TRANSNATIONAL BENCHMARKTOOL

Handbook for reutilization and integration of creative scene

D.T.1.2.3

WP-LEADER

SAXONIA Standortentwicklungs- und –verwaltungsgesellschaft mbH (PP02)

Contents

1. Introduction

REFREsh tackles the main challenges of rural areas in Central Europe (CE) regions. Unused industrial heritages exist and need a revitalisation and a new form of use. It could be one approach that Cities involve creative scene players in the reutilization process of industrial heritages and areas. In rural areas this often fails through a missing critical amount of creative actors to sustainable reutilize the industrial sites alone. For that a multifunctional approach is necessary by combining the established stakeholders from trade, industry and services with the creative scene. Just by working together in close cooperation a mutual added value and sustainable reutilization of sites can be achieved.

The main objectives of REFREsh are therefore to reutilize industrial heritages through new forms of creative use and attract new creative actors to valorise the industrial heritage in cooperation with actors from trade and service sector. The partnership consists of municipalities, regional and cultural actors from 5 countries in CE which bundle their competences to provide a common transnational benchmark tool. The territorial situation combined with the several options for creative, trade, and service actors, will help to develop regional strategies for the integration of creative scene and reutilization of industrial areas into cultural attractive places.

The local projects transform industrial heritages into cultural centres for creative scene as starting point for the development of the industrial areas, municipalities and regions in CE. To reach enough creative actors and foster transnational cooperation of creative scene transnational exhibitions, cultural events and creative workshops are implemented in the reutilization process. It's important to attract creatives to take part in the reutilization and increase competences of politicians, planners, site managers how to integrate creative scene in the joint development of industrial areas as starting point for further reutilization of a region and further in whole CE.

Definition of creative industries[1]:

Cultural/creative industries (CCI) are those industries producing and distributing goods or services which at the time they are developed are considered to have a specific attribute, use or purpose which embodies or conveys cultural expressions, irrespective of the commercial value they may have. Besides the traditional arts sectors (performing arts, visual arts, cultural heritage – including the public sector), they include film, DVD and video, television and radio, video games, new media, music, books and press. This concept is defined in relation to cultural expressions in the context of the 2005 UNESCO Convention on the protection and promotion of the diversity of cultural expressions.

Creative industries are those industries which use culture as an input and have a cultural dimension, although their outputs are mainly functional. They include architecture and design, which integrate creative elements into wider processes, as well as subsectors such as graphic design, fashion design or advertising. At a more peripheral level, many other industries rely on content production for their own development and are therefore to some extent interdependent with CCIs. They include among others tourism and the new technologies sector.

[1] Green Paper – "Unlocking the potential of cultural and creative industries" (COM/2010/0183 final)

2. Definition of tasks – Analysis of partner regions

In a first step the joint methodology (template) was developed by the WP-Leader SAXONIA and agreed to all partners. The aim was to collect all relevant information about the partner regions of the REFREsh project. The templates aim is to present a methodological frame and objectives to evaluate the following information.

The objective of the SWOT-Analysis for REFREsh is to provide an overview of the territorial situation in the partner regions. The focus is the situation of the CCI in the regions. The main idea is to have a brief description of each partner region including the state of the art of creative industry, which is a comparable structure to create the basis for further exchange of experience.

The partners provide a short description of the territorial situation. After this they describe and concentrate esp. on **strengths and weaknesses**. These are internal factors that can be influenced through the partners. **Opportunities and threats** are external factors that cannot be influenced by partners but have to take in consideration as factors that are favourable or unfavourable for improvement in these fields. So they are not in focus. The results are summarized in the regional SWOT matrixes.

In addition the partners hat to provide an overview of the several regions that should include general presentations of demography and economy (economic background and basic data of economic sectors). To gain a more detailed insight into sectoral structures of the CCI the dominant sectors and the integration aspects have to be focussed. Related aspects of the analysis were:

- Structure of the CCI
- Relevant stakeholder and institutions (e.g. cluster, associations)
- Needs of the CCI
- Potential for integration of creative scene in regional development

3. Transnational SWOT-Analysis

The SWOT analysis is a management tool used primarily for the strategic positioning of an organization. Within REFREsh project, the tool is used to analyse the regional framework conditions in the target areas regarding a CCI context. In addition to a situation analysis, the focus of the method is a study of future environmental parameters. The term "SWOT" is an acronym for Strengths, Weaknesses, Opportunities, and Threats. Specifically, in-house strengths and weaknesses as well as externally stored opportunities and threats are collected. Subsequently, internal ones are juxtaposed with external factors in a matrix to derive strategic implications. Optionally, recommendations for action can be developed from the derived findings in a final step (chapter 4).

In figure 1 the combined regional SWOT results are displayed and arranged in descending order on the basis of the frequency of the responses.

<table>
<tr><th colspan="2">Transnational SWOT results</th></tr>
<tr><td>Strengths
1. Scientific partners (universities, other institutions of higher education) within focused district/region or nearby (5)
2. Availability or direct participation in regional/transnational creative/innovative clusters, initiatives or networks (5)
3. Target region with a strong focus on tourism or running development efforts (4)
4. Annual occurring cultural events, festivals or awards (4)
5. Vital tradition or regional identity (cultural heritage, handicrafts, etc.) as a source of creative processes (3)
6. Available and affordable premises or industrial heritage infrastructure for CCI purposes (3)
7. Wide spectrum of (sub-)industries in CCI (3)
8. Strong entrepreneur scene and/or adequate support programs (3)
9. Existing regional brands or authentic handmade products (2)</td>
<td>Weaknesses
1. Demographic migration effects lead to lack of professionals (management and administrative competences) (4)
2. Insufficient connection between CCI and public authorities and inadequate development conditions (legislation, financing, missing programs) (4)
3. Missing connection/participation to available CCI networks and clusters (3)
4. High marketing efforts and advertising needs to access international markets (2)
5. High renovation costs of industry heritage properties (2)
6. Not satisfying infrastructure in rural areas (e.g. broadband coverage, public transportation) (1)
7. State of the statistical data at district level regarding CCI is insufficient (1)</td></tr>
<tr><td>Opportunities
1. Alternative distribution channels (online sales of regional products to compensate local distribution, global market development) (4)
2. Funding of CCI activities and (inter-)national research clusters (3)
3. Focus on lifelong learning processes, availability of professional formal and non-formal education (3)
4. CCI and innovation networks and platforms to develop local activities (3)
5. Creative regional marketing (2)
6. Unexpressed potential in terms of research and development (1)</td>
<td>Threats
1. Declining population as a continuous trend (negative natural population change and emigration of young professionals) (4)
2. Open global market as competitor for local economy (4)
3. Enduring economic and political crises (2)
4. Declining public financing/funding of performing arts, NGO's and initiatives (2)
5. Changing transnational funding conditions by the end of the EU funding period by 2020 (1)</td></tr>
</table>

Figure 1: Transnational SWOT results (prioritized by number of mentions)

4. Strategy development and recommendations for action

4.1. Methodological approach

Based on the regional SWOT working results a comparison of external and internal parameters takes place in a next step. Therefore the internal variables regarding the project topic are compared with the external factors. This comparison takes place in the form of SWOT matrix. There are four fields in total, each representing a combination of the dimensions "strengths", "weaknesses", "opportunities" and "threats". A graphic representation of the SWOT matrix is provided below (figure 2). By comparing the several present situations, together with the anticipated development environments, the initial indications of strategic options for action can be identified. The following sub-strategies will be focussed:

- Strengths-Opportunities-Strategy: Within this field, internal strengths are facing future opportunities. The combination of variables can result in promising future strategies.
- Strengths-Threats-Strategy: Combining these two dimensions gives an insight into your own strengths as well as possible external threats. Current strengths can be used to overcome future threats.
- Weaknesses-Opportunities-Strategy: This combination allows conclusions to be drawn about which external opportunities, internal weaknesses can be mastered.
- Weaknesses-Threats-Strategy: Within this quadrant, critical internal weaknesses are mirrored against external threats. It becomes clear which weaknesses urgently need to be resolved in order not to be vulnerable to the threats of environmental issues.

