





Supporting the Institutional Architecture of the Creative Economy in Azerbaijan

A report by consultants Gail Caig, John Newbigin and Jon Zeff May 2021



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Executive Summary

Now is a moment of opportunity for Azerbaijan's cultural and creative industries. There is a clear desire, shared by government and the creative sector alike, to unlock their potential. That ambition is supported by several years of research and strategic development and rests on the foundations of many centuries of national cultural expression through craft to literature, music to architecture. This is set against the backdrop of a rapidly expanding global market for creative content and the rise of the knowledge economy across the world.

This report proposes the underpinning structures and architecture through which that collective ambition can be channelled and translated into concrete actions. In doing so it will help to nurture the independent voice of private industry, empowering them as partners in devising and delivering shared strategies for sectoral growth.

The key proposals, detailed within this report are:

Establishing a new institutional framework for the creative economy, consisting of:

- A National Committee for the Creative Industries (NCCI), chaired jointly by Government and industry,
- An industry-led Platform, or support organisation, for the cultural and creative Industries,
- A specialised Educational Institution or federation for the cultural and creative industries.

The NCCI should be tasked with the development of a detailed strategy and action plan for the development of the creative industries in Azerbaijan.

As an early priority, it should develop proposals for more systematic data collection and evidence development. Industry members of the NCCI should be appointed via a transparent process overseen by the Ministry of Culture, and a secretariat resourced by Government, with encouragement to the Industry members to establish their own small advisory resource. The Ministry of Culture should establish appropriate mechanisms for regular internal liaison with other key Government Departments.

An industry-led Platform, or support organisation, should be created with start-up funding from government, but with the ambition that it becomes self-sustaining through industry contributions once the industry is sufficiently developed. The support organisation should help to develop a cohesive sector by showcasing and promoting the sector, and by delivering services, such as networking events and business support, to support continued growth.

The government should establish a federation of education institutions, drawing on existing academies, universities and colleges, to provide the specialist creative, technical and business skills needed for the success of the cultural and creative sector. As part of this approach, early attention should be focused on technical and vocational skills. In time, a new higher education institution, devoted to the growth of the cultural and creative industries, could be considered to help Azerbaijan achieve a leadership role in the development of the sector across the Caucasus and Central Asia region.



Methodology

Previous research looking at the development of Azerbaijan's cultural and creative industries identified the need for a supporting institutional architecture, as a foundation for sector development. Over three months, from January to April 2021, working in partnership with the British Council and Ministry of Culture, we led focus groups and briefing sessions with industry representatives and government officials, to further explore the proposed architecture, its structure, scope and purpose. In doing so we have also drawn on our own experience working within UK creative industry policy development over the last 30 years, from within the Department for Culture, Media and Sport, within industry such as Channel 4 and the BBC, within both the Creative Industries Council and the Creative Industries Federation and with Governments across Europe, Asia and Latin America.

From that literature review, qualitative research and first-hand practical experience we have developed the following recommendations for an architectural structure and associated functions to help grow Azerbaijan's cultural and creative industries.

We would like to take this opportunity to thank Dilara Ibrahimova from the British Council and Ramil Abbakirov and Gunel Memmedova from the Ministry of Culture for their constant co-operation throughout this process, without which our work would not have been possible.



Overview of Current Position

The Cultural and Creative Industries are built on a rich cultural heritage with significant growth potential, but there are key challenges to overcome.

Through a literature review and targeted consultation with both industry and government, we have developed a strong sense of the key issues affecting Azerbaijan's cultural and creative industries. Reassuringly, our first-hand findings were consistent with those of previous reports in emphasising a core set of priority areas. This is a summary of observations based on existing research and stakeholder views, rather than an exhaustive overview of the sector. As we cover in our key recommendations, detailed mapping and sector engagement should be carried out as a priority to create a more robust and complete contemporary picture.

Strengths

Azerbaijan enjoys a very rich cultural heritage including literature, music, crafts and architecture. It is a source of national pride, a bedrock of national

> identity and an inspiration for today's contemporary cultural and creative industries. The sector shows strength and significant potential across a number of sub-sectors, for example:

- Advertising marketing communications and events, bolstered by Azerbaijan's success as a destination for major international events.
- Architecture Baku in particular combines rich architectural heritage of historic monuments with stunning examples of statement architecture such as the internationally recognised Zaha Hadid Architects designed Heydar Aliyez Centre.
- Audio-visual Film has historically enjoyed strong state support, with work ongoing to develop a growth strategy for film and attract inward productions. Animation is also emerging, as demonstrated by Animafilm the international animation festival.
- **Crafts** specifically heritage crafts and carpet weaving.
- **Design** Baku is a UNESCO creative city of design.
- **Music** from the unique intangible heritage of Mughal to Jazz to an embryonic electronic scene.
- **Fashion** supported by Azerbaijan Fashion Week.
- · Performing Arts.
- · Publishing.



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Opportunities

Building on these foundations, there is huge potential to develop the sector further, socially and economically. In the absence of comprehensive mapping and consistent data collection across the cultural and creative industries, robust statistics in terms of current economic output are not available. The UNESCO 'Culture for Development' project in 2016 suggested that the cultural and creative industries accounted for 1% of Azerbaijan's GDP. Other work has suggested the GDP contribution is significantly higher at up to 5%. Yet all recent estimates place it below 7.8% of GDP, which was the EU average in 2017. So, there is clearly potential to significantly grow this element of the Azerbaijan economy.

That potential has been recognised at the highest political level. Azerbaijan 2030: National Priorities for Socio-Economic Development includes a "creative and innovative society" as one of those national priorities, while the "dynamic development of culture and creative industries (CCIs) and strengthening of export potential in this field" has been defined as the 19th sub-goal of the Economic Growth sub-group.

There is also a strong sense of creative talent in Azerbaijan in search of opportunity, waiting to be unlocked. Whether that's workers - unaware they are part of the creative economy - in need of business skills to better commercialise their efforts, or the younger generation at risk of leaving Azerbaijan in search of opportunities to build a creative career internationally.

There are several other more specific areas of opportunity that have come through our work to highlight:

Cluster Development:

• Regional socio-economic development, for those regions outside Azerbaijan's major urban centres is a clear and long-standing government ambition. The State Program on Socio- Economic Development of the Regions of the Republic of Azerbaijan for 2019-2023 has been developed to support regional growth and includes a number of objectives that align well with the needs and opportunities within the cultural and creative sector, for example: increasing investment and innovation, greater adoption of new technologies, support for entrepreneurship and SME development - including 'networks' for SME support. These regional development objectives all correspond to key areas of cultural and creative development. The cultural and creative industries are, in general as a sector, highly distributed, typically forming 'clusters' of

creative activity in a range of settings,

from globally important urban centres

¹ Boix and Soler (2017)

² UNESCO CULTURE FOR DEVELOPMENT INDICATORS, Azerbaijan's Analytical Report, 2018.

to relatively remote rural areas – as an example, the remote highlands and islands of Scotland currently support a thriving creative cluster. In addition, research by UNESCO showed that cultural venues and facilities appear to be relatively well spread across the Azerbaijani regions. A strong cultural infrastructure, coupled with many of the government's regional development objectives aligned to creative business development, shows significant potential for further cultural and creative cluster development within Azerbaijan.

Tourism

 The cultural and creative industries' strong connection with the tourism sector could be beneficial in several ways. The Tourism Strategy of the Republic of Azerbaijan for 2023 provides an extremely helpful exemplar for sector development within Azerbaijan, setting out a clear and holistic approach, including the state supported development of trade associations for the sector. At a practical level, there are already established links to heritage and heritage crafts as high-quality souvenirs, in line with the strategic focus on high value cultural tourism. This could be an important route to expanding both domestic and international markets.



