019, the average annual decline in industry turnover amounted to 8%. In 2019, the indicator decreased to 86 mm. GEL, which is 14% less than in 2018 (graph 7.1). Among the creative industries, the media and broadcasting industry is the only one in which a negative turnover growth rate was recorded during the mentioned period.

In the same period, the average annual rate of decrease of the added value created by the industry was 10%. In 2019, the sector's added value amounted to almost 55 mm. GEL, which is 8% less than the figure for 2018 (Graph 7.1).

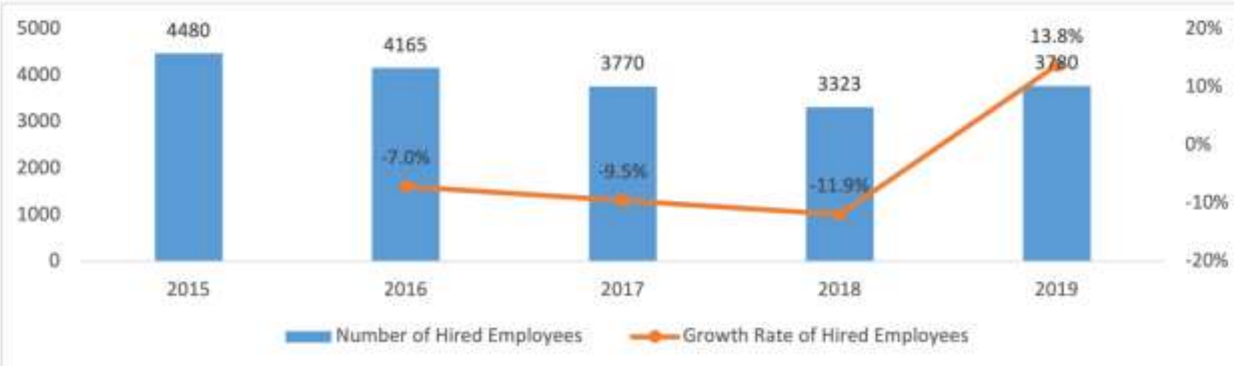
Graph 7.1 Turnover and added value in media and broadcasting, 2015-2019

Source: Geostat

As for the industry's added value ratio to the output, the indicator decreased from 56% (2015) to 50% in 2019.

In 2015-2019, the average rate of decrease in the number of employees in the media and broadcasting industry was 4%. However, after a downward trend in 2015-2018, the number of hired workers increased by 14% to 3,780 people in 2019 (Graph 7.2).

Graph 7.2 The number of hired employees in media and broadcasting and the growth rate, 2015-2019

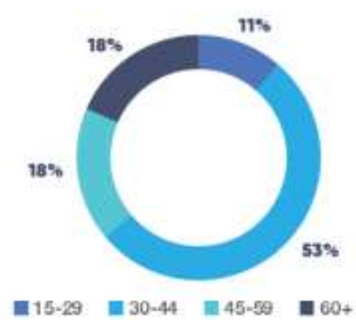


Source: Geostat

The share of women among hired employees increased from 36% in 2015 to 41% in 2019.

According to the 2019 labour force survey of the National Statistics Office of Georgia, representatives of the 30 to 45-year-old category predominate among those hired in the media and broadcasting industry, making up 53% of the total number. The age category of 15 to 30 years (11%) represents the smallest number of hired employees (Graph 7.3).

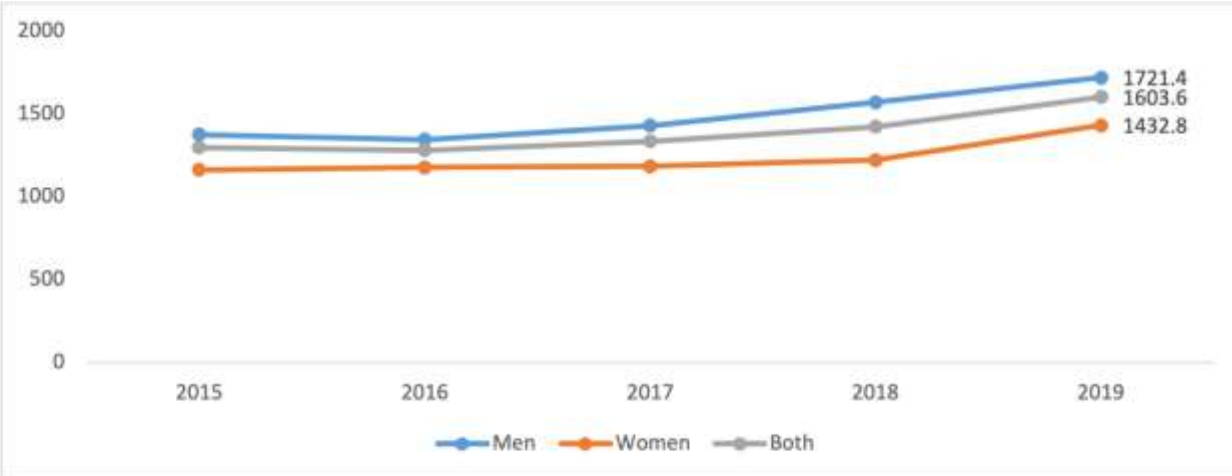
Graph 7.3 The distribution of the hired employees in media and broadcasting by age



Source: Geostat

Despite the negative trends mentioned above, in 2015-2019, the average monthly salary among hired employees grew by 5.4% annually. In the same period, the average annual growth rate of women's salary was 5.3%, and men's was 5.8%. In 2019, the average salary of men (1,721.00 GEL) was 20% higher than that of women (1,433.00 GEL); the aggregated average was 1,604.00 GEL (Graph 7.4).

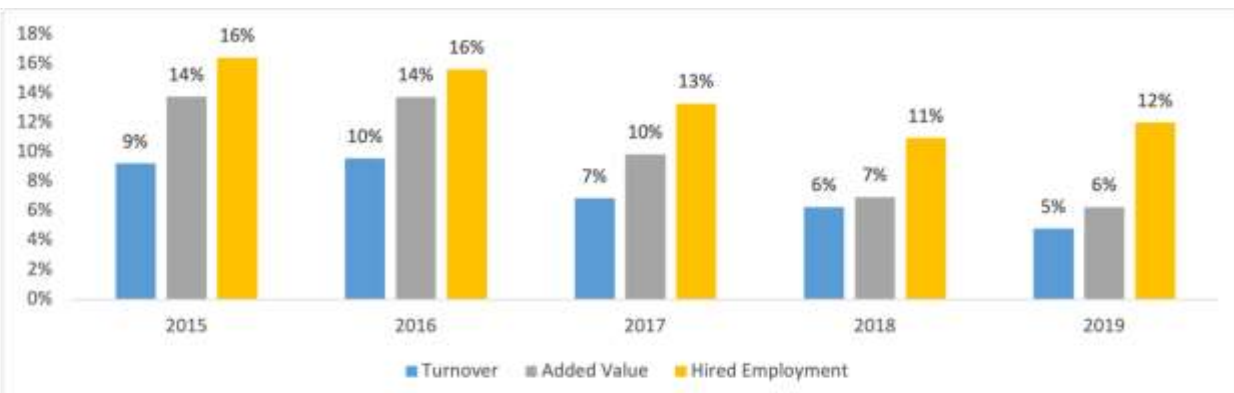
Graph 7.4 Average monthly salary for hired employees in media and broadcasting, 2015 – 2019



Source: Geostat

In 2015-2019, the share of the media and broadcasting industry in the total number of employees in the creative sectors decreased from 16% to 12%. The percentage of industry turnover and added value are also characterised by a decreasing trend, which indicates a decrease in industry's role against the entire creative industries. However, it should be noted that during this period, the share of hired employees is steadily higher than the share in turnover and added value, which indicates the average lower productivity of the workforce in the media and broadcasting industry compared to other sectors (Graph 7.5).

Graph: 7.5 Media and broadcasting's share of turnover, added value and hired employees across all creative industries.



Source: Geostat

2.8 Music

In the next section, we will discuss economic indicators for the music industry, which, according to the classification of creative sectors, includes codes 32.20 and 59.20 of the classification of economic activities (Sec 006-2016 (NACE rev.2)). However, because data are not available for code 32.20, the results presented in the section are calculated only for code 59.20.

It should be noted that the data based on the statistical survey of enterprises (Table 2) are considered for the years 2015, 2016, 2017 and 2019. Data for 2018 are unavailable due to the small number of investigated enterprises.

Table 8.1 Economic activities included in music according to the available data

Creative Industry (1)	Preferred GNC 006-2016 (Nace rev. 2) code (2)	Available GNC 006-2016 (Nace rev. 2) codes for the data of a statistical survey of enterprises (3)	Available GNC 006-2016 (Nace rev. 2) codes for the Business Register and Labour Force Survey-based data (5)
Music	32.20 Manufacturing of musical instruments 59.20. Sound recording and music publishing services	59.20. Sound recording and music publishing services	32.20 Manufacturing of musical instruments 59.20. Sound recording and music publishing services

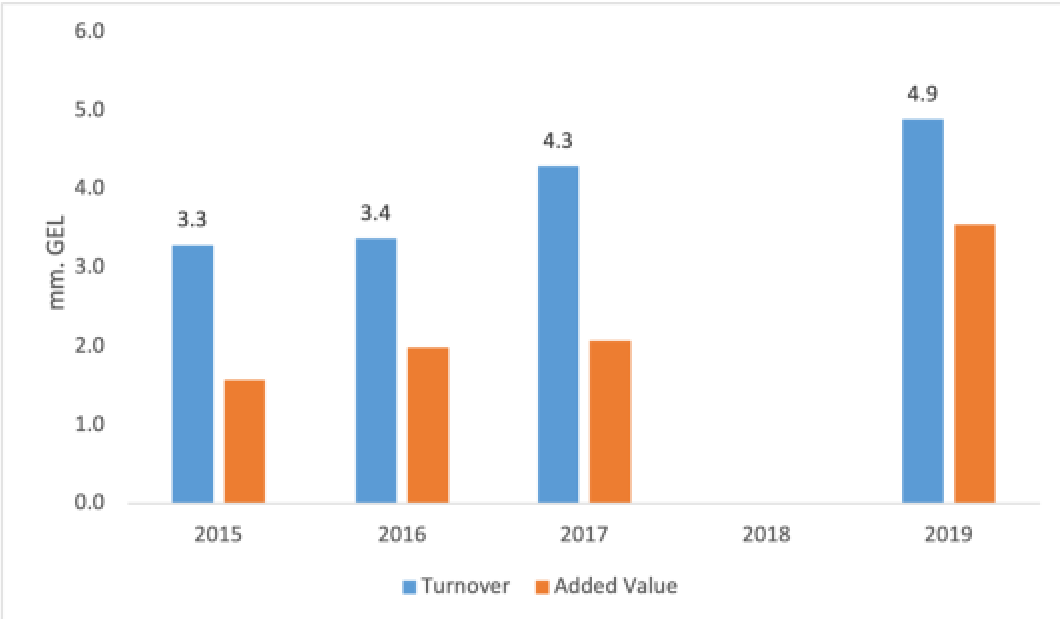
By all indicators considered in the study, except for the average salary of employees, the music industry ranks last among the creative industries. In 2015-2019, 305 thousand GEL was invested in the industry, which is also the smallest amount. Despite the significant lag, it should be noted that some positive changes can still be observed in the industry. It is important to note that the music industry does not include nightclub activities, which could not be observed due to the scarcity of data[51]. Studying the mentioned activities independently will be essential to fully understanding the music industry.

Between 2015 and 2019, organisations active in the music industry grew by an average of 6% per year, but in 2020 the number decreased by 16.9% to 69 organisations. According to the same year's data, individual entrepreneurs predominate among the enterprises (67% - 46 Ind. Entrepreneurs), while the second place is occupied by Limited Liability Companies (32% - 22 LLCs). Moreover, 78% of the mentioned enterprises (54 organisations) are small, and 1% (1 organisation) are medium-sized. Size-related information is not available for the remaining 21%.

In 2015-2019, the average annual growth of the industry's turnover was 10.5%; in 2019, it exceeded 4.8 mm. GEL. In the mentioned period, the added value grew by 22.5% annually. As of 2019, the added value created by the music industry is 3.5 mm. GEL (Graph 8.1).

[51] According to the Nace rev.2 classification, club activities are included in code 56.3 - Beverage service activities, which, in addition to club activities, include a wide range of other economic activities. Therefore, this code was not included in our analysis.

Graph 8.1 Turnover and added value in music, 2015-2019

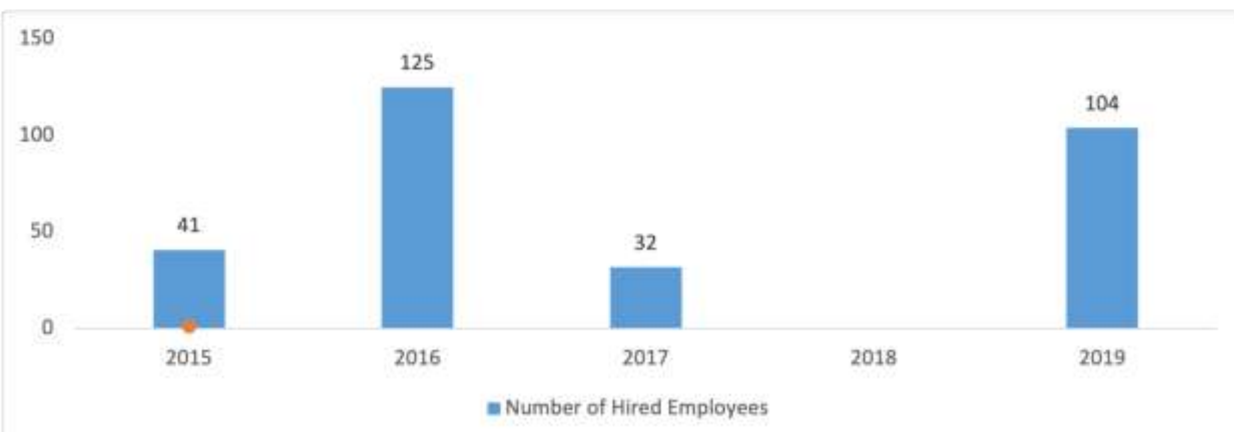


Source: Geostat

In 2015-2019, the ratio of the industry's added value to output ranged from 48% to 59%.

The average annual growth in the number of employees employed in the music industry between 2015 and 2019 was 26.4%. The maximum number of hired employees (125) was recorded in 2016; in 2019, the total number of hired employees in the industry was 104. It should be noted that the number of hired employees in the sector is deficient and, at the same time, fluctuates significantly from year to year (Graph 8.2).

Graph 8.2 The number of hired employees in music, 2015-2019

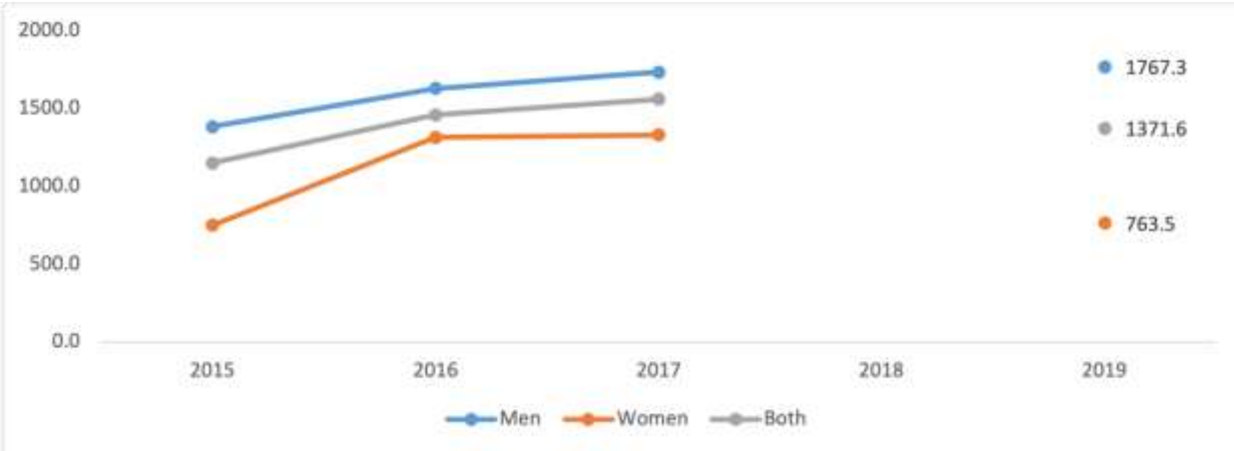


Source: Geostat

Between 2015 and 2019, the share of women among the hired employees in the industry ranged from 37% to 54%, and at the end of the period was 39%.

After the positive trend in 2015-2017, the salaries decreased to 1,372.00 GEL by 2019. In the mentioned period, the average annual salary increase for men was 6.3%, and for women was 0.4%, significantly increasing the gender imbalance. According to the data of 2019, the average salary for men was 1,767.00 GEL, and for women, 764.00 GEL (Graph 8.3).

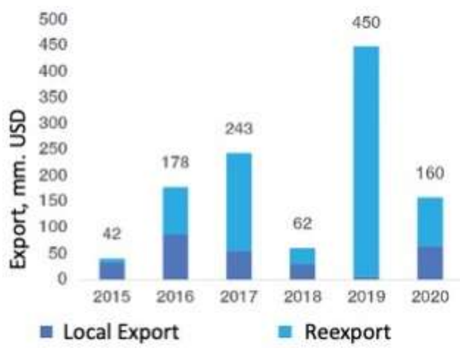
Graph 8.3 Average monthly salary for hired employees in music, 2015 – 2019

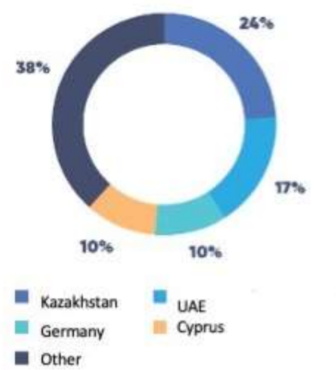


Source: Geostat

Graph 8.4 Export in music, 2015-2020

Graph 8.5 Main export destinations, music, 2019





Source: Geostat

Between 2015 and 2019, the number of hired employees in the music industry was less than 1% of the total number in the creative industries, as was the industry's share of turnover and output.

In 2015-2019, the export of the music industry was distinguished by significant variability. This applies to both exports and re-exports of locally produced goods. The total exports' average annual growth rate was 81%. The indicator reached its maximum in 2016 and amounted to 88 thousand USD; in 2019, it decreased to 6.9 thousand USD. Despite the pandemic, in 2020, local exports increased to 65 thousand USD. On the other hand, the re-export indicator reached its maximum (442.8 thousand USD) in 2019 and decreased to 94.8 thousand USD in 2020 (graph 8.4).

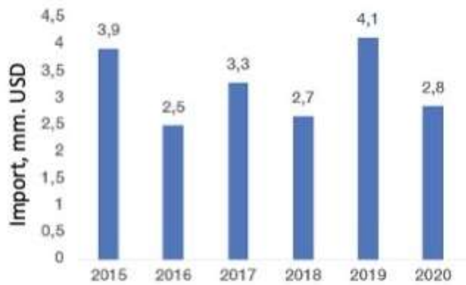
According to 2019 data, the primary market for local exports is Kazakhstan, which accounts for 24% of total local exports. It is followed by the United Kingdom (17%) and Germany (10%).

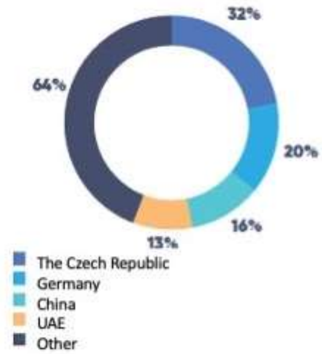
Imports are also characterised by variability. By 2015, the total volume of imports was 3.9 mm. USD. The indicator reached its lowest point (2.5 mm. USD) in 2016 and peaked (4.1 mm. USD) in 2019. Against the background of the pandemic, imports decreased to 2.8 mm. USD in 2020 (Graph 8.6).

The Czech Republic (32%), Germany (20%), China (16%) and the United Arab Emirates (13%) were the leading importers in 2019 (Chart 8.7). The top trade item in export and import is sound recording systems.

Graph 8.6 Import in music, 2015-2020

Graph 8.7 Major importing countries, music, 2019





Source: Geostat

It should be noted that the music industry belongs to the number of sectors that mainly trade in services, so the modest data on foreign trade in goods is not surprising.

Trends in trade in services are discussed in the Creative Industries Trade in Services section under Trade in Personal, Cultural and Entertainment Services.

2.9 Advertising

In the next section, we will consider the economic indicators for the advertising industry, which, according to the classification of creative sectors, includes codes 73.11 and 73.12 of the economic activity classification (Sec 006-2016 (NACE rev.2)), although due to the lack of detailed data, the results are presented for code 73 - advertising activities and market research (Table 9.1).

Table 9.1 Economic activities included in advertising according to the available data

Creative Industry (1)	Preferred GNC 006-2016 (Nace rev. 2) code (2)	Available GNC 006-2016 (Nace rev. 2) codes for the data of a statistical survey of enterprises (3)	Available GNC 006-2016 (Nace rev. 2) codes for the Business Register and Labour Force Survey-based data (5)	Creative Industry (1)
Advertising	73.11 Advertising agencies 73.12 Media representation	73 - Advertising and market research	73.11 Advertising agencies 73.12 Media representation 73.20 Market research and public opinion polling	73.11 Advertising agencies 73.12 Media representation

Among the creative industries in 2015-2019, after the media and broadcasting, advertising is the leader in total investments: almost 148 mm. Gel was invested in this industry during the mentioned period, significantly contributing to the sector's development.

Between 2015 and 2019, the number of organisations active in advertising increased by 22.4%; in 2020, it decreased by 2.9% to 1,318. According to the data of the same year, limited liability companies predominate among the organisations (70% - 924 LLCs), while the second place is occupied by individual entrepreneurs (28% - 373 ind. entrepreneurs). 78% of the mentioned organisations (1026 organisations) are small, 1% (9 organisations) are medium. Less than 1% (2 organisations) are large. Information about the size of the rest of the enterprises is not available.

In 2015-2019, the average annual growth of industry turnover was 2%. In 2017, the annual growth rate peaked and increased by 10% compared to 2016. In 2019, the turnover of the advertising industry exceeded 694 mm. Gel, which is 6% more than the corresponding indicator for 2018 (Graph 9.1). According to the data in 2019, advertising accounts for 39% of the total turnover of the creative industries.

Graph 9.1 Turnover and added value in advertising, 2015-2019

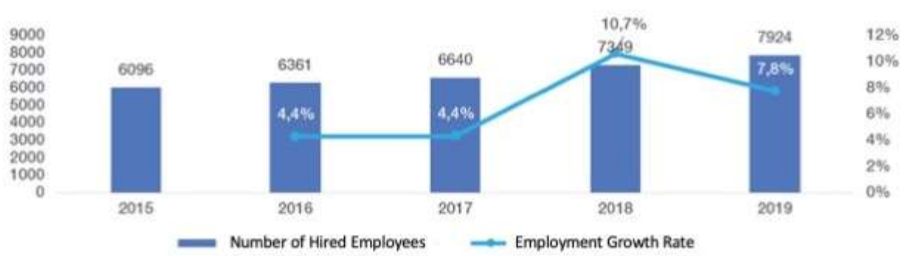
Source: Geostat

In 2015-2019, the added value created by the industry was characterised by an increasing trend. As a result, this indicator reached its maximum in 2019, 329 mm. Gel—4% more than the corresponding indicator of 2018 (Graph 9.1).

During the mentioned period, the ratio of the industry's added value to the output is characterised by a growing trend, reaching the maximum point of 70% in 2019, which is an exceptionally high indicator.

The average annual growth of the number of hired employees in the advertising industry in 2015-2019 was 6.8%. In total, 1,828 additional jobs were created. In 2019, after a 7.8% increase compared to 2018, the number of employees amounted to 7,924 people (Graph 9.2)

Graph 9.2 The number of hired employees in advertising and the growth rate, 2015-2019

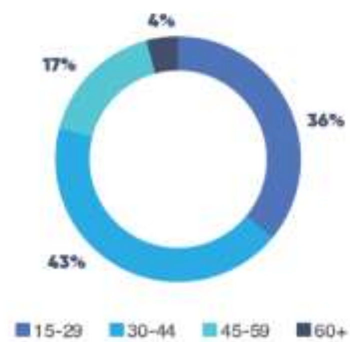


Source: Geostat

According to the data from 2015, the share of women among the hired employees in the industry was 53%. After variation in subsequent years, the rate was set at 50% in 2019.

According to the 2019 labour force survey of the National Statistics Office of Georgia, representatives of the 30 to 45-year-old age category predominate among those employed in advertising, who make up 43% of the total (Graph 9.3). The involvement of young people under 30 in the industry is also high.

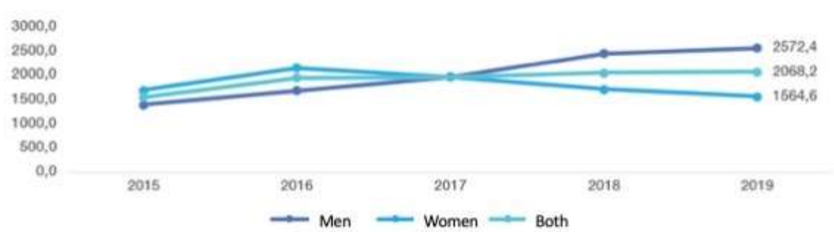
Graph 9.3 The distribution of the hired employees in advertising by age



Source: Geostat, labour force survey

In 2015-2019, the average monthly salary of the hired employees increased by 7% annually. The average annual growth rate of men's salaries was 17%, while women's salaries decreased by 2% yearly. In 2015 and 2016, the average monthly salary of women exceeded that of men; however, in 2018 and 2019, the situation changed, and the average monthly salary of men significantly exceeded that of women. According to the data of 2019, the average salary for men was 2,572.00 GEL, for women, 1,565.00 GEL, and the industry average was 2,068.00 GEL (Graph 9.4).

Graph 9.4 Average monthly salary for hired employees in advertising, 2015–2019



Source: Geostat

In 2015-2019, the share of the number of employees in advertising in the entire creative industry increased from 22% to 25%. As for the percentage of the sector in the total turnover, this indicator was 49% in 2015, but it decreased to 39% by 2019, which is explained by the higher growth rate of turnover in other creative industries (Graph 9.5). Therefore, regarding labour productivity, on average, the advertising industry has higher employee productivity than other industries.

Graph: 9.5 Advertising's share of turnover, added value and hired employees across all creative endeavours.

Source: Geostat

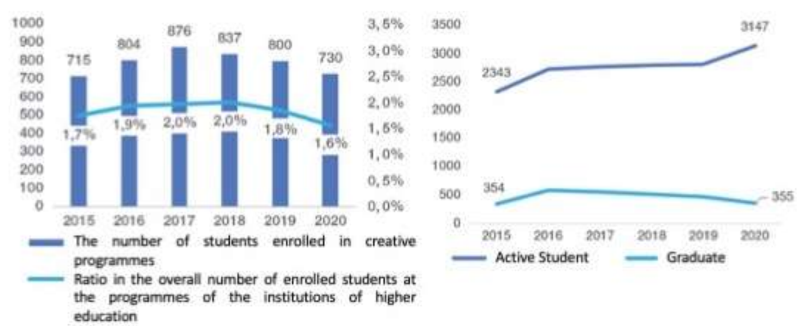
Exports of services in advertising are discussed in the Trade in Services section as part of advertising, market research and public opinion polling.

2.10 Arts and Cultural Education

Efficient art and cultural education is critically important for developing creative industries. This domain, on the one hand, employs people specialised in the creative industries and, on the other hand, creates the basis for the development of the industries. This section represents data on higher educational institutions and vocational schools operating in arts and cultural education.