		Internal Analysis	
External Analysis		**Strengths**	**Weaknesses**
	Opportunities	**SO-Strategy** How can you use your strengths to take advantage of the oppor-tunities?	**WO-Strategy** How can you use your opportunities to overcome the weaknesses you are experiencing?
	Threats	**ST-Strategy** How can you take advantage of your strengths to avoid real and potential threats?	**WT-Strategy** How can you minimize your weak-nesses and avoid threats?

Figure 2: Methodological approach to derive action recommendations for CCI

The SWOT matrix itself does not yet provide real strategies. Rather, the combination of internal and external factors can only show first indications of possible options for action. The elaboration of concrete strategies is still pending at this point. Based on the information of the SWOT matrix, various alternative options of action can be developed in the step of strategy development. In addition to the step of juxtaposing and bringing together internal and external factors, strategy development must ensure that the respective factors actually fit together. Subsequently, concrete options for action are to be worked out in the following step.

4.2. Strategy development and recommendations for action

For further consideration and strategy development, three SWOT variables, which were named most frequently by the project partners, were compared. This results in four strategic complexes, which form the basis for concrete recommendations for action. These strategic approaches have to be understood as exemplary and not exhaustive.

Transnational SO-Variables	
Strengths	**Opportunities**
1. Scientific partners (universities, other institutions of higher education) within focused district/region or nearby (5) 2. Availability or direct participation in regional/transnational creative/innovative clusters, initiatives or networks (5) 3. Target region with a strong focus on tourism or running development efforts (4)	1. Alternative distribution channels (online sales of regional products to compensate local distribution, global market development) (4) 2. Funding of CCI activities and (inter-) national research clusters (3) 3. Focus on lifelong learning processes, availability of professional formal and non-formal education (3)

Transnational SO-Strategy
- S1-O1: Using academic/scientific competences (technical and economic/marketing) of institutions of higher education to develop modern distribution tools and channels (e.g. app-based information, e-commerce guidelines, etc.) - S1-O2: Using transnational project management, networking and funding experiences/ competences to establish adequate CCI-networks/clusters; universities and institutions of higher education can also act as direct partners in CCI projects (represent the actual scientific state of the art) - S1-O3: Using academic/educational know-how to directly educate potential CCI personnel or to develop training modules or e-learning platforms; target subjects e.g. marketing, administration, financial management, total quality management - S2-O1/O3: Make use of existing networks/clusters to open up support opportunities for the CCI and to organize knowledge transfer - S3-O1/O3: Increasing the sales of regional (creative) products and services through targeted tourism marketing (e.g. creation of combined offers); Know-how transfer from good experiences of the tourism industry and utilization for CCI sector (promotion of synergies)

Figure 3: SO-Strategy development

<table>
<tr><th colspan="2">Transnational ST-Variables</th></tr>
<tr><td>Strengths
1. Scientific partners (universities, other institutions of higher education) within focused district/region or nearby (5)
2. Availability or direct participation in regional/transnational creative/innovative clusters, initiatives or networks (5)
3. Target region with a strong focus on tourism or running development efforts (4)</td><td>Threats
1. Declining population as a continuous trend (negative natural population change and emigration of young professionals) (4)
2. Open global market as competitor for local economy (4)
3. Enduring economic and political crises (2)</td></tr>
<tr><th colspan="2">Transnational ST-Strategy</th></tr>
<tr><td colspan="2">- <u>S1/S2/S3-T1:</u> By combination of S1, S2 and S3 the regional economic power could be strengthened, creating job perspectives in the area of CCI leads to a higher attractiveness of the target area/region and thus to a reduction of the emigration numbers and/or an increase of the immigration
- <u>S1/S2-T2:</u> Strengthening the local/regional CCI economy/activities/competences by supporting individual actors through centralized handling of specific tasks (e.g. centralized financial accounting for local CCI individuals, co-financed marketing) with the help of regional know-how providers; creating synergies
- <u>S1/S2-T3:</u> Participating in existing CCI networks/clusters could increase the competitiveness and the crisis resistance of the target regions</td></tr>
</table>

Figure 4: ST-Strategy development

<table>
<tr><th colspan="2">Transnational WO-Variables</th></tr>
<tr><td>Weaknesses
1. Demographic migration effects lead to lack of professionals (management and administrative competences) (4)
2. Insufficient connection between CCI and public authorities and inadequate development conditions (legislation, financing, missing programs) (4)
3. Missing connection/participation to available CCI networks and clusters (3)</td><td>Opportunities
1. Alternative distribution channels (online sales of regional products to compensate local distribution, global market development) (4)
2. Funding of CCI activities and (inter-) national research clusters (3)
3. Focus on lifelong learning processes, availability of professional formal and non-formal education (3)</td></tr>
<tr><th colspan="2">Transnational WO-Strategy</th></tr>
<tr><td colspan="2">- <u>W1-O1/O2/O3:</u> Mitigate demographic effects by combining shown opportunities</td></tr>
</table>

- W2-O2: By better coordination between CCI actors and the public administration, it is possible to purposefully develop framework conditions (financial, legal, and infrastructural) that are substantial for the reuse of old industrial heritage and the integration of creative actors
- W3-O2: Through consistent use/participation of/in existing clusters/networks, a better exploitation of funding opportunities can be achieved

Figure 5: WO-Strategy development

Transnational WT-Variables	
Weaknesses	**Threats**
1. Demographic migration effects lead to lack of professionals (management and administrative competences) (4) 2. Insufficient connection between CCI and public authorities and inadequate development conditions (legislation, financing, missing programs) (4) 3. Missing connection/participation to available CCI networks and clusters (3)	1. Declining population as a continuous trend (negative natural population change and emigration of young professionals) (4) 2. Open global market as competitor for local economy (4) 3. Enduring economic and political crises (2)
Transnational WT-Strategy	
- W1-T1: Improved social framework conditions (programs to tackle youth unemployment, general improvement of services for the public) lead to greater social stability, identification with the region of origin, this counteracts emigration tendencies and possibly encourages immigration - W2/W3-T2/T3: Effective work in clusters and/or networks, as well as better cooperation with administrative units, increase competitiveness and reduce the susceptibility to crises	

Figure 6: WT-Strategy development

Proposition for future action:

The results presented here are intended to provide a basis for discussion that can only be transferred into concrete action plans when the statistical realities of the respective target regions are taken into account. Against this background, the collection of basic statistical data and a detailed picture of the local CCI-situation (actors, offers and networks) is indispensable.