 Bringing together that new generation of creative talent, with the adoption of new technologies and practices, building on Azerbaijan's rich cultural heritage, could create exciting opportunities to re-energise Azerbaijani creative traditions through products and services targeted to a modern global audience.

The creative industries face a series of structural challenges that are holding back their significant potential.

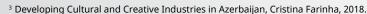
• Regional hub: Industry consultees also identified significant opportunity in maximizing Azerbaijan's position as a hub between Europe, the Middle East, Russia and Asia. They felt there was a potential role for Azerbaijan to act as a cultural and creative hub within the wider region, convening the CCIs from neighbouring countries and acting as a focal point to attract international interest.

Challenges

The elements are now aligning, creating the right environment to develop a thriving creative economy in Azerbaijan. But as our discussions and previous research has identified, the creative industries face a series of structural challenges that are holding back their significant potential. The core areas include:

Developing a cohesive sector

• Our research suggests that there is currently an extremely limited, shared understanding of the cultural and creative industries. This came across clearly in focus groups and was underlined in the literature review, for example: "Few recognise the advantages of integrating the CCIs umbrella concept that could facilitate the sector's coordination and interaction, but also allow them to speak with common voice and get more visibility." "The sector's different disciplines still



⁴ Development of Cultural and Creative Industries in Azerbaijan. A situational analysis, strategy outline and a preparatory workplan for 2019-20. Terry Sandell, 2018.

mostly work in silos in a competitive and not very collaborative way. Collective organisation is still in an early phase or weak, and professions lack coordinated action and shared agendas. The sector lacks a joint voice that could advocate its role and lobby for its interests."

There is a clear need for "community development" to build a cohesive sector with a shared sense of identity. Aligned to that community development, there is a need for stronger development between the state, civil society and the private sector and greater collaboration between state funded cultural organisations and the independent scene.

Business support

- In both previous reports and our discussion with industry, the bureaucratic hurdles faced by those trying to establish a business and the extensive regulation entrepreneurs currently need to navigate have been cited as a major barrier to business start-ups. We note, for example, that Farinha recommended the simplification of business registration through a 'one stop shop' system to support entrepreneurship.
- The need for business training and support has also been widely identified, starting in the education system and continuing to the professionalisation and ongoing development of the current workforce.

Access to finance

• There is limited access to finance in the sector. Recommendations have been made for tax incentives for cultural and creative projects and enterprises and to create more open access to state funding for arts and culture through competitive processes. There were also calls from within the sector for more open state procurement for creative services that made better use of, and thereby helped to grow, domestic skills and talent instead of looking solely to international expertise.

Access to markets

• There is a recognised need both to nurture and grow the domestic market for CCI output, and to increase access to international markets for Azerbaijani creative businesses. Stakeholders identified the need to cultivate a stronger domestic market, a finding echoed by Sandell. Sandell argues that developing the domestic market will also support businesses in improv-

ing their export potential - there was "frequent mention of lack of market demand or low audience interest... Low domestic take-up of CCI products, services and events directly impacts on building up export potential." There are pockets of export success within the sector for example an award-winning advertising agency working across the central Asia region, a multimedia company working with globally significant clients such as Audi and Samsung or the Yarat Contemporary Art Space, facilitating exchanges between local and international artists and artistic networks. But these are isolated examples. The Committee and support organisations should make export support and increased international trade for Azerbaijan's cultural and creative industries an early priority.

Education and skills

• Previous reports indicate, confirmed by discussion with industry, that the current education system is not adeMany of the skills and work practices that typify the cultural and creative industries are highly transferable, especially in the digital sphere, and can thereby benefit other future-oriented sectors of the economy, in terms of knowledge exchange, skills transfer and innovation spillovers.

quately equipping the creative workforce with the rounded set of skills
needed in a modern creative economy.
"Those working in the sector believe
there are serious workforce skills issues. This includes a perception that
the vocational and specialised higher
education system is not producing the
right type of people in terms of job
categorisation and the quality of the
skills the current system is producing
is either poor or too theoretical." There
are consistent references to the need
to modernise the curriculum within
education to equip new talent with the

up-to-date skills relevant to today's global creative industries. This includes calls to combine creative skills with technical skills and to focus on entrepreneurship, equipping young people to start their own businesses or earn a living more effectively as a self-employed creative worker.

Encouraging innovation

• The Azerbaijan government has recognised the need to support innovation as a critical lever for economic development. The cultural and creative industries are globally recognised for their innovative capabilities, constantly developing new products and services, driving the adoption of new technologies and generating consumer demand.

In order to develop a strategic approach to unlocking the sector's potential and to provide systematic and sustained action to address these challenges, the right underpinning structure needs to be in place: one that harnesses the power of both the state and the private sector in partnership.

Additionally, many of the skills and work practices that typify the cultural and creative industries are highly transferable, especially in the digital sphere, and can thereby benefit other future-oriented sectors of the economy, in terms of knowledge exchange, skills transfer and innovation spillovers. The cultural and creative industries should be integrated as a key part of the national innovation strategy to ensure the initiatives and work streams put in place as part of the strategy can also help to unlock the innovative capabilities in the cultural and creative sector.

Collaboration with other industrial sectors

• There are clear potential benefits for the cultural and creative industries in strengthening links with other sectors, particularly the tourism sector, as already discussed. There are also links to a developing night-time economy. Given the integral use of digital technology within the creative industries, exploring stronger links with the digital sectors would also be valuable.

In order to develop a strategic approach to unlocking the sector's potential and to provide systematic and sustained action to address these challenges, the right underpinning structure needs to be in place: one that harnesses the power of both the state and the private sector in partnership. As Farinha reported as part of her work for the EU-Eastern Partnership Culture and Creativity Programme, a key challenge was "the absence of a national framework to promote creative economy development".

That primary challenge is what the following findings and recommendations seek to address.



The Case for Government-Industry Partnership

Successful CCI strategies require a partnership between government and industry, but there is no universal formula for how such partnerships are built

Governments around the world have recognised that the particular characteristics of the cultural and creative industries - including the importance of IP, the need to promote innovative cross-disciplinary skills, the problem of attracting commercial investment for new and untested products and processes, and the potential to enhance a country's international prestige through 'soft power' – all require close co-operation between government and industry. In addition, because the policy demands of the creative sector span industry, culture, education and finance, some governments have found that it is useful to create nonministerial agencies to act as intermediaries between the structure of central government and the industries themselves.

Stories from four countries illustrate this process, each with a different approach to the partnership between

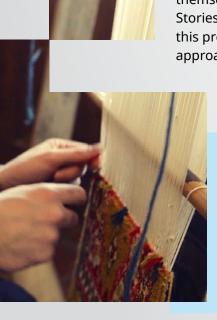
government and industry, reflecting their different priorities.

Case Study: USA

In 1918 the **USA** President, Woodrow Wilson, made a speech in which he said "Trade follows film" – recognising that the American film industry, then in its infancy, had the potential to convey messages about US values internationally and to open up global markets for other US products. In the subsequent century US governments have provided very little public support for cultural industries but have always maintained close interest in and concern for the commercial success of the country's IPbased industries, especially film, music and software, and have been tireless in promoting and protecting those interests internationally. Until recently this recognition of the importance of the sector and the need for close cooperation between government and industry was exemplified by the fact that the Head of the Motion Picture Association of America (the trade body representing the major Hollywood studios) had a weekly meeting with the US President.