In 2015-2020, the number of current students and alums of creative industries-related programmes in higher education institutions was characterised by a decreasing trend after 2017 (Graph 10.1). In recent years, the share of those enrolled in creative programmes in higher education among the total enrolment has also been decreasing (Graph 10.1). In 2020, 3,147 active students were registered for the mentioned programmes. In the same year, 355 students graduated from higher education institutions, and 730 students were enrolled.

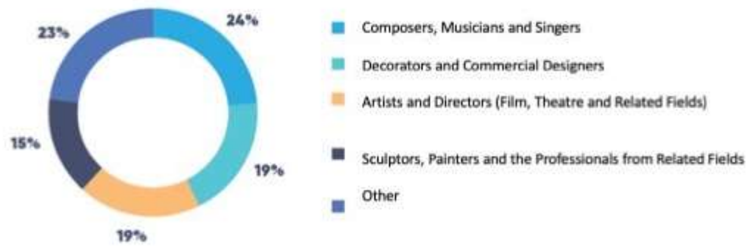
Graph 10.1 - Number of enrolled and active students and graduates in programmes related to creative professions in higher education institutions, 2015-2020



Source: The Ministry of Education and Science of Georgia; NSOG

In 2015-2020, the leading position among graduates was held by composers, musicians and singers, accounting for 24% of the total. They are followed by decorators and commercial designers (19%), actors and directors (19%) and sculptors and painters (15%) (Graph 10.2). About 69% of these graduates come from The Tbilisi State Academy of Art, Tbilisi State Conservatoire and Shota Rustaveli Theatre and Film University.

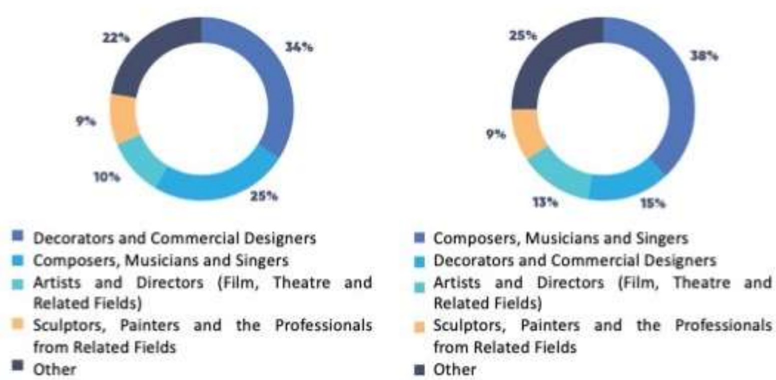
Graph 10.2 - Distribution of creative programme graduates in 2015-2020



Source: The Ministry of Education and Science of Georgia

In 2020, decorators and commercial designers accounted for 34% of enrolments in higher education, followed by composers, musicians and singers (25%). As for the graduates in 2020, the first place is occupied by composers, musicians and singers (38%), followed by decorators and commercial designers (15%) (Graph 10.3).

Chart 10.3 Distribution of students enrolled in creative programmes and graduates in 2020



Source: The Ministry of Education and Science of Georgia

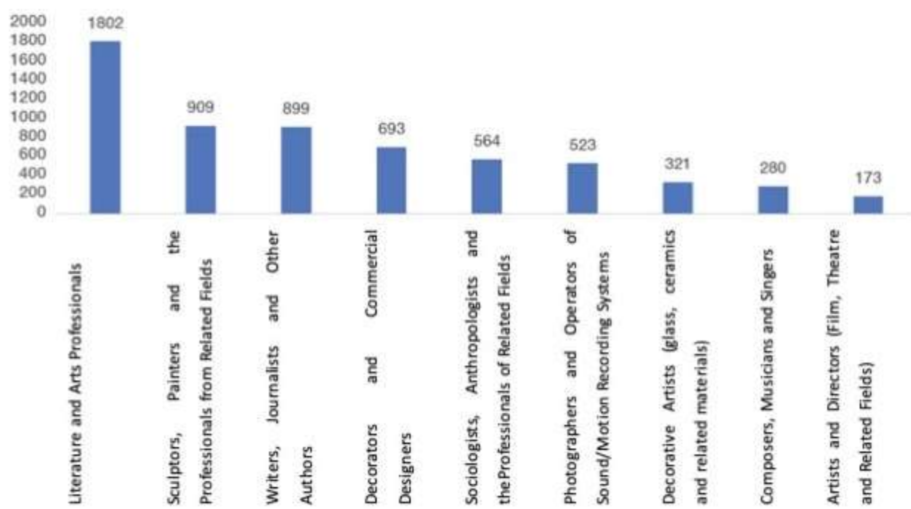
In 2019 and 2020, the State allocated about 3.6 mm. GEL as a scholarship for creative industries-related programmes at higher education institutions; 33% of this grant was given to decorators and commercial designers and 26% to sculptors and painters (Graph 10.4).

Chart 10.4 - Distribution of grants for creative programmes in higher education in the 2019 and 2020 academic years

Source: The Ministry of Education and Science of Georgia

Regardless of the distribution given above, according to the data of 2020, writers and artists[52] lead the way in terms of the number of grants issued per active student in creative programmes (Graph 10.5).

Chart 10.5 - Amount of educational grant per active student, 2020



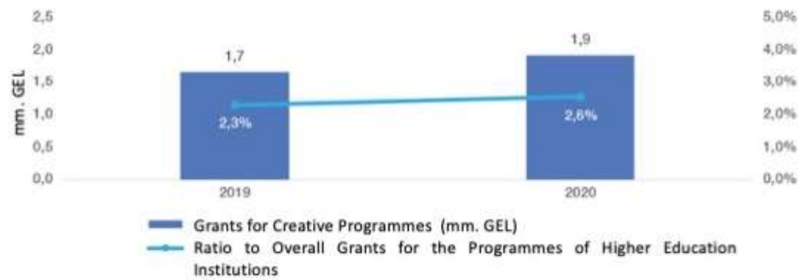
Source: The Ministry of Education and Science of Georgia

It should be noted that the category of writers and artists includes all audio-visual and media arts programmes.

The ratio of grants issued for creative programmes to total State grants increased from 2.3% to 2.6% in 2020, parallel with the volume of grants given to creative programmes (Graph 10.6).

Chart 10.6 Ratio of creative programmes' grants to overall grants issued for the studies at the institutions of higher education, 2019-2020

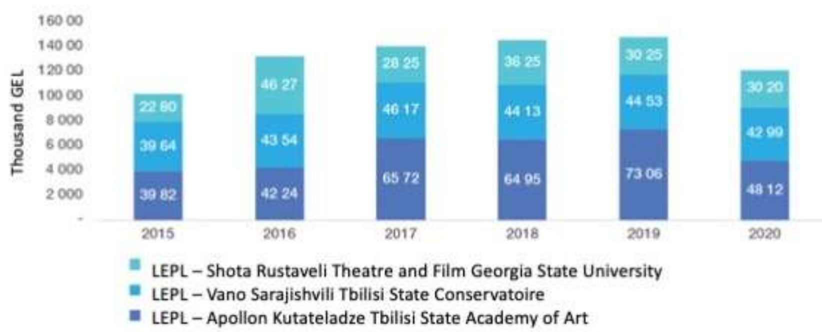
[52] Writers and artists bring together students from art and audio-visual and media arts programmes



Source: The Ministry of Education and Science of Georgia[53]

As already mentioned, most of the creative industries-related programme graduates are from Tbilisi Art Academy, Tbilisi State Conservatoire and Shota Rustaveli Theatre and Film Georgia State University. In 2020, the total State funding of these three educational institutions exceeded 12 mm. Gel. From 2015 to 2019, the funding increased by 9.7% annually; in 2020, it decreased by 18% (Graph 10.7).

Chart 10.7 State funding, 2015-2020



Source: LEPL Shota Rustaveli Theatre and Georgia State Film University/ LEPL Tbilisi State Conservatoire / LEPL Tbilisi State Academy of Art

A negative trend can be observed regarding enrolment and the number of graduates in the creative industries-related educational programmes at the vocational schools in 2015-2020. During the mentioned period, the number of those enrolled on these programmes decreased by 18%, and the number of graduates decreased by 21% annually. The maximum number of enrolments was recorded in 2017 (1,465 students), and the maximum number of graduates was recorded in 2018 (1,075 students) (Graph 10.8). As of 2020, there are 1,759 active students enrolled on creative professional programmes. The mentioned decrease in 2020 can be connected to the lifted educational process at vocational schools from March 2020 to September 2020 due to the Covid-19 pandemic.

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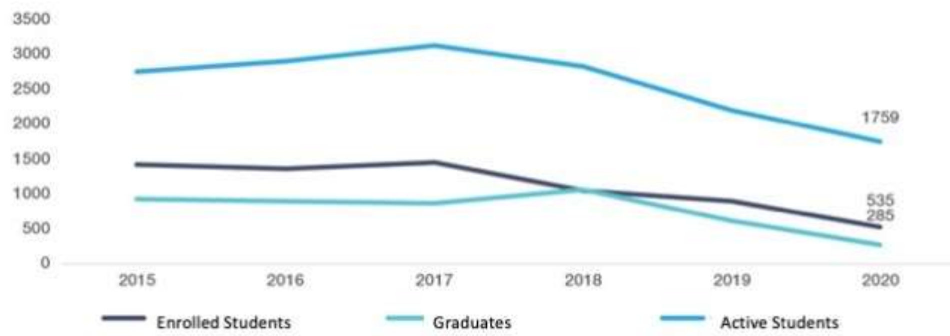
[53] The indicators of the grants issued in the state higher education institutions include the following institutions: LEPL Tbilisi State University, LEPL – Georgian Technical University, LEPL Tbilisi Medical University, LEPL – Ilia State University, LEPL – Sokhumi State University, LEPL - Akaki Tsereteli State University, LEPL – Batumi Shota Rustaveli State University, LEPL – Shota Meskhia Zugdidi State University, LEPL – Gori State University, LEPL – Iakob Gogebashvili Telavi State University, LEPL – Samtskhe-Javakheti State University, LEPL – Tbilisi State Academy of Art. LEPL – Shota Rustaveli Theatre and Film State Univerity.

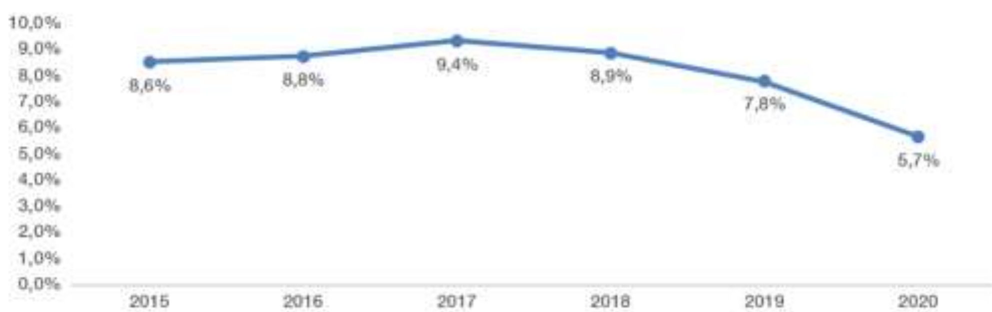
Graph 10.8 - Number of students in professional educational institutions of creative industries-related programmes



Source: The Ministry of Education and Science of Georgia

It should be noted that since 2017, the share of students enrolled on creative programmes at vocational schools has been decreasing. This figure decreased from 9.4% in 2017 to 5.7% in 2020 (graph 10.9).

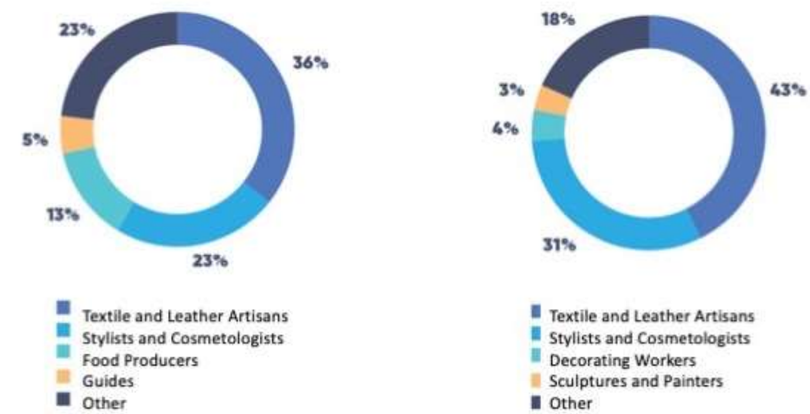
Graph 10.9 Share of students enrolled in professional programmes related to creative industries in the total number of students enrolled in professional programmes of public and private educational institutions.



Source: The Ministry of Education and Science of Georgia, Geostat

In 2015-2020, according to enrolments, textile and leather-related professions were the most in-demand ones, accounting for 36% of those enrolled at vocational schools. It is followed by stylists and beauticians (23%), food product manufacturers (13%) and tour guides (5%). Textile and leather workers and stylists, and cosmetologists also lead in the number of graduates. However, among graduates, unlike those enrolled, the third and the fourth positions are shared by the masters of decorative painting (4%) and sculptors and painters (3%), respectively. (Graph 10.10).

Graph 10.10 - Distribution of students enrolled in creative professional programmes and graduates according to the programmes, 2015-2020



Source: The Ministry of Education and Science of Georgia

Food producers[54] (64%), guides (12%) and decorators and commercial designers (10%) lead among those enrolled on creative professional programmes by 2020 (Graph 10.11).

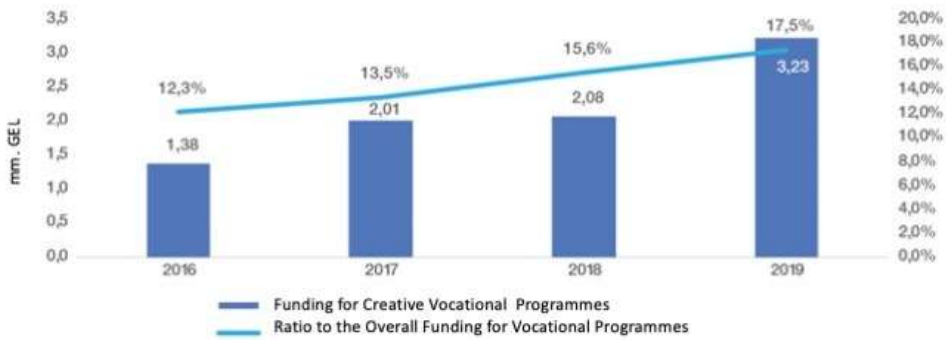
Graph 10.11 - Distribution of students enrolled at vocational schools according to the programmes, 2020

Source: The Ministry of Education and Science of Georgia

In 2016-2019, the amount of student funding for professional programmes related to creative industries grew by 33% annually and in 2019 amounted to 3.2 mm. GEL. It should be noted that during the same period, the share of student funding for creative professional programmes in the total funding increased; by 2019, it was 17.5% (Graph 12).

Graph 10.12 – Creative programmes' funding, 2020

[54] This group includes culinary arts programme students.



Source: The Ministry of Education and Science of Georgia

The largest share of student funding awarded to vocational programmes in 2019 was provided to textile, leather (and similar materials) workers (35%) and food producers (35%). These two categories benefited from 70% of the total funding (Graph 10.13).

Chart 10.13 - Distribution of student funding for creative professional programmes, 2019

Source: The Ministry of Education and Science of Georgia

It should be noted that in 2015-2020, the share of students enrolled on creative vocational programmes among the total number (Graph 10.9) is significantly higher than the share of students enrolled on creative programmes at the institutions of higher education among all those enrolled on the programmes at the institutions of higher education (Graph 10.1). Although the overall trend is not promising, the amount of funding and the share in the corresponding aggregate indicator for both higher and vocational education programmes are increasing (Graph 10.6 and Graph 10.12).

2.11 Digital Technologies

In the next section, we will discuss economic indicators for the digital technology industry, which according to the classification of creative industries, includes codes 26.40, 58.21 and 58.29 of the economic activity classifier Sec 006-2016 (Nace rev. 2); however, due to the data scarcity, the results are presented for code 58.20 of the same classifier—Software Publishing (Table 11.1).

Table 11.1 Economic activities included in digital technologies according to the available data

Creative Industry (1)	Preferred GNC 006-2016 (Nace rev. 2) code (2)	Available GNC 006-2016 (Nace rev. 2) codes for the data of a statistical survey of enterprises (3)	Available GNC 006-2016 (Nace rev. 2) codes for the Business Register and Labour Force Survey-based data (5)	Creative Industry (1)
Digital Technology Industry	26.40 Manufacturing consumer electronics[55]		58.21 Publishing of computer games	58.21 Publishing of computer games
	58.21 Publishing of computer games		8.29 Other software publishing	8.29 Other software publishing
	8.29 Other software publishing	58.20 Software publishing		

In 2015-2019, more than 5.3 mm. GEL was invested in digital technologies, less than 1% of the total investment in the creative industries during the same period. Despite the low level of investment, the industry's growth rate is still remarkable, which is confirmed by the data presented in the next section.

In 2015-2019, the average annual growth rate of organisations active in the digital technology industry was 17%. A total of 113 organisations were registered in the sector by 2020. According to the data of the same year, Limited Liability Companies predominate among the organisations (60% - 68 LLCs), while the second place is occupied by Individual Entrepreneurs (35% - 40 ind. entrepreneurs). 42% of the organisations (48) are small, 3% (3 organisations) are medium, and 1% (1 organisation) is large.

In 2015-2019, the average annual growth of the industry turnover amounted to 36%. In 2019, the turnover of digital technologies exceeded 28 mm. GEL, 21% more than the corresponding indicator of 2018 (Graph 11.1). Despite the impressive growth, as of 2019, the industry's turnover is less than 2% of the total turnover of the creative industries.

An increasing trend characterises the added value created by the industry in 2015-2018. The indicator peaked in 2018 (16.9 mm. Gel); in 2019, it decreased to 16.5 mm. GEL (graph 11.1).

The share of the industry's added value varied from 60% to 86% in 2015-2019, peaking in 2016 and dropping to a record low in 2019.

Graph 11.1 Turnover and added value in digital technologies, 2015-2019

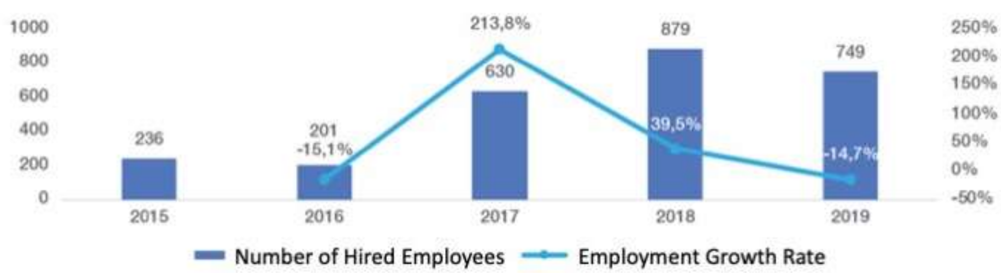
[55] Due to the fact that no active enterprises are recorded on code 26.4 during the observation period, this code is removed from the analysis.

Source: Geostat

The average annual growth in the number of employees in the digital technology industry between 2015 and 2019 was 33%. The growth rate peaked in 2017 (214%). In 2019, after a 14.7% decrease compared to 2018, the number of hired employees amounted to 749 (Graph 11.2).

According to the data from 2015, the share of women among the hired employees in the industry was 27%. The indicator reached its peak (47%) in 2018; in 2019, it decreased to 40%.

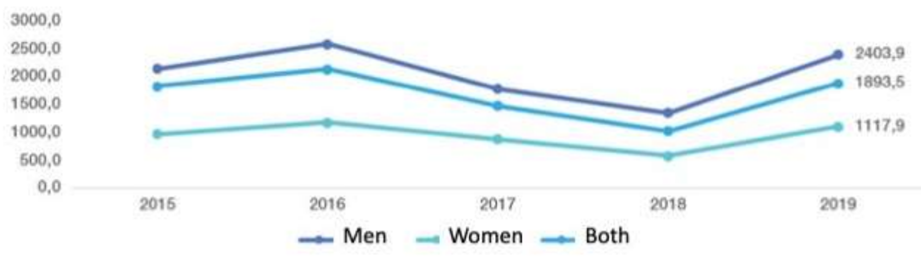
Graph 11.2 The number of hired employees in digital technologies and the growth rate, 2015-2019



Source: NSOG

In 2015-2019, the salary of hired employees was distinguished by a changing trend. By 2015, the average salary was 1,836.00 GEL. The indicator reached a low (1,029.00 GEL) in 2018; in 2019, it increased to 1,894.00 GEL. Despite the variation, the gender imbalance in salary has persisted. According to the 2019 data, the average salary for men was 2,404.00 GEL, and for women, 1,118.00 GEL (Graph 11.3). Male freelancers are paid 115% more than their female counterparts, highlighting the gender disparity in the digital technology industry.

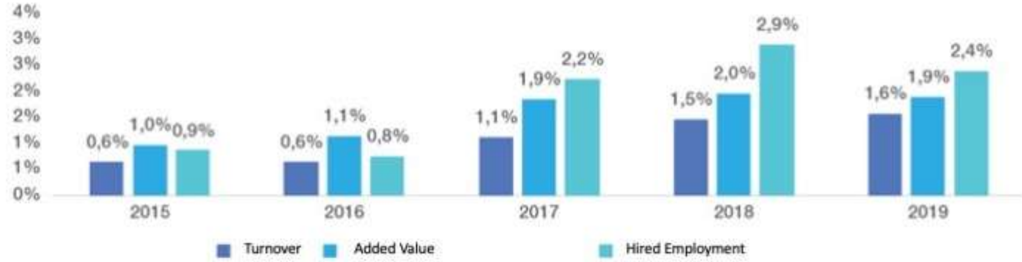
Graph 11.3 Average monthly salary for hired employees in literature and publishing, 2015 – 2019



Source: Geostat

In 2015-2019, the share of digital technologies in the total turnover of creative industries had been steadily hovering around 1%. As a result, the percentage of the number of hired employees in the employment across all creative industries increased from 0.9% to 2.4%. (Graph 11.4).

Graph: 11.4 Digital technologies' share of turnover, added value and hired employees across all creative industries.



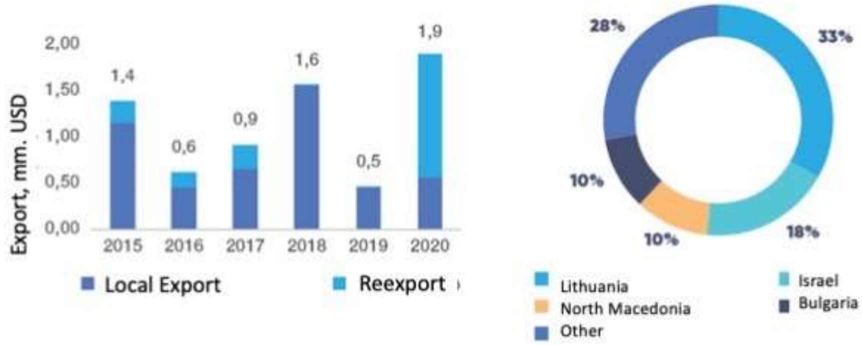
Source: Geostat

In 2015-2019, the export of the digital technology industry was characterised by volatility. This applies to local exports and re-exports: The exports decreased by 24% annually. By 2015, the regional export figure was 1.2 mm. USD. The indicator peaked in 2018 and amounted to 1.6 mm. USD; in 2019, it decreased to 457 thousand USD. Despite the pandemic, local exports increased to 560.1 thousand USD in 2020 (Graph 11.5).

According to the data for 2019, the primary export market is Lithuania, which accounts for 33% of the total exports. Israel holds a significant share (18%), followed by North Macedonia (10%) and Bulgaria (10%) (Graph 11.6)

Graph 11.5 Export, digital technologies, 2015-2020

Graph 11.6 Major export destinations, digital technologies, 2019



Source: NSOG

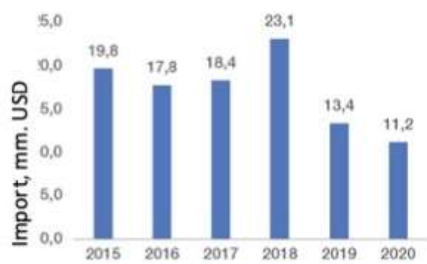
Between 2015 and 2019, digital technology industry imports declined by an average of 9% annually. In the mentioned period, the maximum rate (23.1 mm. USD) was recorded in 2018, and the minimum (13.4 mm. USD) was recorded in 2019. In 2020, compared to 2019, imports decreased by 16% and amounted to 11.2 mm. USD (Graph 11.7).

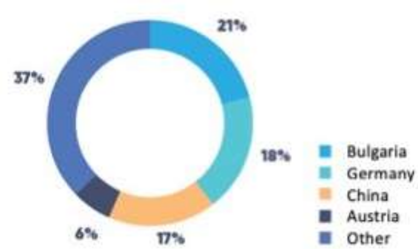
In 2019, 21% of digital technology industry products imported to Georgia came from Bulgaria, 18% from Germany, 17% from China, and 6% from Austria (Graph 11.8).

It should also be noted that a large part of the trade in the digital technology industry is carried out in services. Relevant indicators are discussed in the relevant chapter (trade-in computer and information services) of the report.

Graph 11.7 Import, digital technologies, 2015-2020

Graph 11.8 Main importing countries, digital technologies, 2019





Source: Geostat

2.12 Craft

In the next section, we discuss the economic indicators for the craft industry, which according to the classification of creative industries, includes economic activity codes 32.11 and 32.12 (GNC 006-2016 (NACE rev.2)). As a result of the absence of a detailed data on the business register, the sub-chapter discusses the results of labour force survey and foreign trade data only.

Table 12.1 Economic activities included in the craft industry according to the available data

Creative Industry (1)	Preferred GNC 006-2016 (Nace rev. 2) code (2)	Available GNC 006-2016 (Nace rev. 2) codes for the data of a statistical survey of enterprises (3)	Available GNC 006-2016 (Nace rev. 2) codes for the Business Register and labour force survey-based data (5)
Craft	32.11 Striking of coins 58.12 Manufacturing of jewelleries and related articles	No data available	32.11 Striking of coins 58.12 Manufacturing of jewelleries and related articles

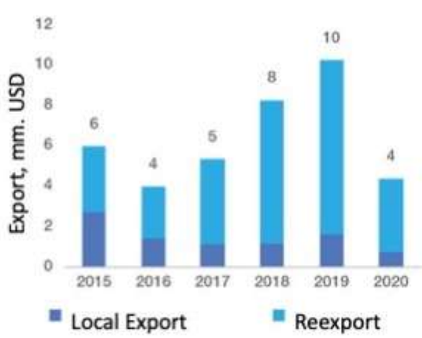
There are 77 active organisations in the craft industry (2020 data), which is 7% less than the number from 2015 (83 organisations) and 13% less than that in 2019 (88 organisations). 74% of organisations are Individual Entrepreneurs, and 26% are Limited Liability Companies. 79% of organisations (61 organisations) are small, and 1% (1 organisation) are medium-sized.

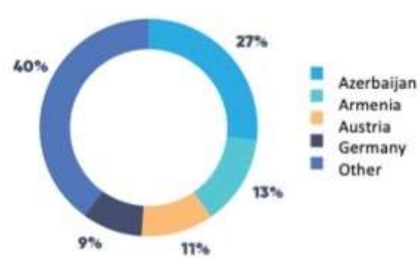
In 2015-2019, the average annual growth of exports was 14%, primarily due to the increase in the re-export rate. As a result, total exports reached the maximum value of 10.3 mm. USD in 2019, in which the share of local exports was 15.6%, and the percentage of re-export was 84.4%. In 2020, exports decreased by 57% and amounted to 4.4 mm. USD (Graph 12.1).