In all considered regions there are important know-how carriers and networks. Greater participation and involvement of these actors can, for example, be used in the context of adequate communication formats to discuss potential joint project approaches. In addition, an analysis of the individual needs of CCI actors and relevant stakeholders (public administration, universities and external experts) could develop joint solutions and synergies (figure 7). Within the REFREsh project objectives this task has been already focused and is planned to be realized in the first semester of 2018. The project partners will analyze their potential creative scene target group and then involve them in workshops together with other stakeholder from the regions for the analysis of their needs. The results of these events will be summarized in one transnational report.

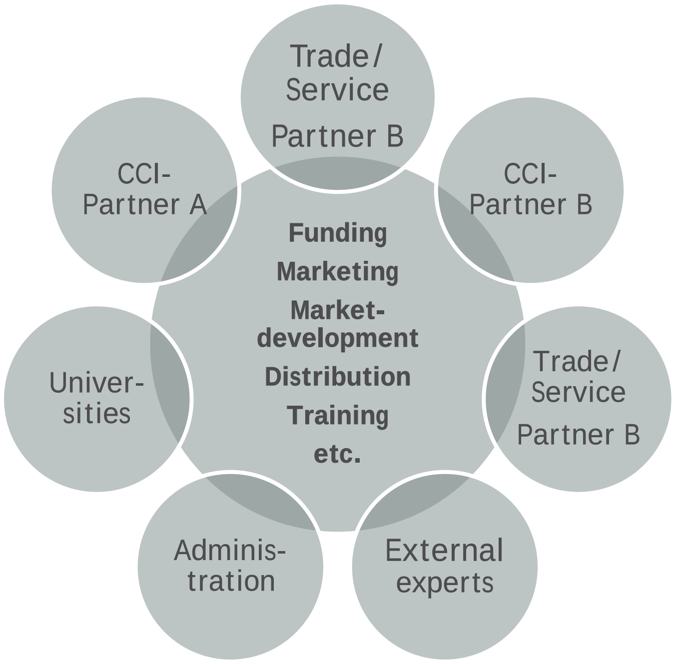

Figure 7: Model of CCI-synergies

Besides the results of the strategy development process (figures 3 to 6), the aim of this paper is to deviate realizable recommendations for action. Due to the heterogeneity of the framework conditions in the respective partner regions and the likewise different objectives of the partner organizations, the following recommendations for action should be understood as orientation for the further local development process.

Examples of corresponding recommendations for action are:

- Empirical analysis: Analysis of the current situation with regard to the structure and needs of the CCI (partly to be realized in the project stakeholder workshop)
- Education: Development of needs-based training courses for CCI staff in cooperation with experts from administration and/or science (e.g. e-learning modules, service trainings, funding guidance and implementation of joint project approaches etc.)
- Synergies: Establishment of "synergy jobs" for joint management of marketing or administrative tasks and centralized application for projects funding
- Know-how transfer: Exchange of experience with other sectors (e.g. tourism: development of common brands)
- Entrepreneurship: Creation and implementation of public and independent incubators with regard to content, financing and infrastructure to support the CCI start-up scene (public authorities could be a responsible body)
- Reutilisation: Evaluation and discussion of public private partnership approaches to reutilize old industrial heritage or brownfield areas for CCI use

ANNEX

Regional SWOT Analyses

REGIONAL SWOT ANALYSIS FOR THE DISTRICT MIDDLE-SAXONY

Aufbauwerk Region Leipzig GmbH (PP01)
SAXONIA site development and management company (PP02)

D.T.1.2.2

Regional Analysis of Partner regions

Overview

Demographic characteristics of the district Middle-Saxony:

The district Middle-Saxony as a central based county between the three big Saxon urban centres Chemnitz, Dresden and Leipzig covers an area of 2.116 km². It consists of the former autonomous counties Döbeln, Freiberg and Mittweida that were integrated to the district Middle-Saxony in 2008. As a result of this reform 53 municipalities were assigned to the new district. By the end of 2015 312.450 inhabitants lived within the district borders and the average age is 47,4 years. Due to demographic processes (constantly low birth rate; negative balance of migration) the number of inhabitants will decrease and the average age will increase in the next 10 years significantly. It means in numbers, that until 2025 the population of the district will shrink approximately to 275.000 inhabitants (-16%) with an average age of 51 years (+3,6 years). The decline in population is greater in rural areas than in the urban ones. The lack of skilled labour that is already a big challenge for companies in Middle-Saxony will be intensified in the next ten years. For Middle-Saxony, this development results in consequences that have to be tackled in the future. The district administration and the municipalities itself have the task to find ways to attract skilled labour for the labour market of Middle-Saxony in the coming years. A first good project approach is the “Nestbauzentrale” Middle-Saxony (www.nestbau-mittelsachsen.de).

Figure 1: The district Middle-Saxony (https://www.statistik.sachsen.de/)

Economic structure of the district Middle-Saxony:

Caused by the political change, a historically unprecedented phase of deindustrialization in former East Germany, which resulted in mass unemployment, migration waves and shrinking cities, was followed by a reindustrialization process which opposed to its perception in the media comprised more than single regional accretion centres like Dresden, Leipzig and Chemnitz. The backbone of economic recovery are hereby medium sized businesses of the processing craft, whereas the processing industry's economic growth in East Germany has been larger than in West Germany in recent years. At the end of this transformation process stood an economically strong region with a well balanced mix of trades and industry and a strong middle class.

The manufacturing sector accounts for a large part of the total economic output, compared to the average values in Saxony. The economy of Middle-Saxony is determined by the following sectors:

- Production of solar cells and solar modules
- Machine and vehicle construction / automotive supply industry
- Semiconductor industry
- Electrical engineering and electronics
- Wood, paper and printing industry
- Sheet metal and plastic processing
- Recycling industry
- Technical services
- Sensor technology
- Agriculture

According to the Saxon Statistics Office, there were a total of 107,055 employees (subject to social insurance contribution, as at June 2014) in the district. In the past the main industrial sectors of technology-oriented companies in Middle-Saxony have been:

- Materials Technology
- Energy technology
- Production technology
- Environmental and recycling technology
- Information and communication technology

In addition to its economic strength, Middle-Saxony, with the TU Bergakademie Freiberg as well as the Mittweida University of Applied Sciences and numerous research institutes, is characterized as an excellent science location.

Sectoral structure of creative Industry

The data on the share of the cultural and creative industries (CI) regarding the total value added in Saxony is currently unsatisfactory. Although there are comprehensive data for the Saxon cities of Chemnitz, Dresden and Leipzig, but the rural areas, especially the district of Middle-Saxony, was recorded only peripherally in these analyses and studies. However, in recent years, various initiatives and associations have taken on the task of closing these knowledge gaps and illuminating the importance of CI for Saxony's economy (also in rural areas).

Creative Industry in Saxony:

The sales of the Saxon CI between 2009 and 2010 increased more sharply by 9.0% (to 2.492 billion euros) than those of the overall economy by 4.6% (to 109.829 billion euros). The number of taxpayers in the CI has also increased in this period more than in the overall economy. While in the CI, the number of taxpayers increased by 1.6%, it rose in the overall economy of Saxony only by 0.7%. The number of employees (subject to social insurance contribution), which account only for a part of the overall working persons, increased from 27,626 in 2009 to 29,922 in 2012. So the increase of 8.3% was stronger than in the overall economy of Saxony (+ 4.9%). In the light of this dynamic and positive development, it can be assumed that this economic sector is firmly anchored in Saxony's economy.

