BRITISH COUNCIL

MAPPING THE CREATIVE INDUSTRIES IN KAZAKHSTAN

Andy Pratt | Ewan Simpson | Dana Shayakhmet

May 2018

Contents

Executive Summary 2

Introduction: Origins of the Project 4

Part1: Creative Industries Mapped - Kazakhstan 6

Part 2: Setting the creative Industries in the Context of the New Urban Economy of Kazakhstan 14

Part 3: Methodology 24

Conclusions and Recommendations 28

Executive Summary

Trade data from UN agencies has pointed to a substantial growth in the cultural economy globally, and especially in transitional economies like Kazakhstan, and countries of the Global South. UNCTAD estimate that in 2015, trade in cultural goods was worth over 500 billion USD and eight of the top 20 exporters were emerging market economies (UNCTAD, 2018). This signifies a transition underway in economies towards the 'Knowledge economy'. The cultural economy is an important part of this change. Many countries in the world had taken up the challenge of developing a 'mapping' of their creative industries. Anecdotal information suggested that the Kazakhstan cultural economy both existed and was growing. However, thus far no data on the cultural economy has been collated for Kazakhstan, or indeed any countries in the Central Asian region. The British Council in Kazakhstan commissioned this project with the aim of beginning to fill this evidence gap in Kazakhstan.

The objectives of the project were threefold:

- to develop a robust definition of the cultural economy, consistent with other national mapping exercises (such as the UK DCMS study, or the UNESCO framework for statistics).
- to investigate the availability of data collected by the national data on the creative economy
- to analyse that data and thus produce a measure of the scale of the cultural economy.

The report shows that based on the evidence we have collated that the cultural economy does exist in Kazakhstan, and that it is as equally (or possibly more) dynamic than the rest of the economy. The cultural economy is growing at similar rates to the economy as a whole, and in the areas of fastest growth (Almaty and Astana).

The creative industries are a significant part of the business base of Kazakhstan. The business register records almost 18,000 creative industries businesses registered in Kazakhstan in January 2018, representing 3.8% of the current national business population.

In terms of the gross number of registered businesses in Kazakhstan in January 2018, the creative economy is larger than both real estate activities and business services in the major cities.

The two major - and rapidly growing – cities of Kazakhstan – Astana (17% of Kazakhstan's creative industries businesses) and Almaty (45%), are the centers of the creative industries of Kazakhstan. Together they account for 62% of all creative industry businesses in Kazakhstan. Almaty is far and away the largest concentration, with creative industries accounting for over 6% of the total business base in the city.

This concentration is significantly larger than the average – Astana and Almaty account for 42% of all registered businesses in the country, but 62% of creative industry businesses. Further, almost all growth in creative industries activity in Kazakhstan has been in these two cities over the past decade.

The creative industries of Kazakhstan are dominated by small businesses as is common around the world, with a combination of relatively new and established organizations. The small number of large organizations are dominated by state-funded entities.

In Astana and Almaty, higher value added services (for example advertising, architecture and software programming) dominate the creative industries sector, accounting for over 90% of creative industries registered business in both Astana and Almaty. The largest number of creative industry businesses are in Professional, Scientific and Technical Activities. In both of the cities Information and Communication is the second biggest sector of the creative economy. It is important to note that the 'classic' definition of cultural industries (arts, entertainment and recreation) account for only a small proportion of the total creative industry activity (7% in Astana and 5% in Almaty) on these measures.

This report also demonstrates that the non-oil / non-agricultural economy of Kazakhstan (and hence its diversification strategy) is closely tied to the success of its largest cities. The major cities are the only areas of the country with significant population and employment growth in recent years. Small firms and self employment have filled the gap created by major job losses in larger organizations – and these gains have been concentrated in the major cities. Creative industries play a key role in the development of sustainable liveable cities. This is a two way relationship – successful cities and successful creative industries go hand in hand.

The recent evidence suggests that the future for economic growth for Kazakhstan is in the urban areas, with highly productive small firms dominant in employment growth. Given their high value-added, entrepreneurial, dynamic and inherently urban nature, there is a clear role for the creative industries to play a large role in the further development of Astana and Almaty. It may also be useful to explore the role that entrepreneurship and small business support can play in reversing the regional imbalances identified in this report and the creative industries may also play a role in that.

These findings suggest that it would be sensible to carry out more detailed research for at least those cities, and most probably the whole nation to embrace the idea of the cultural economy and explore its Kazakhstani characteristics. We did develop a viable classification of the cultural economy that could be used with Kazakhstan data, and that would be broadly comparable with other international studies.

Whilst we managed to collate and analyse data on the numbers of firms in the economy, and to identify the scale and location of those in the cultural economy, we were unable to use critical data on employment, turnover and wages (the data that most other countries have used) due to quality issues.

It is hoped that this initial analysis will have confirmed to policy makers that the cultural economy exists, and the broad outlines of its growth; but also, that it will encourage the national statistical agency to undertake further work to make credible employment, wage and turnover data available. Without this, it is not possible for the two major cities (Astana and Almaty) to determine the full importance of the creative industries to their current and future economic performance registered business in both Astana and Almaty.

The largest number of creative industry businesses are in Professional, Scientific and Technical Activities. In both of the cities Information and Communication is the second biggest sector of the creative economy. It is important to note that the 'classic' definition of cultural industries (arts, entertainment and recreation) account for only a small proportion of the total creative industry activity (7% in Astana and 5% in Almaty) on these measures.

Introduction
Origins of the Project

The Creative Central Asia – Astana Forum took place in Astana in November 2017 This was the first in a new international conference series supported by The British Council. The aim of the initiative is to stimulate discussion and build relationships amongst cultural and creative economy leaders from the government, private sector and civil society in Central Asia (Kazakhstan, Uzbekistan and Kyrgyzstan).

The goal of the Forum was to put in place the first steps necessary to develop an influential and engaged leadership network that can drive forward the development of the cultural and creative economies of Central Asia in closer cooperation with the UK, which is a world leader both in creative industries and, crucially for this work, in understanding their economic and social impact.

Forum participants agreed that understanding the scale and scope of creative industries in Kazakhstan was a priority, given the interest expressed in the issue by policy makers in the two major cities of Astana and Almaty. In the absence of robust evidence as to the size and scope of the creative industries, the conversation was based on opinion and anecdote rather than evidence. Initial exploratory research into creative industries was seen as necessary.

Trade data from UN agencies has pointed to a substantial growth in the cultural economy globally, and especially in Transitional Economies like Kazakhstan, and countries of the Global South. This signifies a transition underway in economies towards the 'Knowledge economy 'and the cultural economy is an important part of this change. This process has helped politicians and policy makers to appreciate and understand the local characteristics of the creative industries. This is usually an overlooked area where the changes of the last 25 years have not been picked up in official data analyses. It was noted that many countries in the world had taken up the challenge of developing a 'mapping' of their creative industries. Anecdotal information suggested that the Kazakhstan cultural economy both existed and was growing. However, no data existed.

The British Council in Kazakhstan commissioned this project with the aim of beginning to fill this evidence gap in Kazakhstan, using established internationally recognized mapping methodologies and applying this to existing datasets (both published and custom) held by the Government of the Republic of Kazakhstan, with the goal of further developing this conversation with policy makers with an evidence base drawn from the official statistical record. Consultants from three universities participated in the project: Andy Pratt, Professor of Cultural Economy, City, University of London, Ewan Simpson, Dean of the Kazakh-British Technical University Business School, Almaty, Dana Shayakhmet, Dean of Student Affairs, Narxoz University, Almaty. The report is commissioned by the British Council, managed and edited by Galina Koretskaya, Head of Arts at the British Council in Kazakhstan.

The objectives of the project were threefold:

- to develop a robust definition of the cultural economy, consistent with other national mapping exercises (such as the UK DCMS study, or the UNESCO framework for statistics)
- to investigate the availability of national government collected data on the creative economy
- to analyse that data and use this to produce a measure of the scale of the cultural economy.

In the following three sections we report on our answers to these questions, report on initial findings, and make recommendations of further work that would be advisable.

We have chosen to present our findings in a particular order. We begin with the headlines; the first indication of the scale and scope of the cultural economy in Kazakhstan. We outline the growth of CI businesses, and the domination of their urban focus, especially in Almaty and Astana. In the second part of the report we turn to the wider context and look at the overall trends in the Kazakhstan economy at three scales: national, regional and urban. In so doing we are able to highlight the extent to which the cities (and by extension the cultural economy) are a laggard, or a leader, in economic change.

Finally, in the third part we outline some of the important technical issues with developing an international gold standard measurement tool, and collecting appropriate data to resource it.

The report ends with conclusions and recommendations.

Part 1:

Creative Industries Mapped - Kazakhstan

Introduction

In this key part of the report, we present the available data on the creative industries of Kazakhstan. The purpose of this section is first to identify the size of the creative industries at a national level. Then we establish where the creative industries are in Kazakhstan with a regional analysis, identify their concentration in the large urban areas of the Republic, explore the reasons for this and present a detailed subsectoral analysis of the creative industries in the two major cities of the country – Astana and Almaty.

National

The business register records 17,581 creative industries businesses registered in Kazakhstan as a whole in January 2018, representing 3.8% of the current national business population. In terms of the gross number of registered businesses in Kazakhstan in January 2018, the creative economy is larger than both real estate activities and business services. The creative industries are a significant part of the business base of Kazakhstan.

Regional

Kazakhstan consists of 16 administrative units – 14 regions and 2 cities of national significance – Astana and Almaty. In June 2018 a 17th unit – third city of national significance was created, but it is not included in this study. Figure 1 shows the distribution of creative industries by region and their share of the regional business base. So for example, in East Kazakhstan region there are 696 creative industries, that constituted 2,8% from all business registered in the business base. The two major rapidly growing cities of Kazakhstan – Astana and Almaty, are the centres of the creative industries of Kazakhstan (Figure 1).

- Together they account for 62% of all creative industries in Kazakhstan
- Almaty is far and away the largest concentration, with creative industries accounting for over 6% of the total business base in the city.

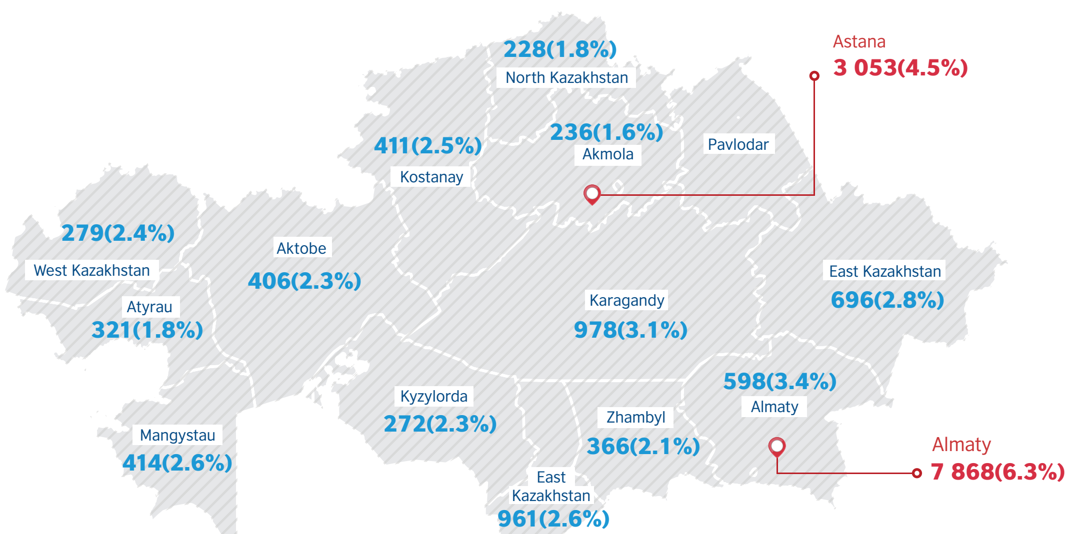


Figure 1: Creative Industries - Regional Distribution and Share of all businesses registered in the Business Base, 2018

Source: Open data of Ministry on National Economy – Statistics Committee – List of registered legal entities in regions of the Republic of Kazakhstan

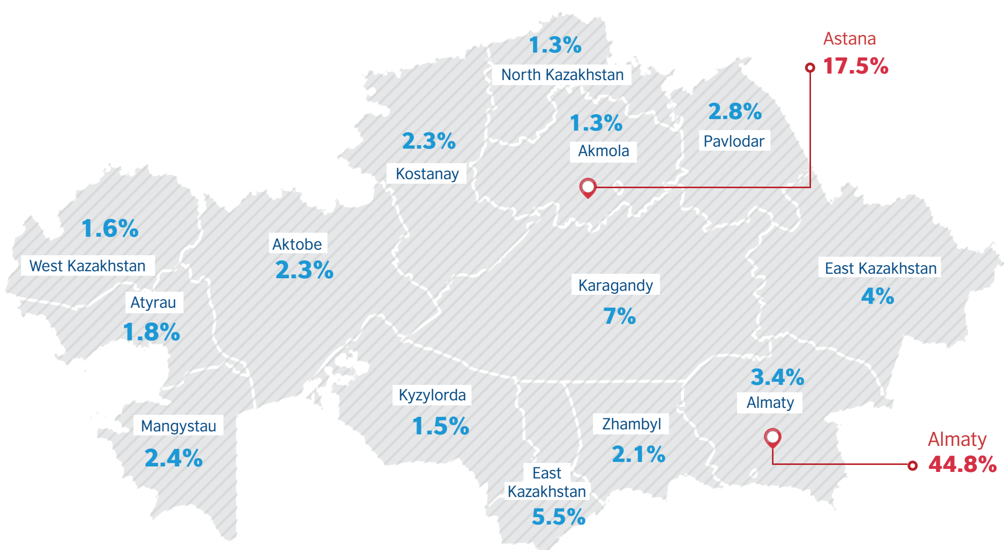


Figure 2: Regional Shares of Creative Industries, 2018 (%)

Source: Open data of Ministry on National Economy – Statistics Committee – List of registered legal entities in regions of the Republic of Kazakhstan

It is important to note that this concentration is significantly larger than the share of all businesses – for example, the two major cities have 42% of all businesses in the country, but 62% of creative industry businesses (Figure 3). Again, Almaty is clearly the dominant creative industries centre.