Case Study: South Korea

The government of **South Korea** has seen the creative industries as a vital asset in building the country's international image and reputation, thereby assisting the reputation of other related national brands such as Samsung, LG, Kia and Hyundai. In the last 10 years the government has followed a strategy with two themes; the first has been to drive the export of Korean popular culture – the so-called 'Korean Wave' of music, games, film and fashion – assisted by a 'Popular Culture Industry division' within the Ministry of Culture, with a strong emphasis on youth culture and a network of information and support centres for Korean creative entrepreneurs in cities around the world, managed by a non-ministerial agency KOCCA (Korean Creative Content Agency). The other strand of



government policy has been a highly active and interventionist industrial policy at national level whose main priorities have been to open up new markets, support software development, promote cross-disciplinary collaborations, support start-ups, engage young people and develop 'a society that respects creativity'. This national policy has been strongly skewed towards technology rather than culture with the President of South Korea stating, in 2013, that "at the very heart of the creative economy lie science, technology and the IT industry". This national strategy was supported by State-funded but independent 'creative economy innovation centres' in 17 cities across the country with the purpose of developing small creative businesses, assisting the development of creative business clusters and pursuing international market strategies for their city or region. One of the hallmarks of the Korean approach has been to closely align national, regional and municipal policies. In this connection the promotion of Seoul, the capital, as a 'creative city' was seen as an integral part of a broader national strategy.

Case Study: Indonesia

The strategy of the government of **Indonesia** has been to promote a much broader view of the creative economy, emphasising its social and cultural significance for local communities. The lead has come from the country's President who in 2015 talked about the need to "shift from an industrial manufacturing economy to a creative economy that has intellectuals as a key asset". Creative economy policy in Indonesia rests with a Ministry of

Tourism and Creative Economy, (a Ministry of Education and Culture promotes arts, creative education, festivals and popular culture). The government places high priority on encouraging digital skills across the whole creative sector and on encouraging social impact and philanthropic investment as much as commercial investment. The most effective arm of government policy has been a nonministerial agency, BEKRAF, (whose functions have now been absorbed into a Ministry) which supported entrepreneurs in building their business capacity and helped them form cross-sector partnerships. It put strong emphasis on the value of co-working spaces and, for example, placed expert designers, sociologists and anthropologists to work with indigenous communities to make traditional artisanal skills in craft, food and fashion more attuned to contemporary markets. This contributes to the growth of the tourist economy, which is overseen by the same Ministry. BEKRAFs philosophy was largely based on pioneering work in one Indonesian city, Bandung, where a close partnership between universities, community organisations, local businesses and the municipal government has produced a dynamic local economy, generating jobs and wealth in a way that has benefitted all sections of the population. This has led to the establishment of an 'Indonesian Creative Cites Network' which now has more than 200 member cities and is based on broad principles that include transparency of government, environmental responsibility and respect for human rights as much as on creativity. The Bandung strategy is

based on what is called a 'Quadruple Helix' that encompasses academia, business, community and government as the four necessary constituents in forming effective policies for creativity. A fifth element – the active involvement of the media – is seen as necessary to improve public understanding of IP and to gain public support for creativity and innovation as the basis of a new national economy.

Case Study: UK

As a pioneer of creative economy policies, the **UK** has drawn on a range of government and industry resources in developing its strategy. The sponsoring Ministry is the Department of Digital, Culture, Media and Sport, DCMS, (with responsibility for digital strategy recently added to its remit). But the success of the creative sector in the UK rests on many shoulders including active policies at local government level, significant support from public service broadcasters who are obliged by law to invest in original content, a publicly-funded Arts Council, sector-skills organisations that receive a mix of public and industry funding, numerous trade bodies that represent businesses

Economic growth should be based on advanced and effective private initiatives within strengthened private-public partnerships

and workers across the whole range of arts and creative businesses, universities that have been incentivised by government to collaborate closely with industry to drive innovation and incubate new companies, and a range of publicly-funded or part-funded intermediaries such as the British Film Institute, Creative England, the Crafts Council and others. While primary policy responsibility still rests with the Dept for Culture, the Treasury (Finance Ministry) has been persuaded, mainly by industry trade bodies, to offer a range of tax and fiscal incentives for creative content businesses and has incentivised investment in small and start-up businesses, a policy that has not been specifically designed for creative industries but has benefitted a sector dominated by Micros and SMEs. Other sources of funding, notably regional development funds from the European Union and investment funds offered by BEIS (Business and Trade Ministry) for competitive bids have enabled municipal authorities and independent development agencies to foster the growth of the sector. This network of interlocking public and private interests led in 2012 to the establishment of a Creative industries Council, bringing together representatives from across the creative sector - trade bodies, arts and cultural organisations, skills providers, and some major commercial companies with Ministers and officials from DCMS and BEIS. The Council is jointly chaired by government Ministers and industry representatives and meets three times a year to discuss the growth of the sector. Key to its success is half a dozen working groups, made up of industry representatives, that monitor events in such key areas as skills, finance,



infrastructure, IP, regional policies, trade and exports with a view to proposing policy initiatives that can be discussed by the Council. The overall impact of the CIC has undoubtedly meant that UK policy is better informed, better evaluated, more effective and more flexible than previously.

In addition to the CIC, leading figures and organisations in the creative sector formed a Creative Industries Federation. This is an entirely independent membership organisation, sustained by contributions from its members, that represents the interests of the sector (from multinationals to creative entrepreneurs), lobbies government, promotes wider public understanding of the value and importance of the creative industries to the UK's economic prosperity and international reputation. Many universities have joined the Federation, recognising it as a valuable way of helping them align their creative industry courses to the needs of the sector (and see case study px).



Proposed Institutional Architecture

Government - Industry Partnership in Azerbaijan: A New Institutional Architecture

Context

As outlined above, international experience suggests that the strategies for growing the creative industries are most effective when they are developed - and delivered - through partnership working between Government and industry. The need and opportunity for closer cooperation - both within and between industry players and the key ministries, was a recurring theme in our conversations with industry and government officials. This is also reflected in the national strategy document, "Azerbaijan 30: National priorities on socio-economic development", which proposes a central role for the creative sector in transforming Azerbaijan's economy and society, and places good relationships between industry and government at the heart of that. The document notes that "economic growth should be based on advanced and effective private initiatives within strengthened private-public partnerships" and it emphasises the

radical nature of the structures that will be needed to achieve this, with observations such as "...the basis of creative initiatives is to be able to take risks without fear of failure" and "... creative culture can provide inclusive processes for dialogue and collaboration ... by creating unity, identity and leadership in society."

The creative industries are made up of a diverse range of subsectors, from crafts, and performing arts, architecture and design, through to audiovisual content, music and video games; the profile of the creative industries in Azerbaijan exemplifies this diversity. In many ways, the individual sectors of the creative industries are quite different from each other. However, they share a number of key characteristics, and therefore shared interests, which means that in many areas it makes sense to consider the creative industries together in developing public policy strategies and solutions. Key characteristics which are common to most or all of the creative sectors include:

- major cultural, as well as commercial, significance
- reliance on talented creative individuals
- flexible, project-based organisations and workforce
- "hit"-driven business models
- substantial intangible asset base (primarily in the form of intellectual property, particularly copyright)

Overview

In the following section, we set out our recommendations for a new institutional framework to enable and develop an effective Government/ Industry partnership which can drive the development of the cultural and creative Industries in Azerbaijan. This has three key elements:

• a **Joint Government/industry Committee** for the creative industries in Azerbaijan, which can develop and drive a shared strategy for the sector.