A distinctive feature of the CI is its strong heterogeneity. In addition to performing and visual artists, musicians and journalists, advertising companies, designers and manufacturers of games and software are also part of the CI. The economic structure in this field is strongly influenced by liberal professions, the self-employed and a large number of one-person companies. Companies in the CI sector rather have a small number of employees. This leads to a clear dominance of small and micro enterprises in the CI. The percentage of CI companies with less than 20 employees was 93.1% in Saxony (June, 2012), while the average for all Saxon companies was 88.8%. The most important sub sectors of the creative industry in Saxony, measured by the annual turnover and the number of employees, are illustrated in Figure 2.

Sub Sector CI	Business Volume in K€ (2010)	Number of Employees (2010)
Press market	651.569	1.402
Software/Games	457.734	982
Advertising market	273.536	1.367
Design market	252.832	1.647
Music market	235.055	520
Handicraft	208.831	428
Architecture	200.525	1.329
Book market	191.455	410

Figure 2: Important Sub Sectors CI in Saxony (IAB-Regional Sachsen 01/2013)

The “Regional Association of the Cultural and Creative Industries Saxony e.V.” with its initiative "Creative Saxony - the Saxon Center for Cultural and Creative Industries" will continue to promote the development of the CI in Saxony and especially in Middle-Saxony. In cooperation with local and regional decision-makers (Department of Business Development district Middle-Saxony, Department of Business Development city of Freiberg, Erzgebirge Tourism Association) structures are currently being created that focus on the significance and future prospects of the industry. In addition, artisans, artists and creative people are locally organized in initiatives or clubs to market their own products or their own artistic output (Cross Promotion). Furthermore, there is a large number of operators, associations and networks committed to maintaining and communicating the mining tradition in the Erzgebirge region. These include a mining network, the Förderverein Montanregion Erzgebirge, various museums and touristic mines. As in other areas, the recruitment of young talent is one of the biggest challenges. In addition, the current UNESCO World Heritage application is the basis for further development of the region.

Creative Industry of the district Middle-Saxony:

As already mentioned, the state of the statistical data at district level is insufficient. The analyses of the CI in Middle-Saxony are based on a 2007 statistical survey. Against this background, the results presented here should be understood as trends. This knowledge gap is known to those responsible in the district administration (Department of Economic Development) and is to be offset by intensive cooperation between the administration, the "Creative Saxony" initiative and relevant stakeholders. An update of the database is to be expected before the completion of the project.

In comparison with the other rural districts of Saxony, the share of CI enterprises in Middle-Saxony was lowest in terms of the overall economy (482 companies, share 3.5%). From this it can be deduced that in all districts a relatively homogenous basic substance of cultural and creative economic infrastructure exists. In addition to the good basic substance, there are specific profiles in rural and urban areas. For Middle-Saxony, the following sub-sectors can be highlighted:

- Handicrafts and vibrant mining tradition
- Design market
- Software and games industry
- Film industry
- Cultural festival Middle-Saxony (Mittelsächsischer Kultursommer)

The Erzgebirge region, which also includes the district of Middle-Saxony, has a centuries-old mining and folk art tradition. Even today there are numerous museums, mining facilities and events in the region of Freiberg, such as the Terra Mineralia, the Himmelfahrt Fundgrube and the Bergstadtfest in Freiberg, which take up this topic. The field of mining tradition is organized supra-regional by numerous associations, NGO's and initiatives (e.g. Network mining, Förderverein Montanregion Erzgebirge). Also an important CI field in Middle-Saxony is the "Erzgebirgische Volkskunst", a kind of creative woodwork that is related to the mining tradition of the cultural region Erzgebirge. Famous hotspots for this handicraft are Gahlenz and Eppendorf. The arts and crafts are among the larger submarkets of the CI. In 2006, 11 percent of the working population of the cultural and creative industries were employed here. Arts and crafts play an important role for the CI of Middle-Saxony in both economic and employment terms. With more than 40 companies in this sector, the district is one of the most important handicraft locations in Saxony.

Another important sub-sector of the CI in Middle Saxony is the design market. Compared to the other rural districts of Saxony, the number of companies and individual actors in the field of photo design and exhibition design (furniture, jewelery and textiles) is at the highest level. Particularly in the field of photo design, which often deals with the mining region and the cultural and historical heritage of the region, there is great entrepreneurial activity. The creatives are supported by numerous initiatives, prizes and competitions, such as: "Designers Open", "Design Server Saxony", "Saxon State Award of Design" (including "The Day of Design").

The film and broacasting industry as well as the games and software industry is located at the University of Applied Sciences in Mittweida. The university has a strong media orientated course portfolio. With its own campus radio and a variety of student projects and spin-offs, the city is a media-hotspot in Saxony. One of the decisive factors for the film industry in Saxony is the good funding backround. Thus, in 2007, Mitteldeutsche Medienförderung supported a total of 57 projects in Saxony, Thuringia and Saxony-Anhalt. With about 55 percent of the total subsidy amount (7.9 million euros), Saxon productions were supported. Also important for the Saxon film industry are the festivals and fairs - the Dresden Film Festival and the International Documentary and Animated Film Festival Leipzig (DOK Leipzig). Even productions from Mittweida were already present there. In the field of games and software industry, the Schülerforschungszentrum Saxony, a science lab for teenagers, has been able to distinguish itself since 2010 with more than 20 multi-day workshops. In particular, the field of app development, interactive mapping and 3D modeling will continue to be funded by the Saxon State Ministry of Education and Cultural Affairs.

The art and culture festival "Mitteläachsischer Kultursommer" (www.miskus.de) is one of the most versatile German cultural festivals. The event's portfolio includes concerts, operetta galas, musical shows, plays, fairytale and family events and historic markets. Every summer, the organizing association presents the three-month festival with more than 40 events and over 3,000 artists and operators. It culturally invigorates the region of Middle-Saxony and attracts tens of thousands of visitors.

Needs of creative industries / potential for integration of creative scene in regional development:

As already mentioned, decision-makers at municipality and district level have recognized the development potential and additional creative value of the CI and are up to develop a adequate data basis for it. Within the first semester of 2018, the first events are planned with creatives and stakeholders to capture their needs and scope of the industry. Based on public funding, a communication format for creatives, entrepreneurs, public administration and politics should be synchronized with existing networks and initiatives. The REFREsh project can support this activities within the framework of the planned project tasks (stakeholder workshop). The following aspects should be included in the analysis of needs:

- Technical/infrastructural needs
- Financial support / public funding
- Cooperations / networks for stakeholder
- Creative regional martketing

SWOT-Analysis

<table>
<tr><th colspan="2">Regional SWOT results</th></tr>
<tr><td>

Strengths

- Wide spectrum of (sub-)industries in the CI
- Many unused premises and buildings for creative activities
- Two universities as scientific partners in the district
- Mittweida University of Applied Sciences with strong media orientation
- Tradition and regional identity as a source of creative processes
- Development potential of initiatives and networks ("Creative Saxony")
- Erzgebirge as a touristic hotspot
- Existing brand “echt Erzgebirge”
- Current UNESCO World Heritage application as basis for further positive development of the region.