Change Dynamics

Figure 4 shows the change in the numbers of creative industries by region 2010-2018. The dominance of the major cities is clear, with almost all creative industries growth in this period accounted for by Astana and Almaty.

Figure 3: Regional shares of all registered businesses and Creative Industries registered businesses, 2018 (%).

Source: Open data of Ministry on National Economy – Statistics Committee – List of registered legal entities in Open data of regions of the Republic of Kazakhstan

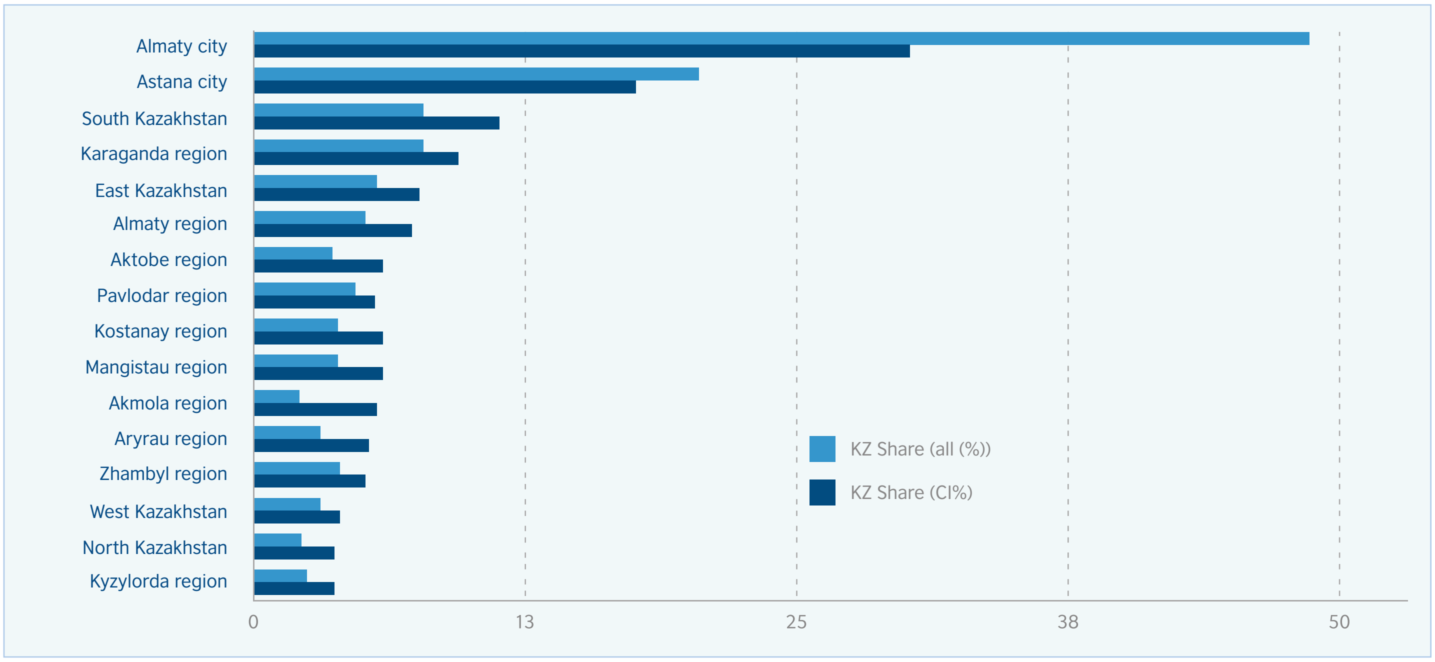
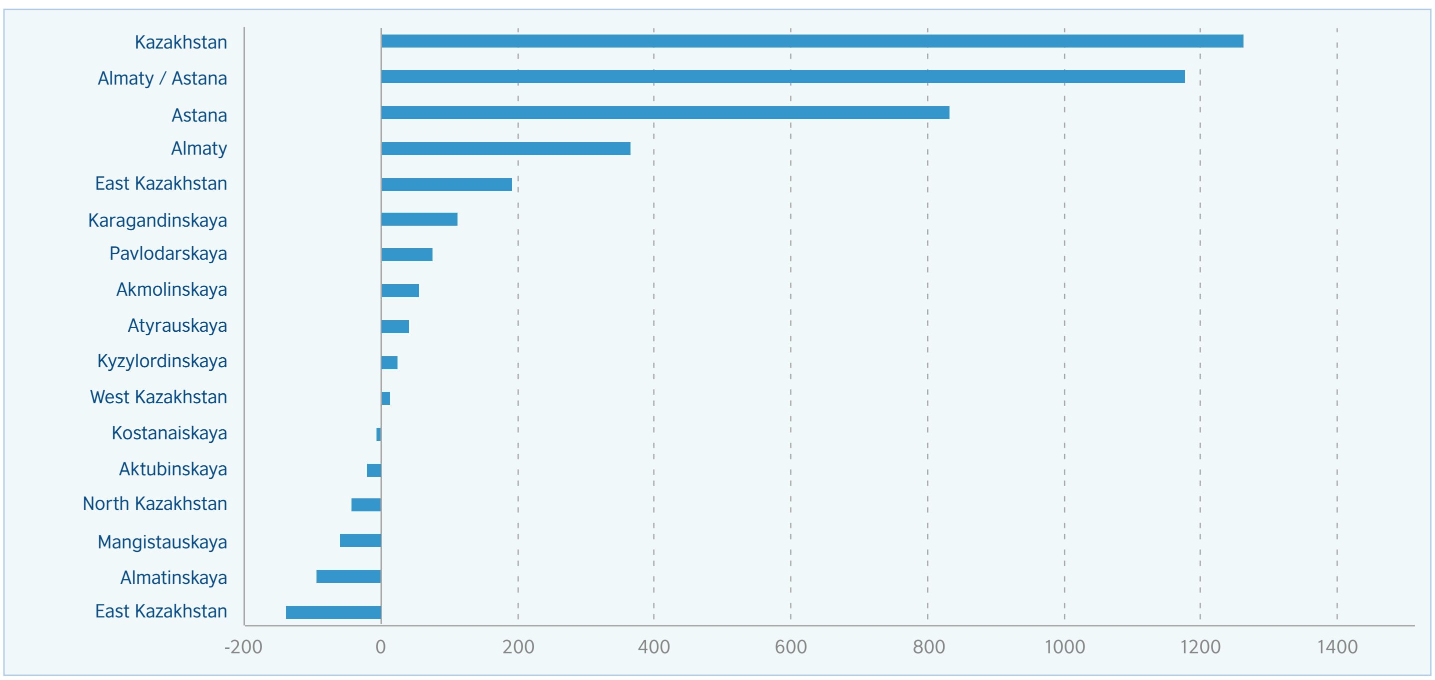


Figure 4: Change in Creative Industries registered businesses 2010-2018

Source: Requested data Computer Center of National Economy Ministry's Committee of Statistics



Size-band Distribution

As is the case elsewhere in the world, the creative industries in Kazakhstan's cities are dominated by micro and small firms, with 75% of all firms in both cities in the 0-5 employee size-band and a small number of large organizations (Figure 5) – dominated by state-financed cultural organization.

Age Profile

Having established the urban concentrations and the dominance of small firms in the creative industries it is also important understand the age profile of the creative industries. As might be expected, they tend to be relatively young, but not excessively so. To illustrate, Figure 6 maps the advertising subsector currently on the business registers by year of registration. In Almaty, 29% of advertising agencies were established in the last five years – in Astana the comparable figure was almost 40%. More than half in each city were established 2007-2017. This suggests some dynamism, but also that there are established businesses in this sector.

Figure 5: Creative Industries by Employment Size-band

Source: Open data of Ministry on National Economy – Statistics Committee – List of registered legal entities in regions of the Republic of Kazakhstan

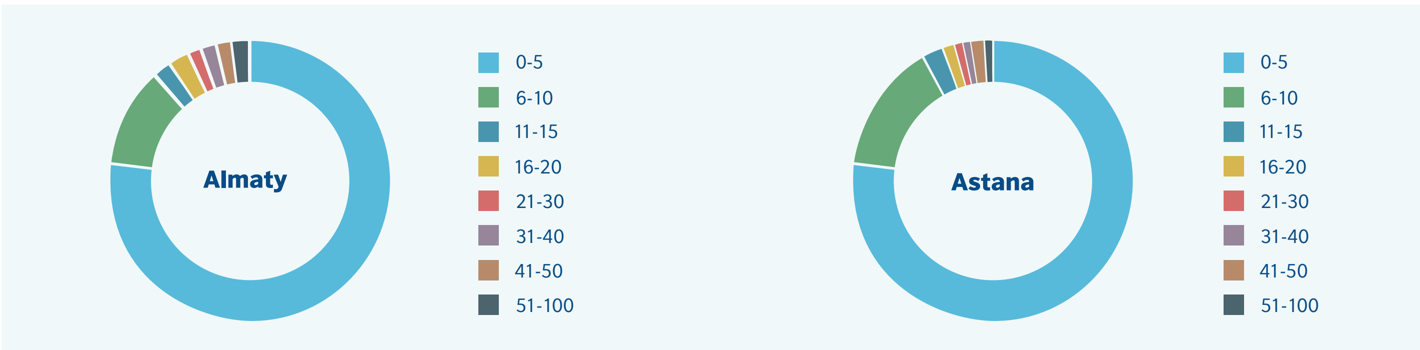
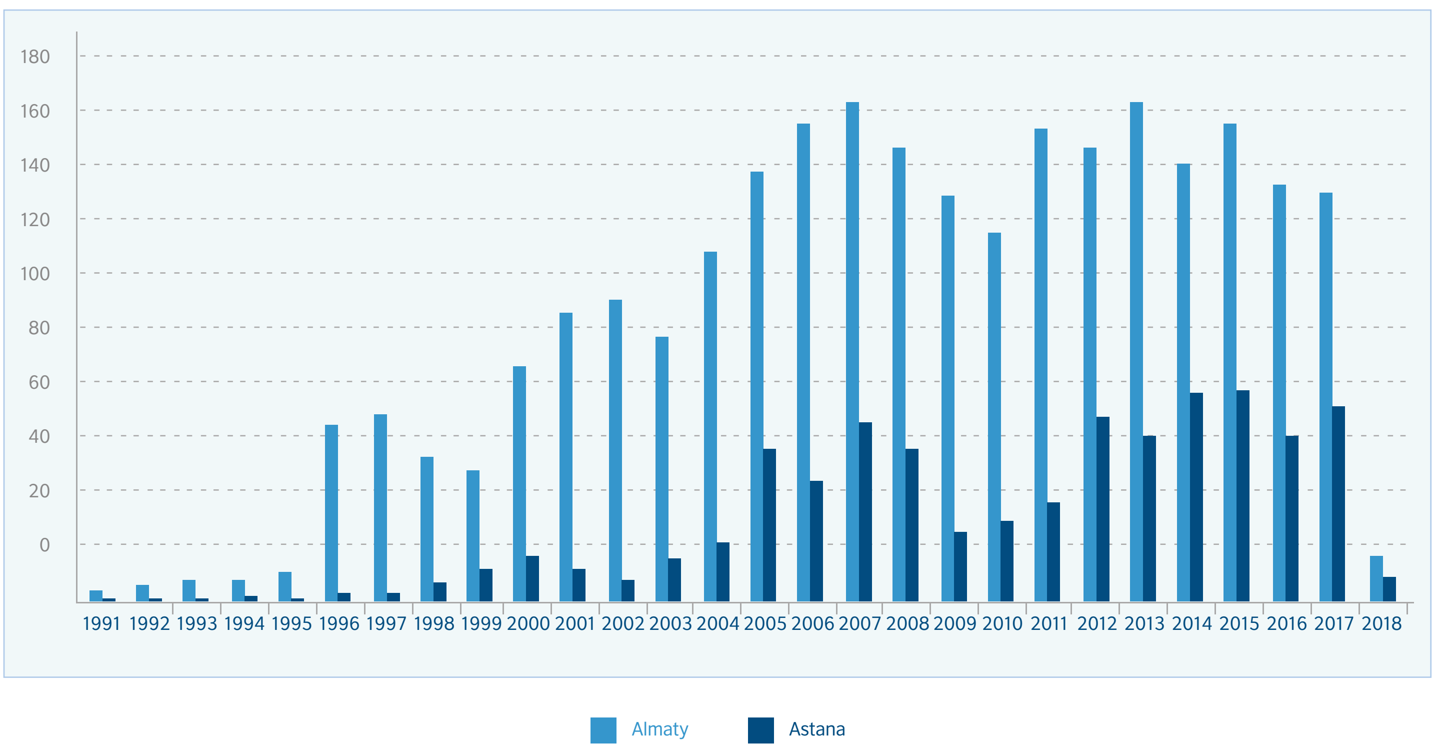


Figure 6: Advertising Agencies by Year of Business Registration, Astana and Almaty

Source: Open data of Ministry on National Economy – Statistics Committee – List of registered legal entities in regions of the Republic of Kazakhstan



These data on the relative youth of the CIs and their size is an important sensitising point for policy makers: **the new growth is not appearing in large and state enterprises, but in minor business, and in the creative sector.** Accordingly further policy may have to devise unique policies adapted to these ‘unusual’ businesses.