- an industry-led **Creative Industries Platform**, or support organisation, to represent and promote the collective interests of creative businesses in Azerbaijan, publicly showcase their products and deliver services to support their growth.
- a specialist **Educational institution** (or network), as a centre of excellence for training and development to meet the sector's key skills and talent needs.

These three core institutional elements should be underpinned by two additional sets of activities necessary to support their work.

Arrangements for systematic data collection and research

The regular collection and tracking of relevant data, together with robust evaluation of initiatives following implementation, will be key to the success of any strategy. We recommend that an early task for the Joint Committee should be to undertake a review of available data, with the aim of defining a core set of metrics to be regularly and consistently collected and monitored, for both the creative industries as a whole and individual subsectors. These might include measures around:

- Economic contribution (eg. Gross Value Added)
- Size and profile of workforce
- Exports of CI goods and services
- Numbers of companies (and their sizes) across the CI sectors
- Regional distribution of CI businesses and activity

Alongside this, it is recommended that funding should be earmarked for the

development of a shared evidence base, to assist with the design of policies to support the future growth of cultural and creative Industries and to ensure that key measures are rigorously evaluated. One option would be to establish a dedicated research centre, or network, for the CCIs – for example along similar lines to the Creative Industries Policy and Evidence Centre in the UK, which brings together a consortium of universities to deliver a rolling programme of independent research, with priorities decided in close consultation

with industry and government stakeholders.

Appropriate mechanisms for internal Government coordination

The Ministry of Culture has the lead responsibility for creative industries within the Azerbaijan Government. However, the agenda of priorities for the Government/Industry committee will inevitably include areas which fall into the responsibilities of other Departments - including for example the Ministry of Economy and Ministry of Education. It seems to us from our conversations with Government officials, that there is broad recognition across other Departments of the importance of the creative industries to Azerbaijan's economy. It is recommended that the Ministry of Culture should establish appropriate mechanisms for regular internal liaison with other interested Departments to ensure, where necessary, that there can be a unified Government approach on key issues of

cross-cutting interesting.

Joint Committee or Council for the Creative Cultural Industries

A National Council for the Creative Industries.

Purpose

It is recommended that the Government, in consultation with industry leaders, should convene a National Committee for the Creative Industries (NCCI). This would bring together Ministers and officials from relevant Government Departments and agencies, with representatives and leaders from all of the creative industry subsectors, to identify, discuss and address key issues affecting the creative industries.

The NCCI would be the principal focus for partnership between industry and Government, providing an important and regular space for open dialogue on key issues. It should be as transparent as possible – for example through publication of meeting notes and conclusions – so that it can act as a hub for engagement with wider groups of stakeholders across government, public and private sectors. But it should also aim to develop a relationship of trust between its members, so that it can provide a space for informal and confidential discussion

where needed. The key advantage of that is in allowing for informal discussions of emerging proposals and ideas (from both Government and industry) at a relatively early stage of development, ensuring that views and perspectives from both sides are understood and can be factored into specific policies and measures at the design stage, before decisions are finalised and made public.

Agenda

The NCCI would bring added value to the Government/Industry relationship in three main ways:

- Steering the development of a comprehensive strategy and action plan for the creative industries in Azerbaijan. The Government of Azerbaijan has identified the creative industries as a priority sector of the economy and is in the process of identifying broad priorities for a creative industries strategy. An early task for the National Committee should be to develop these priorities and to agree specific actions – with roles for both Government and industry - to implement them. Based on our discussions and research to date, broad areas to be considered early on are likely to include (but not be limited to):
- Education and Skills: how to ensure the flow of talent and skills into the sector which will be needed for its future success. We have described above (see "challenges" section) the concerns we have identified around the need to strengthen education and training provision, so that it can meet the skills needs of creative businesses. We have also set out below some specific recommendations around an institutional structure which could address this. The NCCI could play a critical role in shaping the detailed implementation of these proposals, in particular identifying/reviewing the specific needs of the industry and helping to map those onto the mix of education and training provision required to meet them. This needs to be a dynamic process, as the skills needs of creative businesses will continue to develop, particularly as rapid techno-

logical change drives further disruption and innovation in business and delivery models.

• Intellectual Property:

consideration of measures to protect copyright and ensure that creative businesses and individuals are able to realise the value of the products they create. IP is at the heart of business models across the creative subsectors. The growth of online distribution brings major new opportunities for creative businesses to reach audiences, but also greater risks of IP theft, as well as big changes to market dynamics, particularly due to the growth of global online platforms. The NCCI should be well-placed to marshal evidence of challenges and opportunities and advise on practical, regulatory and economic measures to address infringement and enable creators to maximise the value of their creations. This would help inform both policy development at national level and the Government's engagement with international bodies such as WIPO.

• International Trade: building Azerbaijan's potential as a regional hub for the creative industries, driving up exports and inward investment. The National Committee could play a central role in the development of a joint Government/ Industry strategy for building the international profile of Azerbaijan's creative industries, increasing the volume of international trade and the numbers of creative businesses exporting. Elements of a joint strategy could include: identification of priority markets; targeted plans to showcase and promote CCI products and services, and Azerbaijan's attributes as a destination for inward investment; prioritisation of Government support for trade missions and presence at key

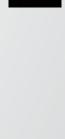
international trade events; and toolkits to help small creative businesses looking to export for the first time.

• Distribution/Audiences: enabling creative businesses to build and use effective distribution channels, including digital delivery, to increase their reach and impact with audiences. As the Overview section describes, our discussions with industry representatives confirmed the view in previous studies that the domestic market for the products of Azerbaijan's creative

businesses has substantial room for development. This should be an early priority for the National Committee alongside the development of international markets. Areas to be considered could include: development of, and access to, more consistent data on audience/customer behaviours and preferences; action to promote CCI products; measures to support and/or incentivise developed.

port and/or incentivise development of stronger retail channels to reach audience segments currently under-served.

• Developing Clusters: potential measures to stimulate growth of CI activities and investment in a range of locations, in addition to Baku. It is clear that Baku is a vital centre for the CCIs in Azerbaijan and will remain central in any development plan for the industry. At the same time, as highlighted earlier under CCI opportunities, there is a recognition in Government and industry of the need - and potential - to build CCI centres across other parts of the country. This is particularly important given the key role of cultural and creative activities in attracting tourists to Azerbaijan, as rec-



ognised in the Government's Tourism Strategy. Research evidence from the UK and elsewhere shows that building "clusters" of creative businesses in specific locations, has benefits for both the businesses themselves and for the local economy. The National Committee could consider how specific measures and incentives might be tailored to encourage growth of clusters of businesses in locations with existing strengths in particular subsectors.

• Providing a forum for direct dialogue between industry and Ministers on individual issues of strategic importance, in particular where Government is considering policy changes in areas likely to impact on the creative sectors, such as: migration policy, media regulation, international trade deals. This forum would provide an opportunity for the industry sectors to identify shared interests, and for Government to have a collective dialogue with representatives from all parts of the CCIs, rather than having separate conversations with each one.

• Negotiating and supervising implementation of practical measures to deliver on the action plan priorities. The National Committee should

be tasked with identifying and shaping specific actions designed to meet the objectives and priorities set out in the CCI strategy. Through its membership and their networks, it should have the capability to draw in the expertise needed to design specific practical actions, and – where needed - to broker agreement between industry and Government around respective roles, resourcing and

Key Performance Indicators (KPIs).