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Weaknesses

- Migration of young professionals to the regional centers of Saxony
- Inadequate broadband coverage in rural areas
- High renovation costs of the vacant properties
- Poor public transport connection in rural areas
- Currently insufficient connection between creatives and public authorities
- State of the statistical data at district level regarding CI is insufficient

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<tr><td>

Opportunities

- Online sales of regional products to compensate local distribution
- Public perception of development opportunities of the CI
- New perpectives and innovations through the alternation of generations in the fields of public adminitrations and the NGO landscape
- Taking up new intercultural influences through integration of migrants and refugees
- Creative regional marketing

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Threats

- Declining NGO funding by the public sector
- Failure of integration efforts due to poor conditions (technical and social infrastructure, equipment and lack of constant financing)
- Bad demographic conditions (negative natural population change)
- Changing funding conditions by the end of the EU funding period by 2020
- Ageing of peoples in charge in NGO’s and initiatives could lead to a thinning of honorary culture
- The financial deterioration of the communal administration could lead to further thinning of the social and technical infrastructure in rural areas

</td></tr>
</table>

Sources:

- Branchenbericht Kultur- und Kreativwirtschaft in Sachsen: Auswertung einer Befragung der Sächsischen Industrie- und Handelskammern von Mitgliedsunternehmen aus dem Bereich der Kultur- und Kreativwirtschaft 2014
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REGIONAL SWOT ANALYSIS FOR THE SOUTH-TRANSDANUBIA REGION

Chamber of Commerce and Industry Pécs-Baranya (PP03)
Local government of Komló (PP04)

D.T.1.2.2

Regional analysis of the partner regions

Overview

The map of the Region of Southern Transdanubia

__Geological and demographical data about the Region of Southern Transdanubia:__

The South-Transdanubia Region is the third largest region of Hungary; it occupies 15% of the country's land. This region has the lowest population within the country, only 9% of the Hungarian population lives here. The South-Transdanubia Region contains three counties: Barany, Somogy, and Tolna. These three counties consist of 23 districts, where 41 towns and 614 villages/municipalities are located. Komló is the district center of District Komló, which is the fifth most populated town in the region.

In the past years, the population of the country has been decreasing continuously with 0.2% on average. The population of the region decreased two and a half times higher (year average: 0.45%). The population of Komló decreased more than threefold (year average: 0.66%). In summary, this means that in the last 16 years, the country has lost 2,7%, the region 6.5%, and Komló even 9.4% of its population.

At the national level, the proportion of males within the population is 47.8-48%, and it shows an increasing trend. In the past years, this proportion and tendency are similar in the region. The proportion of females under 15 years old shows an opposite side of men: at the national and regional level, it dropped from 52.1% to 51.9% which shows a slightly decreasing tendency. In 2015, the territorial curves of genders reached the same level.

The tendency was the opposite in **Komló**: until 2007 the proportion of men were above average in the national and local level as well, from 2008 their proportion is lower and shows a negative tendency. The proportion of females, at the beginning of the timeframe, is under the average, but in the last years it is above average and increasing. It is significant to state that, the population of Komló in absolute value decreased by 1300 people from 2000.

The proportion of the major **age groups**, within the population, shows a very similar picture at the national level, in local level and in case of **Komló**, as well. The proportion of the 18-59 years people within the whole population was approximately 60% at the beginning of the 2000s. In the latest years, their proportion has been decreasing continuously. While in 2000, the proportion of the 0-17 age group and 60+ age group were around 20-20%, this number has changed for 2015. It has changed at the national level to 17-25%, at the regional level to 16-26% and in case of Komló to 15-27%.

We can state that the tendencies are the same at the different territorial levels, but compared to the national average, the change in case of the regional level is smaller and is more prominent in case of the value of Komló.

The **natural growth** (balance of birth and death) has been continuously negative at the national level, regional level and in case of Komló too, since 2000.

At the regional level, the **domestic migration balance** was also negative in the past 15 years, in average 1200 more people left than migrated into the region in every year. In case of Komló, the tendency turned around in 2013, because 45-95 more people migrated than left in each year, which is slightly reducing the negative values of natural growth.

In case of **qualification**, the proportion of people (**within the appropriate age group**) who has a minimal level of education (elementary school) is around 95% at the national level, regional level and in case of Komló too. Based on the data of census of population, at the national level around 8 million people had at least a minimal level of education, this number in the region was around 755 thousand, in case of Komló, this means approximately 20 thousand people.

In Komló and in the region, the proportion of those people who have at least secondary level of education (high school diploma) is lower than the national average which is 49%. Throughout the country, there are approximately 4 million people with a high school diploma, who are older than 18 years. 8% of these people live in the region, around 323 thousand people (at the regional level 42.1%). In Komló more than 7600 people (37.5%) have a high school diploma.

In the age group 25+, around 1.4 million people have a high education qualification (college or university degree); this is 19% in a national average. In the region, more than 100 thousand people have a university or college degree which is 14.9% of the local population. In Komló around 1800 people have college graduation. This is 9.9% of the appropriate age group which is only the half of the national value.

It is interesting to state, that however 9% of the national population lives in the South-Transdanubian Region, the proportion of those people within the region, who did not finish the first year of primary school is 11.8%.

Essential data relating to the economic sectors

From 2011 to 2015, approximately 54 thousand companies were operating in the South-Transdanubian Region, which is 8% of the national quantity (average around 660 thousand). The operating companies (average around 1000) in Komló are only 2% of the region's operating enterprises. Based on the values per thousand, at the national level, there are about 66 companies for every 1000 people. The regional level is 87% of this (57 companies), the value of Komló (42 companies) is the 65% of the national value, and it makes 75% of the regional value.

56-58% of the companies, which are operating at the national level are social enterprises, while 42-44% of them are individual companies. At the regional level, this proportion, in the average of the last five years, is almost the same. Since 2012, the number of social enterprises has been decreasing, while the number of individual companies has been increasing. The ratio of social enterprises, in Komló, is around 46%, and we can identify a negative tendency which is appeared in the region.

We can distinguish three different types of **individual (self-employed) companies**: full-time, part-time and retired entrepreneurs. The five-year trends are similar in case of the national and regional level. 53-55% of the individual companies are full-time, 36-37% are part-time, and 9% are retired entrepreneurs.

In **Komló** the proportion of full-time and part-time entrepreneurs are lower than the average. However, the proportion of retired entrepreneurs is higher than the regional and national level, with its average: 14%. It is related to the tendency that the number of full-time individual companies is showing a slight increase (below 10%), the number of part-time individual companies is steeply rising (above 10% from 2012 to 2015), while the number of retired entrepreneurs is steeply falling (20-35% decrease).

66-70% of the operating joint enterprises are **limited liability companies**. Their quantity and proportion within the joint enterprise category are increasing in all levels: national, regional, in Komló, as well. The second biggest form of enterprising is the **limited partnership**. This category lost 20% of its quantity all around the country within five years. The popularity of the **joint-stock companies** is increasing in the national and regional level. The number of cooperatives is augmenting as well while the number of the other forms of enterprising is falling. The proportion of the enterprises in Komló is following common tendencies.