According to 2019 data, the primary market for local exports is Azerbaijan, which accounts for 27% of total local exports. It is followed by Armenia (13%), Austria (11%) and Germany (9%) (Graph 12.2).

Graph 12.1 Export, crafts, 2015-2020

Graph 12.2 Major export destinations, crafts, 2019





Source: Geostat

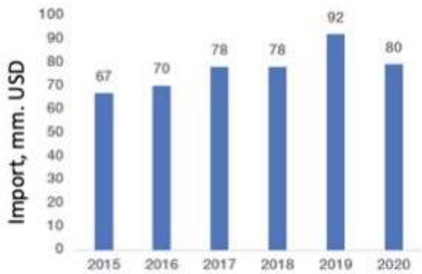
In 2015-2019, the average annual growth of imports amounted to 8.2%. The maximum total import value (USD 92.0 mm.) was recorded in 2019; in 2020, it decreased by 13.5% to 79.5 mm. USD (Graph 12.3).

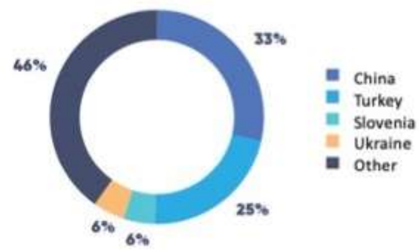
In 2019, 33% of products imported to Georgia came from China, 25% from Turkey, and 6-6% from Slovenia and Ukraine, respectively (Graph 12.4).

In the case of export and import, the leading position is occupied by furniture and furniture parts, specifically bed accessories, lighting devices and building constructions.

Graph 12.3 Import, crafts, 2015-2020

Graph 12.4 Main importing countries, crafts, 2019





Source: Geostat

2.13 Gastronomy and Culinary

The gastronomy and culinary industry are an integral part of creative industries. Because the economic activity classifier does not represent the mentioned industry, the report uses several alternative sources for analysis. First, we will consider the National Tourism Administration of Georgia's data about international visitors because tourism development is directly related to gastronomic tourism and, accordingly, the gastronomic and culinary industry. In addition, based on the mentioned source, the report observes the expenditure incurred by international and domestic visitors, including spending on food and beverages; based on the data of the National Tourism Administration of Georgia, we present the cultural tourism data as an Annexe. Although cultural tourism is not directly related to the gastronomic and culinary industry, cultural and gastronomic tourism are closely related (Annexe 6). The second source used for the analysis is the survey of enterprises of the National Statistics Office of Georgia. In this regard, we observe the economic indicators of the food service industry because it is directly related to gastronomic tourism. In addition, due to the close connection of Georgian wine with gastronomic tourism, the data on the international wine trade will be analysed.

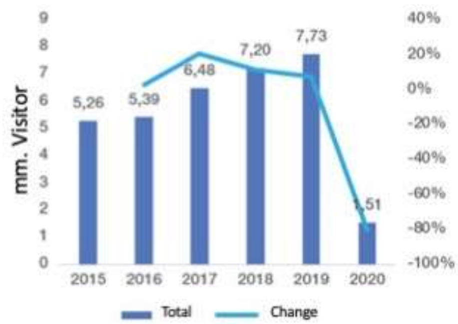
In 2015-2019, the average annual increase in international visitors to Georgia amounted to 10.1%. As a result, a total of 32,060,769 international visitors visited the country. 73.9% of visitors represented neighbouring states, including Azerbaijan (20.2%), Armenia (19.5%), - Russia (17.5%), and Turkey (16.6%). Only 5% of visitors came from EU member states[56], although it should be noted that the average annual increase in their number was 22.8% (Graph 13.1).

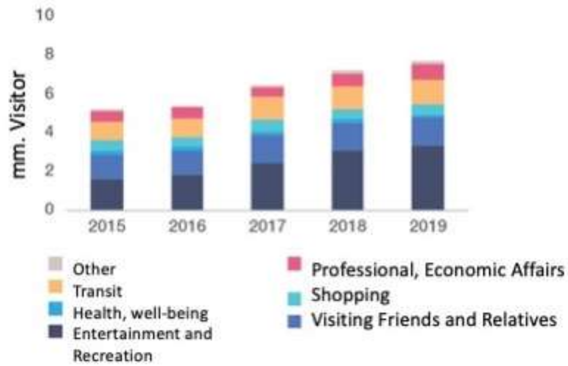
Most international visitors visit Georgia for leisure, entertainment and recreation. Between 2015-2019, the number of visitors who came for the mentioned purpose grew by 19.5% annually on average (Graph 13.2) and in 2019 amounted to 43.5%. Visiting friends and relatives (19.0%), transit (16.1%), and professional and economic activities (10.8%) also had a significant share in the total number of visitors in the same year. The last positions are taken by shopping (6.8%) and other purposes (3.9%).

Graph 13.1 - Number of international visitors and growth rate, 2015-2020

Graph 13.2 - Distribution of international visitors by destination

[56] Including the UK.



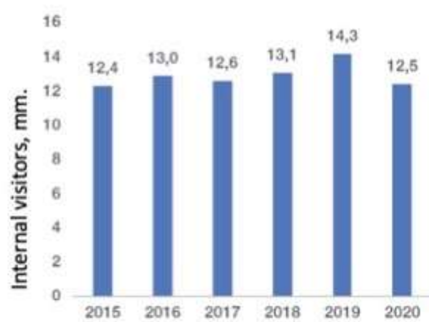


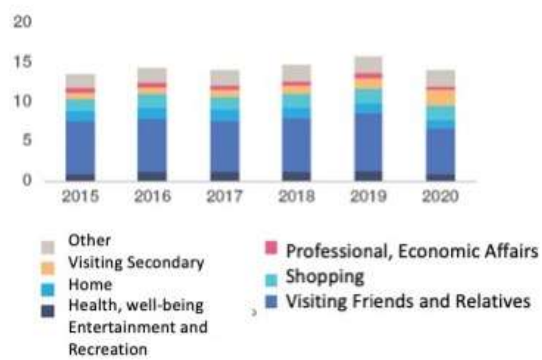
Source: Georgian National Tourism Association / International Visitors' Survey

In 2015-2019, the average annual growth of domestic visitors was 3.6%. The maximum number of visitors (14.3 mm.) was recorded in 2019 (graph 13.3). The purpose of most domestic visits is to visit friends and relatives (Figure 13.4). In 2015-2019, the share of visits for this purpose ranged from 41% to 50%. By 2019, visiting a second home (14%) and shopping (13%) also have a significant share.

Graph 13.3 - Number of domestic visitors, 2015-2020

Chart 13.4 - Distribution of internal visits by purpose





Source: Georgian National Tourism Association / International Visitors' Survey

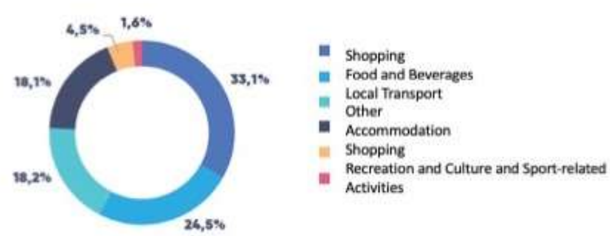
According to the 2019 data, the expenses incurred by international visitors on food and drinks made up 27.5% of the total costs and exceeded 2,343 mm. GEL. In addition, in 2015-2019, the mentioned indicator grew by 24.4% annually on average. It should be noted that in the total expenditure of international visitors, spending on food and beverages constitutes the most significant part. It is followed by expenses incurred on accommodation (23.7%) (Graph 13.5).

Figure 13.5 - Expenditure structure of international visitors, 2019

Source: Georgian National Tourism Association / International Visitors' Survey

Domestic visitors' expenditure on food and beverages in 2019 amounted to 24.5% (451 mm. GEL) of the total spending.

Figure 13.5 - Expenditure structure of domestic visitors, 2019



Source: Georgian National Tourism Association / International Visitors' Survey

The average spending per visit for domestic visitors in 2019 was 129.3 GEL, and for international visitors—1,102 GEL. Table 13.1 shows the average spending per visit in 2019 for the citizens of the top 10 visiting countries.

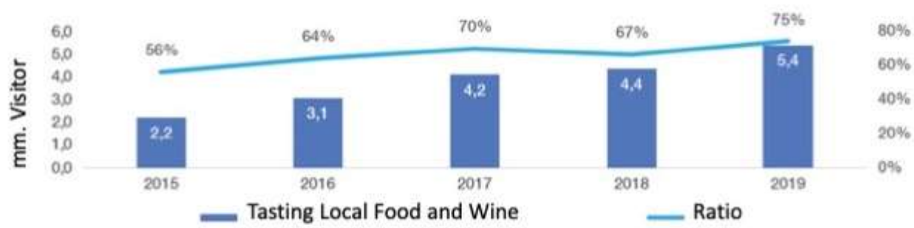
Table 13.1 Top 10 countries by number of international visitors and their corresponding average expenditure per visit (2019)

Country	Number of visitors	Average expenses per visitor in GEL
Azerbaijan	1,526,619	395.5
Russia	1,471,558	1282.4
Armenia	1,365,048	588.8
Turkey	1,156,513	927.9
Ukraine	207,667	1788.0
Israel	205,051	2034.9
Iran	141,997	2092.0
Kazakhstan	103,611	1818.2

Germany	89,051	1856.1
Poland	88,300	1780.9

Gastronomic tourism is one of the main directions of the Georgian tourism industry, in which most visitors are interested. It should be noted that according to the survey of international visitors of the National Tourism Administration of Georgia, the number of international visitors who were involved in local cuisine and wine-tasting activities increased by 24.8% annually on average between 2015-2019, which clearly shows the interest in gastronomic tourism. In 2019, the number of visitors involved in this activity exceeded 5.4 mm, making up 75% of the total. This figure has increased by 142.6% compared to 2015 and 23.3% compared to 2018 (Graph 13.7).

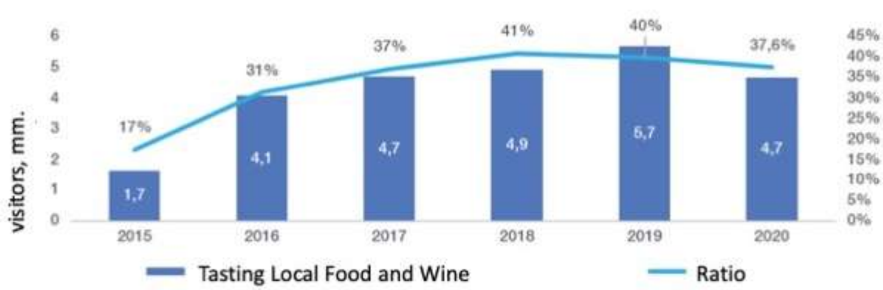
Graph 13.7 - Number and share of international visitors involved in gastronomic tourism in total international visitors, 2015-2019



Source: Georgian National Tourism Association / International Visitors' Survey

The increase in the number of domestic visitors engaged in activities related to gastronomic tourism averaged 11.8% in 2016-2019. According to the data for 2019, the figure reaches 5.7 mm., which is 40% of the total number of domestic visitors (graph 13.8).

Figure 13.8 Number and share of domestic visitors involved in gastronomic tourism in total domestic visitors, 2015-2019



Source: Georgian National Tourism Association / International Visitors' Survey

As we have already mentioned, wine is one of the most important parts of Georgian gastronomic tourism and the entire gastronomic and culinary industry, demonstrated by foreign trade trends. In 2015-2019, Georgian wine exports' average annual growth rate was 24%. The maximum export (223 mm. USD) was recorded in 2019. Against the backdrop of the pandemic, the figure decreased to 210 mm. Gel in 2020 (Graph 13.9). By 2019, 60% of the total exports of the wine industry came from Russia, followed by Ukraine (10%), China (8%), Poland (4%) and Kazakhstan (4%) (Graph 13.10).

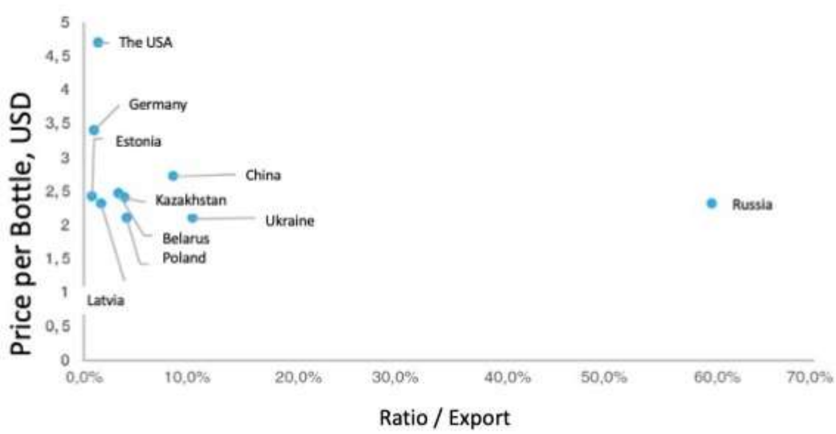
Graph 13.9 - Total value of wine exports and number of bottles, 2015-2020

Chart 13.10 - The main export markets of Georgian wine in 2019

Source: NSOG

Graph 11 represents the export value of Georgian wine in the top ten markets. As the data show, even though Russia is the primary export market in terms of total export value, the export value of one bottle of wine is the lowest in Russia, after Poland and Ukraine. According to this indicator, the USA, Germany and China are leading in the top ten export markets.

Graph 13.11 Top 10 Georgian wine export markets and the export value of one bottle of wine in these markets, 2019



Source: NSOG

Regarding gastronomy and the culinary industry, we also consider the economic indicators for the food service sector, which according to Sec 006-2016 (NACE Rev.2) classifier of types of economic activity, includes code 56.1 - restaurants and mobile food service activities.

Notably, the food service sector is only partially part of tourism. Food service establishments are among the most frequently visited places for international visitors. As mentioned above, as of 2019, 75% of international visitors engaged in local cuisine and wine-tasting activities, with food and beverage spending accounting for the largest share (27.5%) of international visitor spending.

In 2015-2019, the turnover of the food service industry grew by an average of 15.8% annually and exceeded 825 mm. Gel in 2019 (graph 13.12).

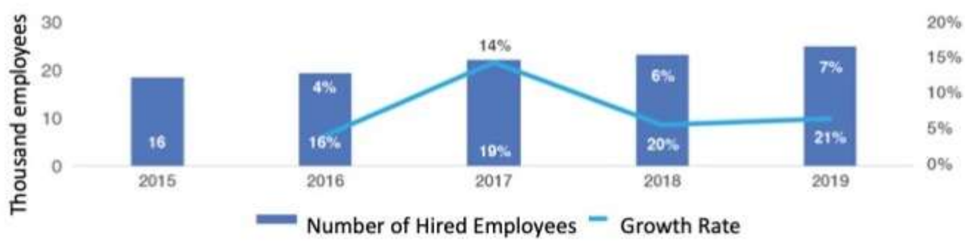
Chart 13.12 - Turnover and added value of the food service industry, 2015-2019

Source: NSOG

The added value created by the industry (26.6%) grew even faster during the mentioned period, which exceeded 313 mm. Gel in 2019.

The average annual growth in the number of employees in the food service industry was 7.7% between 2015 and 2019. In total, 5,390 jobs were created in the sector during this period. In 2019, after a 6.7% increase compared to 2018, the number of employees amounted to 20,900 (Graph 13.13).

Chart 13.13 - Number of employees in the food service industry and growth rate, 2015-2019

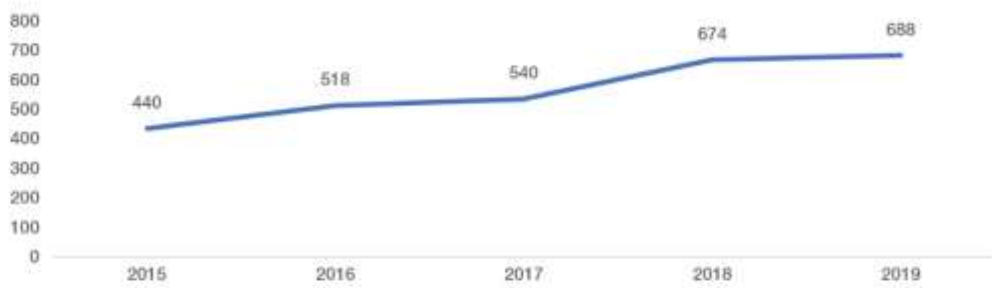


Source: NSOG

According to the data from 2015, the share of women among the hired employees in the industry was 62%. However, this indicator reached a low (54%) in 2018 and increased to 64% in 2019.

In 2015-2019, the average monthly salary of hired employees increased by 12% annually. As a result, the maximum rate was recorded in 2019 and amounted to 688.00 Gel (graph 13.14).

Graph 13.14 - Average monthly salary in the food service industry, 2015-2019



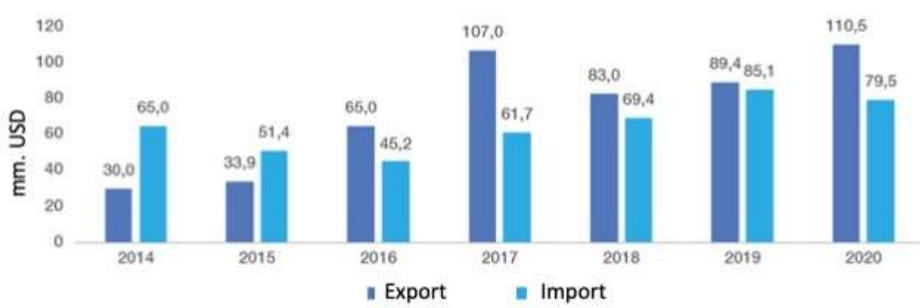
Source: NSOG

3. Trade in Services in Creative Industries

Along with products, creative industries provide services. Therefore, we see the integral role of foreign trade in services in creative industries. Unfortunately, the limited data makes it impossible to discuss specific services for each sub-domain of creative industries. By referring to the methodology for evaluating trade in services of creative industries developed by UNCTAD, we will examine the trends of trade in services according to the following components of the balance of payments of Georgia (BPM6): (i) advertising, market research and public opinion polling (advertising industry); (ii) architectural, engineering and other technical services (architecture industry); (iii) research and development, computer and information services (digital technologies); and (iv) personal, cultural and entertainment services, which in turn are divided into two domains: audio-visual and related services (film and video and music industry) and other personal, cultural and entertainment services (spilling over the cultural heritage industry). In addition, royalties and license fees are considered.

In 2015-2019, the average annual growth of the export of services related to creative activities amounted to 27%. As a result, the total value of exported services in 2019 exceeded 89.4 mm. USD; in 2020, it increased by 24% and reached 110.5 mm. USD. As for imports, they grew by an average of 13% in 2015-2019 and decreased by 7% to 79.5 mm. USD in 2020 (Graph 18).

Graph 18 Total data on trade in services in the creative industries, 2014-2020



Source: Balance of Payments, National Bank of Georgia

Advertising, market research and opinion polling: In 2015-2019, the export component of advertising, market research and opinion polling mainly remained the same. The average annual growth was only 1%, and in 2020 compared to 2019 (4.9 mm. USD), it increased by 115% and reached 10.6 mm. USD. The import increased significantly. The average annual growth in 2015-2019 reached 11%. In 2020, the import figure was 10.3 mm. USD, which is 55% more than that for 2019 (6.6 mm. USD) (Graph 19).

Architectural, engineering and other technical services: In 2015-2019, the export component of architectural, engineering and other technical services decreased significantly. The average annual decrease was 40%. As a result, in 2019, the exports amounted to only 1.1 mm. USD. In 2020, exports increased by 232% and amounted to 3.5 mm. USD. The import decreased by an average of 10 cents annually, which amounted to 12.7 mm. USD in 2019, and increased by 3% to 13.1 mm. USD in 2020 (Graph 19).

Research and development: From 2015-2019, the export of services related to research and development decreased by an average of 10% annually; As a result, 980 thousand USD were recorded in 2019, and in 2020 it increased by 196% to 2.9 mm. USD. In the mentioned period, the average annual growth of imports amounted to 49%, and in 2020, compared to the figure of 2019 (1.8 mm. USD), it decreased by 51% to 890 thousand USD (Graph 19).

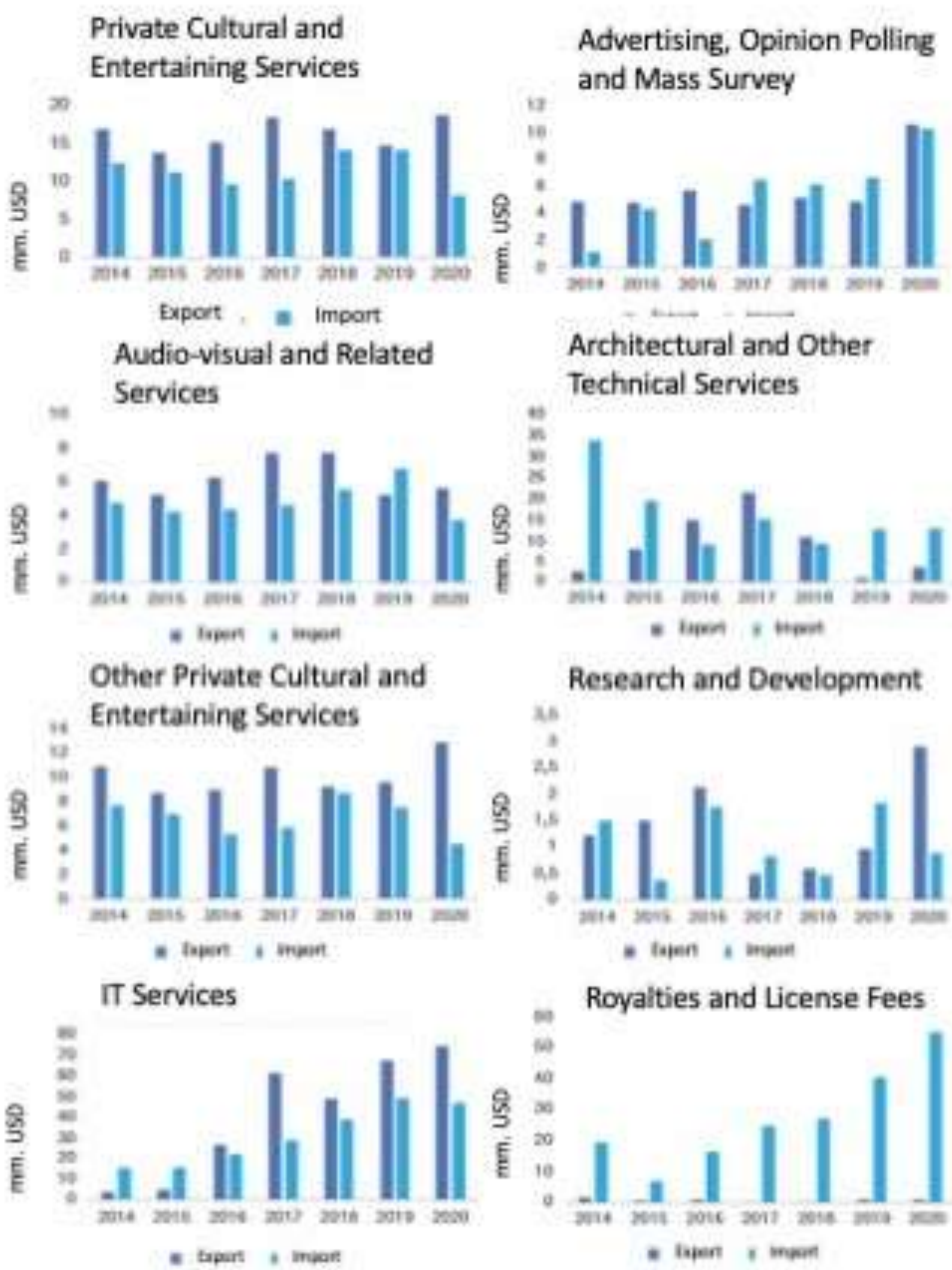
Computer and information services: In 2015-2019, the average annual growth rate of the export of services related to computer and information services was 88%. In 2019, the value of exported services amounted to 67.5 mm. USD; in 2020, it increased by an additional 10% to 74.5 mm. USD. At the same time, the import of the services was growing, the average annual growth of which was 33%, and in 2020 compared to 2019, it decreased by 6% to 46.9 mm. USD (graph 19).

Personal, cultural and entertainment services: Personal, cultural, and entertainment services are divided into two domains. These are - audio-visual and related services and other personal, cultural and entertainment services. Audio-visual and related services include producing films, radio and television programmes and music recordings[57]. Accordingly, we can connect these services to the film, video, and music industries. As for other personal, cultural and entertainment services, this group includes health and educational services and services related to museums, sports, gambling and recreational activities. According to the definition, the mentioned group intersects with the cultural heritage industry, although it includes a much more comprehensive range of services. The export of audio-visual and related services did not change significantly in 2015-2019; in 2020, it increased by 7% compared to 2019 and amounted to 5.7 mm. USD. In 2015-2019, the import of the services grew by 12% annually. As a result, it reached 6.8 mm. USD in 2019 and decreased by 44% to 3.8 mm. USD in 2020. As for other personal, cultural and entertainment services, their export and import average annual growth was 2% in 2015-2019. In 2020, exports increased by 38% to 13. USD, while imports decreased by 40% to 4.5 mm. USD (Graph 19).

Royalties and license fees: Royalties and license fees refer to using proprietary rights (patents, trademarks, copyrights, trade secrets, franchises). These rights may arise from services related to research and development and marketing. This group also includes taxes on the reproduction or distribution (or both) of intellectual property of manufactured prototypes or originals. Such intellectual property may include copyrights of books and manuscripts, computer programmes, cinematographic works and sound recordings. In 2015-2019, the average annual growth of the export of services related to royalties and license fees amounted to 13%, and in 2020 compared to 2019, it increased by 7% to 994 thousand USD. On the other hand, the average annual growth rate of imports was 55%. In 2019, the total value of imports of services related to royalties and license fees was 40.7 mm. USD. In 2020 it increased by an additional 35% to 54.9 mm. USD (Chart 19).

[57] INTERNATIONAL MONETARY FUND.(n.d.).
https://www.imf.org/external/pubs/ft/bop/2007/pdf/bpm6.pdf

Graph 19 Dynamics of export and import of creative industries services, 2014-2020



Source: Balance of Payments, National Bank of Georgia

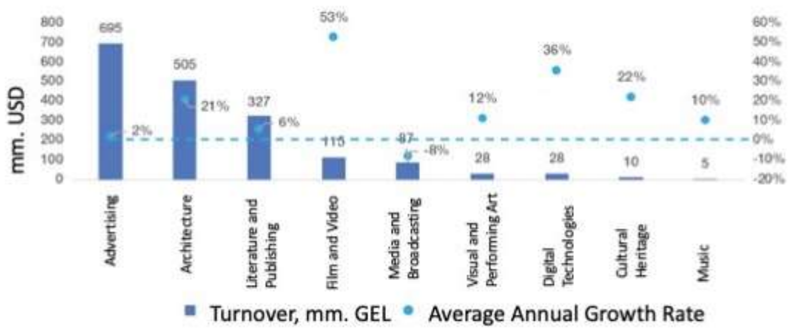
4. Conclusion and Recommendations

The last section aims to summarise the main observations highlighted in the economic analysis of the creative industries and to make relevant recommendations based on the reviewed data, which should contribute to the effective development of the creative ecosystem, the growth of opportunities and the maximum utilisation of the potential.

As we mentioned while summarising the quantitative indicators, according to the data of 2019, advertising is the leader among the creative industries in terms of turnover (695 mm. Gel). It is followed by the architecture industry (505 mm. Gel) and the literature and publishing (327 mm. Gel) (Chart 20). About 85% of the total turnover comes from these three industries, which emphasises that the remaining six industries are significantly behind the leading three in size.