Urban characteristics of Creative Industries

Creative industries have a well documented tendency to cluster in cities. There are many factors in this, including:

- the need for access to a large and diverse market with 'sophisticated' consumers - both individual and business - of which creative industry actors are themselves a major consumer.
- the existence of 'anchor' organizations such as film and television studios in cities.
- a heritage of physical locations for creative activities such as galleries, theatres and other performance spaces.
- the presence of educational institutions which provide training in creative occupations.
- the availability of a diverse range of property options.
- the diverse nature of urban life attracts creative people, which in turn enhances its attractiveness.

As the cluster develops a range of very specific services develops both related to business (e.g. film editing facilities, ultra high speed internet, flexible working spaces) and to the quality of life (restaurants, cafes, bars and performance spaces). Over time these characteristics become self reinforcing.

There is no simple policy blueprint for success – each creative city is different in terms of its development history. There are characteristics in common such as those noted above- and it is also the case that all of the world's most economically and culturally important creative industry clusters are located in urban areas. They are a fundamental part of a modern, diverse, liveable sustainable city which offers a high quality of life to its citizens. For this reason, it is important to take some time to understand the recent economic performance of the two major cities of Kazakhstan – Astana and Almaty – which are the locations most likely to host successful creative industries.

Sub-sectoral Analysis: in Astana and Almaty

The creative industries are broken down into subsectors in this section of the report, reflecting their substantive differences in terms of activities and potential support needs.

The five subsectors are:

- manufacturing
- wholesale and retail
- information and communication
- professional scientific and technical
- arts, entertainment and recreation.

The ideal mix is one dominated by higher value added activities, such as higher order information and communication (e.g. TV , film and radio), professional services (e.g. design, architecture and advertising) and arts and recreation. A full listing and number of registered businesses in each of the subsectors is provided in Figure 7on pages 12-13.

It clearly shows the concentration of creative industries in two cities – Almaty and Astana. In a closer look at these cities and other regions we can see the distribution among sectors and subsectors. In the sector of Professional, Scientific and Technical Activities the major sub-sectors include Advertising agencies (2 487 in Almaty, 65% and 608 46% in Astana) and Architectural activities (1 004 in Almaty (26%) and 466 (35%) in Astana). In the sector of Information and Communication Computer programming activities dominate (1 116 (39%) in Almaty and 550 (44%) in Astana). This is followed by 'Other publishing activities' (527 (18%) in Almaty and 128 (10%) in Astana) and Motion picture, video and television programme production activities (375 (13%) in Almaty and 212 (17%) in Astana). In the Art, Entertainment and Recreation sector the Performing arts subsector that includes theatres, circuses and concert venues is the biggest (154 (41%) in Almaty and 74 (33%) in Astana), followed by artistic creation (131, 35% in Almaty and 97, 44% in Astana).In Manufacturing sector 'Other printing' is the biggest subsector (578,85%, in Almaty and 182, 81% in Astana), with the others barely represented. Wholesale and Retail Trade sector shows marginal differences between the two cities, with Almaty dominated by specialized bookstores, but taken together, the two print media dominate, with almost no specialized music retail in either city.

High Value Added Services Dominate

In both cities and Kazakhstan in general, high value added services dominate the creative industries sector, accounting for over 90% of creative industries registered business in both Astana and Almaty. The largest number of creative industry businesses are in Professional, Scientific and Technical Activities (Figure 8). In Kazakhstan Information and Communication is the second biggest sector of the creative economy. Smaller parts of the creative industries are Manufacturing, and Arts, Entertainment and Recreation and the smallest sector Wholesale and Retail Trade.

Interestingly, the 'classic' definition of cultural industries (arts, entertainment and recreation) account for only a small proportion of the total creative industry activity in Kazakhstan – 9% and even less in big cities – 7% in Astana and 5% in Almaty.

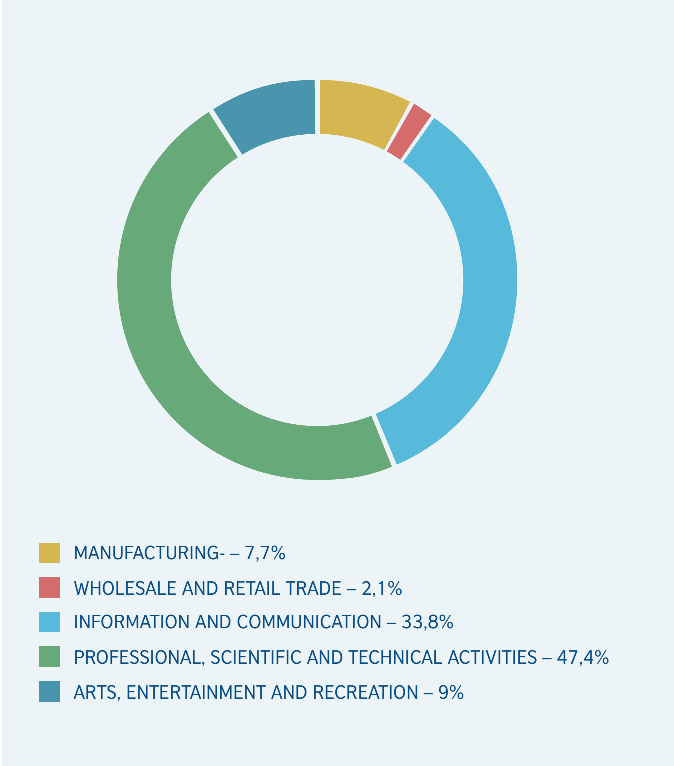


Figure 8: Sectoral distribution of number of Creative Industries registered businesses in Astana and Almaty (2018)

Source: Open data of Ministry on National Economy – Statistics Committee – List of registered legal entities in regions of the Republic of Kazakhstan

Figure 7: Number of registered creative industries and its proportion to all registered business form the Business Base (2018)

CODE	SECTOR/ subsector	Kazakhstan	Almaty city	Astana city	Other regions
	Number of all creative industries	17,740 (3.9%)	7,869 (6.3%)	3,054 (4.5%)	6,817 (2.6%)
	Number of all businesses	449,507 (100%)	123,992 (27,5 %)	66,545 (14,8%)	258,970 (57,6 %)
	MANUFACTURING	**1,367 (100%)**	**684 (50%)**	**224 (16%)**	**459 (34%)**
18.11	Printing of newspapers	101	23	5	73
18.12	Other printing	1,049	578	182	289
18.13	Pre-press and pre-media services	141	33	28	80
18.14	Binding and related services	38	23	5	10
18.20	Reproduction of recorded media	32	26	3	3
32.20	Manufacture of musical instruments	6	1	1	4
	WHOLESALE AND RETAIL TRADE	**17,740 (3.9%)**	**7,869 (6.3%)**	**3,054 (4.5%)**	**6,817 (2.6%)**
47.61	Retail sale of books in specialised stores	153	73	18	62
47.62	Retail sale of newspapers and stationery in specialised stores	215	29	21	165
47.62	Retail sale of music and video recordings in specialised stores	8	1	1	6
	INFORMATION AND COMMUNICATION	**5,998 (100%)**	**2,852 (48%)**	**1,250 (21%)**	**1,896 (32%)**
58.11	Book publishing	140	91	21	28
58.13	Publishing of newspapers	673	139	45	489
58.14	Publishing of journals and periodicals	472	201	91	180
58.19	Other publishing activities	853	527	128	198
58.21	Publishing of computer games	6	-	2	4
58.29	Other software publishing	73	21	21	31
59.11	Motion picture, video and television programme production activities	660	375	212	73
59.12	Motion picture, video and television programme post-production activities	33	19	12	2
59.13	Motion picture, video and television programme distribution activities	64	42	10	12
59.14	Motion picture projection activities	98	39	9	50

Source: Open data of Ministry on National Economy – Statistics Committee – List of registered legal entities in regions of the Republic of Kazakhstan

59.20	Sound recording and music publishing activities	47	18	11	18
60.10	Radio broadcasting	84	20	11	53
60.20	Television programming and broadcasting activities	290	97	44	149
62.01	Computer programming activities	2,146	1,116	550	480
63.12	Web portals	236	103	63	70
63.91	News agency activities	123	44	128	59
	PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	**8,407 (100%)**	**3,856 (46%)**	**1,316 (16%)**	**3,235 (38%)**
71.11	Architectural activities	3,282	1,004	466	1,812
73.11	Advertising agencies	4,223	2,487	608	1,128
73.12	Media representation	227	75	51	101
74.10	Specialised design activities	284	122	87	75
74.20	Photographic activities	125	60	14	51
74.30	Translation and interpretation activities	266	108	90	68
	ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	**4 (100%)**	**2 (50%)**	**1 (25%)**	**1 (25%)**
77.22	Renting of video tapes and disks	4	2	1	1
	ARTS, ENTERTAINMENT AND RECREATION	**1,588 (100%)**	**372 (23%)**	**223 (14%)**	**993 (63%)**
90.01	Performing arts	354	154	74	126
90.02	Support activities to performing arts	30	7	14	9
90.03	Artistic creation	331	131	97	103
90.04	Operation of arts facilities	59	19	17	23
91.01	Library and archives activities	331	26	13	519
91.02	Museums activities	59	16	6	171
91.03	Operation of historical sites and buildings and similar visitor attractions	331	19	2	42

Part 2:

Setting the Creative Industries in the context of a new urban economy in Kazakhstan

Introduction

In this part we set the creative industries in the context of Kazakhstan's new urban economy. Statistic data obtained from open sources was used to explain the trends in population change, employment change and the developments in the business base that are taking place in regions and cities.

The key message of this section is that the major cities are:

- growing in population;
- have created more jobs;
- are more entrepreneurial;
- have higher productivity;

than the rest of the country. In effect, the major cities have managed the remarkable transition ongoing in the economy and society far better than any other region and are leaving most of the rest of the country far behind them. The non-oil/non-agricultural economy of Kazakhstan is inextricably tied to the success of its largest cities.

Creative industries play a key role in the development of sustainable liveable cities. **This is a two way relationship - successful cities and successful creative industries go hand in hand.** The recent evidence suggests that the future for economic growth for Kazakhstan is in the urban areas, with highly productive small firms dominant in employment growth.

Population

Kazakhstan's population grew by 7% 2012-2017, with growth concentrated in the major cities and the oil regions (Figure 9). Between them, Astana and Almaty added 573,000 people, 47% of the national growth.

The dynamics are evident when the regions are indexed to 2012 (Figure 10) . The growth in the major cities is remarkable. While Astana's growth is clearly influenced by the government's capital city development strategy, Almaty has continued to show significant growth despite that same policy.