95% of the companies are micro enterprises (**1-9 people**) based on the size (number of workers/employees with the owners). The proportion within the region is slightly higher, in Komló the proportion of micro-enterprises are even higher than in the region. The ratio of the small enterprises (**10-19 people**) is 2.7-2.8% at the national level, and their size is increasing. The regional value is lower than this but has the same growing tendency. The ratio in Komló is only the half of the national value but follows the trend. At the national and regional level, 1.2-1.4% of the companies are small enterprises with **20-49 people**; their proportion is increasing. In case of Komló, this proportion is higher (in 2015:1.9%) and has a steeper grow rate. However, we can state that only 3% of the regional, small enterprises with 20-49 people are located in Komló. The national tendency shows that the number of employers has been growing in every category, since 2013. At the same time, there was a continuous increase in the number of those companies only, which employed 20-49 employees. The proportion of middle-sized companies (50-249 people) in every analyzed level is around 0.6-0.7%. There are 900 companies which employ more than 250 people. The proportion of these companies is 0.13% at the national level. In the region there are only 40 companies which employ more than 250 people, this means that only 4.5% of the big companies are operating in the region and none in Komló.

At the national average, about 55% of the micro enterprises (1-9 people) are joint enterprises. The regional quantity (about 47%) is lower than this, while the proportion in Komló is even 3% lower than the regional level.

The distribution of enterprises of the national average based on the **sector** they operate in is the followings; 4% agriculture, 16% industry, 80% service. In the region, the presence of agricultural and industrial companies is higher, and the presence of service organizations is lower than the national average. In Komló, the ratio of agricultural and service companies is lower than the national average, while the proportion of companies, which operates in the service sector, is higher than 21%.

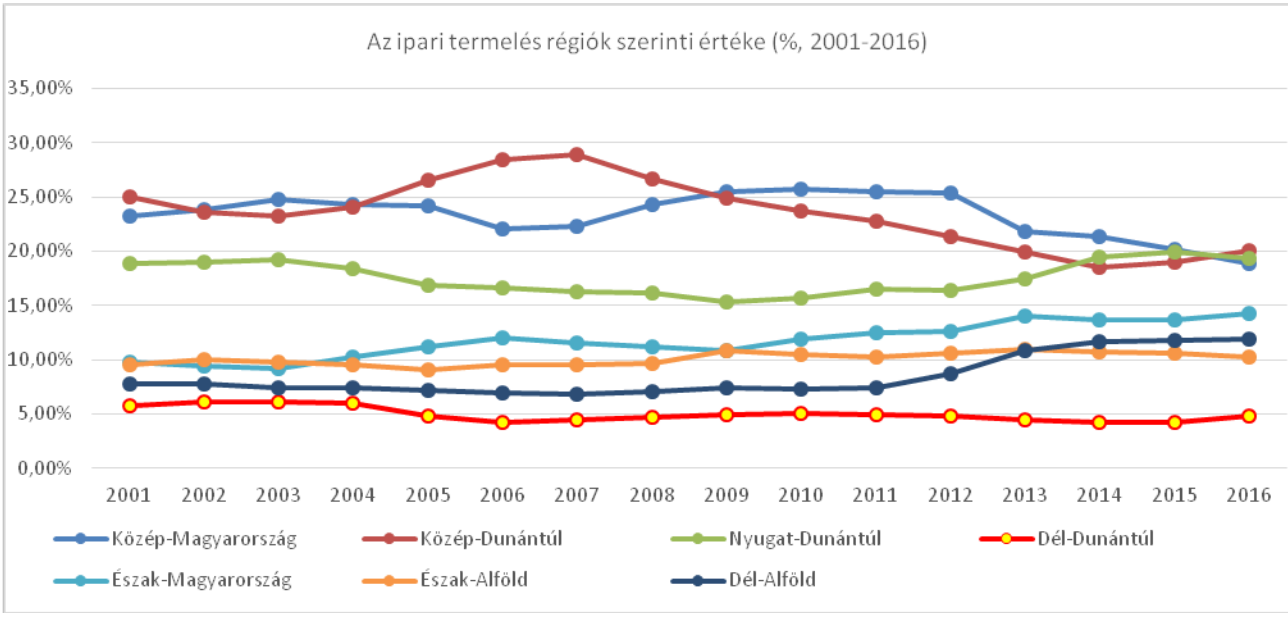
The distribution of companies within the region is the followings: 6% of the companies operate in agriculture, 18% in industry, and 76% in the service sector. In Komló, only around 1.5% of the companies operate in agriculture, 21% in industry, and 77.5% in the service sector.

In more details about the **sectors**, we found that the commerce and car repairing is the most populated category because 20% of the firms are operating there. The second largest category is the Professional, academic, and engineering activity with its 12-17%, and the third is the construction with its approximately 10%.

The number of **non-profit and civil organizations** per thousand people, in the region, is a slightly higher than the national average. In Komló, the number of non-profit and civil organizations per thousand people is 65% of the national average and 60% of the regional value.

In the past five years, the companies within the region contributed to the **gross domestic product** (GDP) by 5% which is the lowest value within comparisons of the regions, and it shows a decreasing tendency.

The **industrial production value**, in the region, between 2001-2016, was only 4-6% of the national performance. Despite the fact, that the production value, in forint, was doubled during the 15 years, this region has the last place in the ranking of regions. The industrial production value of the next regions is contributed only 10-11% to the whole. More regions were able to double or triple their performance which increased their contribution to the national performance.



Title of the chart: Regional value of industrial production (%, 2001-2016) chart lines from left to right:

***middle blue line**: Central Hungary, **red line**: Central Transdanubia, **green line**: Western Transdanubia, **orange line with yellow dots**: Southern Transdanubia, **light blue line**: Northern Hungary**, orange line with orange dots**: Northern Great Plains, **dark blue line**: Southern Great Plains*

The number of **registered unemployed** people (so-called: job seekers) increased by sesquialter in nation-wide between 2000 and 2012. For 2015, at the national and regional level, this number dropped to the 90% of the value of the 2000's, in case of Komló, it reduced to the half. The significant decrease was the result of the introduction of the communal work program.

About 27-28% of the registered job seekers are registered **more than one year** at the national and regional level. In case of Komló, this ratio was moved around 30% until 2013, from 2014, this was decreasing to the level below 20%.

The tendency of **young people in search for the first job** was similar at the national and regional level. Komló followed this trend with a small deflection: until 2011 the ratio of young people in search for the first job was around 8-9% within the registered job seekers, but this proportion increased to 13% for 2014, and after that, we can realize a decrease.

The ration of **disabled job seekers** within the registered job seekers is around 4-6% at the national and regional level, as well. In Komló, this value reached the 9-11% in some years. In 2015, the ratios were about the same. The reasons behind the high ratio of disabled people (100-200 people) can lead us back to the mining past of Komló.

The distribution of registered job-seekers based on the educational level is similar at the national and regional level, Komló has a slightly different value. The two smallest groups contain those people who did not finish the 8 grades or who have a university or college diploma (higher education qualification). In Komló, the value of these two is lower than the national and regional value. The ratio of those people who did not finish 8 grades within registered job-seekers is decreasing, the proportion of people with higher education qualification is increasing – the absolute values are following this trend. The stable group of unemployed people with its 35% is those people who finished 8 grade. In case of this, Komló has a below average value. The second biggest group contains those people who have qualifications. Their number and ratio follow a decreasing trend. However, they find jobs in Komló much harder. The unemployment rate of those people who has a high school diploma moves around 25% and increases.

As a summary, we can state that people who finished 8 grades have the highest ratio within job-seekers. The ratio of people with qualifications is improving, but the ratio of people with high school diploma and higher education qualifications are increasing.