In addition, the creative industries' average annual growth rates of turnover should be taken into account, which is given in graph 20. In this respect, Film and Video industry is the leader (53%), followed by digital technologies (36%). The size of these industries can explain the slight growth rate of advertising and literature, and publishing. It is worth noting that architecture takes the leading position regarding turnover and average annual growth rate. Media and Broadcasting is also highlighted as the only industry in which the average annual turnover growth rate is negative.

Graph 20 Creative industries turnover (2019) and average annual growth rate (2015-2019)



Source: NSOG

Due to the limited data, the architecture industry includes engineering activities, technical tests and analysis, which leads to an overestimation of the mentioned industry's size and should be considered in future research. Fine arts are combined with performing arts, while the digital technology industry does not include consumer electronics.

Considering the highlighted data, we can make several important conclusions:

• First, it is necessary to focus on the challenges related to the availability of statistical data. As mentioned earlier, some creative industries are overestimated due to insufficient statistical data, and others cannot be measured. This ultimately makes it difficult to compare industries and draw clear conclusions. More detailed data on industries and sub-industries will be available, allowing for more informative and accurate analysis.

• In addition, since creative industries are mainly service-oriented, it is essential to have more detailed data on trade in services. The currently available data are inconsistent and cannot fully comprehend the creative industries according to the recommended classification.

• The priorities of state policies and support programmes funded by donor organisations should include industries with high growth potential. Such are, for example, advertising, architecture and literature and publishing, which are leaders in turnover and added value. Also, it is essential to focus on film and video, cultural heritage and digital technologies, which have average annual growth rates (Graph 20).

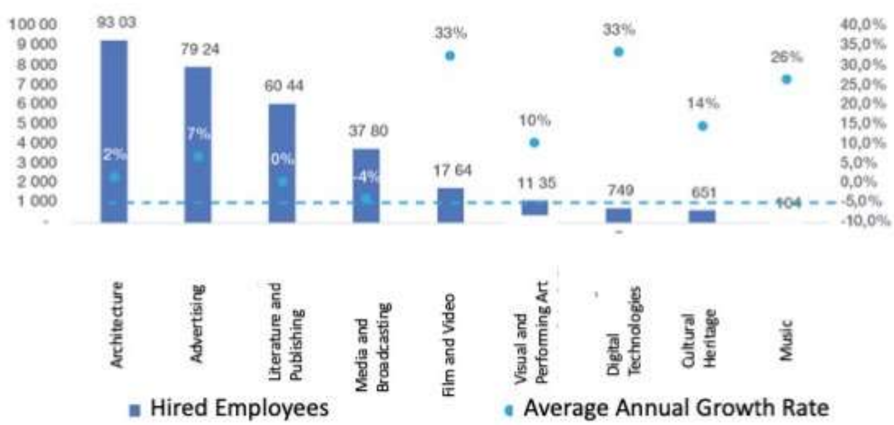
• The potential of digital technologies and the need for policy prioritisation and incentive programmes in this domain is confirmed by the export of services, which grew by an average of 88% annually in 2015-2019.

• Although we cannot observe the results of the statistical survey of enterprises due to the limited data for the design industry, the potential of this industry is forefronted by its (and related sectors') advanced position (65%) in the local export in overall creative industries and the high average annual growth rate of local exports (39%) that come with it.

By observing the labour market, we can see that among the creative industries, architecture is the leader in the number of employees (9,303 people as of 2019). Advertising and literature and publishing follow it. (Chart 21). These three industries account for approximately 74% of the total employees in overall creative industries in Georgia. All these indicators point to the disparity in different subsectors of creative industries.

Digital technologies, film and video led the way in terms of the average annual growth rate of hired employees in 2015-2019 (33.4% and 32.5%, respectively). As for media and broadcasting, it is the only one where the average annual growth rate of the number of hired employees during the mentioned period is negative (-4%). It should also be noted that in terms of the hired employees in architecture, advertising, literature and publishing, one of the lowest average annual growth rates are recorded there (Graph 21).

Chart 21 Number of hired employees in creative industries in 2019 and average annual growth rate, 2015-2019



Source: NSOG

Among the creative industries, the highest average monthly earnings are in advertising and architecture, followed by digital technologies and media and broadcasting (Chart 22).

Chart 22 Average monthly salary and annual productivity in creative industries, 2019

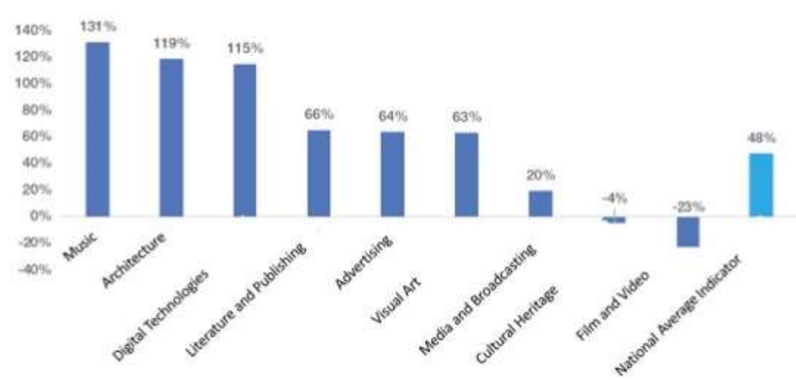
Source: NSOG

It is worth noting that architecture is in the leading position in the average annual salary growth rate. Despite declining productivity in advertising, media and broadcasting, digital technologies and music, the average monthly salary of employees is increasing.

It is also important to note that film and video, despite a relatively low average monthly salary in 2019, recorded the highest average annual growth after architecture (15.9%). It is also worth noting that the former had the highest productivity in 2019 and the highest yearly average productivity growth rate from 2015-2019.

Regarding the labour market, we should draw attention to another circumstance in most creative industries. According to the 2019 data, the average salary of men is significantly higher than that of women (Graph 23). Some differences between the salaries of hired employees could be logical, as they could favour both women and men. However, as seen from the graph, the difference is relatively high.

Chart 23 Deviation of men's average monthly salary compared to women's salary, 2019



Source: NSOG

Based on labour market indicators, it is essential to:

• Focus higher and vocational education and skills training programmes on industries with high average monthly salary growth rates (e.g., architecture, film and video).

• Analyse and consider the existing inequality among employees in creative industries in terms of gender when implementing State programmes.

In industries where the rate of negative productivity growth is recorded, it is recommended to review human resource management strategies.

In 2015-2019, more than 563 mm. Gel was invested in creative industries. The highest investment growth rate was recorded in film and video (41.7%) and architecture (28.5%). As for media and broadcasting, we find a negative average annual growth rate there (-38.9%).

In the mentioned period, among the creative industries, the most significant investment was made in media and broadcasting (167.2 mm. GEL) and advertising (147.9 mm. GEL). On the contrary, the smallest amount was invested in music (0.3 mm. GEL) and cultural heritage (0.3 mm. GEL). In the same period, the ratio of investments to turnover is highest in media and broadcasting (31.7%) and visual arts (13.4%). In the case of no other industry, the indicator reaches the double-digit mark. The lowest rate is recorded in music (1.9%).

- In media and broadcasting, the situation is deteriorating according to almost all economic indicators (turnover, added value, number of hired employees). Despite this, the mentioned industry occupies a leading position in the volume of investments. Based on the above-mentioned negative trends in the statistical indicators, large-scale investments in media and broadcasting cannot be considered economically justified. However, the industry's relatively high and growing salaries are worth noting. Accordingly, any programme's focus should be promoting employment and developing relevant skills.

- In the future, for the development of the industries, it will be essential to study the factors that make specific industries less attractive. Considering the mentioned factor will help attract investments, increasing the opportunities for their development.

Based on the information discussed, digital technologies, architecture, film, and video are the most promising sectors. architecture, despite its size, continues to proliferate, and digital technologies and film and video, despite their relatively modest role, are among the fastest-growing sectors.

It should be noted that the success of individual industries is significantly dependent on the correct and effective implementation of support schemes, such as Enterprise Georgia.

Table 3 - The table presents information about the programmes of the Enterprise Georgia, which are discussed in the section "Economic programmes for the promotion of creative industries in Georgia".

	Programmes aimed at small and micro businesses	Business Universal	Industrial direction	Export support
Architecture	✓			
Design and Fashion	✓			✓
Visual and performing arts	✓	✓		
Film and video	✓	✓	✓	
Cultural heritage	✓	✓		
Literature and publishing	✓	✓	✓	
Media and broadcasting	✓	✓		
Music	✓	✓	✓	
Advertising	✓			
Digital technologies	✓	✓	✓	✓
Crafts	✓	✓	✓	

Note: Industries and programmes are linked in incentive programmes according to SEC 006-2016 (NACE rev.2) codes.

The development of architecture, considered one of the most promising industries, is significantly facilitated by the rapid growth of Georgia's construction and development sector. Therefore, these and other industries with indirect incentive mechanisms from the private sector may be less in need of additional incentive programmes from the State and donor organisations.

As Table 3 shows, digital technologies and film and video are included in several agencies' support schemes, providing opportunities for new and existing enterprises to develop. In addition, the support schemes presented in the table significantly simplify the availability of financial resources, which is one of the most frequently cited obstacles to the development of the private sector in Georgia. Accordingly, these schemes represent another chance for different enterprises in various sectors to achieve the same growth rates as the leading industries.

Part III - The Needs and Challenges of the Creative Industries Sector in Georgia: Qualitative Research Report

1. Main Findings

Raising awareness about the possibilities of creative industries in Georgia, international and local practices, and the need to develop a holistic vision for the development of the industries:

● The role of creative industries as a unified sector in economic activity and local development is vague for those employed in creative industries.

● The representatives of different sub-sectors of creative industries and creative professionals living in the capital and across the regions have unequal access to information on international and local support schemes. In this regard, there is a significant difference between the residents of the non-capital cities and Tbilisi.

● For the respondents, it is challenging to advocate the benefits of creative industries for policymakers and make State agencies prioritise the industries across their policies when statistical data is limited, economic benefits are not fully clarified, and respective research and systematic analysis have not been conducted yet.

Profitability of the industries and developing efficient approaches for economic growth:

● People, mostly in Tbilisi, with many years of work experience in creative industries, acknowledge the economic dimension of culture, including the commercial potential that comes with it.

● Individual studies and observations show that the representatives of the creative sectors are aware of the instruments which would contribute to the sustainability of the creative ecosystem in Georgia once implemented; however, the hindering factor is the lack of political will.

● For the representatives of the State agencies, limited information and inaccurate vision hinder the implementation of appropriate schemes for the economic strengthening of the sectors. It is important to note that the representatives of State agencies talk about the difficulty of prioritising creative industries across the State budget. They noticed that it had been only a few years since the term "Creative Industries" was introduced nationally.

Developing effective policies, strategies, and management models with the involvement of the representatives of creative industries and improving communication with them:

● When working on strategic documents for developing creative industries or developing a State communication plan, it is necessary to consider both: the coordination between the regions and the increase of connections among the sectors in Tbilisi. Therefore, mutual cooperation between the representatives of the State agencies and the creative sectors is strongly recommended, which could be realised by forming initiatives or coordination groups encompassing all the stakeholders.

● Formal unions, initiatives, and associations, active in recent years, clearly express their willingness to cooperate with State agencies. In this regard, they criticise the State agencies' lack of enthusiasm and selective approach.

● Development of effective policies for creative sectors is possible only with intense coordination with key players. This, in return, requires implementing new communication models (such as periodic meetings with the sector representatives and carrying out sectorial surveys) and revising existing strategies.

The lack of human and material resources across creative industries; accurate identification of the needs and opportunities:

● Identification of individuals and legal entities across creative industries is critical, leading to the difficulty of registering the self-employed and processing respective statistics on creative workers.

● It is difficult for the policymakers in Tbilisi and beyond and those employed in the sector to assess local human resources due to inaccurate/non-existent databases. The research shows that the constant production of such data would make communication and collaboration more effective. The representatives of state agencies share the same opinion, although no corresponding measures are identified.

● Accurate data on creative workers is a prerequisite for improving inter-sectoral coordination. It enables policymakers to create more tailored opportunities for the target groups, e.g., aiming to upgrade educational and professional development programmes or create accessible spaces.

● It would be helpful to register tangible resources/spaces for creative industries and spread information about them countrywide. Along with the difficulties of accessing the spaces, the representatives of creative industries often lack knowledge about the existing venues and the benefits that come with them.

Evaluation of educational programmes and recommended changes:

● Almost 80% of the research participants in Tbilisi and across the region relate employment and sectoral development challenges with the low quality of education in the creative domain. Due to the scope and objectives of the study, the report does not extend to an in-depth analysis of the educational institutions' needs. However, the following dimensions have been identified for future research:

1) Interconnectedness and consistency of educational programmes and employment opportunities;

2) Determination of the most demanding job profiles and corresponding qualification standards across arts and musical schools; identifying the number of human and technical resources and observing their efficiency.

3) Researching the curricula for creative industries in arts educational institutions and introducing modern approaches.

● Envisaging cultural management, international commercialisation and economics components across educational programmes and identifying specific needs to update these programmes.

● Considering the employment in creative sectors and increased opportunities in the world market, the research participants believe that promoting specific professions (such as cultural agents, managers, and producers) will strengthen creative industries economically.

● In terms of vocational education, the following specialisations are in demand: tailors in fashion, technical engineers in music, and quality inspectors in the gastronomy and wine industries. In this regard, revising educational programmes and amending curricula is the steppingstone.

The study also highlights the importance of State funding and creating a flexible legislative framework. The following dimensions have been identified for future research:

● Identification of legal regulations limiting the efficient economic potential of creative industries.

● Assessing the rationale of the budget allocated for culture and creative industries, increasing funding for the most in-demand sectors, and creating a favourable environment for investing in the creative ecosystem.

● The need to observe the trend of all fourteen creative industries' economic turnover and determine quantitative indicators, respectively.

● Increasing the share allocated to the development of culture on the municipal levels and evaluating the efficiency of these spendings.

● Envisaging the funding across the State budget aimed at creating accessible spaces for the representatives of creative industries.

● Improving the investment environment for the private sector by reducing tax liabilities and introducing different stimulation schemes.

● Implementing the concept of "creative cities" based on effective management of local resources and increasing opportunities for the private sector, e.g., by increasing its access to dysfunctional spaces and strengthening the public's participatory approach in the strategic decision-making process for operationalising these off-spaces.

● Assessing the damage caused by the pandemic and allocating resources for additional needs.

2. Research Methodology

This document relies on sociological research methods (desk research, focus groups, expert surveys, and structured interviews) for data collection and processing. The study examines the economic and social contribution of creative industries and the practices of assessing their impact on the country's overall development.

The paper's main objective is to research the challenges of creative industries, current needs, and the economic impact of each subsector.

The research aims to combine challenges identified across all creative sectors, successful practices and the needs between 2015 – 2020(21); to determine to what extent these industries would contribute to the economic development of Georgia; to promote the development of relevant indicators; to highlight the economic potential of creative industries as a unified sector; to generate a holistic vision of "creative industries', "creative economy" and "cultural activities".

2.1 Selection

Based on the methodological framework of the study, non-probability sampling was used. Initially, it should be noted that the generalisation of the findings obtained to the entire target group is inappropriate, and the document "talks about the main trends specific to the target group. Because in qualitative research, the research units are selected purposefully, it appears to be the dominant form of purposeful selection[58]". This methodological approach identified specific documents and respondents for the desk research and survey. The study analyses relevant legislation, policy documents, public information, and documents, as well as recent research and reports, statements, articles or other published literature on the issue.

The classification document developed by Creative Georgia was used in developing the research methodology and during the selection process (the document contains updated NACE rev. 2 codes and is developed based on local and international expertise). The research design and the resources allocated to the field workers extend to only some sectors. At the same time, due to the difficulty of obtaining representative indicators and maintaining homogeneity across the groups, the report's analysis covers only the experiences and views of the selected participants.

Classification			
1	**Architecture**	**8**	**Music**
2	**Design and Fashion**	**9**	**Advertising**

[58] L. Tsuladze (2020). Qualitative Research Methods in Sociology. Tbilisi: TSU

3	**Visual Arts**	**10**	**Performing Arts**
4	**Film and Video**	**11**	**Arts and Cultural Education**
5	**Cultural Heritage**	**12**	**Digital Technologies**
6	**Literature and Publishing**	**13**	**Crafts**
7	**Media and Broadcasting**	**14**	**Gastronomy and Culinary**

Five experts (the representatives of creative sectors, policymakers, and state structures) have been subjected to target selection considering their knowledge and career paths. In addition, we thought it essential that the issues were discussed by other representatives of creative and cultural industries as well, including the representatives from 11 regions of Georgia.

Considering sectorial specificities, the needs, and the diverse experiences of the respondents, focus groups were selected and composed according to the following added categories[59]. This approach allowed us to combine diverse groups into similar categories:

- Core arts sectors;
- Cultural industries;
- Creative industries + related sectors;

Based on purposive sampling, 22 structured e-interviews (26 hours) and 17 focus groups (36 hours) were conducted. 11 focus groups and 14 structured interviews were held across 11 regions of Georgia, and 6 focus groups and 8 structured interviews — in Tbilisi.

2.2 Data Collection and Analysis Methods

Developing creative industries and identifying corresponding difficulties was observed according to the Culture for Development Indicators[60] by UNESCO, which could be adapted to quantitative and qualitative research methods. It relies upon seven dimensions and corresponding indicators:

[59] KEA European Affairs and Turun Kauppakorkeakoulu and MKW Wirtschaftsforschung. (2006). The Economy of Culture in Europe.
In European Commission (Issue December).
[60] UNESCO. (2004). Culture for Development.

7 Dimensions	That measure the...
Economy	...contribution of the culture sector to economic development and its potential for growth
Education	...priority given by public authorities to support an education system that offers the broadest possible coverage, values diversity and openness, and promotes a competitive and creative class
Governance	...public commitment towards creating the conditions to structure the cultural sector, strengthen cultural processes, and promote diversity of views and voice
Social participation	..way in which cultural practices, values and attitudes may orient behavior, inclusion, cooperation and individual empowerment
Gender Equality	...objective and subjective gaps between women and men in their opportunities and rights to take part in cultural social, economic and political life
Communication	...conditions of access, enjoyment of diverse content and freedom of expression
Heritage	...public commitment to set up and enforce standards, policies and measures to protect and promote heritage, while ensuring access and sustainability

To discover and reflect on new knowledge, the author refers to sociological research methods to gather and analyse accumulated knowledge.

The research combined three main methods: desk research, focus groups and in-depth interviews with the experts and representatives of creative and cultural industries in Tbilisi and across 11 regions of Georgia.

On the one hand, the combination of methods and, on the other hand, the diversity of participants involved significantly increased the legitimacy of the research. Other researchers cross-checked the researcher's coding, and the report considered the feedback from the experts.

Regarding the validity of the research, which implies the proper use of an empirical measure for the research phenomenon, the report includes both internal[61] and external validity[62]. It provides the possibility of generalisation in a respective dimension.

Finally, the literature used, the opinions of selected respondents, practical information and recommendations of people working on the issue illustrated the interrelationship of the research variables, which is further reflected throughout this report.

Note: Respondents' assumptions, opinions and statements may not reflect the official position of the legal entities they represent.

2.3. Focus Group

The authors referred to the focus group method for generating ideas, creating a discussion format, and interacting with the people. The groups were complected of actors from different types of organisations.

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[61] Adler, P. A., Adler, P., & Weiss, R. S. (1995). Learning from Strangers: The Art and Method of Qualitative Interview Studies. In
Contemporary Sociology (Vol. 24, Issue 3). The Free Press, New York. https://doi.org/10.2307/2076552

[62] Internal validity is based on causal relationships and shows that it is these specific conditions that lead to the results of the study." "External validity means that the results of a study are generalizable to other similar cases."

The study covered all fourteen creative industries, although it is not representative data and is based on the experiences and views of selected respondents.

Tbilisi focus groups included the following categories:

Core Arts Sectors	*Cultural Industries*	*Creative Industries*	*Related Fields*
Performing Arts, Visual Arts, Cultural Heritage, Crafts	*Film and Video, Media and Broadcasting, Music, Literature, Gastronomy and Culinary*	*Design and Fashion, Architecture, Advertising*	*Startup ecosystem, Digital Technologies*

The selected respondents came from all fourteen sub-sectors of Tbilisi-based creative industries and represented associations, organisations, festivals, agencies and individuals employed in creative sectors, entrepreneurs. The work experience ranges from 3 to 15 years. Up to 35 people took part in Tbilisi focus groups.

Focus group 1
Associations

- Expert unions
- Umbrella organisations
- Associations
- Museums
- Arts and educational centres

Focus group 2
Festivals

- Music
- Cinematography
- Contemporary dance
- Photo-multimedia
- Festival unions

Focus group 3
Core arts sectors

- Private galleries
- Contemporary art platforms
- Freelance artists

Focus group 4
Cultural industries

- Publishing agencies
- Printed media
- Film production companies

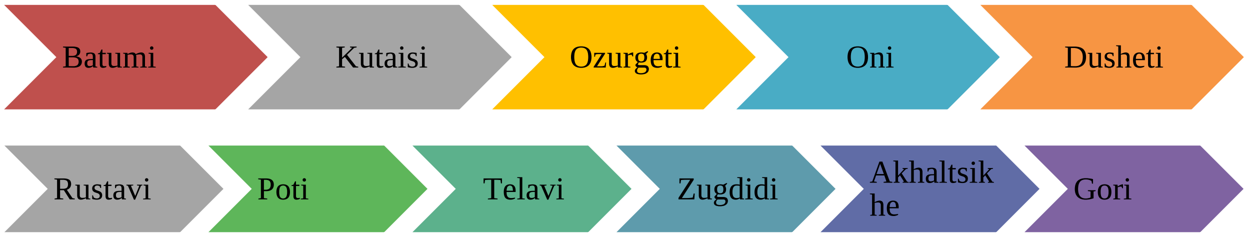
Focus group 5
Creative industries

- Fashion industry
- PR, communications and sales agencies
- Architectural company
- Advertising company
- Gaming industry

Focus group 6
Related sectors

- Startups
- Wine and gastronomy associations

11 focus groups were held on the ZOOM platform. They encompassed the actors from 11 municipalities of Georgia:



The focus groups were based on semi-structured, open-ended discussion roadmaps. It explored and analysed the data according to the following conceptual pillars:

- Development of creative industries: opportunities, general knowledge and access to information
- Economic activity: employment and the challenges related to commercial activities
- Legislative and regulatory frameworks
- Resources of the region: local challenges and needs
- Education: assessment and challenges of arts and creative education
- The impact of the pandemic on creative industries
- Perspectives and measures to overcome existing challenges

2.4 Structured Interview

A structured interview is an essential methodological tool for this research. This method enabled the researchers to work with people with strategic vision and decision-making power, such as independent field experts, cultural managers, representatives of copyright associations, film producers, and festival organisers.

It is essential to highlight that the respondents participating in the expert survey are distinguished by their particular attention, responsibility, and the extent of their contribution to the development of the cultural sector. The respondents voluntarily took part in the meetings and interviews. This part of the research combines the experiences of the key players within the sector and their visions.

Five structured interviews were conducted in Tbilisi, including with the representatives of various State structures, such as the Ministry of Culture, Sports and Youth of Georgia, Tbilisi City Hall, LEPLs ("Enterprise Georgia" and "Georgia's Innovation and Technology Agency") under the Ministry of Economy and Sustainable Development of Georgia. Their opinions were critical for the study to identify the following issues:

- To what extent are the current programmes and initiatives of the Ministry of Culture, Sports and Youth and other State agencies aligned with the real challenges of the creative industries? What role does the national culture policy play in this regard?
- What strategic measures does the State implement to overcome the existing challenges across the creative sector?
- What are the challenges of the State agencies?

14 structured interviews were conducted in the self-governing cities and municipalities of 11 regions of Georgia - Batumi, Kutaisi, Ozurgeti, Oni, Dusheti, Rustavi, Poti, Telavi, Zugdidi, Akhaltsikhe and Gori. Respondents represented local municipalities, decision-makers, LEPLs and NNLEs, and Cultural Units under the City Hall.

The interviews in Tbilisi and across the regions were conducted on the ZOOM platform and were based on the interview roadmaps consisting of open questions. After collecting the information, data analysis took place. The information was classified and described throughout this process, leading to delivering the findings. Research assistants created transcripts of the interviews; the materials underwent four stages of analysis: "coding, categorisation, local and inclusive integration."

2.5 Research Limitations

- The groups were not conducted according to the principle of homogeneous selection, which is why, at this stage of the research, sectoral and gender variables were not analysed separately.
- The present findings of the study form the basis for researching different creative industries, the general needs of the employees within the sector, and the sectoral perspectives. In this regard, future studies should identify the measures of overcoming the challenges considering age, industry and gender.
- In-depth interviews and focus groups are face-to-face discussions between the researcher and the respondents. Therefore, face-to-face interaction is an essential indicator of a successful interview. Due to the pandemic and corresponding restrictions, the present study was carried out in a non-traditional format - via the Zoom platform. This resulted in obtaining limited raw materials. It is possible that the digital environment did not create a cosy, safe environment for some respondents, which was reflected in a lack of sincerity leading to leaving non-verbal communication elements beyond the observation.
- The absence of a unified view of “creative industries” among policymakers and general society requires additional clarification and analysis within the research. Despite different practices for examining creative industries, choosing the proper methodology for this research takes time and effort. However, the purpose of the report, based on the collection of primary and secondary data, is to develop a methodology that will be adapted to identify the needs of the creative sectors in Georgia.
- Hospitalisation, lethality, and health-related issues caused by the country's pandemic impacted the selection of the respondents and the fieldwork. At the same time, the respondents took part voluntarily without any incentives or symbolic remuneration.

2.6 Scientific and Practical Significance

Research may become a source for creatives for self-reflection. In addition, research may provide increased sensitivity among decision-makers to the needs of the creative industries.

- The study highlights the importance of the creative industry and tries to encourage its prioritisation at the societal and State policy levels. In addition, the study may incentivise other interested researchers to add relevant research papers.
- The research may be the basis for creating new projects and initiatives.
- The research may be used in planning the activities of the organisations concerned.
- The study may be a recommendation for policymakers, other key stakeholders and the organisations concerned.
- This study and corresponding report are the first examples of complex research and analysis of creative industries in Georgia and respond to the challenge identified by the State agencies and sector representatives regarding the absence and scarcity of research and statistical data.

- Therefore, the document is essential for developing sectoral strategic documents and implementing evidence-based policies.

2.7 Ethical Issues

This paper attempts to gather valuable information and is oriented to be helpful to the key stakeholders.

Respondents participating in the study were interviewed based on informed consent. The interviews were recorded with the respondents' permission, and the transcripts were destroyed after creation. Video and audio materials were accessible only to the research team. The anonymity of the respondents was maintained across the transcripts. The research report does not use the parameters which would lead to the identification of the respondents.

3.1 Research Results: Developing Creative Industries, Challenges and Needs - Tbilisi

This sub-chapter combines the views and experiences of the representatives of creative industries across Tbilisi. A combined analysis of focus groups and individual interviews highlighted the perspectives of the State agencies, independent cultural professionals, and collectives. Critical issues for developing creative industries are gathered in the given subsections.

3.1.1 General Overview of Creative Industries, Creative Ecosystem, and Cultural Policy

Adoption of the concept of creative industries and approaches

The holistic adoption of the concept of creative industries implies its comprehension as a unified sector and, as a result, creates opportunities. It became clear that identifying a massively exhaustive definition reflecting all fourteen subsectors and related fields is challenging. "If you do not know that you are part of the creative industries along with, e.g., architecture, media and literature, you will have no idea about the existing transversal opportunities available via global platforms, and you will be unable to see the benefits of intersectoral overlaps," says one of the respondents. For those concerned, finding a definition means elaborating a common language, which would create a somewhat unified vision. "This term is very vague. Creative industries include theatre, ballet, advertising, and design. An outsider might ask, why don't we call all this culture? The public thinks that something different is meant by “creative industries,” and in reality, we are talking about culture again," says the respondent representing the arts sector. It is worth noting that the respondents highlight the importance of referring creative industries to the economic dimension. In addition, it should be emphasised that, according to the respondents, connecting the sectors traditionally perceived as a part of the culture with other creative industries is challenging.