Figure 9: Kazakhstan Regions: Population Change 2012-2017 (%)

Source: Open data of Ministry on National Economy – Statistics Committee – Socio-economic development of the Republic of Kazakhstan, Statistical Handbooks 2012, 2013, 2014, 2015, 2016, 2017

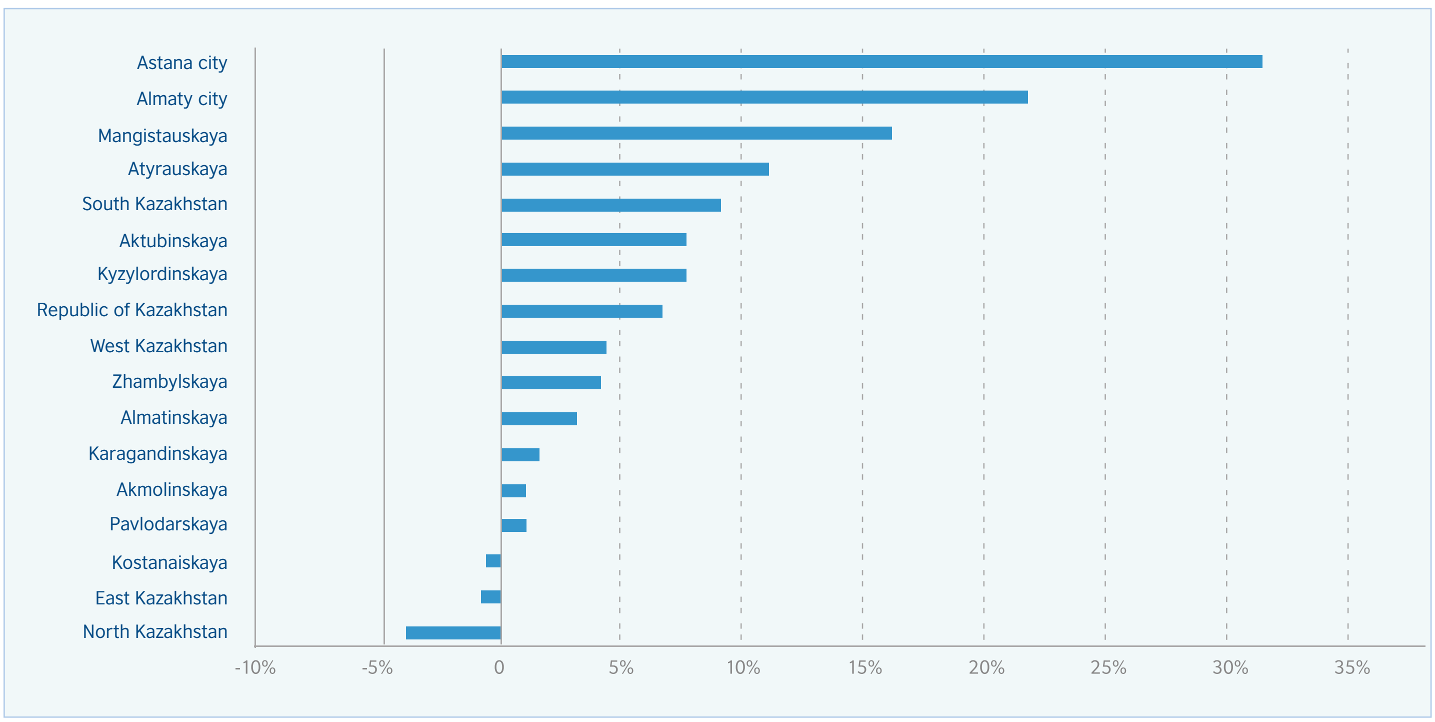
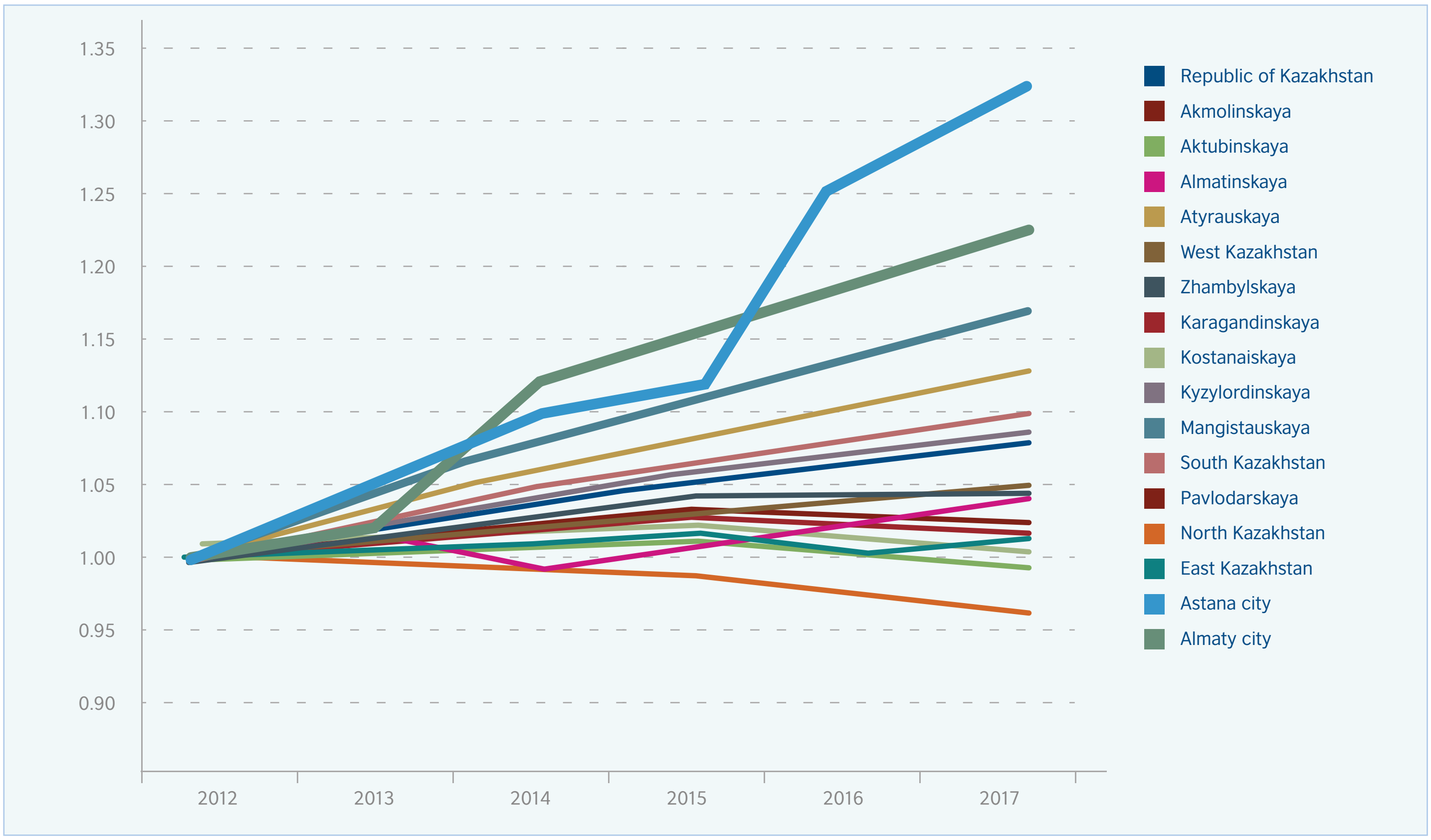


Figure 10: Kazakhstan regions: Index of Population Growth, 2012=100

Source: Open data of Ministry on National Economy – Statistics Committee – Socio-economic development of the Republic of Kazakhstan, Statistical Handbooks 2012, 2013, 2014, 2015, 2016, 2017



National Employment Growth

Overall, the national economy added 427,000 jobs 2010-2017, a 5% growth (figure 11). However, national employment growth has stagnated since 2012, adding only a net 34,000 jobs (0.4% of the 2012 total).

Figure 11: Kazakhstan - Employment Change 2010-2017

Source: Open data of Ministry on National Economy – Statistics Committee – Employment by economic activities (quarterly) and regions of the Republic of Kazakhstan for 2010-2017

Regional Employment Trends

In the period 2012-2017, Almaty added a net 157,903 jobs and Astana 103,490, a net percentage growth of 21.6% and 26.3% respectively (Figure 12). The only other regions recording any significant growth were the core oil regions of Atyrau and Mangistau, but their absolute net growth of less than 50,000 was dwarfed by the performance of the major cities.

Urban Employment Drives All Growth

Figure 13 presents a stark finding - the major cities added 261,000 jobs 2012-2017, while all other regions lost more than 221,000. 'New' urbanization is clearly becoming a major force in Kazakhstan's economic development.

Figure 12: Kazakhstan: Employment Change by Region, 2012-2017

Source: Open data of Ministry of National Economy – Statistics Committee – Employment by economic activities (quarterly) and regions of the Republic of Kazakhstan for 2010-2017

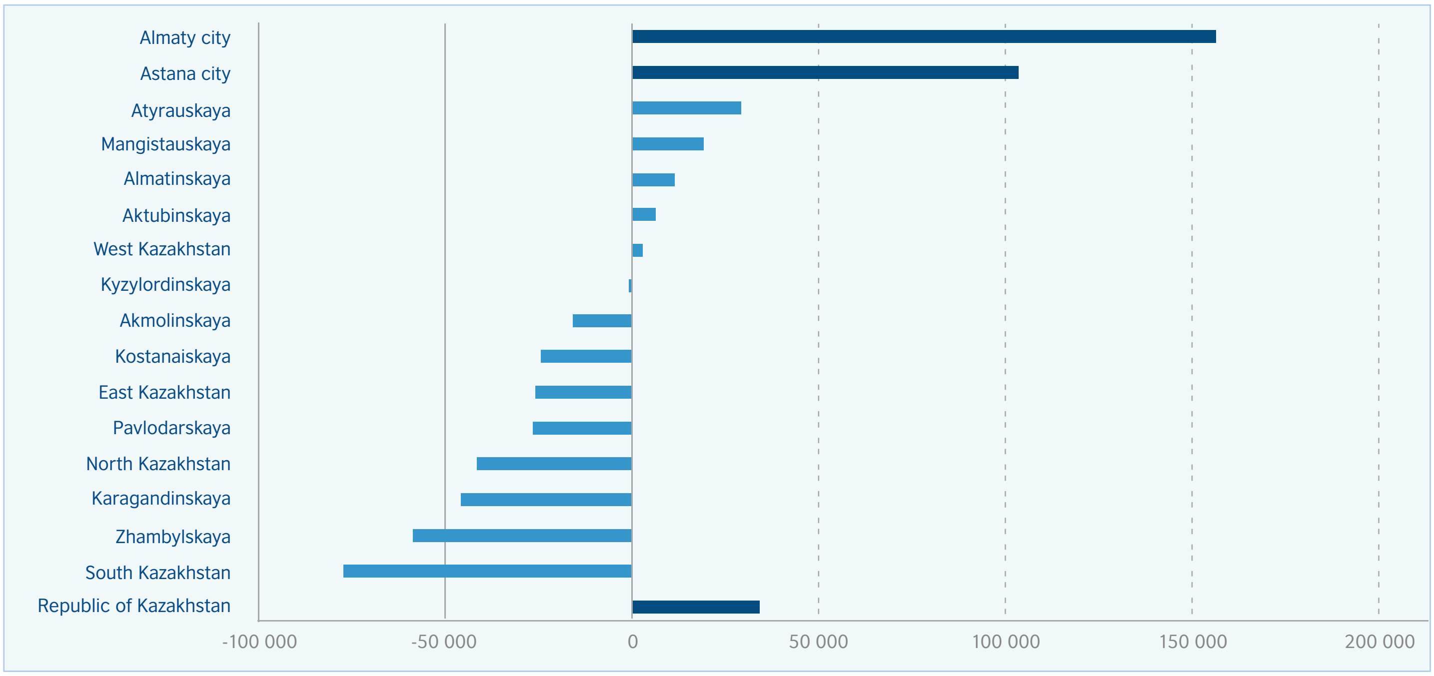
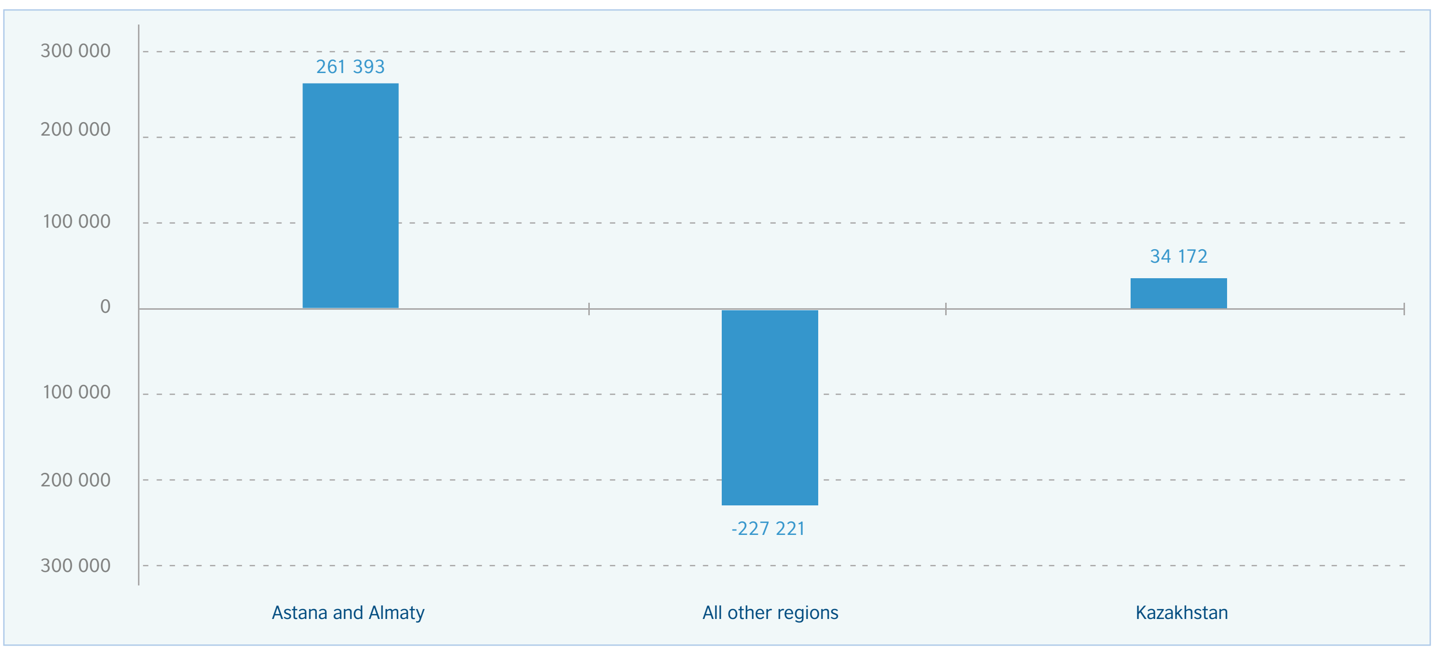


Figure 13: Kazakhstan: Net Change in Employment, 2012-2017

Source: Open data of Ministry of National Economy – Statistics Committee – Employment by economic activities (quarterly) and regions of the Republic of Kazakhstan for 2010-2017



Sources of Employment Growth

Employment growth has **not** been in medium and large organizations - more than **520, 000** jobs were lost in this category (Figure 14). This suggested that if there was net growth of **34,000** in the employed labour force, that more than **560,000** jobs were created in the self employed and small firm sector.