Sectoral structure for creative industry

The creative and cultural industry, which was built on and is consuming from creativity and innovations became one of the mostly appreciating economic sectors in the 21st Century. The small and medium-sized companies, which are operating in this field, significantly contribute to the growth of GDP because they have high development potential and energy.

Based on the research which was made for GESAC[1], the creative and cultural industry, with its 535.9 billion EUR (164 thousand billion HUF) turnover, is one of the most decisive actors in the European economy. It contributes to the gross domestic product (GDP) of the continent with 4.2 percentage.[2]

In Europe, most people work in the creative and cultural industry, right after construction and catering industry. This sector attracts local and young employees[3] – turned out form the 2014's research of Ernst&Young. According to the survey, the creative and cultural sector heavily lean on the local workforce, and it attracts the young generation: 19% of the workers are below 30. All above these, the number of workers was able to grow by 0.7 percent even in the darkest years of the latest crisis. The research analyzed the creative and cultural industry by distinguishing eleven sub-sectors: book market, newspapers, and magazines, music, performing art, television, movie, radio, video games and other games, visual art, architecture, and advertisement.

The cultural and creative sector creates a so-called bridge between the art, culture, business, and technology. The growth rate of the sector was not stopped not even in the financial crises years.

[1] *GESAC*, the European Grouping of Societies of Authors and Composers, groups 33 of the largest authors' societies in the European Union

[2] Data from 2014

[3] Analysis of Ernst&Young consulting company in 2014, which results came from the Artisjus Magyar Szerzői Jogvédő Iroda Egyesület to MTI

It is very common in these areas to introduce a flexible, online and mobile work; there appeared numerous new (atypical) form of employment such as the co-working and the freelance lifestyle which is based on cooperation. Thanks to these, the small and medium-sized companies assist in the employment of females and younger generations.4

In Hungary, 4.4 percent of employed people work in the creative industry. Their activity accounts for 3.7 percent of the Hungarian GDP. 5

The following tables and diagrams represent the development of creative industry in Hungary:

Creative Industries Trade Performance, 2003 and 2012						
Hungary	2003			2012		
	Value (in Million US$)			Value (in Million US$)		
	Exports	Imports	Balance	Exports	Imports	Balance
All Creative Industries	2,161.35	2,684.49	523.13	3,485.12	3,055.86	429.26
All Creative Goods	474.77	999.00	524.23	1,142.91	1,280.75	137.83
All Creatives Services	1,686.59	1,685.49	1.10	2,342.20	1,775.11	567.09

Table 1: Commercial performance of the creative industry, in Hungary 2003-2012[6]

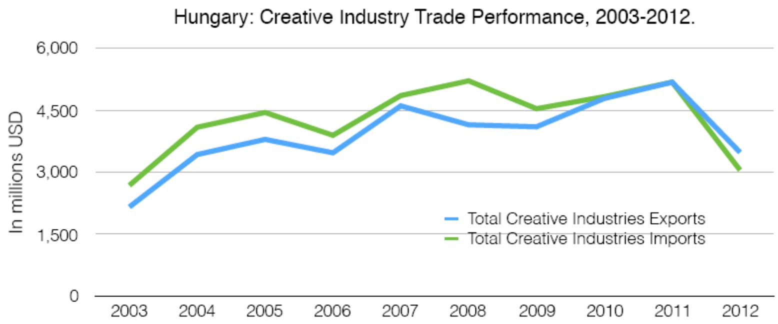


Diagram 1: Time-series commercial performance of the creative industry in Hungary, 2003-2012[7]

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4 http://europapont.blog.hu/2016/11/04/kulturalis_es_kreativ_ipar

5 Analysis made by the Hétfa Research Institute in 2014, for the request of Design Terminál

6 Source: Creative Economy Outlook and Country Profiles: Trends in international trade in creatvie industries, 2015, unctad.org

7 Source: Creative Economy Outlook and Country Profiles: Trends in international trade in creatvie industries, 2015, unctad.org

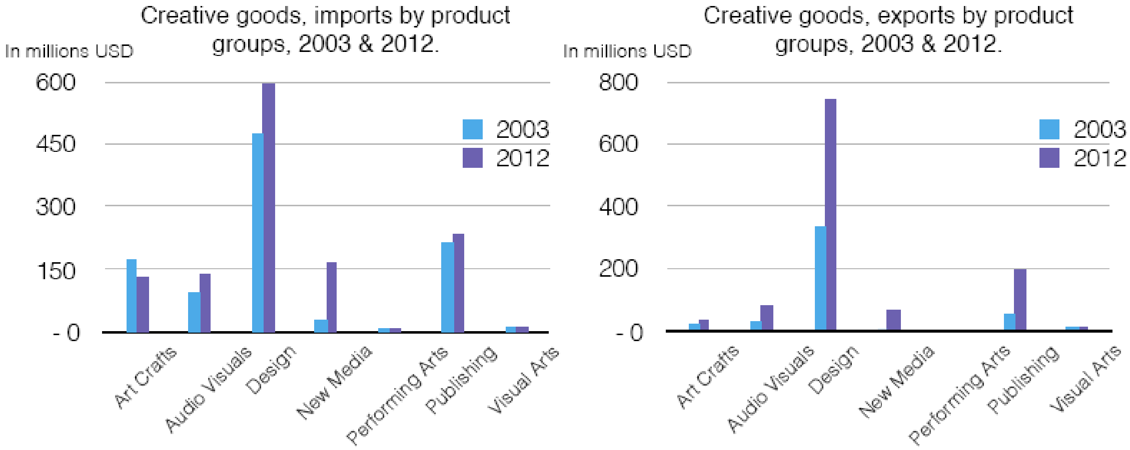


Diagram 2: Trade of creative industrial goods in Hungary, 2003-2012[8]

Definitions, the place of creative industry in the economic structure, the subgroups of creative industrial sector

There is no universal definition of the cultural and creative industrial sector. Knowing which activities of which sectors are the part of it is different in every country and this is the same in case of the related statistics. In ordinary language, it happens more than one times, to mix up the definition of creative industry with the definition of cultural industry. That is why we found it necessary to distinguish these differences in definitions.9

Cultural industry: the sector which creates or spreads that kind of products or services, which at the time of its creation embodies or conveys a cultural expression according to its specific nature based on the use or end use, whether it has a commercial value or not. Besides the traditional art sectors (performing arts, fine arts, cultural heritage – most of all the governmental sector) it contains the movie, and DVD and video, television and radio, video games, new media, music, books and the press.

Creative industry: the sector which uses culture as an input, while has a cultural dimension, however the output produced by it often functional. It contains the architecture and design, which integrates the creative parts into more extensive processes; and those subsectors such as design graphics, fashion design or advertising, marketing.

Rabb Szabolcs10 distinguished 11 different groups of the creative industry based on the structure of the creative industry. These are the followings: architecture; art and antique market; Television and radio, media market; artisan industry, design, photography and film art; performing art; fashion design; computer industry, virtual market; software services, web design; music and finally advertising industry. So he determined 11 subsectors within the creative industrial sector.