The study's participants consider the advocacy and recognition of the role of creative industries in the country as one of the essential tasks of the cultural policy, which should be further reflected in the public and private sectors. Respondents “feel sorry” for a "non-serious" attitude towards creative activities, especially in the design and fashion, advertising, and video game industries. Classifying these industries as exclusively “entertainment” activities makes it challenging for people employed in these sectors to raise awareness and plan activities targeting economic benefits.

After a general assessment of creative industries, the respondents identify the following needs:

- State structures should prioritise creative industries within their policy agendas;
- The advocacy of the benefits of creative industries for policymakers;
- Production of statistical data, calculation and visualisation of economic benefits;
- Research and systematic analysis of the sector by experts.

3.1.2 Assessment of the Development of Creative Industries in Georgia, 2015-2021

This part of the document reflects the opinions of the actors, experts and other key stakeholders employed in the creative industries of Tbilisi, including the representatives of the State agencies.

During the evaluation of the dynamics of the development of the creative industries in Georgia throughout the five years before the pandemic, emphasis was placed on the Cultural Development Indicators examined and adapted in the research methodology section. These indicators relate to governance, public participation, economic role assessment, education, cultural heritage and communication.

The sector representatives generally positively evaluate creative industries' development in the pre-pandemic period in Georgia. Such a result is related to the global growth of capabilities, technologies and economic activity and the adaptation of independent initiatives and international experiences at the local level. The respondents positively evaluate the positioning of creative industries on global platforms in recent years. It should be noted that according to the respondents, this process will result in deepening cultural diplomacy and attracting international donors to Georgia. However, here, the respondents question the State's vision of exploiting creative industries as an essential tool for the development of international relations.

When assessing the dynamics of the sector's development, one of the critical challenges was the effectiveness of the management of the municipal or central agencies responsible for culture. Nevertheless, according to the respondents, the change would positively impact both the creative and cultural sectors.

On the other hand, the central and municipal government structures, at this stage, identify the following as significant achievements:

- The gradual introduction of the concept of creative industries in Georgia;
- Forming the open call programmes; the steps taken towards decentralisation;
- Increased funding for the arts institutions of higher education and respective programmes and planned changes to increase the diversity of scholarships and programmes.

For many respondents, the main challenge is the need for a unified vision of creative industries and the operationalisation of respective development strategies. In this regard, the respondents characterise this process as disorientated, which does not follow provisional action plans. Representatives of both creative sectors and State agencies agree on the negative consequences of the non-systematic nature of the existing culture policy. The unstable political background, ineffective legal framework, and constantly changing policy priorities are often named as the causes of the problem. However, inadequate communication between the State structures and the culture sector and the lack of will to improve it were identified as the most problematic issue.

Overcoming challenges

According to the respondents, to solve the problem related to the absence of a holistic vision, the existing resources should be organised, and a strategic plan with a seasonal calendar should be developed. They think it is possible to plan balanced and intense creative seasons to safeguard the equal representation of all creative industries. However, in many cases, the absence of a calendar leads to overlapping various events, which minimises the number of audiences in some circumstances. “There is no support or information about the festivals' programming, for instance. So that we do not overlap. There is no agenda and no plan for forefronting the dates. It is important for everyone."

Aimed at developing systematic and sustainable development approaches, the representatives of the creative sectors express their willingness to cooperate with the State agencies. To achieve this, they think the trust between the governmental structures and the cultural industries and joint efforts in the work process is vital. This implies the central or municipal authorities' cooperation with independent initiatives, consultation with international experts and development of a unified vision of the resources and economic potential in the country. However, the respondents have trouble when it comes to presenting and advocating the economic benefits of the creative industries and then advocating this information to decision-makers because of the absence of different statistical data, such as the number of people employed in the sector, organisations, and the nature of their activities. For example, we can consider the crafts industry. According to the participants, most artisans do not have any specific legal status; in this case, it becomes impossible to create an accurate database for the sector. Thus, identifying human and creative resources and creating constantly updated databases are prerequisites for a precise strategy and the efficient management tools that come with it.

3.1.3 The Fastest Growing and Most Vulnerable Creative Sectors in the Last 5 Years (Pre-Pandemic Period)

Some creative industry sectors have developed significantly in response to emerging opportunities and demands in Georgia. Tbilisi-based creatives mention several in-demand industries which have positively impacted economic growth.

According to the interviewees, the role of architecture, fashion and music (club music, festivals) has significantly increased. In the discussions, fashion and music were characterised as easy-to-comprehend and accessible industries for the masses. In comparison, the number of people interested in visual arts is limited.

Among the creative industries, music (music festivals and clubs) is the most booming, with visible growth and economic benefits in the five years before the pandemic. However, it should be noted that along with advertising and winemaking, the local club scene has been characterised as the most competitive one in the global market. According to the respondents, "We are a few years behind other countries in different creative industries' development and keep trying to be on par with them; but, when it comes to the club scene, we compete successfully with the world's leading countries." On the other hand, the performing arts, including festivals and music clubs, were the most suppressed sectors during the pandemic.

According to the participants, the development of the highly-demanded electronic music scene and music festivals in Georgia included the following economic and social benefits:

- the emergence of diverse and flexible jobs.
- development of professions and their implementation in educational dimensions.
- creation of alternative venues and reuse of dysfunctional spaces.
- creating joint efforts of the private sector and cultural organisations.
- ensuring cultural participation and inclusiveness.
- creating new touristic niches and promoting economic processes in this regard.

It is necessary to back these opinions with statistical analysis, and future studies are recommended to focus on the mentioned industries.

Architecture has recently been considered a contemporary creative, artistic, and interdisciplinary sector. For the respondents, this became possible with the merit of individual initiatives (such as the Tbilisi Architecture Biennial). A representative of the architecture industry notes that central or municipal government agencies somewhat support their initiatives. However, creating a contemporary development sectorial plan remains the responsibility of the sector's representatives only. When discussing the approaches of the State structures, the respondents repeatedly point out the problem of comprehending the creative industries as a unified ecosystem, which would create equally beneficial and shared opportunities for the sectors. This challenge is well illustrated when talking about architecture and design.

According to the respondents, strategic, long-term planning approaches should envisage organising international festivals, on the one hand, considering the best practices of combining contemporary art, technology, architecture, and music, and, on the other hand, reflecting the interests of Georgia's State and private sector.

The rapid development of creative industries and the improvement of the country's positioning in the international market during the last few years (2015 - 2019) are significant in literature, wine and gastronomy, fashion, advertising, and design. In addition, the representatives of the creative industries notice the omnipresence of Georgian entrepreneurial products on the international market. Over time, policymakers' vision regarding the economic benefits of creative industries is also changing positively. This is proved by the increased number of public open calls and support schemes and the extension of a conceptual framework (categorisation, directions) for entrepreneurial projects.

Speaking about creative industries, the growth dynamics of the wine and gastronomy industry are also qualified as successful. According to one expert participating in the research, the last years are associated with the success and development of Georgian viti- and wine cultures. Despite the sector's success, the past 2 years have been challenging for small wineries, unlike large companies, due to pandemic-related restrictions. However, according to the respondent, the sector was not significantly hindered.

The positive dynamics of the development of contemporary art in Georgia should also be emphasised, which, according to the research, is the result of independent initiatives and efforts of private investors, e.g., the Adjara Group Holding’s investment in the contemporary art sector. This example should act as a catalyser for connecting the business and cultural sectors in the country.

Respondents do not see significant progress in the local film industry in recent years. An exception is the State programme (“Film in Georgia”) by Enterprise Georgia, a LEPL under the Ministry of Economy and Sustainable Development of Georgia. With its cash-back scheme, this programme is vital in attracting international film companies. However, according to the sector representatives, beyond the endeavour of the Georgian National Film Centre, there is a lack of political will in terms of maximum utilisation of resources within the industry. The respondent with many years of work experience in the film industry thinks that the financial support of the sector from the State is insufficient, followed by the scarcity of other vital resources. In addition to the limited funding, the lack of municipal cinemas and the monopolised market concern the respondents.

Despite having access to international investment schemes, unlike other industries, the respondents in the film industry need help to see a positive connection between the growing tourism and creative sectors. The film industry representatives see the minimisation of the State budget in the film industry as threatening. Considering the damage caused by the new pandemic, the Government’s lobbying on Georgian film production and connecting the industry with related sectors is significant. One of the film industry representatives highlights the difficulty of accessing the equipment and covering the relevant costs during the film production process of the last few years. To overcome these challenges in the “post-crisis period”, he thinks of the assistance in purchasing equipment required for the ongoing projects. During the conversation, it became clear that the contemporary film industry is looking for alternative distribution channels in response to new challenges. In this process, the film industry representatives consider it essential to mobilise the key players within the sector as much as possible. According to the respondents, Georgian film production's international sales and distribution policy is insufficiently effective, which is explained by the lack of distribution companies. This situation puts an additional burden on the producers. Therefore, respondents see the need for State support in bringing Georgian films to the international markets by adequate enactment of Article 11 of the Law of Georgia on State Support of National Cinematography, which refers to State funding of national film rentals[63].

According to the respondents, there is less evidence of positive dynamics of the growth of the gaming industry. The video game industry is a relatively new field in Georgia and is taking its first steps in establishing itself in the market. Of the already described sectors of the creative industries, the video game industry representatives name the lack of awareness of the sector as one of the essential difficulties due to which their field is not taken seriously. According to the experts, the video game industry produces a global product unlike many other sectors, so competition is exceptionally high. At the same time, this sector was named one of the most active and growing directions in the world market during the pandemic. Here, it should be noted that it is difficult to measure the exceptional profit or activity of the gaming companies established in Georgia due to the lack of promotion.

During the last 5-6 years (2015 - 2021), the respondents connect the country's positioning on the world map and the opportunities that have emerged in the sectors to some extent to the State efforts. For example, the role of LEPL “Enterprise Georgia” in bringing the Georgian fashion industry to the international markets is highlighted along with the “Frankfurt Book Fair,” where Georgia represented the Guest of Honour in 2018. These events were related to establishing long-term and reliable ties and practical steps of cultural diplomacy. However, it is also worth noting that the respondents need help to name similar strategies in other creative industry sub-sectors, where independent initiatives trigger existing success stories.

3.1.4 Funding, Support Programmes and Other Opportunities for Creative Industries

Most participants positively evaluate the amendments in the competition programmes by the Ministry of Culture, Sports, and Youth of Georgia and its subordinate LEPLs. The introduction of the open calls focused on regions was significantly positively evaluated. However, the respondents raised critical questions about these programmes' goals and strategic vision. “The competition programming is chaotic, and we could not understand their purpose. One-time funding is given to uncertain projects that do not have a long-term nature....” According to some, the open calls are less responsive to actual challenges in society and the creative sector and, in many cases, are irrelevant.

The interviewed people do not fully trust the decision-making process, including how the committees are selected; they are sceptical towards the direct funding schemes. To increase the goodwill of the representatives of creative sectors, it is essential to introduce a transparent financial support system within LEPLs and foundation-type agencies. The central demand is to detach the competition programmes from the Ministry and promote decentralisation. Speaking about the competitions, some State agencies, to some extent, share the concerns of the representatives of the creative sectors. However, they also note that they saw the possibility of reducing the damage caused by the pandemic and finding quick help by introducing competitions tailored to different sectors. It was also pointed out that promoting the development of creative sectors through competitions is a new practice that has been successfully introduced in society and may be significantly improved in the coming years.

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[63] **Article 11 – State financing for the distribution of a national film**

1. The National Film Centre shall decide on the allocation of an amount for distribution of a national film (multiplication of copies, subtitles, preparation of a video copy, advertisement, etc.) on the basis of an opinion of the expert commission.

2. State financing for the distribution of a national film shall not exceed 50 per cent of the total costs of film distribution.

Law of Georgia **on the State Support of the National Cinematography, 2000, available via** https://matsne.gov.ge/ka/document/view/17794?publication=8#

According to the respondents, the conditions and thematic directions of the competition programmes only apply to some creative sectors. The demand for various competitions among the interviewees also confirms this. For example, when discussing supporting programmes, it becomes clear that the leading supporter of wine-related initiatives is the National Wine Agency of Georgia. However, the wine sector is not presented as a target group in the projects announced by the Ministry of Culture, Sports, and Youth. There is no explicitly critical attitude towards this fact, although supporting projects related to the wine industry is desired.

Overcoming challenges

To increase the efficiency of the competition programmes and the benefits of the provided funding, the creative sector representatives suggest surveying sectoral needs and revealing current trends: creating opportunities to respond to topics identified based on research should determine the open calls' efficiency and sustainability.

3.1.5 Creative Economy: Business and Employment

Research participants see the need to provide a stable environment for sector representatives amid a fluctuating economic climate and changing policy priorities. Respondents point to the difficulties revealed during the pandemic as the most visible example of the lack of an efficient culture policy. With a better approach, it would be relatively easy for creative professionals to overcome challenging periods. The existence of an "emergency fund" (the practice of the USA and several European countries, including France and the United Kingdom) is considered a prerequisite for risk insurance and protection of creative industries in times of crisis.

Online commerce, international platforms

Representatives of the creative sector, from 2015 to 2021, especially during the pandemic, consider the growth rate of online commerce as a positive trend. Respondents believe the registration of about 120 artists and entrepreneurs on online platforms (such as "Etsy") is an example of success from the beginning of the pandemic to the period of conducting the research. However, they believe showcasing local products via international markets is still primarily related to global initiatives, programmes, and trainings rather than local creative professionals' endeavours.

When discussing the difficulties related to placing a product or service online or becoming aware of the regulations, they mention the necessity of intermediary agencies, which could assist future beneficiaries: "There are agents and managers for this, and the artist should not worry about sales," says one of the representatives of the arts field. Other difficulties are:

- Covering administrative costs;
- High international shipping costs;
- Computer skills and language barrier;
- Less visibility of Georgia in the European markets;
- Lack of information on different methods and ways of online commerce;
- Lack of knowledge of copyright law and the need for legal advice;
- Lack of quality control;
- Lack of knowledge of pricing, market research and competitive environment.

Overcoming challenges

Participants consider the collective efforts of the private sector and the State to promote online commerce, which implies:

- Creating an accessible environment based on negotiating with international supplier companies and the Georgian Post Office to regulate tariffs;
- Promotion of Georgia at international fairs and online advertising of Georgian products;
- In proposing grant projects, the promotion of online commerce as a separate component and the presence of permanent, even minimal, funding;
- Creation of advisory groups/services in cooperation with local and international associations.

Georgian product export

Most creative sector representatives participating in the research talk about the high indicators of the export of Georgian products and services. According to the respondents, the most active are the industries related to design and applied arts (fashion, handicraft) and the wine industry. Despite the positive dynamics of international sales, the export market needs to grow and diversify. Therefore, the respondents consider developing a strategic plan and State assistance vital. For example, the role of Russia as a critical leading market in the export of Georgian wine is a subject of great dissatisfaction for the representative of the wine industry. According to the respondent, dependence on the Russian market is unstable and carries significant risks. According to one of the experts, the current picture is due to the personal will of private businesspeople, who sell 90-100% of their products to Russia. It should be emphasised that according to the respondents, the national policy and the mission of the National Wine Agency are not aimed at the Russian market and are focused on other countries.

One of the successful examples of export is Georgian fashion: Georgian designers are in high demand. According to the respondents, this is mainly related to "Tbilisi Mercedes-Benz Fashion Week." In addition, the promotional exhibition of Georgian designers' products in international showrooms by LEPL Enterprise Georgia was named among the supporting initiatives. The analysis of the research results also shows that despite the lack of independent agents, the sector's representatives have managed to attract foreign buyers through individual efforts in recent years.

Unlike fashion, there are relatively fewer examples of international marketing and sales of products in the field of visual arts. Existing practices are mainly related to the efforts of private galleries, cultural managers and people who know the specifics of international auctions. Representatives of contemporary art consider it particularly important to promote the export of Georgian contemporary art to the markets of Europe and Asia.

Employment and low salaries

The issue of low pay in the creative industries is a challenge for both the people involved in the industries and the organisations that employ them. Most creatives have several jobs and positions simultaneously, often in different sectors. For example, the teachers at arts/musical educational institutions and actors have the lowest-paid jobs. On the other hand, income instability is a significant challenge for the self-employed. It should be noted that we also face salary-related problems in municipal organisations. For example, for employees of municipal organisations, based on the respondents, their living standard varies from minimum to average; usually, the income does not allow them to cover basic needs, - "Teachers of municipal art schools (e.g., music teachers) try to make ends meet with private lessons."

Among the general challenges, the issue of low income is actively mentioned – "Low income creates a low-quality product. The reality is like this. There is less motivation. They do not try their best. The leading factor is economic interest. Some artists become successful as soon as they leave Georgia." According to the respondent, it is because of this cause-and-effect relationship that significant problems arise.

3.1.6. Legislative and Regulatory Framework

The revision of the regulatory framework, followed by the creation of flexible legislation for creative industries, is of particular importance to the representatives of the creative sectors. In addition, developing investment incentive mechanisms in the field is considered vital. Most research participants discuss introducing legislation promoting philanthropy to create a better investment environment. According to the respondents, the primary motivation for financing creative industries from the private sector should be reducing tax liability. Amendments to existing legislation or approval of a separate law related to philanthropy have been initiated several times. However, both the creative sector and representatives of State structures believe that advocacy of the issue will be possible only if the economic benefits of creative industries and their share in annual economic growth are illustrated.

Legislation related to procurement was named among the problematic issues. It was noted that the State's procurement of creative products and services through tendering significantly reduces cooperation between the creative sector and government structures. The specificity of procurement law becomes a barrier to implementing a successful idea. According to one of the respondents, "Excellent visual material is printed. The applicant presents the criteria. Whichever company comes in with the lowest price wins. However, the product may not be what it was intended, and you are getting a lower quality product."

Flexible tax system

The respondents relate the sustainability difficulties of creative industries to the existing tax system. They believe that the population should be able to allocate even a minimal percentage of their income tax to an organisation or company related to the creative industries of their choice. Respondents mention several successful examples of such a system and believe that the sustainability of creative industries can be ensured in this way.

Law on Philanthropy

When discussing the need to introduce several amendments in the legislation, adaptation of the Law on Philanthropy is most often mentioned. It should be noted that the part of representatives of creative industries in Tbilisi who support this initiative also see valid arguments for its usefulness. However, some participants need to show in-depth knowledge of the issue. One of the respondents says, "There are examples in the developed world that when a private company finances culture, education, it enjoys various types of tax benefits, which encourage it to finance the sector more." Efficient philanthropy-related legislation would allow creative industries to become stronger without support from the central and municipal agencies, eventually leading to their self-sustainability.

Concerning financing the sector and improving the legal system, the respondents mention improving the administrative procedures by the central government agencies. This means the delegation and distribution of the budget intended for financing the sector to such organisations as, for example, Creative Georgia. Respondents recall the idea of creating a culture fund and public announcements about it, although the difficulties of implementing the idea or the change of decision are unknown to them.

Law on Broadcasting

During the research, representatives of the audio-visual sector actively discussed the Law on Broadcasting. They believe that Georgia's full membership in the Creative Europe media sub-programme will be an essential step for the development of the industry. This, in turn, implies the harmonisation of the Georgian legislation with the audio-visual directive of the European Union. According to the respondents, the related edition of the European Directive in the Broadcasting Law Association Agreement was not adopted. Of the

14 funding schemes of the Media sub-programme of the Creative Europe programme, Georgian organisations have access to only the following 4: promotion of film festivals, promotion of film education, trainings, and facilitation of access to markets. The right to participate in such a scheme as the promotion of the development of film projects, promotion of video games, and international co-productions would significantly diversify and increase the ways of financing the industries and facilitate the access of Georgian creative products to global markets.

Copyright Law

When considering the legal environment, the respondents positively assessed the copyright law, which is comprehensive and flexible and offers representatives of the creative industry various mechanisms for protecting intellectual property. However, it is worth noting that only a small part of the interviewed respondents talked about their best practices. In recent years, the central part of practical examples of applying the law in business relates to the music industry. The representatives of the mentioned industry associate the frequency of the use of the law with the positive trends of placing the products of musicians and artists on international online platforms. They believe their entry into the global and competitive market has pushed them more towards copyright protection.

It is worth noting that the creative sector representatives apply the law on copyright and related rights both when protecting their rights and when obtaining the right to use the product (especially audio-visual) created by other authors. According to respondents, the representatives of creative sectors are insufficiently aware of their rights, which hurts both industries and businesses that use innovative products. Complying with the law is also considered a prerequisite for quality improvement. Therefore, the participants require to increase their knowledge of the issue through informational meetings, and legal consultations; the information should be provided to the public in simplified language. Simultaneously, the spread of creative products in the country through "piracy" should be limited.

3.1.7 Communication and Access to Information

One of the critical challenges to developing creative industries, on which the employees in the sectors and the representatives of the State agencies agree, are the communication gaps, the lack of provision of information, equal access to it and a participatory approach.

Those working in the creative sectors, who have been trying to promote the development of these industries through research in recent years, believe that no one is listening to the challenges they have identified: "Perhaps addressed wrong people." It appears that the communication is often one-sided and lacks the involvement of the State structures.

Communication between state institutions and the creative sector

According to the respondents, the Ministry of Culture, Sports, and Youth have inconsistent and minimal communication with the representatives of the creative sectors in Tbilisi and across the regions. Therefore, there is a particular need for developing a coherent plan from the Ministry to facilitate collaborative work of different regions, acquiring data and information.

On the other hand, the challenge related to communication is explained by the need for a unified strategy and the absence of sufficient human resources and time. An unstable political environment and constant re-staffing are other key hindering factors.

Interagency communication and coordination, equal access to information

For State agencies, interagency coordination is a more critical challenge than staff turnover. The reason for this is the merger of the Ministry of Culture and the Ministry of Education in the last five years and then their separation again. However, the respondents positively evaluate cooperation with a newly independent Ministry of Culture. According to them, this cooperation is more result-oriented and focused on arts education. Nevertheless, despite the positive changes, coordination between different agencies needs to be strengthened by the culture strategy.

Access to public information is also mentioned as a challenge by the respondents. For example, the respondent, talking about the support programmes of the City Hall, critically evaluates the issue of information availability and accessibility and sees the need for more openness: “If I were an “outsider” person and did not have the chance to get the information via word-of-mouth, I would not be able to fill in the open call application; this information needs to be better communicated… posting the announcement via the City Hall’s webpage is not enough.”

It should be noted that despite several issues on which the representatives of the creative sectors and State structures agree, the analysis of the research results shows that the communication between the parties still needs to be more effective. No significant improvement trend is visible yet. Communicating information about the hindering factors and relevant addressees is challenging. Among the difficulties of cooperation between the two parties, the following are noteworthy:

- The culture development strategy is vague for most of the respondents employed in creative sectors, expressed in their passivity in using opportunities.
- Most creative industry representatives need help assessing the State's limited resources and the agencies' challenges.
- The representatives of the State agencies see and understand the internal challenges; however, due to the limited human resources, they need help to develop a long-term strategy to overcome them.
- Increasing the management efficiency of municipal or central government agencies responsible for management is a (critical) need.

The ever-changing political environment and frequent re-staffing in the ministry significantly hamper the already scarce communication between people employed in the creative industries and decision-makers. The respondents directly associate the loss of trust with the unstable environment and believe that most of the introductory meetings with the State agencies serve only the purpose of informing new staff members and reacquainting them.

3.1.8 Educational Programmes and Promotion of Professional Education

Representatives of the creative sectors participating in the research draw attention to the low quality of educational programmes. According to them, many people working in the industry acquire the necessary skills through self-learning. During the discussion, there is a criticism of those artistic and educational institutions which should be responsible for creating and developing human resources in the sector. There is a need in the industry for personnel with both skilled sales and management skills; however, it is tough to find qualified personnel due to the lack of relevant higher or vocational educational programmes. “There are only three tailors in the country, and 50 brands work with them. Talking about sharing their knowledge or mastering a profession in a school is unrealistic,” says a representative of the fashion industry.

Most participants see participation as a way to overcome existing challenges. The respondents named the already implemented plans for establishing vocational schools, creating certificate courses, and sharing international experience and programme studies as responsive measures. It should be noted that the authors of the initiatives obtained financial support for developing training courses and programmes with the help of international organisations and partners.

Respondents see solid educational programmes, along with revising cultural strategy and updating the existing legal framework, as a prerequisite for creating an environment conducive to commercialising the creative sector. The list of in-demand professions, which can significantly impact business and culture, is as follows: culture managers/agents, producers, curators, quality inspectors, etc.

We consider the focus group respondents' willingness to hold similar meetings and periodically identify sectoral challenges as a noteworthy research finding. The conducted focus groups, in each case, turned out to be a rare opportunity for some representatives of the creative industries to get to know each other and establish new connections (for example, as a result of the meetings, 3 festivals were connected to the Association of Festivals, 5 representatives expressed their desire to share spaces and administrative costs; the participants drafted the idea to create a rotating staff scheme for the festivals requiring similar technical staff).

During the meetings, the respondents also discussed the risks associated with individual efforts-driven increased networks and strong performance/festival scenes. According to them, the solutions they have initiated often lack systemic character because the performance industry is unstable (especially during the pandemic). In such crises, it needs support from the State.

Many representatives of creative industries talk about the importance of expanding networks and connecting actors operating in the country and note that the network would contribute to a better acquaintance and connection of companies and organisations within the creative sectors, as well as sharing resources. According to the respondents, establishing new contacts would create opportunities for businesses and creative industries to meet and cooperate.

3.1.9 Existing Resources and Needs for the Development of Creative Industries

According to the respondents, the cultural sector lacks databases on creative professionals by the Ministry of Culture, Sports and Youth and other State agencies. “The databases like this are usually created in an ad-hoc manner by organisations and independent artists or entrepreneurs as a result of specific events, competitions using personal contacts.” The respondent speaks openly and critically about the mentioned problem, and the databases requested by the researchers from the Ministry also testify to this problem.

Among the main challenges identified in the study, the issue of providing spaces for creative professionals was often discussed, particularly the absence of workspaces and shared resources and the lack of free spaces intended for meetings where matchmaking would occur, and establishing/deepening connections and cooperation.

The bureaucratic and complex cooperation model with Tbilisi's cultural centres, public buildings, museums, and theatres further aggravates the minimisation of resources. Representatives of all creative industries cite several significant space-related problems which have hindered their activities for years. They say it can often take six months of negotiations to use public buildings and spaces for filming or other events. Due to the decision-making tradition whereby one person has the executive power, high rent fees or even the lack of necessary spaces, the creative industry sectors suffer significantly: “When we need State museums or buildings for filming, it is connected with so much bureaucracy... I do not know who should be involved to let you in and allow you to film for 15 minutes. On the other hand, if we talk about the best international practice, they allow filming without involving extra people after writing a simple notice. Moreover, we had a 6-month negotiation about shooting one scene in the museum.”

Notably, the representatives of the associations and unions participating in the research consider mobilising additional material, human and financial resources in the creative sectors as their initial purpose. However, the problem of sustainability of such associations themselves is also evident, which is explained by the lack of motivation of the members. In this situation, some associations get committed to advocacy and awareness-raising campaigns and remain critical towards the State.

The respondents see a collective approach as a way to solve the identified challenges and believe that taking care of the development of creative industries is an equal and shared responsibility of the sectors and the State. However, according to the participants, cooperation will be much more effective if the State and independent organisations increase the number of open calls and make them more adapted to the existing challenges, such as developing infrastructure and improving technical equipment.