The two major cities diverge on this measure, with Astana remaining stable, presumably in large part due to the importance of direct state and state-owned company employment in the city (Figure 15).

Figure 14: Employment in Medium and Large Organizations, 2013-2017

Source: Open data of Ministry on National Economy – Statistics Committee – Employment by economic activities (quarterly) and regions of the Republic of Kazakhstan for 2010-2017

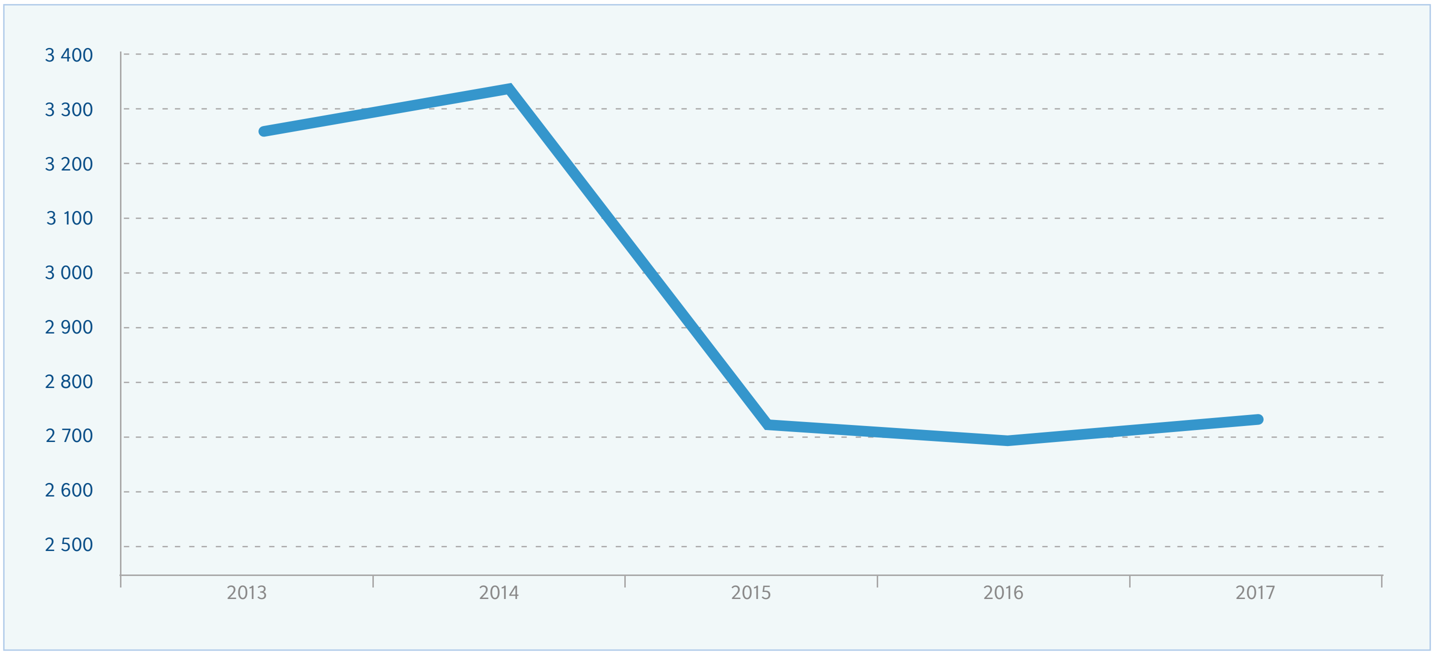
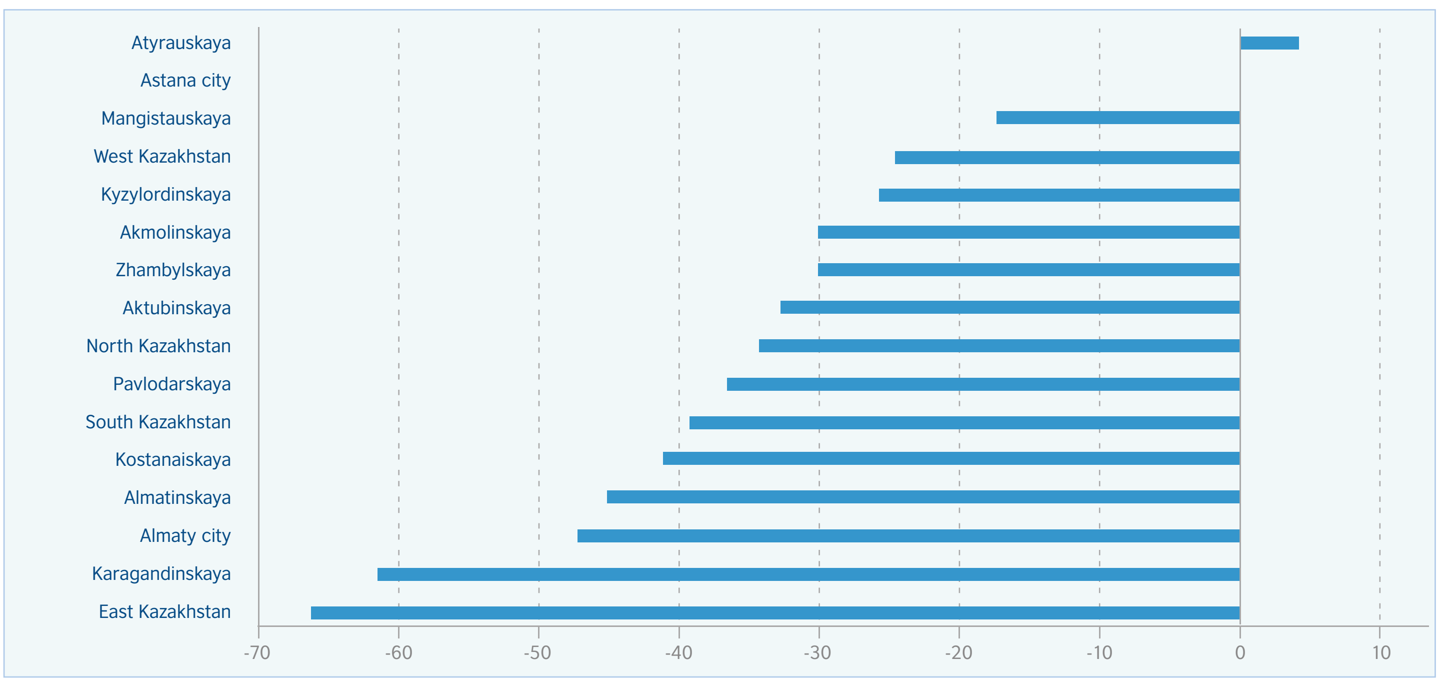


Figure 15: Kazakhstan Regions - Change in Employment in Medium and Large Organizations 2013-2017

Source: Open data of Ministry on National Economy – Statistics Committee – Employment by economic activities (quarterly) and regions of the Republic of Kazakhstan for 2010-2017



Self Employment and Small Firms

As noted above, the small firm sector has driven employment growth in recent years. Using a slightly different categorization (small, medium sized and individual entrepreneurs in 'non-farm activities or SMIEs)) and time period due to data availability (2012-2016) identifies that SMIEs accounted for a net gain of 883,000 jobs in Kazakhstan (Figure 16) with a slowdown in 2016.

Again, the major cities dominated this growth. Together, they accounted for 24% of the SMIE base in 2012, rising to 31% in 2016 – but in doing this they accounted for 50% of all nonfarm SMIE growth in the Republic in the period, adding almost 438,000 jobs 2012-2016 (274, 000 in Almaty and 163, 000 in Astana) (Figure 17).

Figure 16: Kazakhstan, Small, Medium Enterprise and Individual Entrepreneur Employment 2012-2016

Source: Open data of Ministry on National Economy – Statistics Committee – Number of employed in small and medium business

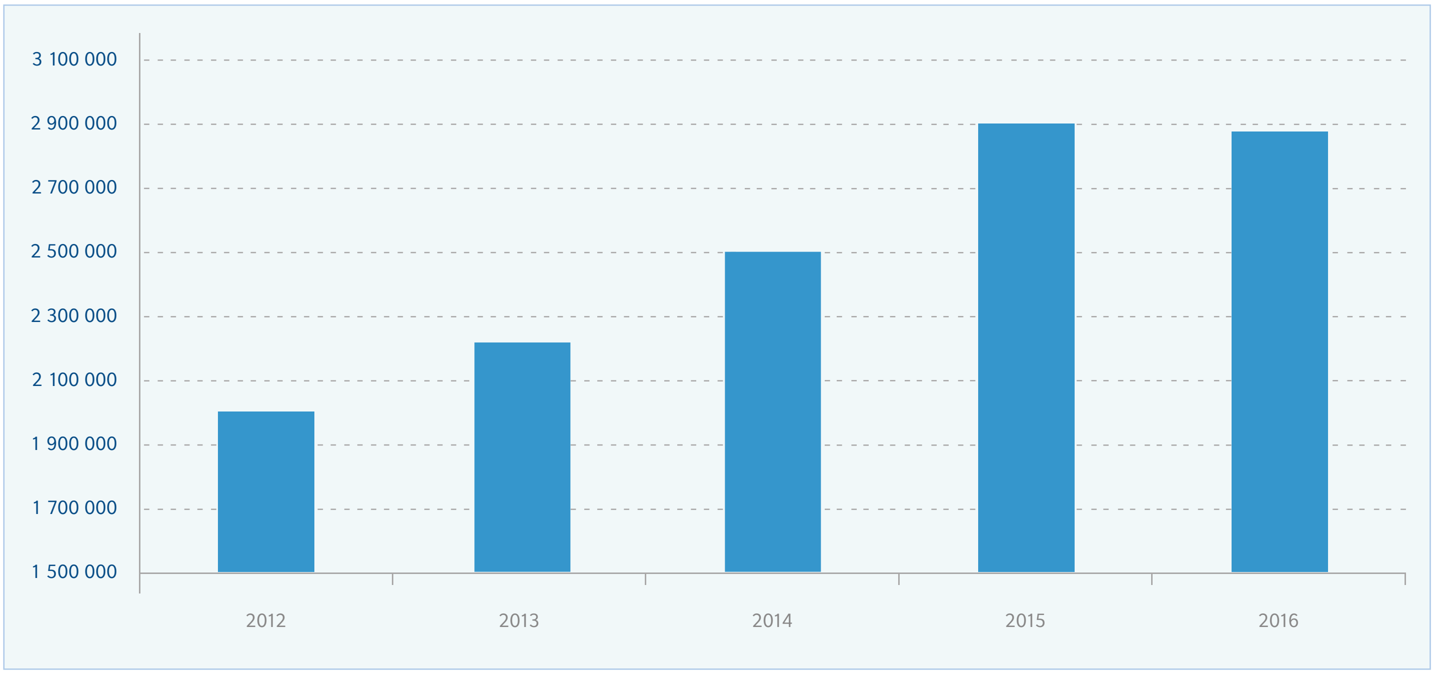
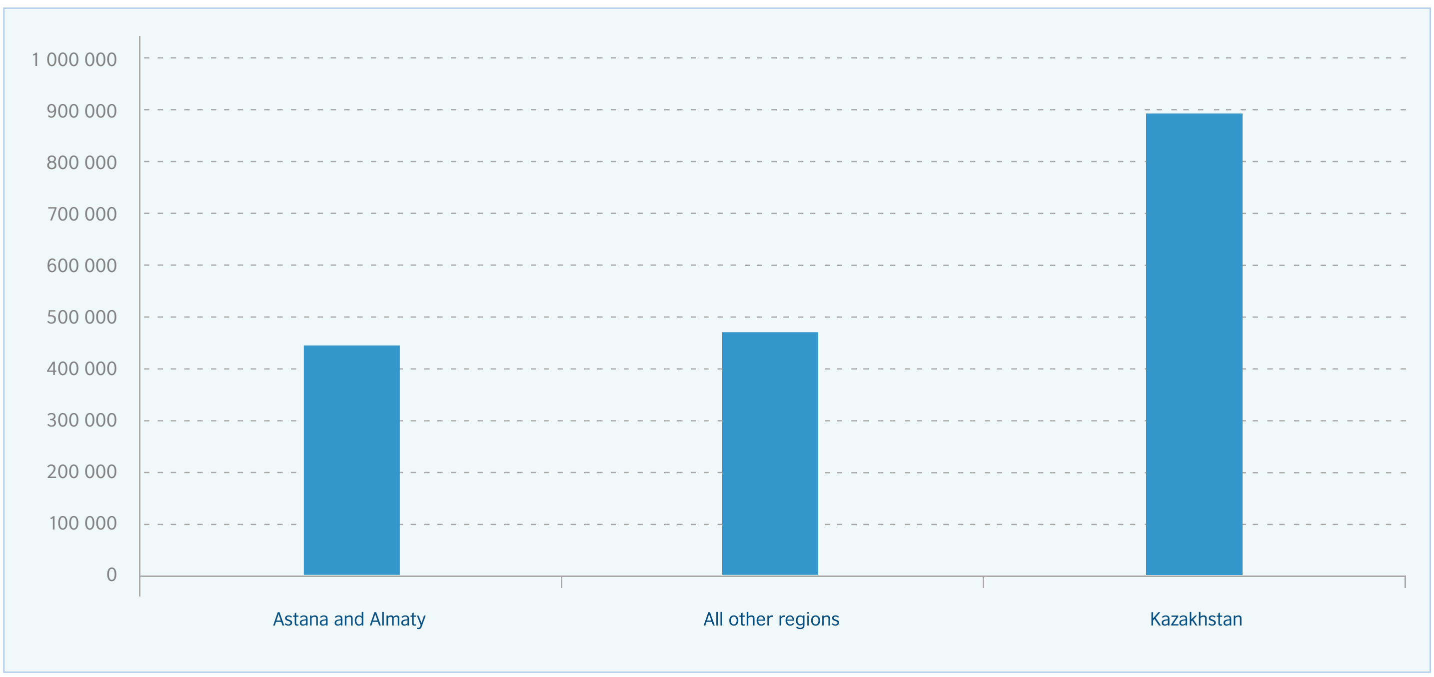


