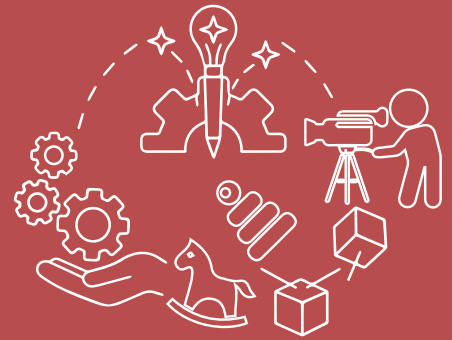


CREATIVE INDUSTRIES

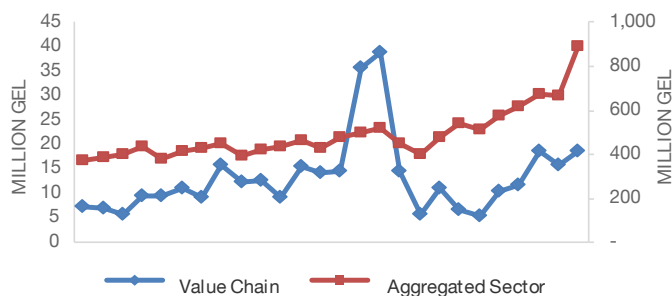
(Period: January - June 2022)

Within creative industries sector, quantitative analysis presented encompasses artisan and media content production and post-production value chains, together with corresponding aggregated sector¹. The creative industries were affected by the pandemic by a significant margin. The industry was hit so hard that even though showing considerable growth, most of the key indicators of the industry were not able to return to the pre-pandemic levels in 2021. In the first half of 2022, the industry continued to grow and managed to outdo the levels of 2019 as well.



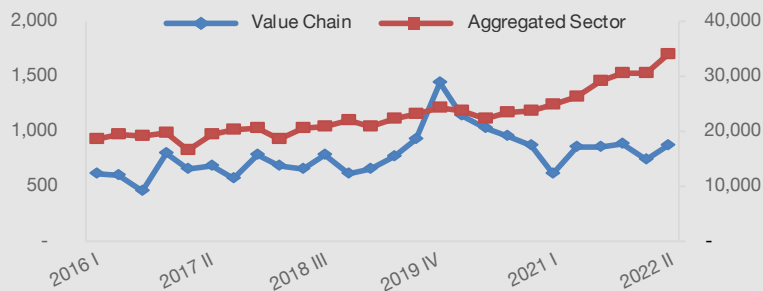
MEDIA CONTENT PRODUCTION AND POST-PRODUCTION

Chart 1: Turnover



The turnover of media content production value chain (VC) started to recover in 2021. In Q1 of 2022, YoY growth of the turnover was as high as 187.7%, and in Q2 of 2022, the YoY growth was 80.6%. Even though such high growth is mainly due to the low base effect (turnover of VC was low in the first half of 2021 when the pandemic-related restrictions were still in place), the turnover in 2022 was higher compared to 2019 as well, by 10.9% and 27.3% respectively in Q1 and Q2. Meanwhile, the YoY growth of the turnover of the aggregated sector in the first half of 2022 was 30.5% and 54.5% in Q1 and Q2, respectively.

Chart 2: Employment



Source: National Statistics Office of Georgia

Chart 3: Average monthly salary

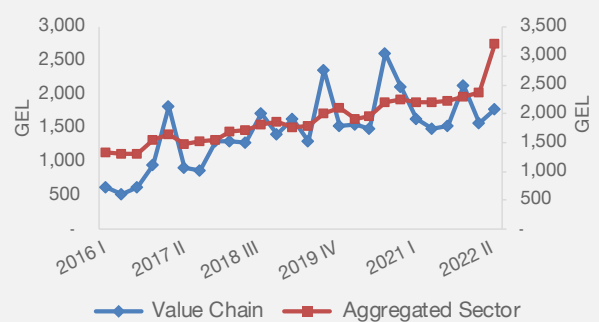
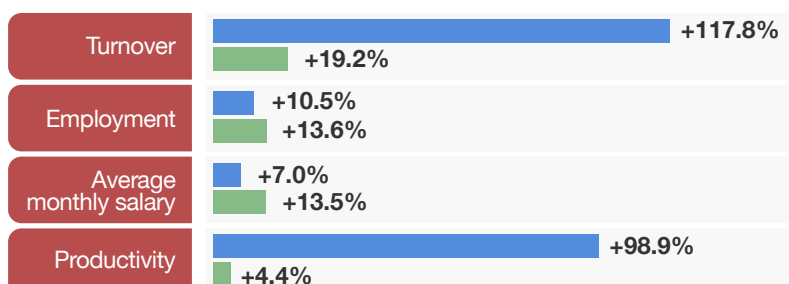