The representatives of architecture participating in the research say that if equal competition conditions were created, they would participate in the open calls announced for the restoration of public buildings and spaces. According to the respondents, many architectural companies are deprived of the opportunity to work on public buildings because the project contractors (such as the one named when discussing the renovation of the Hippodrome) are often selected in an opaque or non-competitive manner. At the same time, participants speak about artificially created barriers via tenders and mention the conditions and complicated forms of communication tailored to private individuals.

For most respondents, sharing information about the challenges with State structures and decision-makers is a way of communication. In addition, they express their desire to cooperate with government agencies and the private sector actively. For this, they consider it essential to evaluate the potential of creative resources, develop a unified vision of working on it and communicate interactively about these issues.

3.2 Research Results: Development of Creative Industries, Challenges and Needs – Non-capital Settlements

The ways creative industries develop and the opportunities they have are significantly different across the regions of Georgia. To understand the context, it was essential to analyse how the municipalities promote creative industries. The present study is based on the results of focus groups and in-depth interviews conducted across 11 municipalities. The chapter below focuses on the needs and challenges of the creative industries and the people employed in them across the regions, followed by resuming successful practices of the last years.

3.2.1 Systemic View

According to the definition of UNESCO, “Cultural and creative industries include those industries that combine the creation, production and commercialisation of creative “contents” with are intangible and cultural in essence. Created “content” is usually protected by copyright and may take the form of a product or service. In addition to all artistic and cultural products, the sector also includes architecture and advertising[64].” However, the research clarifies that such a perception of culture is uncommon across the regions; there, we rarely meet the practice of producing and disseminating innovative knowledge. Moreover, the use of “creative industry,” “creative ecosystem,” or “creative economy” during the interviews created a kind of “linguistic awkwardness”, and additional explanations were required.

Cultural and creative industries are one of the world's youngest and fastest growing sectors of the economy, accounting for 3.1% of global GDP and 6.2% of all employment[65].

The present study shows that the concepts—creative industries and the creative economy—are somewhat new for Tbilisi but totally foreign to the region. Therefore, the role of the creative industries as a unified system in a glocal context is not fully comprehended by the representatives of different Georgian regions yet. Additionally, they have unequal access and information on existing opportunities on international and Georgian platforms.

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[64] https://unctad.org/system/files/official-document/ditctab20103_en.pdf?fbclid=IwAR3xxy81dM8m4c2o3_7jESamXndFfNuIhl5Plaw3EGGXEgKxII7dESRRtS8

[65] Cultural times. The first global map of cultural and creative industries. (2022). https://en.unesco.org/creativity/files/culturaltimesthefirstglobalmapofculturalandcreativeindustriespdf

For the region's representatives, culture is mainly perceived as a symbol, wealth, and tradition and is less associated with dynamism, innovation, production, distribution, or commercialisation. This vision is also reflected in cultural policy planning. LEPLs of culture, which receive substantial financial resources from the municipal budget, continue to support traditional directions for years, such as, for example, local art schools, folk-related activities, conventional events, etc.

Based on the research, the problem of recognising the economic dimension of culture is revealed: culture across the regions is not perceived as a profitable industry that can create jobs, develop infrastructure or bring social benefits.

According to the respondents, the existing cultural policy does not effectively encompass the economic dimension. On the other hand, they speak positively about local creative resources and consider it necessary to develop a multi-year plan and priorities for unleashing this potential. According to the respondents, each city or region should have a perception of cultural identity, which means knowing what niche a specific place occupies on the creative map of Georgia; based on this identity, the site should transform into niche sightseeing for tourists.

3.2.2 Communication

Notably, the respondents talk a lot about the problems of the systemic approach from the State. According to their observations, the regions work separately and independently and cannot perceive themselves as part of the “unified plan.” Such a situation indicates that it is essential for responsible agencies to promote the deepening of relations between regions. The need for developing networks, connections and communication between the regions and municipalities by the central government agencies is revealed.

One of the research topics was the experiences of interregional cooperation. However, it was found that the respondents needed help citing examples of collaboration between different cities. In general, cooperation was less perceived as an essential and beneficial tool.

Often the willingness to cooperate is consistent with specific personal characteristics of the respondents. For example, respondents who describe themselves as sociable, friendly and ready for new challenges show more effort regarding the prospects of sharing regional resources and cooperation. However, it should be noted that specific arguments do not support this desire for collaboration.

Significantly, only one representative of the respondents talks about concrete, practical positive aspects of interregional cooperation - technical support, enrichment of human resources, local network and contacts, sharing of experiences and adaptation of successful practices, listening to the needs of other regions and making joint efforts to solve problems: “I have been thinking for a long that it would be perfect to know the representatives of the cultural units of other municipalities… sometimes we need a stage, sometimes a technical staff... For example, someone in another municipality may know how to write a project proposal better. If we know each other, we can solve simple issues.”

The lack of communication and coordination with the Ministry of Culture, Sports, and Youth is a matter of particular concern for the representatives of the regions. According to the respondents' perception, regional initiatives are a low priority for the Ministry. Speaking about the experience of cooperation, the respondents recall the following examples of communication: organising planned events, dissemination of information about festivals supported by the Ministry, the visit of a representative of the Ministry, submitting applications for open calls announced by the Ministry, changes made in the official personnel or legal framework. According to their assessment, the above experience of cooperation does not meet the respondents' expectations of “close collaboration”, the possibility of open communication and declaration of support. In response, some respondents perceive the cycle of competition programmes announced by the Ministry in 2021 as a stepping stone to establishing a close relationship with the Ministry and characterise it positively. In addition, representatives of the regions name other forms of practical and desirable collaboration, including:

- to hold informative and introductory meetings with the employees of municipalities and local representatives of the creative sector;
- to create more competitive programmes for regions;
- appointment of the department or identification of the persons responsible for communication with the regions;
- involving the representatives of the regions in the promotion of Georgia in the international market;
- to create training opportunities for the staff at the municipal agencies.

In addition to the problem of communication with the central government, more than half of the representatives of the regions speak about the ineffective form of cooperation between local creative sectors and municipalities in their region.

A significant problem is an uncoordinated work of independent cultural organisations and municipal agencies and a competitive environment among them, which, according to the respondents, directly harms the region's creative activity and employment prospects. The representatives of Batumi, Telavi and Rustavi are particularly appealing on this issue. “Municipalities and independent creative organisations do not coordinate with each other to maximise the use or filling of the city's potential. Instead of implementing programmes aimed at the most vulnerable, affected and at the same time in demand dimensions, the municipal agencies work in the same direction as the private sector. In the end, the municipality and private initiatives interfere, compete, and the independent sector can no longer maintain itself," says one of the respondents.

One of the research objectives was to determine the respondents' awareness and access to opportunities. During the discussion about the fair promotion programmes, it is clear that the employees in the creative industries in the regions mostly need more information about the programmes and competitions that could promote their activities. The primary sources of information are personal contacts and, in some cases, websites of governmental agencies.

Despite the existing difficulties, we also find positive examples of coordination. For example, the respondent from Telavi positively evaluates the close cooperation between Dusheti municipality and “the Traditional Craft Association;” and he sees the importance of partnership and communication with the municipal authorities.

3.2.3 Dynamics of Development of Active Sub-sectors of Creative Industries and the Needs of Passive Sub-sectors in Regions

The research reveals that in the last five years (before the pandemic), local theatres and other organisations representing the performing arts industry, such as ensembles and folk groups, were particularly active across the regions. In addition, museums and other institutions dependent on the State budget maintained a stable development dynamic.

In the same period, entrepreneurial activities and commercialising traditional crafts were positively assessed (They name the commitment of the craft association as a success factor).

The least developed areas across the regions are fashion, interior and graphic design, film industry (exceptions are Batumi Film Festival and Nicosia Animation Festival), photography (exception is Gori Photographers Club) and advertising industry. Along with these sub-sectors, the respondents also mention the video game industry, which cannot establish itself in the regions despite the increased interest in the last two years.

The respondent from Telavi focuses on the perception of electronic music as a frivolous activity in the region: “The state does not take electronic music seriously. No local DJ has been seen or appreciated, even by the local culture department. Are these people musicians too? Shouldn't we finance them too? Shouldn't we listen to these people too?”

Regarding literature and publishing and library-related activities, the research showed that the regions still need to familiarise themselves with the existing opportunities or platforms on which Georgia is represented today. Respondents representing libraries need help naming the last dates of updating libraries with modern literature and discussing positive changes in recent years.

3.2.4 Budget, Rationale and Specificity of Creative Industries

Difficulties related to the local market are critical across the regions. According to the respondents, despite the presence of a potentially significant production resource, it is challenging to prioritise innovative products and, therefore, increase sales considering the economic and social problems of society.

When talking about the needs, some of the respondents talk about the lack of essential support: the representative of Poti municipality, speaking about the sale of entrepreneurial handmade products, names local festivals or events as the leading trade platforms and emphasises the need to participate in them: “We used to participate in the Art-Gen festival every year (It was our Hollywood and a red carpet momentum). However, unfortunately, for the last five years, we have not been able to participate in this festival because it is related to transportation. We need a bus; the local government does not allocate the funds for this.”

One of the respondents believes that the State has a monopolistic approach to several issues related to culture, which somehow absorbed creative groups and initiatives, removed commercially exciting products from the market and limited the positive effects of competition. For example, popular, authentic music brands in the past, which today are subordinated to local NNLEs, lost the positive dynamics of development and motivation for renewal: “Before, 15-20 years ago, there were bands, creative groups in Telavi, and they were all independent. Then, the State monopolised the representatives of the cultural sphere, gathered them in NNLEs and assigned some fixed salaries, which no longer provided any motivation for development. Moreover, these bands are just waiting year after year for Telavkalakoba or other conventional events. “A few months ago, there was a concert by a local band that was popular in the 90s. They held it in the centre of Telavi, and there were family members, relatives, friends, old listeners, up to 30 people only.”

The respondents, who consider the support of the local government as an essential component in the sale and better presentation of innovative products, talk about different possible strategies for solving the issue:

(1) Adding a mediator: According to one of the respondents, the representatives of local creative industries in Poti lack communication skills, hindering their product development. In this context, the respondent gives strategic importance to the existence of a mediator that will take the artists to the local and international markets: “They have the product, but they do not know how and where to take it. Therefore, this mediating agency should be created.”

(2) Awareness: Another respondent emphasises that often, people need advice, direction, and information to be able to mobilise and market their resources.

(3) Support of festivals and other types of cultural events:

The representative of Batumi's creative sector characterises his city as a potential festival city. He believes creating a long-term plan and an ecosystem friendly to creative industries will lead to sustainable development.

A research participant from Dusheti focuses on traditional crafts and recalls the 2019 craft festival in which Dusheti participated as a successful step the Ministry of Culture took to support the region.

The same respondent cites the horse racing initiated in recent years as a successful example, which already arouses interest in many sports lovers. According to the respondent's perception, the horse race has the prerequisites to becoming a large-scale festival, becoming an exciting trading platform for local artisans and other creative groups.

It should be noted that in most regions, the most successfully developed direction in recent years is the crafts industry. Research participants associate the growth of interest in handicrafts with the positive dynamics of tourism and the understanding of the sector's economic potential. They positively evaluate the State's promotion of such initiatives as the International Crafts Festival.

3.2.6 Funding of Culture in the Regions

State Funding and Grants

One of the critical challenges is the absence of information regarding the support schemes; however, open calls by the Ministry and those of Creative Georgia and Enterprise Georgia have been mentioned. Furthermore, USAID's entrepreneurship promotion programmes and British Council's professional training programmes are mentioned when discussing international donors and programmes in Georgia. Also, in a single case, the respondents talked about the UN support programmes, which was news for other participants.

In addition to the lack of information, when discussing open calls or programmes, the main challenge is participating in the application process, filling out the application forms and submitting the relevant documents. The mentioned obstacle is shared by both the independent creative sector and the municipal agencies, highlighting the need for more instructions. Therefore, as a responsive measure, the research participants think of creating a common platform to gather comprehensive information about open calls and programmes.

Funding from the Private Sector

Sponsoring local creative activities by businesses seems to be a complex and almost impossible task. Some respondents consider frequent meetings with the private sector and promoting cultural products for them as a responsive measure. However, for them, it is hard to prove the profitable nature of cultural and creative productions: “We have the feeling that in such sporadic cases, they do some sort of favour… as if it is a pure philanthropy; but the sale of materialised culture should be something to be proud of and profitable venture.”

In addition, some respondents consider the request for such assistance to be in vain due to the small scale of the businesses in the regions. For example, in Dusheti, the respondent thinks that applying for the support of the business sector will be ineffective because, unlike the neighbouring municipalities, the local business in Dusheti itself is pretty modest.

Respondents from Telavi mainly critically assess the involvement of the business sector in the development process of the local cultural industry. As it turns out, most of the time, businesses do not support local initiatives. However, it should also be noted that the cases requesting support are few. Respondents focus on the significant business players (mainly hotels) who organise high-quality cultural events in Telavi and its surroundings. According to the respondents, the events are primarily elite or expensive. The local population cannot access them: “We see that such prominent brands as Radisson, etc., have been opened.

Moreover, they, too, have monopolised culture. They offer the audience the best representatives or intelligent jazz musicians, but this is only available to some people. I live here but have not had the chance to attend a single concert at Radisson because the ticket starts price starts from 100.00 Gel, and my income does not allow me to go to Radisson and pay such an amount. I would rather listen to poor-quality YouTube and keep 100 Gel in my pocket. The State should provide the opportunities to have the chance to attend such events.”

The representative of Kutaisi refers to business support as “ad hoc” and evaluates its participation as “weak”. The respondent is focused on the open calls announced by the Ministry of Culture and does not see the involvement of the private sector as a powerful mechanism for progress.

The case of Poti as an industrial city can be cited as a successful example of cooperation with the private sector. According to the respondent, the private businesses here often contribute significantly to the city's creative development. The respondent highlights the critical role of the port in the financial support of creative industries. However, he concludes here that the port - when owned by the State, did much more for the cultural sector than now - when owned privately: “I will not hide from you that before when the State owned the port, it contributed with a substantial share in culture funding. However, it was an insignificant sum for the port's budget and, at the same time, a very significant amount for the city.”

3.2.7 Cultural Tourism

Cultural tourism is one of the largest and fastest-growing segments[66] in global tourism. According to the European Commission's assessment of cultural tourism[67], 4 out of 10 tourists choose a destination based on the cultural offer. Tourism is considered one of the most affected sectors during the COVID-19 pandemic. In particular, the pandemic caused a 74% decline in international tourism receipts in 2020 and a $1.3 trillion loss in global tourism. Governments have started implementing various programmes and strategies to compensate for the damage. At this stage, the tourism sector is becoming increasingly active worldwide.

The tendency to refer to tourism as a lifeline of the culture sector is evident in the example of regions. Based on the results of this research, the expectations of a positive effect regarding tourism in the regions of Georgia are even exaggerated. The respondents mainly associate the development of their city or village and the power of the creative industry with the development of tourism.

Most representatives of the municipal culture units refer to their region and city as bearers of historical and cultural heritage. It is clear from the interviews that it is essential for the respondents to highlight the region's identity and for the region to occupy a specific niche on the touristic map.

The respondent from Dusheti, employed in cultural heritage protection, imagines Dusheti as a small festival town with a unique history and climate. In addition, according to the respondent, the city is distinguished by the abundance of authentic traditions.

The representative of Kutaisi closely connects the creative economy with the development of tourism and highlights the importance of the cultural heritage monuments of Kutaisi. Furthermore, he emphasises the positive impact of the airport and its strategic geographical location.

Another respondent also considers the relationship between the tourism potential of Poti and the creative industry as strategic. The main directions he identified are presenting the city as the first European city, demonstrating the myth of the Argonauts or the Silk Road, branding the city, increasing its attractiveness, and, as a result, opening new perspectives for creative industries: “We got together and wrote a strategy. The concept envisages the creation of a common cultural network in the port cities of former Greek colonies. The main starting point for Poti is the sea; it is the city of sailors, a European city founded by Nikoladze. It is connected with the world-famous myth about the Argonauts; we have many niches to interest Europe and wider international community.”

The study's respondents focused on the aspects hindering the development of cultural tourism, including the shortage of cultural managers and tourism specialists in the labour market. According to the representative of Telavi, even though hundreds of students study tourism at Telavi University, most do

[66] Cultural Tourism. (n.d.) https://www.unesco.org/en/articles/cutting-edge-bringing-cultural-tourism-back-game
[67] Cultural tourism. (n.d.). https://single-market-economy.ec.europa.eu/sectors/tourism/offer/cultural_en

internships at the hotel reception, hindering the development of a wider spectrum of tourism-related professionals.

As a result of the research, it is revealed that, in any case, the respondents consider cultural tourism as a powerful stimulating mechanism for job creation, especially for young people. The lack of jobs is one of the unique challenges in the region. Regions are finding it increasingly difficult to cope with the constant outflow of young people and the “ageing of personnel” in local creative sectors.

According to respondents, a robust cultural ecosystem will support the restoration and maintenance of local cultural infrastructure, monuments, gastronomy and performing arts, festivals and other cultural events.

3.2.8 Infrastructure and Spaces

Research participants often mention problems related to infrastructure hindering educational processes and implementing youth’s ideas and initiatives. The analysis of the results of the qualitative research shows that in some municipalities, specific measures have been taken to solve the problem, such as the restoration of buildings, the creation of databases and, in some cases, technical provision. However, the mentioned processes take some time, and during this period, the local municipality does not see the need to allocate temporary spaces. Most respondents directly connect young people's lack of motivation to the scarcity of similar spaces. This is worth noting the noticeable difference between the vision of the representatives of the cultural units of the municipalities and the independent professionals in this regard. For example, in several regions, the representatives of the municipal government consider the spaces for creative activities in the city to be sufficient. In contrast, independent cultural professionals recall gatherings in squares and parks due to the lack of creative spaces.

More than half of the representatives of the municipalities note with concern the absence of such essential facilities as cinemas or youth entertainment centres locally. One of the respondents tells us that despite the low ticket price, central location and frequent screenings, the cinema could not work locally. Based on the analysis of the focus group of representatives of the creative industries of the same location, it is revealed that initiatives like this are not well-adjusted to the population's needs. Thus, it is recommended to develop an effective form of communication with the local population and identify the needs of the main target groups. In addition, the region's cultural, economic and social problems may represent an interfering factor, which is the subject of additional research.

In the regions, museums are among the most solid, functional, and touristic venues with secured jobs for the staff. However, the representative from Akhaltsikhe regretfully remembers when the Samtskhe-Javakheti History Museum used to have an autonomous building (it is clear from the discussion that the museum currently coexists with other cultural institutions in Rabat castle and occupies a municipal building for temporary use). During the debate, he repeatedly draws attention to the problem of the lack of a proper building, the solution of which he considers essential, on the one hand, for the safety of the museum exhibits, and on the other hand, for the visible display and exhibition of all the richness to the visitors, which is not possible in the current situation: “What we need first is our own house for our treasure, such as the carpets and stone monuments, so that we could continue a vibrant, active life. Therefore, it is necessary to start construction.”

The role of museums in the regions is also significant in offering alternative spaces for representatives of creative industries. Research participants - representatives of both cultural organisations and municipalities - agree that museums often fill the lack of alternative spaces in the regions and create opportunities for residents to hold events; however, more than these spaces are needed due to high demand.

Telavi representatives name the Telavi board games club as one of the illustrative examples of the fact that local young people need informal spaces for gathering, entertainment, development and knowledge. In some regions, this role is played by „Tech Parks.“ However, according to the research participants, despite the specific profile of „Tech Park[68]“, mainly related to innovation and technology development, they try to offer alternative spaces to various interested parties.

Analysis of research results reveals challenges related to the development of museums in Kutaisi, which, according to the respondents, are caused by infrastructural failure. The challenge of art schools' material and technical base is also highlighted, which, according to one of the research participants, needs rehabilitation for effective functioning. However, the same respondent adds that positive trends are observed, and rehabilitation is planned in the future. According to the respondent's assessment, the Kutaisi Student-Youth Palace is “absolutely inappropriate” infrastructure-wise

Internet access and basic computer skills are still among the main challenges across non-capital settlements. The shortcomings of the Internet are most clearly visible in Oni, which hinders daily activities and effective communication.

In recent years, libraries have been among the least developed and non-functional spaces across the regions. Both the representatives of the municipal agencies and independent creatives agree on the need to identify and solve those needs that would bring back the function and life of the library. The main challenges identified at this stage are failed infrastructure, lack of inventory, modern equipment and computerisation, lack of digitisation processes and possession of electronic programmes, enthusiast staff and lack of essential resources. The library's representative speaks with concern about the infrastructural challenges of the villages, which, in turn, affects the reduction of the activity and involvement of the youth in library-related activities. Therefore, the respondent cautiously concludes that positive State intervention is vital to increase the interest and participation of young people in the cultural life of villages.

3.2.9 Lack of Professional Human Resources and Problems Related to Employment

Based on the respondents, a significant shortage of professional human resources is created against the constant outflow. On the other hand, this outflow is inevitable due to the lack of prestige in artistic professions, limited access to vacant positions and low pay. “Today or tomorrow, we will face this problem. Which young person would want to start working in a library for 300.00 Gel? The staff will run out, and we will not have a replacement,” says one of the respondents. According to research participants, local efforts make breaking such a vicious circle difficult.

The problem related to low prestige in the regions is particularly acute when observing the museums, clubs, and libraries. After discussing infrastructural and financial issues, the respondents employed at these institutions are characterised by a negative attitude and disappointment towards their activities. According to one of the respondents: “While in many countries, museums and libraries hire young people who possess the knowledge of management, coordination, curation, and public relations and have received education in this direction, in Georgia, especially in the regions, library activities are not encouraged.”

Speaking of human resources, a significant challenge is the need for more knowledge and skills related to cultural management. It is challenging for regions to mobilise qualified personnel and, as a result, take strategic, successful steps. We often come across the opinion that people of all professions will be able to establish themselves in the field of culture, and specialisation is not so important, which further hinders the progress of an already non-priority field: “If they want to employ someone, they will say – put this person into culture.” They think this is a suitable place for anyone, and everyone will manage. It is not like that. The leadership of cultural organisations must be qualified because they need to make qualified decisions and correctly assess the problem. He or she does not need to be a good painter, dancer or singer, but a manager!”

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[68] Tech Parks branches operate in 8 cities of Georgia: Tbilisi, Batumi, Kaspi, Gurjaani, Telavi, Akhmeta, Zugdidi, Ozurgeti https://gita.gov.ge/regions

The lack of human resources qualification is a criticism in all regions. As it turns out, finding personnel with appropriate education and skills takes time, especially in rural areas. The criticism of teachers and specialists of musical and artistic schools is evident when discussing professional staff. Due to unsatisfactory qualifications or the education system based on the old method, young people move to the capital and other big cities to acquire knowledge.

In the research, the problem of possessing computer skills and the challenge of media literacy was highlighted in many cases. "No one knows how to use a computer, especially since most of the staff are old," says one of the respondents. Furthermore, the research fieldwork also confirmed the problems of computer skills of people in creative sectors and the technical equipment of creative organisations. Some participants selected for focus groups could not participate in remote/online meetings.

It should be emphasised that a relatively positive perception of competence in the region relates to a higher educational institution in the same region. The university spaces in their surroundings can mobilise the necessary personnel in the field, increase the functionality of the region, and raise awareness. In addition, the interviews highlight the positive influence of universities on the surrounding area's labour market.

Respondents representing the region often cite Tbilisi as an example of better employment prospects and emphasise their vulnerability. The situation becomes especially difficult for self-employed persons and entrepreneurs in the culture industry. It is relatively easy to maintain a stable income in the local NNLEs or LEPLs. However, the salaries are minimal in these entities as well. Consequently, employees often have to combine several jobs. In addition, political processes have been identified as influencing employment at the municipal NNLEs and LEPLs, further resulting in biased reflections on this matter.

3.2.10 Legal Framework

Like the capital, in the opinion of the representatives of the regions, the State procurement of creative products in Georgia is regulated by a complicated and inflexible legal framework, the negative consequences of which are named by the municipalities' representatives and the creative sector. According to the respondents, in addition to producing low-quality products, the existing legal framework restricts the artist's freedom of work and copyrights: "The legal framework does not recognise the product of the creative industry and equates it with building material. It is impossible to protect the author's creative rights."

It is difficult to discuss the regulatory framework and the issue with many respondents living in the regions. Mostly, this is due to a low level of awareness. In contrast to Tbilisi, there is less awareness of legislation promoting philanthropy and emphasis on its need. However, it should be noted that one of the respondents identifies the lack of understanding of copyright in the regions as a challenge and considers it essential to work on it.

3.3 Impact of Covid-19 on the Development of Creative Industries in Georgia

The study period coincided with the Covid-19 pandemic; discussing and analysing its impact on the creative industry was inevitable. As a result of focus groups and interviews in both Tbilisi and the region, several issues related to the current needs of the creative industries and trends that need to be addressed have also been identified. This chapter brings together a Tbilisi and regional perspective on the impact of Covid-19 on Georgia's creative industries.

The negative impact of the coronavirus pandemic has been unprecedented for the creative industry. Since the first months of 2020, the pandemic has caused the closure of cultural facilities, the cancellation of events, creative sectors' work has been delayed or completely terminated, and international mobility has been banned. Art festivals, live performances, holiday events, and biennials have been postponed. In addition, physical distancing regulations have directly impacted the performing arts - many people have lost all sources of income.

The development of the culture industry is significantly dependent on the tourism industry. Unfortunately, the Covid 19 pandemic has virtually brought cultural tourism to a complete halt. During 2020, international arrivals worldwide fell by 74%. In addition, international travel restrictions, border closures and physical distancing measures have forced countries to close heritage sites, landmarks, and museums and cancel festivals to visitors.

While the pandemic has opened the door to new opportunities in the creative industries and accelerated many aspects of digital development, it has also exposed pre-existing inequalities. For example, as already discussed, computerisation and media literacy was already significant challenges for the regions of Georgia. Consequently, it becomes absurd to consider digital platforms as alternative workspaces for people involved in local creative sectors. For example, in Tbilisi, the most active creative initiatives significantly impacting the tourism and service sectors had to stop their work. This caused a loss of awareness on international platforms and significant financial losses.

Small entrepreneurs, independent individuals working in the creative industries, have been particularly affected by Covid-19.

When it comes to municipalities, NNLEs or LEPLs, the pandemic is not perceived as a condition that causes significant damage and regression to the development of cultural policy in the regions. On the contrary, apart from personal discomfort and pressure, which everyone agrees on, most respondents agree that everything will return to normal after the "big break“.

Considering the adverse effects of terminating studies in art schools and Student-Youth Palaces is essential. In contrast to general education during the pandemic, students' access to artistic education was not discussed or debated. According to the respondents, especially in the regions, in contrast to public schools, where distance learning was better controlled, without any technical preparation, the opportunities for students to learn music, painting, dancing, artistic reading, or acting were stopped entirely.

4. Recommendations: Quantitative Research Report

Based on the analysis of qualitative research results, the following recommendations have been developed:

Development of creative industries in Tbilisi

1. The funding system should be decentralised and follow the principles of Good Governance; the funding agencies (cultural and/or sectorial foundations) should provide smooth, efficient, transparent services.

2. Considering the damage caused by the Covid-19 pandemic and the experience gained, it is recommended that in the future, the funding agencies envisage funding to the sectors most affected by a crisis.

3. The research identified several professional unions, guilds and associations. The potential of such entities should be harnessed to overcome various sectorial challenges. Therefore, it is recommended that a part of the State funding is directed at promoting such unions, which could strengthen sub-sectorial internationalisation, clustering, skill development, visibility on international platforms and implementing measures to overcome local challenges.

4. It is desirable to establish a systematic practice of identifying challenges by State structures and working on them with the representatives of the non-governmental and private sectors. It is recommended to introduce an evidence-based policy planning and implementation practice and hold sectoral and sub-sectoral consultations regularly.

5. It is recommended to determine periodical research of the sector as a priority direction of the State culture policy. Accordingly, the list of activities of the public agencies responsible for implementing the mentioned policy should include a research and data analysis component, making it possible to identify the sector's characteristics, needs or opportunities and to develop corresponding practical measures.