It is important to recognise that the National Committee cannot be expected to develop complete, detailed solutions to all of the challenges and opportunities facing CCIs on its own. Addressing these areas comprehensively will require actions at all levels: local as well as national; and by and for individual businesses and subsectors, as well as for the CCIs as a whole. The primary focus for NCCI should be on addressing key themes, such as those listed above, which are common across most or all of the creative sectors, and on actions which will add value to those being pursued in individual subsectors or organisations.

Membership and organisation

It is recommended that the NCCI should be chaired jointly by a Government Minister and a recognised industry leader, to embed the expectation that Committee should work as a genuine partnership between the two.

The membership of the NCCI should include:

- Representatives from the main public agencies operating in and/or working with the creative industries. This should include the main government agencies who work with the creative industries, including any bodies with responsibilities for distributing and managing funding for arts, cultural and creative organisations and others, such as Creative Azerbaijan, with broader remits to work with or promote CCIs.
- Representatives from the private sector, spanning all of the creative industry subsectors. Where there are established and effective trade bodies represent-

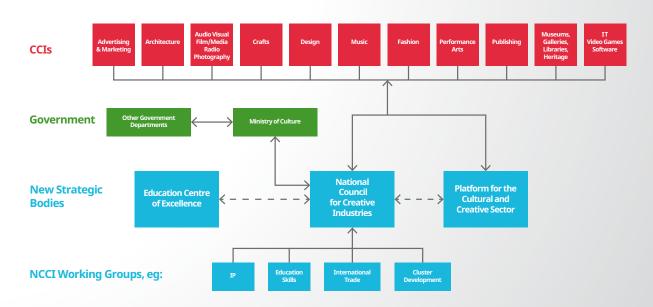
ing individual subsectors, the leaders of those bodies should be invited to join the Council. Where effective trade bodies do not yet exist, the Ministry of Culture will need to make judgements on who is best placed to represent that part of the CCIs. Consideration should then be given to how alternative communication networks can be established so that individual members can communicate effectively with other businesses in their sector.

• Leading Chief Executives of creative industry businesses: experience from the UK and other countries highlights the importance of involving people who can bring first-hand experience and expertise of building and running creative businesses, alongside trade bodies and other representative organisations.

Selection of Members

There is a range of options for identifying and selecting members of the National Committee. It is assumed that final decisions on membership will be made by the Minister for Culture, in close consultation with the joint industry chair of the committee (once s/he has been appointed). We recommend that the selection process should be managed as transparently as possible, with role descriptions and criteria set out in advance, and an opportunity for interested parties to put themselves forward or nominate others. We also recommend that members are appointed for (renewable) fixed terms of, 3-4 years to allow for the membership to be refreshed periodically and ensure it reflects the up-to-date profile of the CCIs in Azerbaijan.

A National Council for the Creative Industries



For representative bodies (the second category above), the aim should be to appoint the CEO of the organisation best placed to represent each CCI subsector. Where there is not a single existing body already fulfilling this role, views and nominations could be sought from within the subsector concerned. It should be clear in the role description that whoever is appointed should aim to represent the wider interests of their sector: the Ministry may need to consider offering some material support to enable representatives to establish a network of, and communications with, key contacts in their sector (where these networks do not already exist).

In the case of industry leaders (the third category above) – including the joint chair - the aim should be to appoint a small number of leading industry figures who, between them, bring practical and commercial experience of building and running a variety of businesses in different CCI subsectors. They would be expected to bring first-hand experience and knowledge to the Committee's discussions, which should help it understand the challenges which it needs to address and to develop practically

workable solutions. It may be useful to seek industry members with expertise in particular priority areas (eg. intellectual property, digital distribution).

Working groups

The National Committee is likely to have a full and wideranging agenda. It should have the ability to set up working groups to cover individual

areas, with delegated responsibility to investigate specific issues in detail and report back with conclusions and proposals for agreement in the Committee. In some cases, these might be set up as time-limited "task and finish" groups, to work on specific, immediate issues (for example, developing business support pilots, improving data, considering proposals for copyright development). In others, for example on priority themes such as training and education, cluster development or exports, it will make sense to establish standing groups with remits to shape and steer ongoing thinking and actions in pursuit of longer-term goals. Working groups will need to have a direct reporting line into the main Committee: it is suggested that, wherever possible, each working group should be chaired by an industry member of the full Committee.

Working Groups are likely to play an essential role in enabling the Committee to make progress across the full range of its priorities. But they are also an important mechanism for involving wider groups of industry representatives, stakeholders and subject experts, in key aspects of the Committee's agenda, beyond the membership of the NCCI itself. That will enable the NCCI to build up strong networks of contacts across the creative sectors and may help to encourage greater collaboration and a stronger sense of shared identity, among groups of creative businesses.

Secretariat and advice

It is recommended that the Ministry should establish a small secretariat for the NCCI, to manage its businesses, organise its meetings and run the process for appointing members.

An independent, industry-led body that can convene and network the sector, agree – and advocate for - a set of shared priorities, showcase the sector to new audiences and directly deliver services to members to support their growth.

Experience in the UK and elsewhere indicates that it may also be helpful for the industry side to engage independent advisor(s), to coordinate action and views across the industry members, work with Government officials and advise on specific actions between Committee meetings. This small advisory capacity should be funded and tasked by industry as far as possible (probably through voluntary contributions), although, if necessary, Government may need to consider offering some initial funding to enable the industry to establish the new arrangements and give them time to prove their value.



A Platform for the Cultural and Creative Sector

A support organisation to bring the sector together with a shared agenda and directly deliver services to help it grow

The cultural and creative Industries as an industrial sector is, by its very nature, fragmented.

Context

The cultural and creative Industries as an industrial sector is, by its very nature, fragmented. It is constituted by several subsectors – each distinct, but with common strengths and challenges - as previously discussed. Although the sector supports many large, globally significant businesses, it is dominated by a vast number of small businesses with a high proportion of freelance workers. In the UK, 90% of creative businesses employ fewer than 10 people and one third of the workforce is freelance.

This enables a thriving sector to be agile and innovative, but it also creates

significant challenges. It makes it harder for those independent workers or micro businesses to come together and engage constructively with Government, articulating their needs and challenges with one voice. It makes it harder for independent workers and businesses to find each other, for freelancers to find work and for businesses to build capacity when scaling up to deliver new commissions. It

makes it harder to support continuous professional development and maintain an up-to-date skills base. It also makes it harder for businesses to take the next step to growth, such as attracting investment or expanding into new markets.

Existing research and industry consultation show that Azerbaijan's CCIs are no exception and there is a clear need for a sector support organisation, as two recent reports make clear.

"In all sub-sectors people are working in a vacuum. They are not formally connected with others in their sub-sector, they are not represented and there are no channels of communication through which issues can be raised or ideas shared and spread ...Without exception there was unambiguously enthusiastic demand for the creation of... professional organisations." Sandell

"It is essential for the CCIs sector to promote and network, to join forces and build partnerships for their field and for business development, and also to have a clearer voice and better political representation." Farinha

Remit

Alongside the National Committee for Creative Industries, the next pillar in a supportive institutional architecture for Azerbaijan's CCIs, should be a dedicated sector support organisation. We refer to this as a 'platform' because that term was widely used in our focus group discussions with both industry and government. We understand that to mean an independent, industry-led body that can convene and network the sector, agree – and advocate for - a set of shared priorities, showcase the sector to new audiences and directly



deliver services to members to support their growth.