Chart 4: Media content production and post-production VC in the first half of 2022



↑ YoY increase (first half of 2021) ↻ Recovery (first half of 2021)

Due to the hesitance of the companies to let go of their employees at the early stage of the pandemic, employment in the VC continued to grow in 2020 but substantially declined in 2021. Accordingly, in the first half of 2022 the employment in the value chain was higher only compared to Q1 and Q2 of 2021 remaining lower compared to the first half of 2020. Meanwhile average salary of people employed in VC showed the trends similar to turnover – growing and recovering to pre-pandemic numbers during the first half of 2022.

¹Information and Communications Technology (ICT) sector

Challenges:

- Due to the Russia-Ukraine war Georgian film industry suffers as Georgia is no longer perceived as safe, and European and American companies refrain from starting projects in Georgia;
- The war also halted private sector initiatives to build pavilions, as the country's ability to undertake large-scale projects has diminished, at least for the next few years;
- Georgia also lost its attractiveness for countries for which the security factor is less of an obstacle, such as India and the UAE as well because, as the projects of these countries were considered less prestigious for the Georgian market, favorable conditions were not created for them to establish long-term partnerships.

Opportunities:

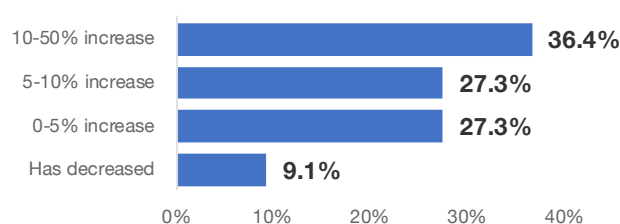
- Content consumption increased dramatically during the stay-at-home period, and this trend continues even after the end of the pandemic;
- The development of post-production remains a significant opportunity for Georgia that will attract many international projects to the country;
- Significant steps have been taken to promote the Georgian film industry. With the support of Enterprise Georgia and the USAID Economic Security Program

ARTISAN

The artisan VC, having close ties with Georgian culture and history focuses on both domestic and foreign high-end consumers and consists of various activities, such as ceramics, wood carving, painting, jewelry and souvenirs. The majority of companies in the artisan value chain are

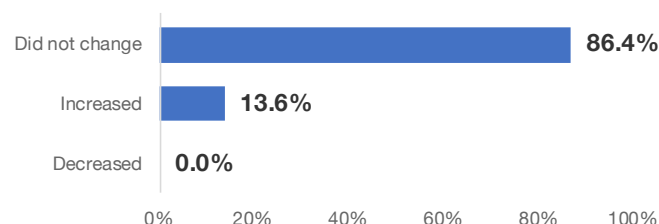
sole entrepreneurs. The bigger companies in this value chain are mainly concentrated in Tbilisi, while smaller companies and individual artisans are generally located in the regions in which their specific traditional crafts originate (e.g., wood carving in Racha, and felt in Alvani).

Chart 5: Percentage distribution of average quarterly turnover growth rates in the artisan VC, Q1-Q2 of 2022



Source: Telephone survey

Chart 6: Average quarterly change in employment in the artisan VC, Q1-Q2 2022



- 91% of the surveyed companies depicted an increase in turnover in the first two quarters of 2022 compared to the same period of 2021;
- In the first half of 2022, number of employed personnel in surveyed artisan companies varied from 1 to 10, with a median of 1.5. Half of the surveyed respondents are sole entrepreneurs with no additional employees.
- Women accounted for 81% of employed individuals on average in the first half of 2022, while the share of young people (under 30 years old) made up just 17% of the total employees of the surveyed companies.

Challenges:

- High cost of transportation significantly reduces the competitiveness of local producers on the international market;
- Unavailability of raw materials on the local market (increases the cost of production and reduces competitiveness on the international market).

Opportunities:

- The awareness of the artisans about how to introduce their products to the international community is gradually increasing as a result of increased participation of Georgian producers in international exhibitions and meetings;
- In recent years, most artisans and crafts enterprises in the value chain have actively started taking the first steps toward exporting their products, mainly using online trading platform;
- The Georgian Heritage Crafts Association has recently started partnering with the Skills Development Agency to create a Sector Skills Organization (SSO) - Artisan SSO.

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