Figure 17: SMIE Growth 2012-2016 - Absolute Employment Change

Source: Open data of Ministry on National Economy – Statistics Committee – Number of employed in small and medium business



Output and Productivity: Gross Regional Product

Gross Regional Product (GRP) is a proxy indicator of regional output. As Figures 18a and 18b below clearly demonstrate, in 2016, the two major cities (Astana and Almaty) are key to the national economy, accounting for one third of gross regional product - **more than the combined output of the oil regions in 2016.**

This is not a pattern unique to Kazakhstan, but the urban/regional differences are very large. This pattern is repeated in gross regional product per capita data, a proxy for productivity as noted further below in Figure 19 and 20.

Figure 18a: Gross Regional Product Shares (% of Republican Total), Regions of Kazakhstan (2016)

Source: Open data of Ministry on National Economy – Statistics Committee – Gross Regional Product

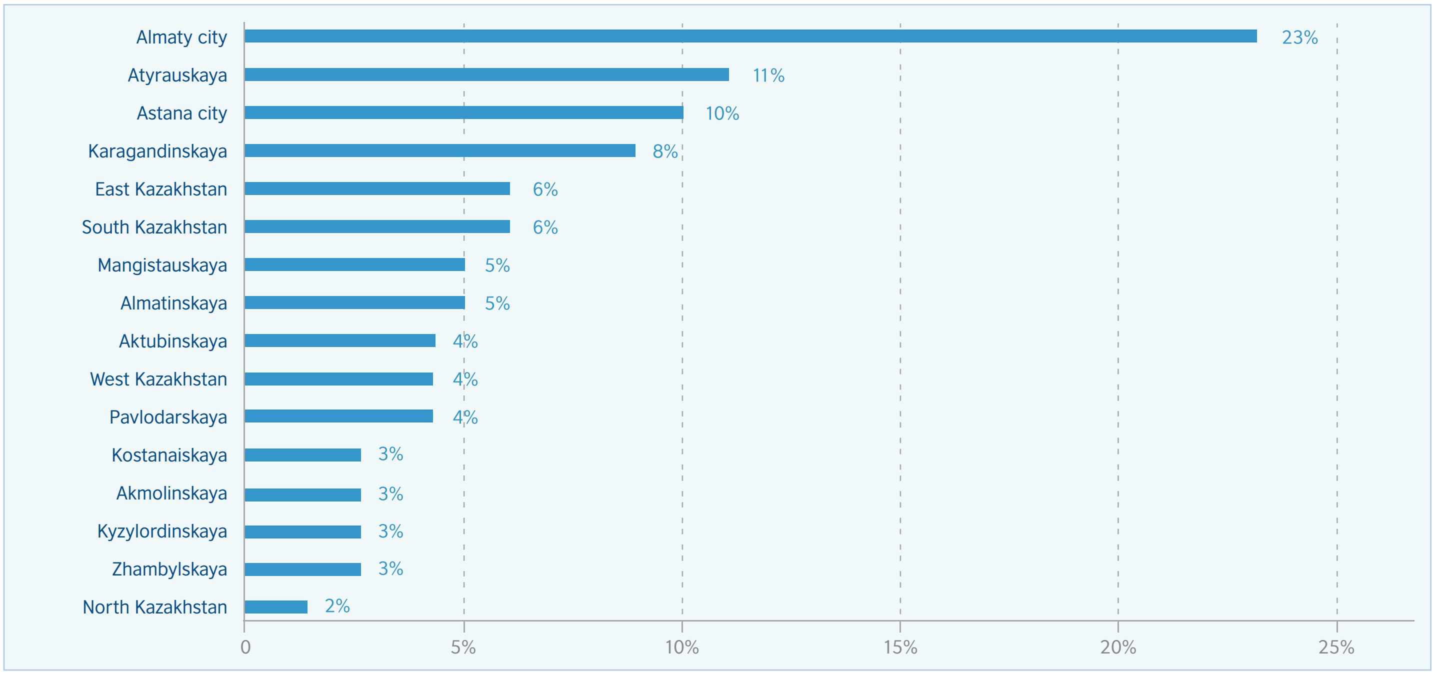
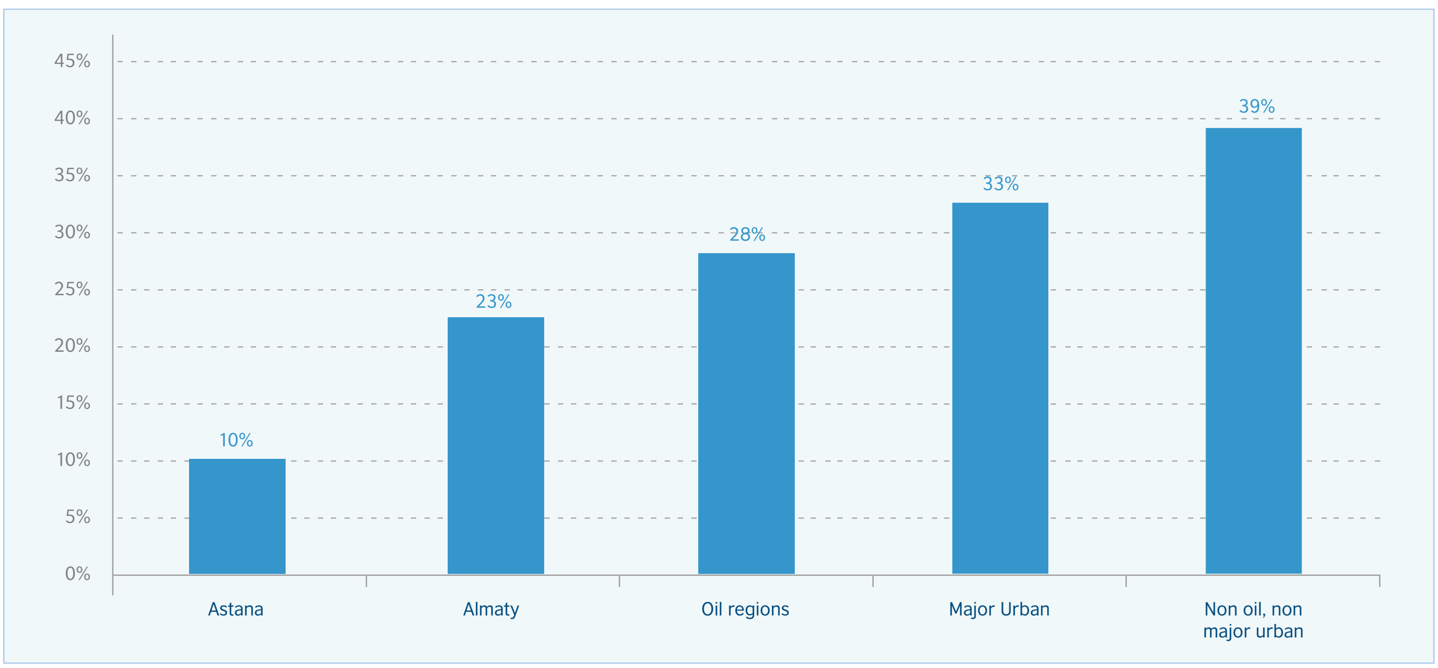


Figure 18b: Gross Regional Product Shares (% of Republican Total), Grouped Regions of Kazakhstan (2016)[1]

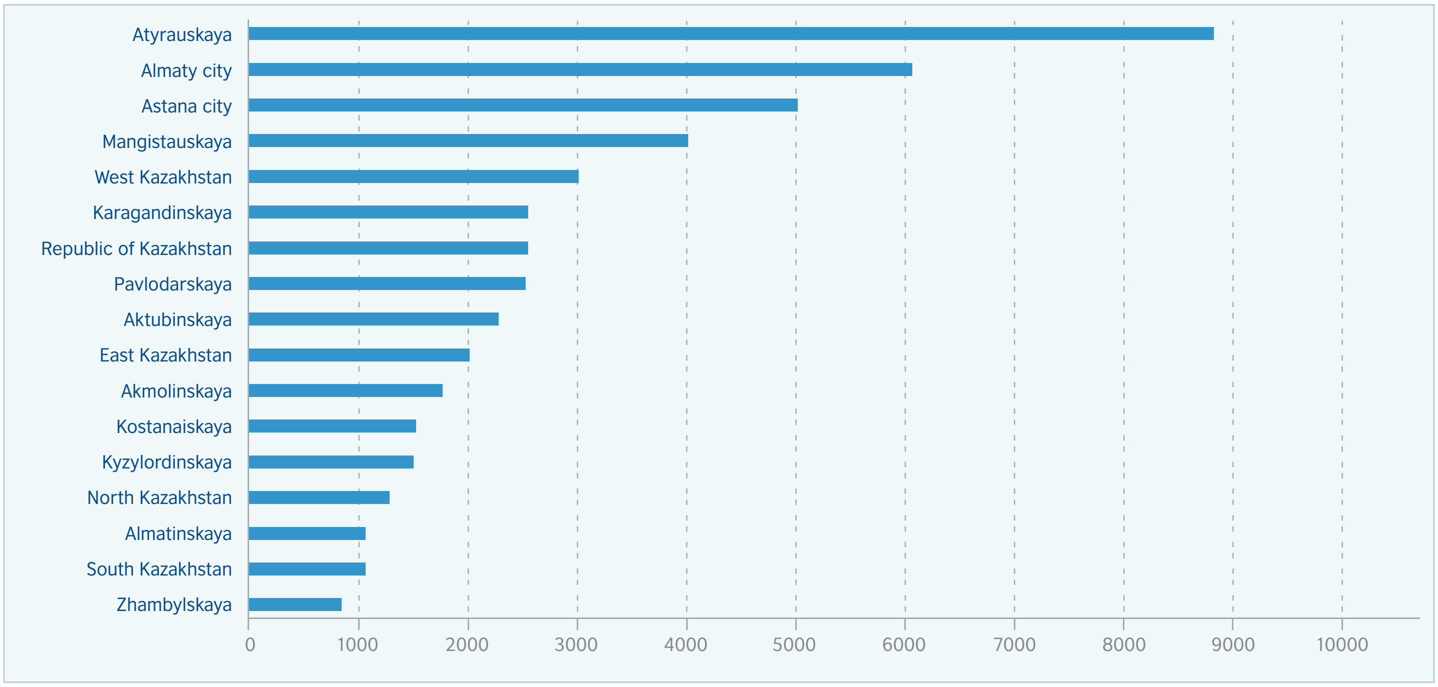
Source: Open data of Ministry on National Economy – Statistics Committee – Gross Regional Product