We set out in more detail below the types of activities that could be covered under each of those four areas. Taken as a whole, this constitutes a very ambitious programme of work. We recommend that the first priority for this platform should be to bring together the sector to identify immediate barriers to growth and then, as it builds its competency and capacity, to deliver support services for its members and member organisations.

The four key areas of activity the platform should address are, in order of priority:

Connection and Cohesion

As discussed in the previous Overview Challenges section, one of the primary challenges in developing Azerbaijan's CCIs is the need for a cohesive sector. The disparate and currently unconnected creative freelancers and businesses need to recognise themselves as elements within a broader industrial sector, united by a set of common issues.

To build a cohesive sector, the whole spectrum of independent freelancers, micro businesses and larger organisations must be actively engaged. The data gathering and mapping, discussed previously, will help. But it will need to be strengthened through an active outreach programme, to reach creative practitioners who may not be included in official data sources or may not yet recognise themselves as being part of the CCIs. Some creative workers will be keen to engage, but others may not. Concerted outreach will be needed, carried out with sen-

sitivity to build trust and explain the benefits of connecting as a sector. This should ideally be done at a community level reaching people through existing networks or work environments.

Agenda and Advocacy

To support that developing, shared sense of sector, freelance workers and businesses should be consulted on the issues that affect them, the barriers they face and the opportunities they are keen to realise. Through this

engagement and consultation, the platform, can first understand and then articulate the needs of the sector. This agreed set of issues will form the sector's agenda for change and help to coalesce the sector with one voice behind a set of shared issues.

It will inform the organisation's own work programme and form the basis of external advocacy and dialogue with government and the National Committee.

The platform should have a seat on the National Committee, giving voice to the needs and priorities of the sector and explaining the work underway to support it.

• Showcase and Promotion

There is a clear desire within the industry for greater visibility of the sector, to both domestic and international audiences. The support organisation could develop a communication and marketing strategy to raise awareness of, and stimulate demand for, Azerbaijan's cultural and creative industries to domestic and international audiences.

As highlighted within the Overview Opportunities section, industry consultees felt there is a significant opportunity in maximizing Azerbaijan's position as a hub between Europe, the Middle East, Russia and Asia. They felt there was a potential role for Azerbaijan to act as a cultural and creative hub within the wider region, convening the CCIs from neighbouring countries and acting as a focal point to attract international interest. Given Azerbaijan's success in hosting major international events, such as Grand Prix Forumla One and Baku International Jazz Festival, conferences, competitions and festivals for the CCIs across the region could be a valuable way to raise the profile of Azerbaijan's CCIs internationally.

Business Support

As well as promoting the sector to Government and the public, the organisation should also aim to play an active role in helping to meet some its members key business needs. We recommend that, once the platform is established, it should over time look to develop and deliver bespoke business support services to its membership.

The need for business development

and support has been echoed across our stakeholder consultation and in previous reports by other consultants. Azerbaijan's cultural and creative industries need support to professionalise and commercialise. Improved business practices will help more individual businesses to start-up, scale-up and thrive, but it will also drive-up productivity and accelerate growth at a sector level.

We suggest below some of the areas in which the support organisation could deliver service of direct benefit to the sector. These will need to be developed in consultation with membership of the Platform and with reference to the overarching agenda developed by the National Committee.

Networking

Freelancer workers, micro businesses and bigger industry players can achieve great results simply by being connected to each other. Through online or physical networking events, and a membership directory, CCIs can find freelance work, hire skilled contractors and identify opportunities to collaborate or create new ventures. Events such as conferences and exhibitions where ideas can be exchanged and entrepreneurs have an opportunity to encounter new products, new processes and possible new customers, can be crucially important.

Networking can also support regional creative cluster development. For local or regional authorities committed to growing their creative sectors, support for such informal networks can be a practical way of identifying new and emerging talent and identifying the necessary steps to foster the growth of sustainable clusters of related businesses.

Peer to Peer Learning and Mentoring

Research consistently shows that entrepreneurs value advice from people who have already achieved what they are hoping to do – whether that's setting up as a freelancer, launching a new product or entering a new market. Creative businesses, in particular, seek



advice and support from other creative businesses. Organisations that match experienced entrepreneurs with business newcomers, or support peerto-peer networks that allow creative professionals to share ideas and experiences, have all proven to be valuable and important in growing the creative sector.

Advice and Signposting

Well-informed advice can benefit any business, but this is particularly true for creative entrepreneurs who are often drawn to the sector through a love of the creative process rather than business itself. Through webinars and workshops, toolkits and signposting to expert advice, support could be given to Azerbaijan's creative businesses on a range of issues including financial planning, sales and marketing, navigating business regulation and legislation and understanding Intellectual Property Rights and protections.

Access to Finance

Research has consistently shown that creative businesses find it harder to access finance than similar businesses in other sectors. That market failure stems from a combination of factors, including an intangible asset base, unpredictable cash flows and limited financial planning. Creative industry businesses need access to impartial information and advice, helping them become investment ready and to identify the right type of investment to meet their needs.

The support organisation could, in time, also deliver an early-stage business investment scheme, either directly or through a public or private intermediary. Grants, loans or equity could be offered, depending on the

needs of the business and the scope of the scheme. Some of the most successful business support agencies offer very few direct grants and subsidies, believing that repayable loan finance and small equity stakes in new businesses encourage entrepreneurs to adopt more robust business plans and more rigorous financial controls.

Access to Markets

As discussed in the previous Overview Challenges section, and in relation to the National Committee's agenda, growing the domestic market for CCI products and services, as well as supporting access to established international markets (perhaps with financial support to attend international trade fairs) is a key area for further CCI growth. The support organisation could play a valuable role in facilitating greater market access as part of a wider international trade strategy, developed by the National Committee.

Structure

The need for a platform to underpin and accelerate the development of the sector is clear.

The existing website, Creative Azerbaijan, could be developed to evolve into that supporting platform and deliver the functions discussed above. Existing services such as a directory of creative businesses, online talks and sector information, provide a promising foundation that could be significantly expanded and evolved.

To operate effectively, the platform should be set up with three clear, operating principles:



Independent

An industry organisation must be independent of government. It must be able to act as a critical friend, constructively critiquing the status quo and able to challenge existing policies. The platform should be governed by an independent board of industry figures who will shape its direction, agree its priorities and oversee day to day operations. An interim Board, appointed by the Ministry of Culture, in consultation with industry, could be put in place for a time limited period while the organisation is set up and establishes itself. Ultimately, the Board should be elected by the organisation's membership with representation from across each of the cultural and creative sub-sectors.

Financially Sustainable

A Trade Association is the typical model for this kind of support organisation, but Azerbaijan's cultural and creative industries may still be at too early a stage in their growth to be able to sustain an entirely independent, self-funded Trade Association.

Therefore a hybrid model, initially supported by the government, but established with key principles of autonomy

and independence, would be a helpful interim measure. Upfront seed investment by government will be needed to get the organisation up and running in a way that can demonstrate value to the sector and its members. The organisation should have security of funding over the medium-term, to give it the confidence to attract high calibre staff and develop an

ambitious future-focused programme of work.

This core funding could be delivered through a government grant, to cover core operating costs and an agreed programme of work, subject to evaluation against a set of key performance indicators. Use of this public funding and delivery against the KPIs should be reported against publicly. Self-sustaining financial independence should be the medium-term objective and so the organisation should be established in such a way as to allow it to generate income from a variety of sources including, state funding, membership fees, sponsorship or fees for work undertaken for private sector companies. The funding agreement should be for a fixed initial term and could taper over time, encouraging the organisation to gradually build up its income from membership and private sector sources.