6. It is recommended that authorised State agencies, by collaborating with the public and non-governmental sectors and involving experienced statisticians and international experts, create and systematically produce databases of individuals employed in/entities committed to the creative sector. Production of these databases could determine the number of employees in the country's creative sector, the sector's growth dynamics, the share of creative industries in the country's economic or social development, etc.

7. Adding a research category to the competition programmes announced by State agencies is recommended. This research category should focus on individual needs, successful practices or trends of sub-sectors to enable strategic decisions tailored to them.

8. Dissatisfaction with the current programmes in the arts institutions of higher education requires special attention, specifically, the quality of educational programmes (the students lack knowledge and skills which would increase their employment chances) and their inconsistency with contemporary trends (the lack of programmes in-demand on the labour market). Thus, it is recommended to conduct independent studies and needs analysis in arts and educational institutions, which will: compare the quality of existing curricula and programmes with the programmes of international universities, evaluate the qualifications of academic staff and create a prerequisite for effective change management.

9. Besides evaluating educational programmes, the research identified the need for training qualified staff working in vocational art schools or for their reorganising. Therefore, starting the gradual reform of vocational schools (arts dimension) is recommended.

10. Considering the research results, improving the skills related to commercialising culture and creative activities (e.g., entrepreneurship, production and marketing, online sales and internationalisation of innovative products and services) and creating professional training facilities is recommended.

11. The research reveals the need for technical equipment in higher and vocational arts establishments. It is recommended to provide educational institutions with IT infrastructure and software suitable for the needs of these establishments and modern standards, as well as the necessary amount of material and inventory for specific professional activities. It is desirable to carry out a needs analysis in these directions.

12. The study reveals the readiness of the independent creative sector to cooperate with State institutions by sharing their experiences and challenges. For this, it is essential to establish the principle of collective work in assessing the potential of creative resources or making effective decisions. This issue can be facilitated by offering a mechanism of planned meetings between governmental agencies and representatives of creative sectors. Accordingly, it is recommended to establish systematic cooperation between State institutions and independent organisations by strengthening mutual efforts and promoting meetings, conferences, forums and similar events.

13. It is recommended to improve inter-sectorial cooperation and coordination; it is appropriate to improve cooperation between the Ministry of Culture, Sports and Youth, other central and municipal agencies, as well as creative organisations and professionals from Tbilisi and other municipalities of Georgia.

14. It is recommended to establish a flexible and effective legislative and regulatory framework and initiate changes tailored to the needs in the directions listed below:

- The presented research and international experiences reveal the need for the emergence of independent funding sources for the creative sector and the importance of eliminating dependence on State funding only. Therefore, it is desirable for the State structures, with the involvement of experts and sector representatives with relevant competence, to ensure an in-depth study of other types of stimulating fiscal schemes promoting philanthropy, charity and the creative sector and to put the implementation of the relevant instruments on the national agenda.
- The study reveals the need to simplify public procurement procedures for creative products and services. Accordingly, it is desirable to analyse the Law on Public Procurement about creative services or products and initiate changes tailored to the needs.

- It is recommended to bring the legislation of Georgia closer to the audio-visual directive of the European Union and fulfil the obligations under the Association Agreement. Implementing these legislative changes will contribute to the general development of the sector, improve financial opportunities and increase access to various funding platforms (e.g., the Creative Europe Media sub-programme scheme) for the creative industries as a whole, especially the audio-visual sub-sector.
- It is recommended to strengthen mechanisms for protecting the intellectual property of the local creative sector by the Copyright Law, to develop control and monitoring schemes/plans for "piracy" platforms.

15. According to the research results, one of the most critical challenges for creative sector representatives is the difficulty of using State-owned facilities, buildings and spaces. It is recommended to increase access to similar spaces, simplify bureaucratic procedures related to their use, create effective mechanisms and improve communication with the creative sector.

16. The vision of sector experts and government agencies' representatives regarding using non-functional buildings and spaces is noteworthy. According to their recommendation, it is desirable to increase the accessibility of start-ups and start-up businesses working in the creative industries to non-functional buildings in Tbilisi. According to their recommendation, it is desirable to increase the accessibility of creative start-ups to non-functional buildings in Tbilisi.

17. The fieldwork in Tbilisi reveals the small number of available spaces for the creative sector and the lack of information about them. The research identified a significant spatial need for creative start-ups, workspaces for various art disciplines, studios, workshops, exhibition halls and performance spaces. Along with the lack of suitable spaces, the price of existing spaces is also problematic. In this regard, it is recommended to register available spaces, spread information about them and work on creating/offering new spaces. This process is recommended to be conducted in close cooperation with the sector.

18. In competition programmes promoting creative industries and culture, it is desirable to consider the needs of a wide range of creative sub-sectors and adjust the competition programme to the fields such as gastronomy, the computer games industry, creative start-ups working on innovations, etc.

19. It is recommended to increase the promotion of newly introduced sub-sectors of creative industries, for example, the gaming industry. The State structures can promote the mentioned sector by adding a relevant category to the State funding programmes, as well as by inviting industry representatives to expose at regional and local showrooms, increasing awareness and envisaging respective educational programmes.

Development of creative industries in the regions of Georgia

20. It is recommended to promote the dissemination of knowledge about creative industries in the regions; to present its potential in the social and economic development of the regions, both among decision-makers and those involved in the industry.

21. It is recommended to offer educational and awareness-raising activities to understand different aspects of cultural production, distribution, and commercialisation. Furthermore, it is desirable to implement professional training programmes in the following areas:

- Creative entrepreneurship, sales, and marketing
- Online sales of creative products and services and current trends in this regard
- Accessing and remaining in international markets

These training programmes should involve local independent artists and organisations and civil society representatives, and organisations subordinated to the municipality.

22. Raising awareness about commercialising creative industries and sharing best practices is essential. It is recommended that international organisations working in Georgia and State agencies provide these opportunities.

23. Like the capital representatives, the desire to cooperate with the Ministry of Culture, Sports and Youth is also expressed by the representatives of the creative industries from the regions.

In this regard, based on the research results, it is recommended:

- Systematic dissemination of news about creative industries both in Tbilisi and outside the borders of Georgia
- Holding regular meetings with representatives of municipal authorities or independent creative organisations
- Appointment of the department or staff at the Ministry who will be responsible for communicating with the regions in the Ministry
- Considering the creative resources of the regions while promoting Georgia's creative industries on the international markets
- Creation of professional training opportunities for the representatives of the municipalities

24. According to the study's findings, creating a system/platform for communication, continuous dissemination of information and coordination between persons involved in the creative industry and local authorities in the regions is recommended.

25. The research revealed that the representatives of the creative sector of the regions have inaccurate and incomplete information about potentially exciting and supportive schemes for their activities, including competition programmes. To solve the mentioned informational gap, the respondents are suggesting creating a single platform, a kind of database, where information about competition programmes and related support schemes will be collected. In addition to the above, considering successful experiences, it is recommended to intensify the practice of holding information meetings with potential donors.

26. Research participants, while talking about support programmes and competitions, focus on the difficulties related to the application process. In this regard, it is recommended to hold relevant training events and workshops across the regions.

27. According to the results of the research, the respondents name the fashion industry, interior and graphic design, film industry, photography and advertising industry as the least developed ones in the regions, both in terms of employment and the development of the sub-sector in general. Thus, it is recommended to determine the potential of these sub-sectors in the regions and research the demand in this regard. It is clear that the lack of employment prospects, relevant educational programmes, and qualified local personnel hinders the development of the mentioned sub-sectors in the regions. The lack of suitable educational programmes, in turn, leads to the outflow of young people from the regions to the capital, where they are able to master the desired profession, which further aggravates the problems related to the development of the professions mentioned above in the regions.

28. It is recommended to organise such educational and training events for the creative entrepreneurs of the region, which ensures the transfer of strategic knowledge about modern requirements and new trends in the market.

29. A fundamental challenge for the regions is the scarcity of creative products and services on the market. Festivals, open-air fairs and similar events organised by local authorities or other organisations are the primary market space for creative initiatives committed to traditional crafts or applied arts. Thus, it is recommended to initiate and support such programmes across the regions, which will develop the local market and facilitate the access of the sector representatives to a wide range of customers.

30. It is recommended to support the involvement of entrepreneurs in the creative industries of both Tbilisi and regions in important events locally or on an international scale (international markets, showrooms, etc.).

This will contribute to the development of the sector and its establishment on the local and international markets.

31. The research reveals the problems of communication skills of representatives of local creative industries, which significantly hinder the development of their products or service and sales. In this regard, it is recommended to promote the creation of a kind of intermediate initiative that will facilitate the entry of creative sector representatives into the local and international markets. The initiative could comprise trainings, mediation centres, etc.

32. Based on the respondents' views, it is recommended to create more opportunities to support and finance the festivals across the regions.

33. The respondents consider the involvement of the business sector in local creative initiatives as challenging. Therefore, it is recommended to create and offer encouraging stimulation schemes for the private sector on behalf of the State.

34. From the point of view of the development of cultural tourism, it is recommended to initiate studies focused on identifying strategic resources specific to the region and then creating tailored development strategies.

35. Based on the respondents' opinions, restoring and arranging the cultural infrastructure in the regions is recommended to create a decent working environment.

36. The research respondents consider the constant outflow of young people from the regions as a particular challenge, to minimise it, based on their opinion, it is recommended to encourage the creation of youth centres, spaces for entertainment, knowledge sharing, gathering and (self-) expression. Here, one of the crucial aspects is related to the creation of creative workshops and rehearsal spaces.

37. Among the main challenges, internet access difficulties are still mentioned in several cities. The lack of internet significantly reduces daily activities' efficiency. This leads to the absence/deficiency of basic IT skills among the people involved in the creative sector. Thus, addressing the relevant infrastructural issue and offering training programmes is recommended.

38. Libraries have been named among the most dysfunctional spaces in the region in recent years. The main challenges are damaged infrastructure, lack of inventory, problems with modern equipment and computerisation, lack of possession of the software, and lack of personnel interested in library activities. Consequently, respondents believe that the viability of libraries is at risk; taking this into account, it is recommended to develop a timely, profound and effective strategy for the development of libraries.

39. Based on the research, it is revealed that the issue of updating literature in libraries is also problematic. Accordingly, it is recommended to enrich the book fund of the regions.

40. The respondents recommend that the local authorities promote the increase in the attractiveness of rural culture centres and libraries, which, among other things, implies the mobilisation of relevant material and technical resources, decent remuneration of the employees, and infrastructural arrangements.

41. For cultural organisations under the municipalities, it is recommended that the vacancies are open and accessible to all interested potential applicants and that the hiring process be transparent.

Part IV- Challenges Related to the Internationalisation of Creative Industries

Quantitative Research Report

1. Summary of Results

Type of organisations/businesses involved in the creative industries

- The vast majority of businesses/organisations participating in the research (90%) declare that commercial activity is their primary activity;
- More than half (58%) have a social media page for commercial activities. In addition, almost half (48%) have a corporate website;
- Approximately one-tenth (11%) of the surveyed creative industries use international e-commerce platforms, and 5% use e-commerce platforms locally;
- About a fifth of the respondents (21%) say that their business also engages in secondary activities.

Challenges in the local market

- Only 5% of respondents state that their business/organisation has not had any challenges in the last 12 months;
- Among the challenges facing business/economic activity, restrictions related to Covid-19 are mentioned most often (85%);
- According to the majority of respondents (83%), the consumers of their products are primarily citizens of Georgia. According to 16%, - mainly the citizens of foreign countries;
- Almost half (48%) of surveyed businesses/organisations operating in the local market do not see the need to enter the international markets due to the specifics of their work. And 14% do not want to.

Challenges in the international market

- 16% of surveyed businesses operate on the international markets;
- A large part of the businesses/organisations working on the international market participating in the research (42%) state that they do not face any problems while operating on the international markets;
- The main challenge of working on the international market is the lack of financial resources, highly qualified personnel and support from the relevant state agencies;
- Businesses/organisations that want to enter international markets (30%) but so far operate in the local market only cite the lack of financial resources to enter the international physical/online market, financial instability, risky environment for employment and regulations on the international market as the main hindering factors.

The needs of a business/organisation to operate in an international market

- The central part of the businesses/organisations participating in the research, which express an interest in operating on the international market or are already operating (46%), identify issues related to finances as the main obstacle;
- About a quarter (23%) see the need to promote Georgia on the international markets;
  17% of businesses/organisations operating on the international markets do not have a specific need for more access to the international markets;
- About half (51%) of those businesses/organisations who want to enter the international markets assume they will be able to operate on the international market within the next five years.

2. Quantitative Research Methodology

This study was conducted in March 2022. The research aimed to study the possibilities of internationalising creative industries operating in Tbilisi and their challenges. For this purpose, quantitative research was conducted using the telephone survey method. Data on the target group were extracted from the statistical business register of the National Statistics Office of Georgia by random sampling. The target group of the research were exporting creative industries. Within the framework of the research, a total of 150 respondents were interviewed.

A telephone survey was conducted using a pre-designed questionnaire; Due to the specifics of the telephone survey, the duration was approximately 10 minutes.

To determine the types of business, the types of classification of economic activities compiled by the National Statistical Office of Georgia (NACE rev 2) were used, from which creative economic activities were selected (according to the classification of Creative Georgia[69]):

Architecture
Design and Fashion
Visual arts
Film & Video
Cultural heritage
Literature and Publishing
Media & Broadcasting
Music
Advertising
Performing arts
Arts and Cultural Education
Digital Technologies
Crafts
Gastronomy and Culinary

[69] For detailed classification, please see Illustration N1

Before data analysis, the resulting quantitative database was processed, and data were analysed using STATA 16.

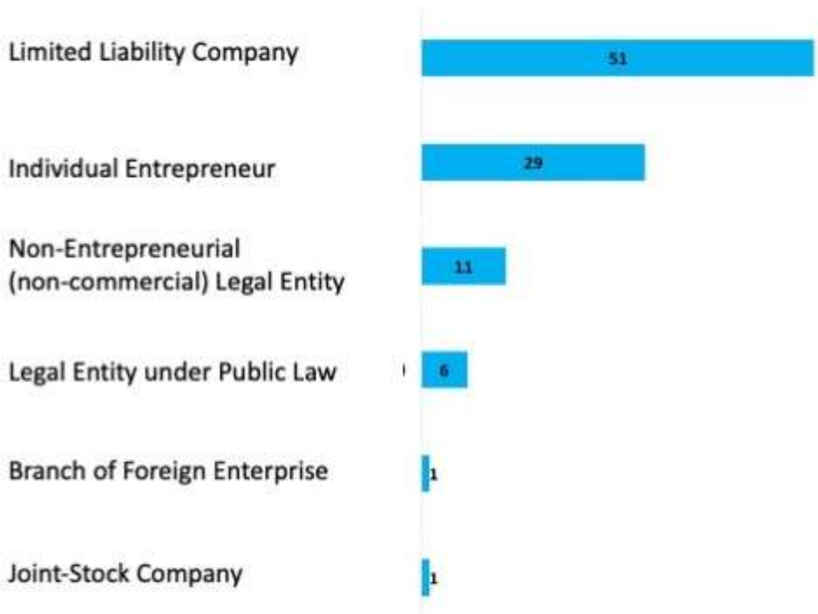
Note: Since the quantitative data were collected through convenience sampling, the results cannot be generalised to the creative industries operating in Georgia.

3. Main Findings

3.1. Type of Organisations/Businesses Involved in the Creative Industry

Half of the surveyed business are Limited Liability Companies (LLCs). About a third have the status of an individual entrepreneur (29%). Non-entrepreneurial (non-commercial) legal entity (NNLEs) accounts for 11%. 6% of surveyed businesses are Legal Entities under Public Law, followed by Joint Stock Companies (1%) and Branches of Foreign Enterprises (1%).

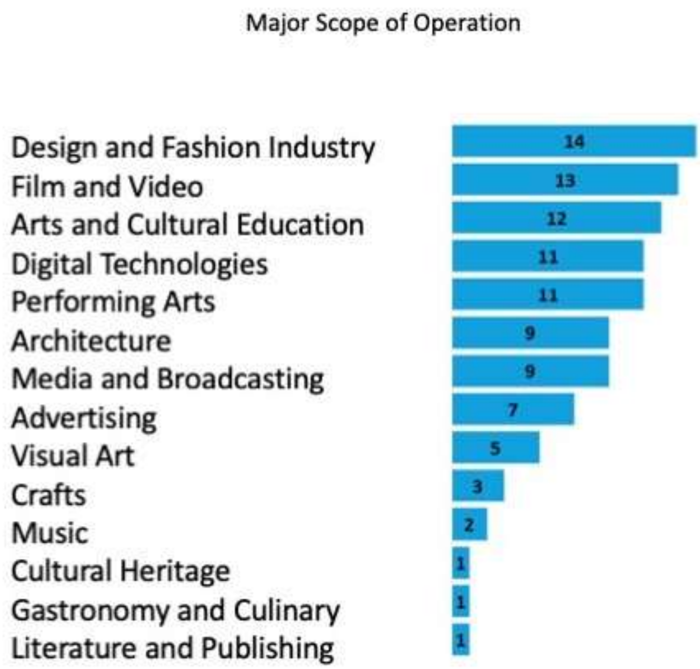
Graph 1. What is the legal form of your entity? (%)



The main activities of the entities participating in the study cover various fields. 14% of the surveyed entity representatives work in design and fashion, and 13% in film and video. 12% declare that they work in arts and cultural education. 11% are involved in digital technologies, and 11% are representatives of the performing arts sector. Architecture, media, and broadcasting share the same (9%) percentage. Other industries were named relatively rarely (see Graph 2).

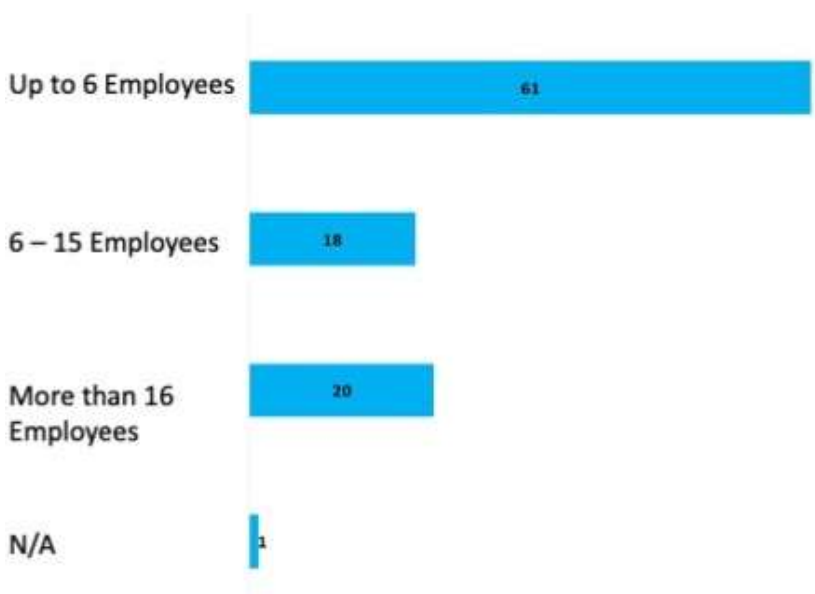
It should be noted that about a fifth of the respondents (21%) are engaged in secondary activities. As for the secondary activity of the entities participating in the research, the field of advertising (19%) is most often named, as well as digital technologies, media and broadcasting, and arts and cultural education (13%-13%). 9% of those engaged in secondary activities are representatives of the visual arts sector. Other secondary activities were named relatively rarely (see Graph 2). Most (90%) of the creative industries participating in the research state that commerce is their primary activity.

Graph 2. What is your primary working scope? secondary? (%)



Regarding the size of the entities, most of their representatives (60%) state that the number of employees ranges from 1 to 5. 18% say their entity employs between 6 and 15 employees, and a fifth (20%) of respondents say their entity employs 16 or more employees (see Figure 3).

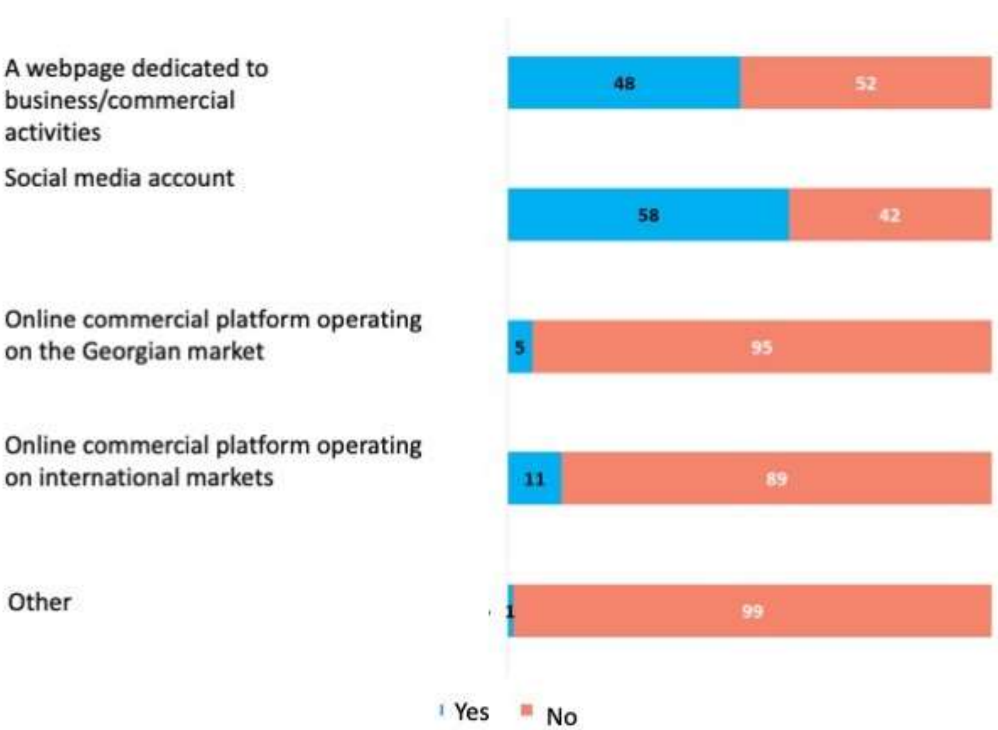
Graph 3. Could you indicate how many employees (including yourself) are currently employed in your entity, full-time or part-time? (%)



It was interesting to find out to what extent the surveyed entities use a webpage for commercial activities, a social media page, and local and international online e-commerce platforms. Notably, most entities (65%) use at least one of the methods listed. More specifically: 58% use a social media account (Facebook, Twitter, Instagram, etc.) for commercial activities, and 48% have a website. On the other hand, only 5% of surveyed creative industries use an e-commerce platform operating in the Georgian market, while 11% claim to use international e-commerce platforms (see Graph 4).

Interestingly, 4% use a website for business/commercial activities, and 13% use social media. However, 43% use both platforms, and 37% - neither.

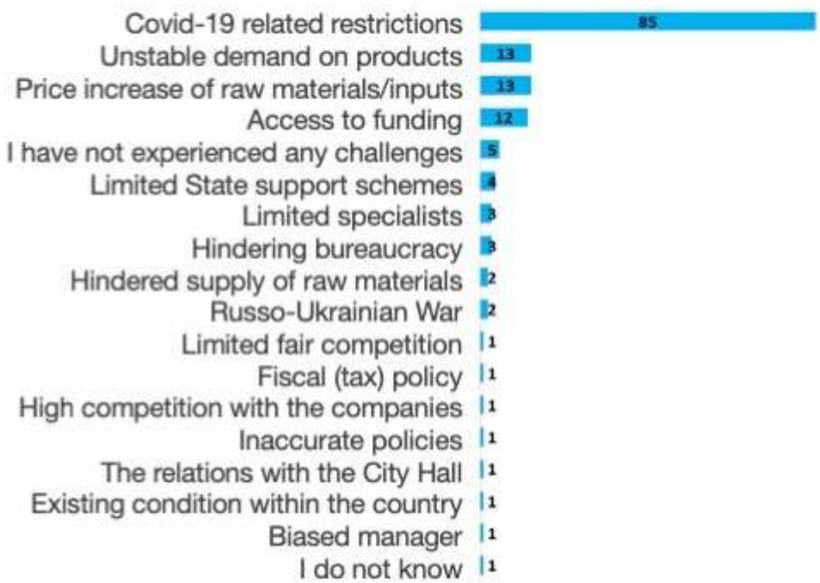
Graph 4. Do you use the following platforms for your commercial activities? (%)



3.2 Challenges in the Local Market

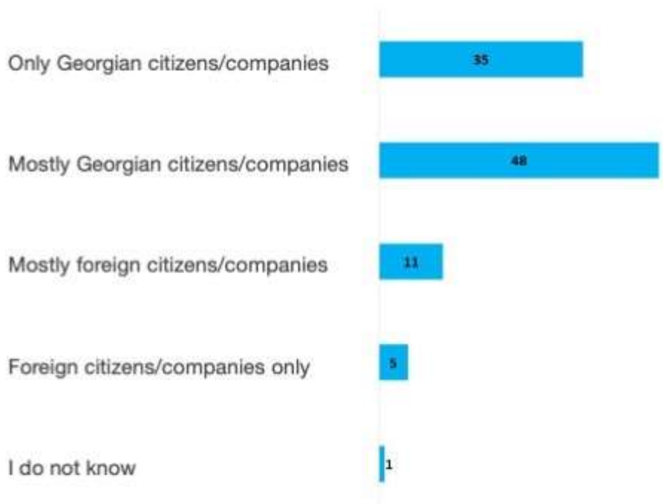
As part of the research, representatives of creative industries were asked to name the challenges for their economic activities. Only 5% of respondents say their entity has not been challenged in the past 12 months. Most respondents (85%) mention restrictions related to Covid-19. 13% of the respondents name the instability/variability of the demand for their products. Also, for 13%, the problem was the increase in the price of raw materials and, for 12%—access to finance. Other types of challenges were mentioned relatively rarely (see Graph 5).

Graph 5. In the last 12 months, what was the biggest challenge for your business/you? (%)



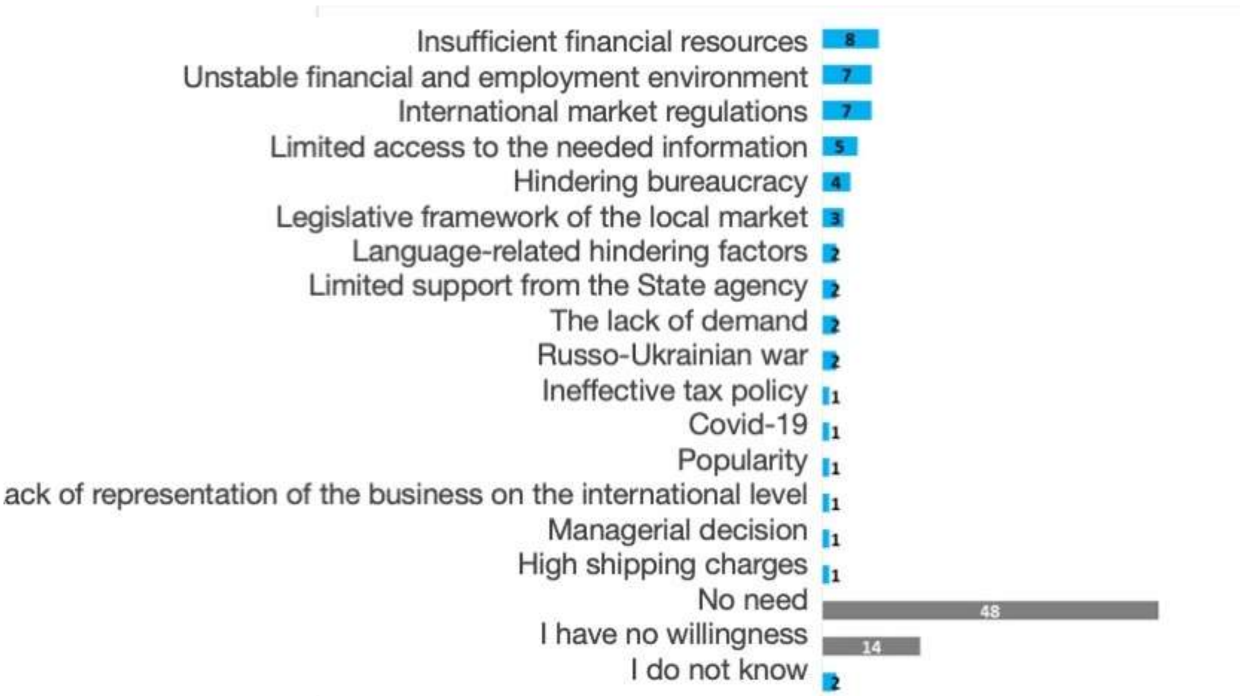
According to most respondents (83%), today, their customers are mainly the citizens of Georgia. On the other hand, only 16% of respondents say that the customers of their products are mostly or only foreign nationals (see Graph 6).