1 – 'Oil regions' are defined as: Aktobe region, Atyrau region, West Kazakhstan region, Mangistau region, Kyzylorda region 'Major Urban' regions are defined as: Astana, Almaty. 'Non-oil, non major urban' regions are defined as North Kazakhstan region, Zhambyl region, Akmola region, Kostanai region, Pavlodar region, Almaty region, South Kazakhstan region, East-Kazakhstan region and Karaganda regin

Figure 19: Gross Regional Product per Capita, Kazakhstan Regions 2016 (000 KZT)

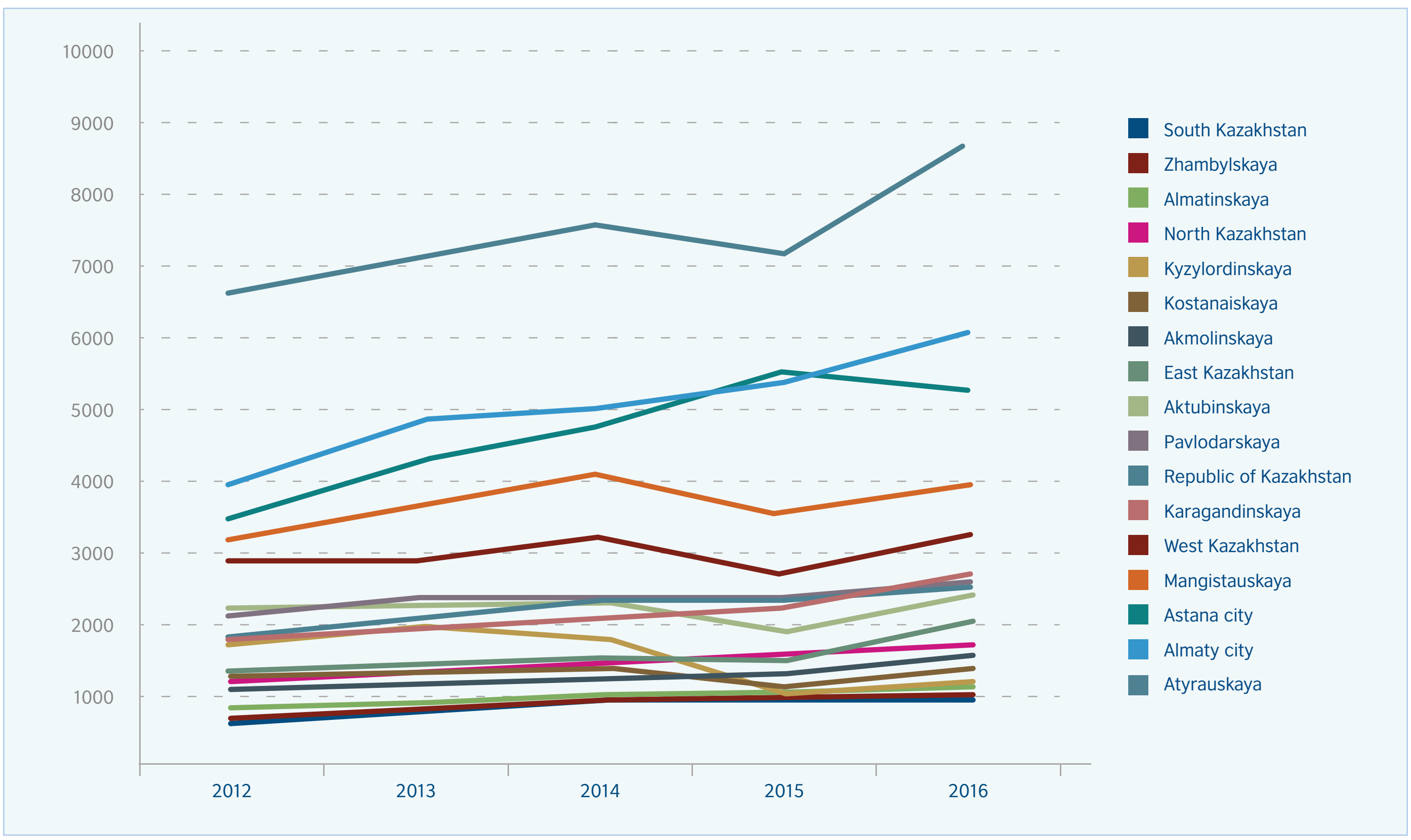
Source: Open data of Ministry on National Economy – Statistics Committee – Gross Regional Product per Capital



The differences are large -and growing - significantly in favor of Astana and Almaty, since they grew faster than the oil regions (except Atyrau region) in the latter part of the period (2014- 2016), with Almaty performing particularly strongly (see Figure 20).

Figure 20: Gross Regional Product per Capita, Regions of Kazakhstan 2012-2016 (000 KZT)

Source: Open data of Ministry on National Economy – Statistics Committee – Gross Regional Product per Capital



The Creative Industries In (Some) Context: Comparison With Business Services and Real Estate

As has been noted, we have not been able to access employment data and turnover data at this stage of the analysis for the creative industries. However, we can try to sketch an indicative comparative picture from the data we do have within the overall picture of the dynamic economies of the major cities.

Any comparisons with other economic activities on the basis of the business registration data presented in this report should proceed with caution, since, as we have noted, the data simply notes the existence of the businesses concerned, not their impact in employment and sales terms. Further work is necessary to assess the economic impact of selected subsectors. However, it is of value to compare the creative industries to other sectors of the economy in terms of their share of the business population to give a sense of their role in the city economy, particularly since, as we argue that, the official data tend to understate the scale of the creative industries. Here we look at a comparison with two major sectors of the non retail economy of Almaty which are conventionally seen as drivers of quality employment and economic growth to give a flavor of the scale of the creative industries:

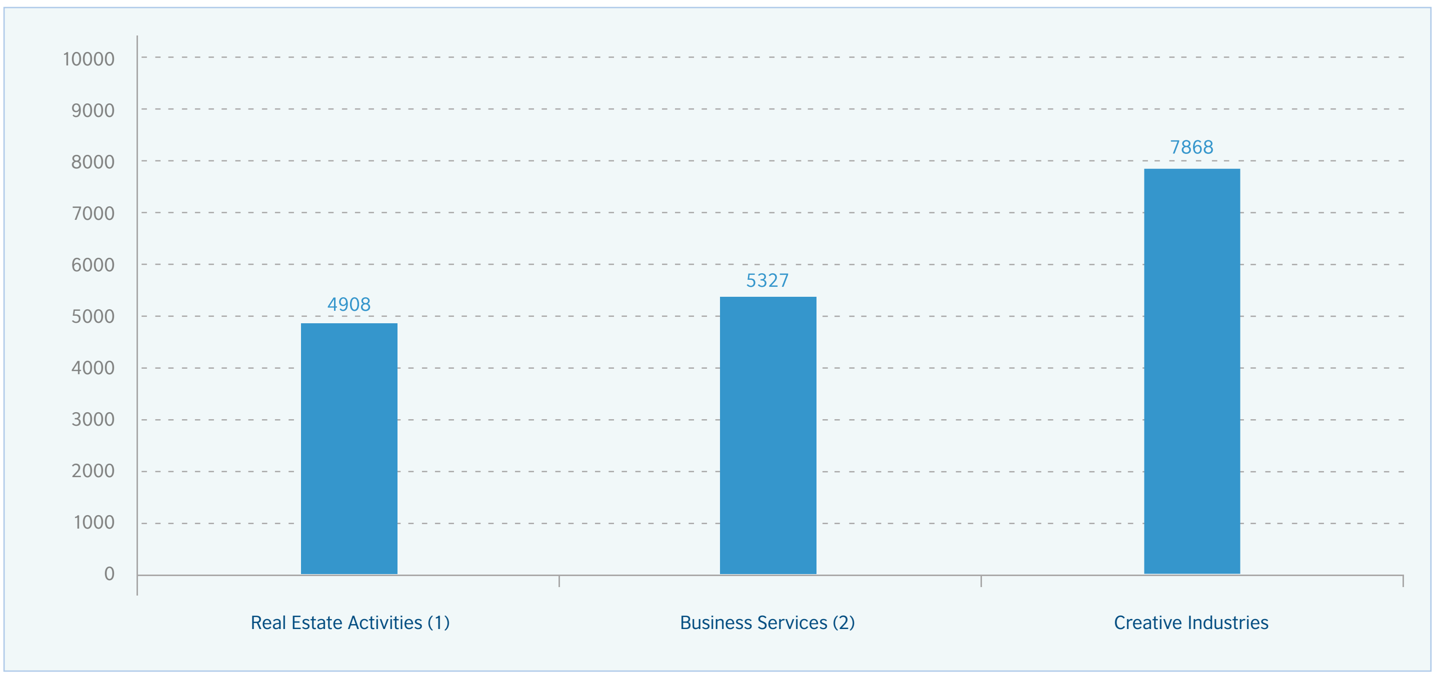
- legal and business services (law firms, accountants, financial services, banks and insurance

- real estate activities (services related to buying, selling and managing land and property).

What Figure 21 demonstrates is that on this measure, the creative industries are an important part of the business population of the city. **There are more businesses registered in the creative industries than there are in either business services or real estate activities.** Given that the comparator sectors are those which are heavily regulated with a limited role for informality – unlike the creative industries as argued in section 3 of the report – we argue that these numbers should give pause for thought with policy makers when assessing their business population.

Figure 21: The Creative Industries compared to Business Services (legal, accounting, financial services (banking), insurance) and Real Estate Activities, 2018

Source: Open data of Ministry on National Economy – Statistics Committee – List of registered legal entities in regions of the Republic of Kazakhstan



If we take the major sectors within each subsector, we see a clear picture emerge, with the creative industries in the two major cities (with some differences) dominated by:

- advertising
- architecture
- computer programming
- film and television
- performance venues and artistic creation
- printing
- print media

These are not insignificant numbers – as we have shown, simply in terms of size of the overall population of businesses, the creative industries are an important subsector of the business population.

In this section we have shown that the two major cities of Kazakhstan are:

- growing in population;
- have created more jobs;
- are more entrepreneurial;
- have higher productivity;

than the rest of the country – and these are the same locations in which the creative industries have the largest presence. It seems clear from the data that the creative industries are located in the most dynamic part of the economy.

Part 3:
Methodology

The creative industries is not a category that appears in (any) official statistics (unlike other activities such as shoe making, or car making). The challenge that has faced researchers and policy makers is to looks closely at the available data and reconstruct a classification that as closely as possible captures the reality of the creative industries. The UK famously took such an approach in the late 1990s, and many countries have followed suit. the British Council has also written a guide for policy makers. In 2005 UNESCO developed a framework for cultural statistics which created a benchmark for such a classification. This part of the report explains how the framework was constructed for Kazakhstan.

Defining the Creative Industries?

The creative industries are not just the 'performing arts', such as music, television or painting. These are part of the creative industries, but the total range is much wider.

The notion of creative industries has developed in the UK and around the world in last 20 years. From classic arts such as performing arts that include concerts, theatre, opera and ballet it captures cinema and photography, but also computer games and mobile apps. Kazakhstan's statistical information classification of `Culture` still uses the classic and outdated understanding, therefore missing the broader definition of creative industries.

The policy definition adopted by the Department for Culture, Media and Sport of the UK in 2001 provided a clearer definition - creative industries are:

"those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property" (DCMS 2001, p. 04).

In the intervening years, this definition has developed considerably, focusing on the idea of 'creative intensity`, to try to capture creative activity outside of the 'core' creative industries. Creative intensity is critically important in the assessment of the idea of the 'creative economy'.

"The Creative Economy, which includes the contribution of those who are in creative occupations outside the creative industries as well as all those employed in the Creative Industries" (DCMS (2016) Creative Industries Economic Estimates).

Our focus at this early stage in this mapping process is on the 'creative industries':

"a subset of the Creative Economy which includes only those working in the Creative Industries themselves (and who may either be in creative occupations or in other roles e.g. finance)" (DCMS (2016) Creative Industries Economic Estimates).

In essence, the creative industries are a subset of the wider creative economy. Therefore, the findings of this research could be seen to be an underestimate of the overall contribution of 'creativity' to economic well-being.

The critical issue for this report is that this is an internationally accepted and used definition; one that will eventually allow comparison across nation states.

The Analytic Framework

The process of gathering and analyzing the data became possible in this research due to the transition to international classification systems for types of economic activity and production that took place in the field of Kazakhstan's statistics in 1998, and in the Republic as a whole, in 2000 Kazakhstan's current industrial classification system (ОКЭД (General Classification of Economic Activity) is compatible with the NACE Industrial classification system (Revision 2) adopted by the European Union in 2006 To answer the question of how big the creative economy in Kazakhstan is this study uses the definition provided in the `Priority Sector Report: Cultural and Creative Economy` published by the European Commission in 2014 This definition includes 40 sub-sectors of economic activities in accordance with NACE Rev.2 classificatory and is in line with other definitions such as DCMS (2016).