Publicly Accountable

If it is to secure trust and credibility with people and businesses across the cultural and creative industries the organisation must operate in a transparent and fully accountable way. This could for example, include minutes of Board meetings and annual reports and accounts, made publicly available on its website.

Case Study: The Creative Industries Federation

The Creative Industries Federation and Creative England have recently merged, creating a membership and sectoral development organisation operating across the UK. Creative England was founded, with support from govern-

ment and the British Film Institute, to support start-up and scale-up creative content businesses and to focus on regions outside of London because, in the words of its mission statement "talent is everywhere but opportunity is not". It is a not-for-profit, private company, but with a clear public-facing remit and with a Board of non-Executive Directors who are drawn from the industry and act in a voluntary capacity. Creative England deploys public and commercial finance, offers business support and advice, works closely with local and regional government bodies and advocates on behalf of the sector with national government. In 2019 it merged with the Creative *Industries Federation, an independent* membership body that was established to promote the interests of the whole creative sector to government and to encourage wider public understanding and recognition of the sector's importance. Its membership includes large and small companies, individual, freelance entrepreneurs and many universities who see their membership as a means of helping them maintain close and collaborative relationship with the skills, education and research needs of the creative sector. The Federation provides a public, voice for the creative industries, campaigning on their behalf and representing the interests and needs of membership to Government, through data, evidence, reports and advocacy. It's financial and operational freedom means it can be constructively critical of Government policies that don't meet the needs of the cultural and creative industries.

The Tourism Model

Azerbaijan's tourism sector provides a helpful, recent example of a programme of state activity to professionalise and grow a key industrial sector. The government worked in partnership with industry to develop a supporting institutional architecture to enable sectoral development across a range of issues and at a number of levels. This model of 'layered' support linking the state to the private sector as well as national to regional policy is a more complicated architecture than we are initially proposing for the cultural and creative industries, but tourism provides a useful model of how the CCIs supporting institutional architecture could evolve over

time.

Sub-sector Specific Support

Over the long term, and as discussed in the tourism example above, the sector would ideally be supported by an ecosystem of subsector specific trade associations, as enjoyed in many well-established creative economies. This could include specific government agencies, trade associations and city or region-based networks - creative cluster equivalents of the regional destination management organisations created to support the tourism sector. But there is currently insufficient industry to support that complexity. Once that agenda develops, and the value of linking with an umbrella organisation becomes clear, there will be scope to diversify into subsector organisations where there is an identified need to address specific issues and a corresponding appetite from industry.

A government fund to accelerate sub-sector representation

That process could be accelerated with time-limited state support. A govern-

ment fund could be created, to which aspiring sub-sector support bodies could apply for start-up seed funding. The process of applying for the funds would in itself require a degree of collective ambition and self-organisation from industry members, demonstrating a common cause. This could then be supported with the finance needed to put in place the administrative support to make things happen. This means government funding could support industry where there is an existing desire to come together and would enable support bodies to develop where sub-sector level of interest is strong. Animation is an example of a subsector where this approach could be very fruitful.

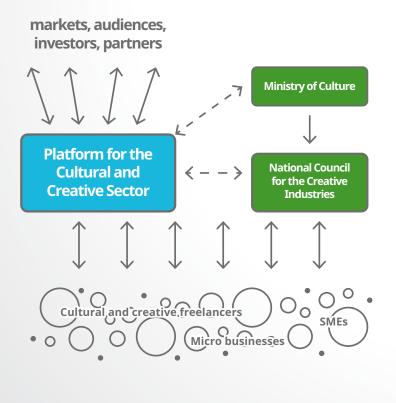
Case Study: UKie

The United Kingdom Interactive Entertainment association represents some 2000 companies and thousands of freelance entrepreneurs involved in developing, making and distributing videogames. Its mission is "to make the UK the best place to make, sell and play games". As well as representing the interests of its members and the industry to government, it undertakes research, provides business support in areas such as IP protection, leads trade missions, encourages its member companies to engage with international markets and conducts many education initiatives with schools and, more informally, in the community.

A Platform for the Cultural and Creative Sector



Photo by Hammer & Tusk



Delivering future talent pipeline

Making the Cultural and creative Industries a sustainable and mainstream part of Azerbaijan's future economic strength

Creative industry policy must have investment in human capital rather than physical infrastructure at its heart. Developing the creative talents and technical skills for a sector that requires expertise across a diverse range of activities from advanced digital engineering to traditional artisanal crafts is a challenge for any government. In addition, while the financial and management skills needed to grow creative business are, in many respects, the same as for any other kind of business, the management of rights, the valuation of IP, the capacity for making investment decisions for new and untried products and processes - all pose specific challenges for traditional business methods and therefore for business education. A third factor is that, while many industries require a diverse range of skills and disciplines, many cultural and creative industries, particularly those that are heavily dependent on digital technology, require a close integration of artistic and technical skills, and - more importantly - require workers with the skills and attitudes that facilitate work in cross-disciplinary teams. This poses practical issues for many micro-businesses that make up by far the largest proportion of the creative sector in most countries. Finding a sustainable and productive balance between the free-flow of creative thinking and the necessary disciplines of digital technologies requires particular skills and

While the specific skills that underpin much of the cultural and creative sector may not in themselves be unique, it is the combination and integration of these skills – creative, technical and commercial – that puts unusual demands on traditional education providers.

attitudes. A major survey of small software businesses in the UK revealed that companies which achieved a good balance between their creative, technical and business capacities grew much faster than their competitors. Achieving this balance of capacities requires constant monitoring and evaluation of what is happening in the sector itself and, therefore, the ability of education and training providers to respond with speed and flexibility.

In other words, while the specific skills that underpin much of the cultural and creative sector may not in themselves be unique, it is the combination and integration of these skills – creative, technical and commercial – that puts unusual demands on traditional education providers. It has been said that one of the most distinctive aspects of the cultural and creative industries is not what they do but how they are organised. Several industry participants in our focus groups said they felt that existing tertiary level education institutions in Azerbaijan - whether aca-

demic, technical or vocational - do not have this multi-disciplinary approach and are not sufficiently in contact with contemporary business practice in the cultural and creative sector, especially in regards to digital technology.

To address this need we recommend that the government develop a federation of institutions to act, collectively, to address the needs of the CCI sector. Such a federation should include higher education institutions, including the several State Academies and other specialist universities that already offer degree level courses in arts and humanities disciplines; research and masters programmes, especially in digital technologies; higher level business and business management courses that might be tailored for the specific needs of the CCI sector; but also vocational programmes covering craft, design and technical skills. Examples of such federations already exist (see the case studies below) and have proven their ability to develop multi-disciplinary programmes that benefit the CCI sector, are able to identify and meet gaps in provision, facilitate the growth of specialist teaching and teaching skills, and contribute to the evolution of the cultural and creative industries

as a specific, identifiable sector of the national economy.