Graph 6. Your customers are... (%)



As for the reasons for operating locally, about half of the respondents (48%) do not see the need to enter the foreign market considering the specifics of their work. 14% of representatives of businesses operating in the local market say that they have no desire to enter the foreign market. As for the remaining, the main reasons are the lack of financial resources needed to enter the international physical/online markets (8%), financial instability and risky environment for employment (7%), regulations in the global market (7%), limited practical information (5 %), hindering bureaucratic procedures (4%). (see Graph 7).

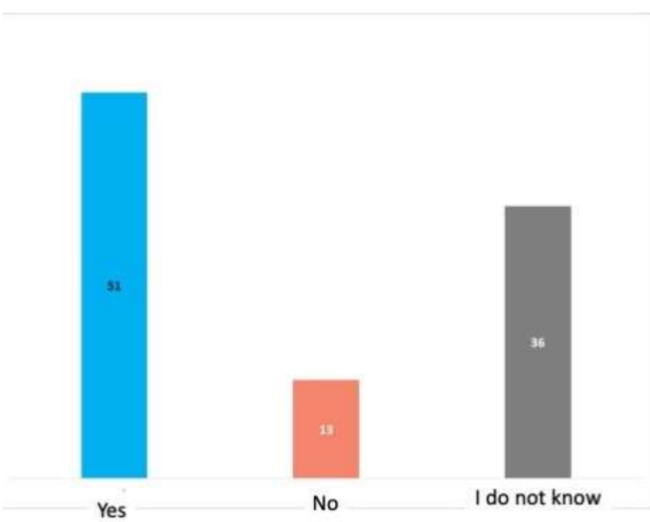
Graph 7. What are the main reasons your business operates only/mainly in the local market? (%)



Note: 84% of respondents answered the question

About half (51%) of the entities that want to enter the international market (30%) state that they will manage to operate in the global market within the next five years. 13% declare they will not be able to, and 36% cannot determine whether they can export their products abroad in the next five years (see Graph 8).

Graph 8. Looking ahead to the next five years, do you think you will be able to enter the international physical/online market? (%)

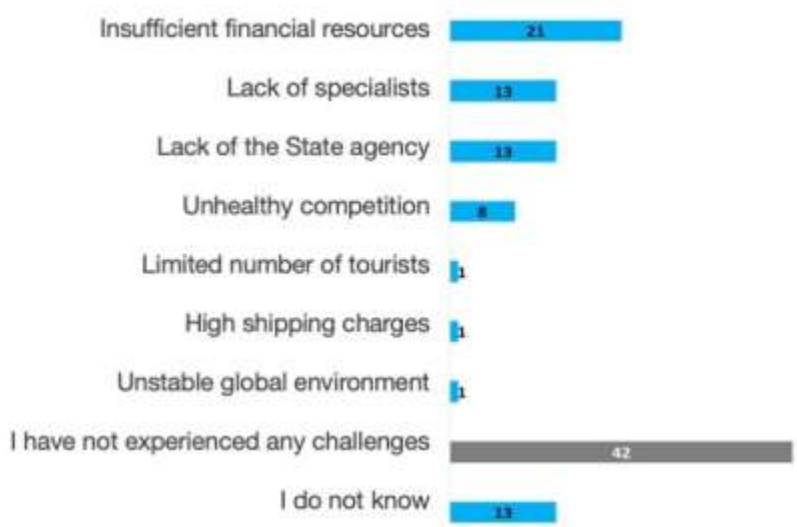


Note: 30% of respondents answered the question

3.3 Challenges in the International Market

As mentioned, 16% of surveyed entities operate on the international markets. When considering the challenges in the foreign market, a large part of them (42%) state that they do not face any problems while operating globally. Lack of financial resources was the most frequently named challenge (21%), as it was when asked about the local market. The lack of highly qualified personnel (13%) and the lack of assistance from the relevant State structure (13%) were identified as the second problem.

Graph 9. Please tell me the challenges you face while operating in the international physical/online markets. (%)



Note: 16% of respondents answered the question

3.4 The Needs of Entities Operating in the International Markets

Respondents who already operate or express an interest in working in the international market (46%) name the factors that will help them to have more access to the global online or physical market.

Most mention finance-related issues: access to grants and additional financial sources is considered necessary by more than a third (39%), and more opportunities to access financial sources - 7%. About a quarter (23%) see the need to promote Georgia in the international economic forums (see Graph 10).

Interestingly, almost twice as many entities operating in the local market (47%) than those working in the international market (25%) see the need to access grants and additional financial sources.

It should also be noted that 17% of the surveyed entities in the international market do not need more access to the foreign market.

Chart 10. What will expend your access to the international physical/online markets? (%)

Note: 46% of respondents answered the question

Annexe 1 - Products Corresponding to Trade in Goods and HS 2012 Codes for Creative Industries

N	Creative industry classification (1)	Goods traded in creative industries According to UNCTAD	HS 2012 codes	Additional HS 2012 codes
1	Architecture	Architecture	4906	
2	Fashion and Design	Fashion	6117; 6214; 6215; 6217; 6504; 6505; 650699	3303; 3304
			420211; 420212; 420221; 420222; 420231; 420232; 420292; 420310; 420329; 420330; 420340; 430310; 900410	420219; 420239; 420291; 420299; 420321; 4205; 50; 51; 52; 5901; 64
3	Performing arts	Celebration articles	9505; 950810	
4	Visual arts	Sculpture	4420; 6913; 9703; 830621; 830629	3213; 3215; 3703; 3704; 9701
		Painting	9702	
		Paperware	480210	
		Photography	3705; 491191	
5	Movie and Video	Film	3706	
6	Cultural Heritage	Antiques	9704; 9705; 9706	
7	Literature and Publishing	Newspapers	4801; 4902;	
		Books	4901; 4903	
		Other printed matter	4905; 4908; 4909; 4910; 491110	
8	Media and Broadcasting			
9	Music	Printed music	4904	
		Musical instruments	9201; 9202; 9205; 9206; 9207; 9208; 830610	
		CDs, DVDs, tapes	852329; 852341; 852349; 852380	
10	Advertising			
11	Arts and cultural education			
12	Digital technologies	Recorded media	852321;852351; 852352; 852359	
		Video games	950430; 950450	
13	Crafts	Toys	9503; 950420; 950440; 950490	6602; 91
		Interior articles	4419; 4814; 5705; 5804; 5905; 6912; 570310; 570390; 570410; 691110; 691410; 821510; 821520; 821591; 940320; 940340; 940350; 940360; 940510; 940530	

		Yarn	5805; 5806; 5809; 5810; 5811; 6002; 6003; 6004; 6308; 580810; 630232; 630240; 630411; 630491	
		Other art crafts	9601; 9602; 670290; 701890	
		Jewellery	7113; 711711; 711719	
		Wickerwork	460211; 460212; 460219	
		Glassware Carpets	701310; 701322; 701333; 701341; 701342; 701391 5701; 5702; 570330	
14	Gastronomy and Culinary	Wine		2204

Note: The table shows HS 2012 codes at the 2-digit and 4-digit levels, where we observe all included 6-digit level codes[70].

[70] For a detailed description of the HS 2012 codes, please see the classification Roadmap: https://www.geostat.ge/media/13418/12-HS-2012_GEO.pdf

Annexe 2: Classification of Creative Industries and Corresponding GNC 006-2016 (NACE rev. 2) Codes Considering the Availability of Data

N	Creative Industry (1)	Preferred (NACE rev. 2) code (2)	Available NACE rev. 2 code for enterprise survey data (3)	Column N3 includes: (4)	Available NACE rev. 2 code for business register (number of active organisations) data (5)	Alternative Data Source (6)
1	Architecture	71.11 - Architectural Activities	71 - Architectural and engineering activities; technical testing and analysis	71.11 - Architectural Activities 71.12 Engineering activities and related technical consultancy 71.2 Technical testing and analysis.	71.11 - Architectural Activities	
2	Fashion and Design	74.10 - Specialised design activities	Preferred economic activity code level is not available.		74.10 - Specialised design activities	
3	Performing arts	90.01. Performing arts 90.02 Support activities to performing arts	90 - Creative, arts and entertainment activities	90.01. Performing arts 90.02 Support activities to performing arts	90.01. Performing arts 90.02 Support activities to performing arts	
4	Visual arts	74.20 Photographic activities 90.03 Artistic creation 90.04 Operation of arts facilities		90.03 Artistic creation 90.04 Operation of arts facilities	74.20 Photographic activities 90.03 Artistic creation 90.04 Operation of arts facilities	
5	Digital Technologies	26.40 Manufacture of consumer electronics 58.21 Publishing of computer games 58.29 Other software publishing	58.20 Software publishing	58.21 - Publishing of computer games 58.29 Other software publishing	58.21 - Publishing of computer games 58.29 Other software publishing	
6	Movie and Video	59.11 Motion picture, video, and television programme production activities 59.12 Motion picture, video and television programme post-production activities 59.13 Motion picture, video and television programme distribution activities 59.14. Motion picture projection activities	59.1 - Motion picture, video and television programme activities	59.11 Motion picture, video and television programme production activities 59.12 Motion picture, video and television programme post-production activities 59.13 Motion picture, video and television programme distribution activities 59.14. Motion picture projection activities	59.11 Motion picture, video, and television programme production activities 59.12 Motion picture, video and television programme post-production activities 59.13 Motion picture, video and television programme distribution activities 59.14. Motion picture projection activities	
7	Literature and publishing	18.11 Printing of newspapers 18.12 Other printing 47.61 Retail sale of books in specialised stores 47.62 Retail sale of newspapers and stationery in specialised stores 58.11 Book publishing 58.13 Publishing of newspapers 58.14 Publishing of journals and periodicals 58.19 Other publishing activities	18.1 - Printing and service activities related to printing 47.61 Retail sale of books in specialised stores 47.62 Retail sale of newspapers and stationery in specialised stores 58.1 - Publishing of books, periodicals and other publishing activities	18.11 Printing of newspapers 18.12 Other printing 18.13 - Pre-press and pre-media services 18.14 - Binding and related services 47.61 Retail sale of books in specialised stores 47.62 Retail sale of newspapers and stationery in specialised stores 58.11 - Book publishing 58.12 - Publishing of directories and mailing lists 58.13 Publishing of newspapers 58.14 Publishing of journals and periodicals	18.11 Printing of newspapers 18.12 Other printing 47.61 Retail sale of books in specialised stores 47.62 Retail sale of newspapers and stationery in specialised stores 58.11 Book publishing 58.13 Publishing of newspapers 58.14 Publishing of journals and periodicals 58.29 Other publishing activities	

				58.19 Other publishing activities		
8	Media and Broadcasting	60.10 Radio broadcasting 60.20 Television programming and broadcasting activities	60.10 Radio broadcasting 60.20 Television programming and broadcasting activities	60.10 Radio broadcasting 60.20 Television programming and broadcasting activities	60.10 Radio broadcasting 60.20 Television programming and broadcasting activities	
9	Music	32.20 Manufacture of musical instruments 59.20. Sound recording and music publishing activities	59.20. Sound recording and music publishing activities	59.20. Sound recording and music publishing activities	32.20 Manufacture of musical instruments 59.20. Sound recording and music publishing activities	
10	Advertising	73.11 - Advertising agencies 73.12 - Media representation	73 - Advertising and market research	73.11 - Advertising agencies 73.12 - Media representation 73.20 - Market research and public opinion polling	73.11 - Advertising agencies 73.12 - Media representation	
11	Cultural Heritage	91.01 - Library and archives activities 91.02 - Museums activities 91.03 - Operation of historical sites and buildings and similar visitor attractions 91.04 - Botanical and zoological gardens and nature reserves activities	91 - Libraries, archives, museums and other cultural activities	91.01 - Library and archives activities 91.02 - Museums activities 91.03 - Operation of historical sites and buildings and similar visitor attractions 91.04 - Botanical and zoological gardens and nature reserves activities	91.01 - Library and archives activities 91.02 - Museums activities 91.03 - Operation of historical sites and buildings and similar visitor attractions 91.04 - Botanical and zoological gardens and nature reserves activities	
12	Arts and Cultural Education	85.52 - Cultural education	Preferred economic activity code level is not available.			Number of students in higher education institutions and vocational education institutions enrolled in programs related to the creative education, Student funding in creative industry-related programs – Ministry of education and science of Georgia;
						Ministry of Culture and Sports of Georgia
13	Crafts	32.11 - Striking of coins 32.12 - Manufacture of jewellery and related articles	Preferred economic activity code level is not available.		32.11 - Striking of coins 32.12 - Manufacture of jewellery and related articles	
14	Gastronomy and Culinary	NACE Rev. 2 codes not defined by creative industry classification				Number of international visitors, their expenditures and involvement in gastronomic and cultural tourism activities - Georgian National Tourism Administration (GNTA)

Annexe 3 - Creative Occupations in the ISCO-88 International Standard Classification of Occupations Classification, UNESCO

Creative Occupations (ISCO-88)			
Code	**Title**	**Code**	**Title**
1229	**Production and Operations Department Managers Not Elsewhere Classifie**	5122	**Cooks**
1233	**Sales and Marketing Department Managers**	5210	**Fashion and Other Models**
1234	**Advertising and Public Relations Department Manager**	6113	**Fashion and Other Models**
1237	**Research and Development Department Managers**	7113	**Stone Splitters, Cutters and Carvers**
2131	**Computer Systems Designers and Analyst**	7122	**Bricklayers and Stonemasons**
2132	**Computer Programmers**	7124	**Carpenters and Joiners**
2139	**Computing Professionals Not Elsewhere Classified**	7221	**Blacksmiths, Hammer- smiths and Forging-press Workers**
2141	**Architects, Town and Traffic Planners**	7312	**Musical-instrument Makers and Tuners**
2142	**Civil Engineers**	7313	**Jewellery and Precious- metal Workers**
2148	**Cartographers and Surveyors**	7321	**Abrasive Wheel Formers, Potters and Related Workers**
2359	**Other Teaching Professionals Not Elsewhere Classified**	7322	**Glass-makers, Cutters, Grinders and Finishers**
2412	**Personnel and Careers Professionals**	7323	**Glass Engravers and Etchers**
2419	**Business Professionals Not Elsewhere Classified**	7324	**Glass Engravers and Etchers**
2431	**Archivists and Curators**	7331	**Handicraft Workers in Wood and Related Materials**
2432	**Librarians and Related Information Professionals**	7332	**Handicraft Workers in Textile, Leather and Related Materials**
2442	**Sociologists, Anthropologists and Related Professionals**	7341	**Compositors, Typesetters and Related Workers**
2444	**Philologists, Translators and Interpreters**	7342	**Stereotypers and Electrotypers**

2451	**Authors, Journalists and Other Writers**	7343	**Printing Engravers and Etchers**
2452	**Sculptors, Painters and Related Artists**	7345	**Bookbinders and Related Workers**
2453	**Composers, Musicians and Singers**	7346	**Silk-screen, Block and Textile Printers**
2454	**Choreographers and Dancers**	7412	**Bakers, Pastry-cooks and Confectionery Makers**
2455	**Film, Stage and Related Actors and Directors**	7415	**Food and Beverage Tasters and Graders**
2460	**Religious Professionals**	7424	**Basketry Weavers, Brush Makers and Related Workers**
3131	**Photographers and Image and Sound Recording Equipment Operators**	7431	**Fibre Preparers**
3132	**Broadcasting and Telecommunications Equipment Operators**	7432	**Weavers, Knitters and Related Workers**
3241	**Traditional Medicine Practitioners**	7433	**Tailors, Dressmakers and Hatters**
3340	**Other Teaching Associate Professionals**	7434	**Furriers and Related Workers**
3471	**Decorators and Commercial Designers**	7435	**Furriers and Related Workers**
3472	**Radio, Television and Other Announcers**	7436	**Sewers, Embroiderers and Related Workers**
3473	**Street, Night-club and Related Musicians, Singers and Dancers**	7441	**Pelt Dressers, Tanners and Fellmongers**
3474	**Clowns, Magicians, Acrobats and Related Associate Professionals**	7442	**Shoe-makers and Related Workers**
4141	**Library and Filing Clerks**	8251	**Printing-machine Operators**
5113	**Travel Guides**	8252	**Bookbinding-machine Operators**

Annexe 4 - Grouping of Educational Programmes Related to Creative Industries According to the International Standard Classification of Occupations (ISCO-88), Professional Programmes

ISCO-88	Title	Occupations
0741	**Food processing and related trades workers**	• • Art of cooking
2452	**Sculptors, Painters and Related Artists**	• • Sculptor (architectural details) • • Artist - animator • • Artist-performer • • Visual Art • • Fine art specialist • • Specialist in decorative processing of stone and other materials • • Artist - illustrator
2453	**Composers, Musicians and Singers**	• • Music tutor • • Pop music performer • • Choir lotbar, regent • • Vocal ensemble and choir singer
2454	**Choreographers and Dancers**	• • Choreographer - tutor • • Dancer
2455	**Film, Stage and Related Actors and Directors**	• • Drama director - tutor • • Film and television director • Editing director (editor, audio-visual image specialist) • • video editing • • Video-operational art • • TV directing
3131	**Photographers and Image and Sound Recording Equipment Operators**	• • photography
3471	**Decorators and Commercial Designers**	• • Visual image designer • • Garden designer • • Floristic design • • TV computer graphics • • Performing graphic design • • Performing graphic design • • Implementation of industrial design
5113	**Travel Guides**	• • Guide to cultural heritage of Georgia • • Mining tracker
5141	**Hairdressers, Barbers, Beauticians and Related Workers**	• • Stylist (female, male) • • Hair stylist • • Hair services

7313	**Jewellery and Precious-metal Workers**	• • Jeweler
7324	**Glass, Ceramics and Related Decorative Painters**	• • Ceramic products specialist
7331	**Handicraft Workers in Wood and Related Materials**	• • Specialist in artistic processing of wood • • Artistic processing of wood
7332	**Handicraft Workers in Textile, Leather and Related Materials**	• • Specialist in artistic construction of clothes • • Specialist in sewing products • • Specialist in decorative-use fabrics • • Felt master • • Felt craftsman • • Specialist in shoes, leather goods and accessories • • Shoe and leather accessories specialist
7345	**Bookbinders and Related Workers**	• • Print media technologies
7422	**Cabinet-makers and Related Workers**	• • Furniture construction specialist

Annexe 5 - Grouping of Educational Programmes Related to Creative Industries According to the International Standard Classification of Occupations (ISCO-88), Higher Education Programmes

ISCO	Title	Occupations
0245	Writers and Creative and Performing Artists	• art; • Audio-visual and media art;
2141	Architects, town and traffic planners	• Architectural science; • digital and geometric modeling;
2359	Other Teaching Professionals Not Elsewhere Classified	• performing and creative arts (creative pedagogy);
2442	Sociologists, Anthropologists and Related Professionals	• cultural studies; • Studies of modern culture; • Art, culture, identities; • Culture studies; • intercultural communications;
2443	Philosophers, Historians and Political Scientists	• Medieval studies (language, literature, history, philosophy, history of art, religion); • Philosophy of information culture, equalized; • intercultural communications;
2445	Psychologists	• social Psychology;
2451	Authors, Journalists and Other Writers	• digital media; • Christian science of art; • media and art;
2452	Sculptors, Painters and Related Artists	• Easel graphics • Easel painting • Theater painting • Cinema-television painting • Sculpture • Paintings • Visual Art • Fine and applied arts (main and additional specialty) • Drawing • Fine arts (easel painting, easel graphics) • Fine and applied arts: easel painting and encaustic; computer design and easel graphics; artistic textile and shoe design; interior and exterior monumental painting, ceramics and art glass design; fashion design; Iconography
2453	Composers, Musicians and Singers	• Academic song • Academic choir conducting • Academic singing (musical arts) solo academic singing/vocal arts • Keyed fuses • Composition • Music (main and additional specialty) • Music and today • Music theory • Music technology.

		• Choir-conducting (musical arts, academic choir conducting) • Musicological studies • Musical performance (keyboard instruments; academic song; orchestral). • Musical performance (piano, academic singing, academic choir conducting, orchestral) • Musical performance (piano, academic song, orchestral) • Musical arts (music theory, academic choir conducting) • musical art; • Orchestral wind and percussion instruments (musical arts) • Orchestral brass and percussion instruments • Orchestral-wind • Orchestral string instruments • Creative performing arts - Georgian folk and church choir conductor • Performing arts • Performing arts (directions: piano, orchestral (string, wind and percussion) instruments, solo academic singing) • Performing and creative art Georgian folk singing and chanting art (analysis of theory and practice) • Solo academic song • Piano • Piano (musical art-keyboard instruments) • The art of jazz
2454	Choreographers and Dancers	• Performing and creative arts - choreographer of Georgian dance
2455	Film, Stage and Related Actors and Directors	• Acting art (drama and film acting; drama and puppet theater acting) • animation • Audiovisual Directing (concentrations: Feature Film Directing; Television Film Directing) • Audiovisual art (film directing, TV directing) • Audiovisual art (artistic film direction) • Theater arts: acting art (main and additional specialty), drama directing (main specialty) • Master's program in cinematography (specialization: film directing and film dramaturgy) • media arts and directing (audiovisual arts)) • Multimedia scenography (main and additional specialty) • musical performance (piano, academic singing, academic choir conducting, orchestral) • Performing creative arts - audio-visual directing (artistic cinema, documentary cinema, animated cinema, TV directing, sound directing) • Performing creative arts - cinema-television operator • Performing and creative arts • Performing and creative arts - drama directing (analysis of theory and practice) • Performing and creative arts - theater direction • Performing and creative arts - actor (drama and film actor) • Performing and creative arts (drama theater directing; drama and film acting; puppet theater directing; puppet theater acting) • Performing and creative arts (drama directing, puppet theater directing) • Performing and creative arts (concentrations: drama theater direction; puppet theater direction) • Performing and creative arts (concentrations: drama directing; puppet theater directing) • Performing-creative arts (concentrations: theater directing, actor (drama and film actor), actor (puppet theater actor), Georgian dance choreographer, Georgian folk and church choir conductor) • Performing and creative arts (program concentrations: 1. Drama directing - analysis of theory and practice 2. Performing arts of an actor - analysis of theory and practice 3. Art of scenography - analysis of theory and practice 4. Playwright's art • Performing and creative arts - audiovisual direction (analysis of theory and practice) - feature film, documentary film, animated film, sound direction, TV direction. • Performing and creative arts - film and TV operator (analysis of theory and practice) • TV-cinema art

3131	Photographers and Image and Sound Recording Equipment Operators	• photography
3471	Decorators and Commercial Designers	• Applied design • Graphic Design • design • Design (English) Design (textile design, fashion design) • Design (textile design; clothing design) • Design (textile design; clothing design; woodworking and furniture design) • Visual arts and design • Interior and textile design • Computer graphics • Costume design • Fashion design • Fashion design and technology • Art glass design • Poster design • Jewelry and metal decorative plastic • Clothing design • Industrial design • Advertising graphics • Textile design • Book design and illustration • Artistic processing of wood and furniture design
7313	Jewellery and Precious Metal Workers	• Jewelry and metal decorative plastic
7324	Glass, Ceramics and Related Decorative Painters	• Artistic ceramics • Artistic glass

Annexe 6 - Cultural Tourism

Between 2015 and 2019, the average annual growth of total spending on recreation, cultural and sports activities by international visitors were 22.6%. According to the data of 2019, the expenses incurred by international visitors on the mentioned activities exceeded 1.5 billion GEL, which is 17% of their total expenses.

As for the domestic visitors, the average annual growth of the mentioned figure for them was 10.2%. In 2019, domestic visitors spent more than 29.6 mm. GEL on recreation, cultural and sports activities, 1.6% of their total spending.

Activities related to cultural tourism can be divided into four main groups. The first is visiting sights, cultural and historical heritage monuments and museums. In 2015-2019, the average annual growth of the number of international visitors involved in this activity was 25%, and according to the data of 2019, the indicator of the number of international visitors involved in the activity reached almost 3.3 mm..

The second main direction is attending concerts, festivals and exhibitions, going to the cinema and theatre, and participating in local celebrations. In 2015-2019, the average annual growth of the number of international visitors involved in the activity was 6%. More than 196,000 international visitors were involved in this activity in 2019, which is 3% of the total.

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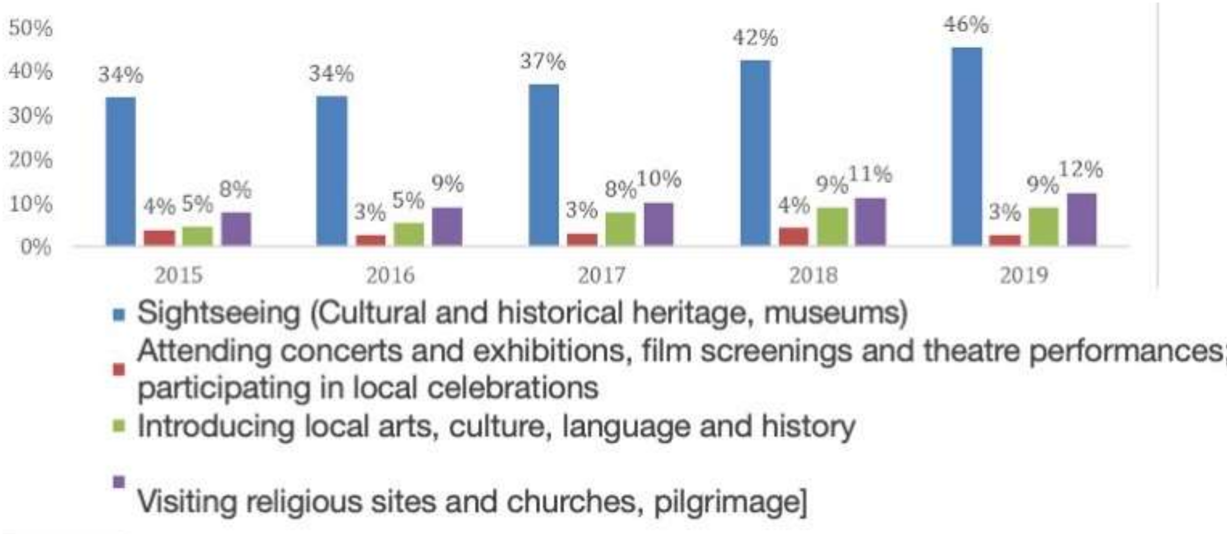
The remaining two areas represent learning about local art, culture, language and history and visiting/pilgrimage to religious sites and churches. The increase in the number of international visitors involved in these two activity groups in 2015-2019 was 36% and 31%, respectively. As of 2019, 9% of international visitors were engaged in art, culture, language and history, and 12% visited and pilgrimed to religious sites and churches (Graph 26).

Graph 26 - Participation of international visitors in activities related to cultural tourism, 2015-2019



Source: the National Tourism Administration of Georgia

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