There are nine key areas:

- advertising and marketing
- architecture
- crafts
- design: product, graphic and fashion design
- film, TV, video, radio and photography
- IT, software and computer services
- publishing
- museums, galleries and libraries
- music, performing and visual arts

These are then translated into the international classification of industry (ISIC) codes, and translated into the standard data framework used outside the USA: the NACE codes,. The use of an international standard is clearly critical if the data is to be accepted and useful at, local, regional, and international (e.g. EU, UNCTAD, UNESCO) levels.

This definition of creative and cultural industries in Kazakhstan is distributed within five major sectors which are:

1) Manufacturing

2) Wholesale and Retail Trade

3) Information and Communication

4) Professional, Scientific and Technical Activities

5) Arts, Entertainment and Recreation

As other similar studies elsewhere in the world have concluded this is far from perfect as an operationalisation of the definition for a number of reasons:

- Industrial classifications are 'always' out of date – and in 'new' sectors, e.g. digital media – this is a big problem. The classic example of this is the computer games industry, which by some measures is as large globally as the film industry, but it was until recently not captured by official statistics.

- Some activities should perhaps not be included – e.g. music retail – and computer programming is clearly much wider than the creative industries.

- Other researchers (e.g.Lundquist and Protsiv (2010) have argued that tourism and food (restaurants etc) should be included since they are part of the 'entertainment' market.

- In Kazakhstan, as in other emerging markets, the informal economy is a significant, and by definition, unmeasurable, part of the overall economy. The informal economy is particularly important in the creative industries. An example to anyone familiar with Kazakhstani culture is the family wedding – usually a large scale affair - paid for almost entirely by cash transactions.

- In the creative industries, a significant part of overall activity is likely to be a secondary source of income. This is a global phenomenon, in no way unique to Kazakhstan. In the same way as the aspiring actress waits tables in Hollywood, the aspiring artist or designer in Astana may work in a bank or in government offices. Interestingly people will tend to define themselves by their sideline activities – as an artist, a photographer or actor, rather than their day job – which is what the official statistics capture.

- In recent years, the rapid development of the 'Instagram economy' has provided further opportunities for the development of second jobs and the growth of the informal economy. Instagram has provided a platform and removed market access barriers for a multitude of micro-businesses and a significant number of these are in creative occupations. Quantifying the scale of this activity is a major undertaking – and one beyond the scope of this study.

Bearing in mind the known limitations of the methodology, the key for this study was to take the 'conventional' definition, because the purpose of the work was to convince policy makers that the creative industries are strategically important and have economic potential. In this, othernational governments, UNESCO and UNCTAD carry more weight than the independent approaches of academics.

Data Quality Evaluation

The practical methodology adopted in this report involved the application of the creative industries NACE/ ОКЭД (Общий классификатор видов экономической деятельности) framework to the official statistical record across the official regions of Kazakhstan as noted previously. We sought to access data at the sub-national as well as national scale. There are fourteen regions plus the two major cities, a total of sixteen geographies. We also sought to establish a time series analysis and, where available, data were collected over the period 2010-2017.

The template adopted therefore sought to investigate trends in the groups of economic activity that best represents the cultural economy. We were able to look over a seven year period in sixteen regions of Kazakhstan. It was not possible to source these data at this stage. However, we were able to arrange a bespoke analysis by Computer Center of National Economy Ministry's Committee of Statistics (РГП на ПХВИ Информационно-вычислительный центр Комитета по статистике Министерства национальной экономики РК) was commissioned. The following datasets were analyzed:

- Employment

- Wages

- Sales

- Business Registrations (Registration of legal entities)

Following the initial analysis we identified that the official sources are highly problematic. Employment, wages and sales data in particular are very limited in the reporting provided in the bespoke analysis. To illustrate, a sample is provided in Figure 22 The following data clearly show that requested data hardly reflects the real situation in Kazakhstan and especially in two major cities. Employment of just over 500 people in advertising for the country as a whole is simply not a credible number.

Figure 22: Employment, Wages and Sales Data of Advertising Agencies from Bespoke Analysis by Computer Center of National Economy Ministry's Committee of Statistics for 2016

Source: Requested data Computer Center of National Economy Ministry's Committee of Statistics

	Kazakhstan	Almaty	Astana
Sales (in thousands of tenge)	208 740 453	193 985 268	5 418 364
Number of employees	530	288	40
Average wages	145 437	164 457	214 677

Business registration data is relatively comprehensive, reporting 457,000 businesses in total and almost 18,000 in the creative industries in Kazakhstan and relatively up to date given its 'live' status, but limited in its scope. We can say that these organizations exist and their employment size band, but not what they do in any detail. Again, these sources report only those who have official status.

For these reasons, we have not sought to compare CIs with other sectors other than on the number of tax registrations, which in itself provides a partial view for the reasons noted in the report (second jobs, the prevalence of informality and the growth of the Instagram economy). There would be limited value in this since the data have limited coverage and could lead to very misleading conclusions. Further, we have not sought to make estimates of the 'true' size of the creative industries, since, no matter how informed the opinion, it is still an opinion, and therefore of limited value in demonstrating the scale of the creative industries.

The business register data does allow us to identify the existence of a creative industries sector in Kazakhstan, and as elsewhere in the world concentrated in the cities. However, without employment, wages and sales data it is impossible either to understand the 'true' scale of the creative industries or to design policy interventions which might enable their further development. This is a major issue for the city administrations of Astana and Almaty.

Conclusions and Recommendations

The objectives of the project were threefold:

- to develop a robust definition of the cultural economy, consistent with other national mapping exercises (such as the UK DCMS study, or the UNESCO framework for statistics).
- to investigate the availability of national government collected data on the creative economy
- to analyse that data and use this to produce a measure of the scale of the cultural economy.

This report has taken the first step in mapping the creative industries in Kazakhstan using internationally accepted definitions and methods.The creative industries are a significant part of the business base of Kazakhstan.

The business register records 17,581 creative industries businesses registered in Kazakhstan as a whole in January 2018, representing 3.8% of the current national business population.

In terms of the gross number of registered businesses in Kazakhstan in January 2018, the creative economy is larger than both real estate activities and business services.

Astana and Almaty are the centers of the creative industries of Kazakhstan. Together they account for 62% of all creative industries in Kazakhstan. Almaty is far and away the largest concentration, with creative industries accounting for over 6% of the total business base in the city.

In both major cities, higher value added services (particularly professional, scientific and technical services) dominate the creative industries sector, accounting for over 90% of creative industries registered business in both Astana and Almaty.

Interestingly, the 'classic' definition of cultural industries (arts, entertainment and recreation) account for only a small proportion of the total creative industry activity (7% in Astana and 5% in Almaty).

The major cities are:

- growing in population;
- have created more jobs;
- are more entrepreneurial;
- have higher productivity;

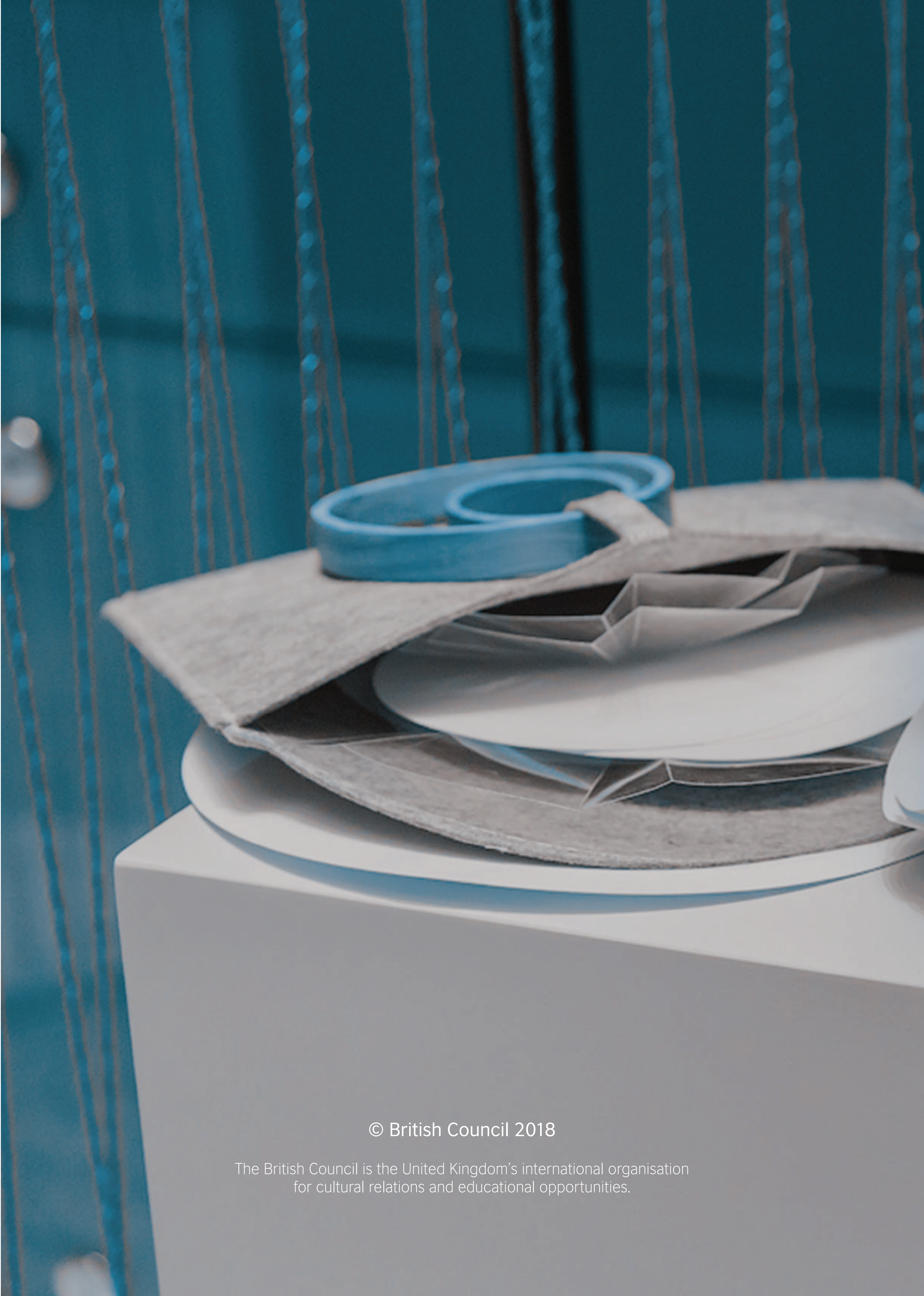
than the rest of the country. In effect, the major cities have managed the remarkable transition ongoing in the economy and society far better than any other region and are leaving most of the rest of the country far behind them.

The non-oil/non-agricultural economy of Kazakhstan is inextricably tied to the success of its largest cities. Creative industries play a key role in the development of sustainable liveable cities. **This is a two way relationship - successful cities and successful creative industries go hand in hand.** The recent evidence suggests that the future for economic growth for Kazakhstan is in the urban areas, with highly productive small firms dominant in employment growth. Given their high value-added, entrepreneurial, dynamic and inherently urban nature, there is a clear role for the creative industries to play a large role in the further development of Astana and Almaty.

The business register data does allow us to identify the existence of a creative industries sector in Kazakhstan, and as elsewhere in the world concentrated in the cities. However, without employment, wages and sales data at national, regional and city level it is impossible either to understand the 'true' scale of the creative industries or to design policy interventions which might enable their further development. This is a major issue not only for the city administrations of Astana and Almaty but for the national government given the dominance of Astana and Almaty in the national economy. It is also fundamentally important to develop data which allows international comparisons to assess the current position and future performance.

However, the framework developed here can be built upon. The data we have found is indicative of the existence of a cultural economy in Kazakhstan, and one that is beginning to play a critical part in national, and particularly urban growth (in Almaty and Astana). This should be a focus for policy makers. The first stage is to build a robust statistical system to allow monitoring, underpin the decision making process and strategy development.

Cover	The City Nomads exhibition at the National Museum of Kazakhstan, part of ‘Future Creative’, the UK’s cultural programme for Expo Astana, June - August 2017 Work by Anastassia Leonova (Kazakhstan)
Contents	London Contemporary Orchestra perform a live score for the UK film Under the Skin at the Kazakhstan Central Concert Hall during ‘Future Creative’, the UK’s cultural programme for Expo Astana, August 2017
Page 4	New Religion, an exhibition of work by Damien Hirst, at the Kasteyev State Museum of Arts, Almaty, November 2016
Page 6	The City Nomads exhibition at the National Museum of Kazakhstan, part of ‘Future Creative’, the UK’s cultural programme for Expo Astana, June - August 2017 Graphic design by Almaty Design School
Page 14	A map of happiness in Almaty, part of ‘Bring the Happy’, a project by Invisible Flock (UK), May 2018
Page 24	The Creative Central Asia leadership conference in Astana, November 2017



The British Council is the United Kingdom’s international organisation for cultural relations and educational opportunities.