As part of this strategy, and an essential first step in building a solid skills base, priority should be given to technical and vocational skills. A continuing problem for the CCI sector globally is the demand for rapidly changing skills, especially in the creative digital field. The federation suggested

To address this need we recommend that the government develop a federation of institutions to act, collectively, to address the needs of the CCI sector.

above, or a subsidiary of it, should be mandated to identify emerging skills needs for the sector at the vocational and technical level. In the UK two such sector-specific skills bodies, one dedicated to screen industries, the other to the performing arts and to crafts, both managed and mainly funded by the industry but with access to public funds for specific skills training programmes and research, have helped the CCI sector to keep abreast of changes in technology and work organisation, helped identify skills gaps in advance of their becoming critical, helped government establish standards of work and work practice that reflect those changes and have helped ensure that skills provision keeps pace with changing industry demand. This includes helping businesses based on traditional craft skills to embrace new digital technology where appropriate and to upgrade their marketing and distribution systems to embrace the online world. While some of this provision might be focused on young people at the beginning of their careers, the real impact of these technical and vocational skills programmes would be for sole-traders and micro-businesses that are already working but need to improve their skills and business capacity. It would therefore be essential that much of the provision be available in affordable short-course and part-time formats,



As part of this strategy, and an essential first step in building a solid skills base, priority should be given to technical and vocational skills.

allowing students to earn while they learn.

A third element to building a long-term skills strategy, and one to be considered for a second phase of any growth plan, might be to establish an entirely new higher education institution teaching degree-level and post-graduate level programmes in creative, technical and business skills. While this would be a significant challenge, and might initially benefit from collaboration with existing universities internationally, it could be positioned as a 'flagship' for the whole sector and could, in time, become a key element in Azerbaijan positioning itself as a leader in the creative industries for the whole South Caucasus and Central Asia region.

Any one of these routes, or any combination of them, would require significant financial and organisational commitment on the part of government, so it is worth noting that many of the skills needed for the growth of the CCI sector, including business and management skills, are highly transferable to almost any sector of the economy dependent on digital technologies and skills, and should therefore be seen as integral to the overall national growth strategy.

An obvious issue that any creative education institution must address is

the impact of rapidly evolving digital technologies, not only on the skills required to drive many cultural and creative businesses, but on business models, distribution systems and consumer behaviour. It is almost inevitable that industry responds to these changes with greater speed and flexibility than public education institutions, so it is essential that there is close collaboration between industry and education establishments. At its simplest this can be partly achieved by encouraging teaching staff to gain

experience in industry and for successful industry figures to understand and contribute to teaching, but, in practical terms, such exchanges can raise issues of professional sensitivity and probity, not least because many educationalists working in the fine and applied arts feel that the intrinsic value of the arts are compromised by any attempt to relate them to industry.

There are other ways of achieving close collaboration between education and training institutions serving the cultural and creative sector and the sector itself. These include:

- Ensuring that leading industry figures play an active role in the governance and management of education bodies and are able to advise on, but not dictate, curricula in some areas;
- Encouraging educationalists to visit industry and to have access to international experience, given this is an issue that is impacting on every country with a creative sector and there is much experimentation taking pace globally;

A third element to building a long-term skills strategy, and one to be considered for a second phase of any growth plan, might be to establish an entirely new higher education institution.

- Having the flexibility to create short courses, with or without formal qualifications, that respond to specific demands from industry (a good example is Goldsmiths University in London that created a highly successful MA in 'luxury brand management' in response to specific demands from the retail industry);
- Placing students in industry settings as part of their course to ensure they are familiar with technology and business practices current in the sector;
- Structuring publicly-funded programmes that require universities and technical colleges to work with cultural and creative businesses in researching new products or processes;
- Providing incubator and start-up spaces for alumni students who

have the ambition to start their own businesses, perhaps with continued access to the resources and professional advice of the education institution. While this can be of obvious benefit to the emerging entrepreneur it can also be a valuable source of learning for the education institution.

In the longer-term, accurate and consistent data about growth, employment and trends in the cultural and creative industries enables government to anticipate likely skills trends and potential skills gaps that can then be addressed.

Important though it would be for Azerbaijan to have these tertiary-level institutions focusing on the needs of the cultural and creative industries, any system of education and skills provision is dependent on a supply of entrants to the industry. School curricula that encourage curiosity, experiment, group learning, the fostering of creative and critical skills are all wellproven ways of encouraging young people to recognise and develop their creative talent as the basis for a career and for economic gain. Furthermore, growing evidence from around the world makes it clear that such skills, rather than conventional rote learning and testing, are key to success in many parts of a dynamic 21st century economy, not just in the creative sector. It is notable that two countries that have actively pursued successful strategies to grow their creative economies, South Korea and Indonesia, both emphasise the need to see creativity as a societal ambition, not merely an economic goal.

We recommend that in developing a cultural and creative industry strategy for Azerbaijan, every effort is made to include the active involvement and support of the Ministry of Education.

Two different approaches to the development of the range of skills needed to sustain and grow an effective CCI sector can be illustrated from the UK and Finland.

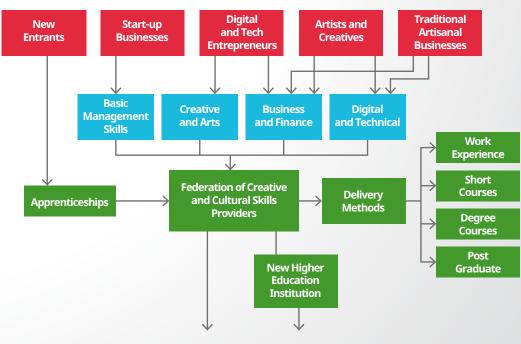
Case Study: University of Arts, London

The University of Arts London is a federation of six previously separate institutions, including fine art colleges, a fashion college and a print and communication college. Far from compromising the quality of arts teaching (one of the early fears of some teaching staff) this has created an institution rated by the QS World University rankings as the second-best arts and design school in the world. Its scale and breadth of resources allows UAL to combine creative experimentation and open-ended research with the ability to respond to rapidly changing technologies, commercial opportunities and consumer behaviour. In addition, it teaches entrepreneurship and business skills, with assistance and incubation support for alumni who decide to launch their own companies.

Case Study: Aalto University, Helsinki

Aalto University in Finland was established in 2010 by amalgamating the Helsinki School of Economics, the Helsinki University of Technology and the Finnish University of Arts and Design into a single institution, specialising in the creative use of digital technologies, and so intended to meet the scientific and technical as well as artistic needs of the country's growing creative sector.

A future talent pipeline for the creative economy



Commercial and cultural growth

Conclusion and Immediate next steps

Our work has confirmed that the Azerbaijan's creative industries have substantial potential to grow. Through our research and discussions with stakeholders, as outlined in this report, we have identified a range of strategic challenges and opportunities to be addressed in order that the sector fulfil its potential. We have in particular set out specific recommendations for the creation of an institutional structure to facilitate the development of a shared Government/industry action plan in response to these issues, and to drive its implementation.

There is a big agenda here: it will take time to build a sense of cohesive identity across the creative industries, and to develop and implement detailed measures in all the areas set out in this report. As immediate next steps, we recommend that the Ministry of Culture should prioritise the following for implementation over the next few months:

- Establish, and appoint members to, the National Committee for the Creative Industries (NCCI)
- Undertake a **review of current data sources** on the creative industries in Azerbaijan, and ask the NCCI for recommendations on key metrics and collection arrangements for the future.
- Ask the NCCI to develop a detailed strategy and supporting action plan for the growth of the creative industries, building on and/adding to the areas identified in this report.
- Establish an interim board for the Creative Industries platform, in consultation with industry representatives, with a time-limited remit to set up the organisation as an independent, industry-led voice for the creative industries (at which point a standing board should be appointed by the membership).
- Initiate the formation of a **federation of key education institutions**, to work with Government and NCCI on developing and strengthening training and education provision in line with the proposals in this report.

We also recommend that the Ministry of Culture explore the scope for further partnership working with the British Council, particularly its Creative Economy Programme with priorities of "Enterprise, Policy and Leadership", all of which are highly relevant to the actions set out in this report.