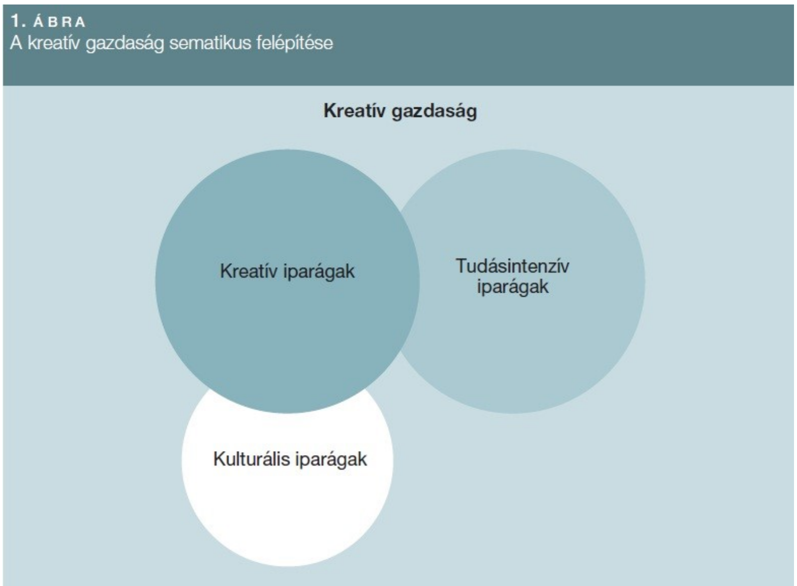
[8] Source: Creative Economy Outlook and Country Profiles: Trends in international trade in creatvie industries, 2015, unctad.org

[9] Green paper: Unlocking the potencial of cultural and creative industries, Brussel, 27.04.2010. COM(2010) 183 final

[10] Rabb, Szabolcs (2012): Creative cluster – development of creative industry (Kreatív klaszter – kreatív ipar fejlesztése) MTA-RKK, Cluster konference

Those areas, which need cultural content to improve and develop, we call related industry. These are typically the market for medium data production (MP3, CD, DVD, computers) and also the tourism because most of it connected to the viewing of cultural contents and learning of new experiences.[11]

The creative industries together with the cultural industries and knowledge-intensive industries make up the creative economy.



Source: Ságvári – Lengyel 2008:19

Picture 1: The schematic structure of the creative economy – Title: Creative economy

Largest blue circle: Creative industries, **Light blue circle**: Knowledge-intensive industries, **White circle**: Cultural industries

Rabb, in his quoted research, collected the characteristics of the products of cultural industry. He stated that the products had produced by the cultural industry, was short-lived and we consumed them immediately. There is high-risk involved in their production, and the opportunity for failure is also high. The demand is based on the needs of local and regional recipients, while the supply needs to be successful in the global competition, as well. The markets related to the culture are relatively unstable, it is hard to calculate with the future fashion wave, and the seasonality is strong. The cultural industry has a significant social impact because it is the utmost communication equipment.

Relevant stakeholders and facilities/buildings (E.g., clusters, partners)

We consider as stakeholder those companies, free-lancers, institutions, which are part of the creative industry based on their products and services. Likewise, we consider as stakeholder those management organizations which organize coo-operations and those co-operations which clustered the participants of the creative industry into a cluster.

[11] (Szolkai 2011:3).

In 2010, in Europe, 2000 clusters operated. Clusters based on territorial coordination are the followings: space-clusters; coordinated by the management: power-clusters (purpose: form a full value-chain)

In Hungary, the South-Transdanubia Region is at the forefront in the systematic coordination of the participants of the sector of small and medium-sized companies.

The Pécs-based Creative Industrial Cluster which has South-Transdanubia regional coverage and scope determined 12 creative industrial subsectors in Pécs and its region in 2010. (See above: Groups determined by Rabb)

Currently: there are 36 cluster members in four different area:

- Art and design
- Events organization and cultural service
- Marketing and communication
- Business supporting activities

The necessity of clustering was brought to life because of the inside law of creative industry operations: the ability to knowledge transfer and coworking.

You can think of the KOHO co-working House operates in Pécs as a model because it supports the development of the creative industry with operating as a creative social space. In the KOHO, people work independently from each other in the same space and during their work they change experiences and get to know each other. The co-working exists in a social workplace which is a transition between a rented office space, a club or a café while it combines the advantages (significant for work) of those. It attracts mostly those freelancers and home office workers; whose home is stimulus-free and who desire an office with appropriate infrastructure where they can do their daily duty without high costs.

The creative incubator house in Vince street, in Pécs, has a similar function.

The creative industry can self-develop with building blocks on co-working. PBKIK, the Faculty of Engineering and Informational Technology, and the Faculty of Music and Visual Art at the University of Pécs can become an inspiring background for the development of creative industries.

Likewise, the cultural atmosphere of Pécs and its more extensive region is an essential characteristic for the creativity-sensitive younger generation because they require the diverse cultural environment.

The „Self-generating" program supports the new enterprises such as artisans, and with this, it contributes to the encouragement of creativity of young entrepreneurs.

Design Week of Pécs is an introductory and promotional platform for the subsectors of the creative industry.

Pécs with the cooperation of Creative Industrial Cluster and the PBKIK implement a diverse, inspiring, operational program, which can be a model for those cities and regions which want to develop their creative industry.

The need and claims of the creative industry

The utmost capital of Hungary is the local's brain. The Hungarian Arts Universities train world-class, creative actors, but these young adults are not able to make their knowledge valuable enough to sell in most of the time.

We could help the young adults to be more courageous to engage in some creative enterprise. It can be achieved with more early talent care, more business knowledge, encouragement for becoming an entrepreneur and with the mentoring of new, beginner and emerging entrepreneurs.

The widespread of best practices of creative industrial companies (Prezi, Ustream, LogMeIn, NNG) is an excellent example for the opportunities for worldwide success, what entrepreneurs from Hungary can achieve with one or two exciting ideas.

The creative, industrial actors need common platforms, knowledge transfer, experimenting, social spaces which support creative cooperation. (e.g., KOHO)

The initiation of decent conditions for the access to new platforms and equipment is a necessity for the development of the sector.

The small and medium-sized companies are developing in synergy with the Information Communication Technology (ICT), and because of that, they need close relations with ICT, the knowledge about the results and its implementations. The global digital change is inevitable.

The better alignment of the needed skill of cultural and creative industries is another condition for the development of the sector.

Because of the change in service and business models: there is a need for the evolvement of new business and economic models to the operations and marketing to have access to financing.

Integrational potential of a creative space in regional development

Currently, on the investment site, a human development center operates, with a collection of local history and natural sciences and with a library.

By considering the measurements of the building and the planned functions, it can be adapted to become into multifunctional creative space. What kind of functions will be in the facility?

Cultural Creative Industry Initiatives in Komló city:

- Decorative Workshop Komló – operates since 1978, started as a decorative art study group, today it is a relevant social community
- Appearance of the works and group members of the Enamel Workshop of Pécs within Komló
- Forceful light industrial presence (E.g., clothing industry)
- Bartos workshop which operates in the House of Communities
- Cinematic art presence within the city
- Young Creators of Komló exhibition, which opens on the mining day conventionally

Active civil communities operate in the city to take care of diverse themes (E.g., enterprise development, young generations, and so on) – the number of these organizations reaches 140.

In Komló, they evolved a City Value Repertory, which is the collection of the national values, which operates within the city.

The actors of cultural and creative industry often assist in emerging of the failing local economy. They help the appearance of new economic activities; they create new, sustainable workplaces and increase the attraction level of the European regions and cities.[12]

The small and medium-sized companies encourage the other sectors as a spillover effect. They make the tendency to co-operate stronger, assist in the change for the knowledge-based society. They make the necessity of the life-long learning a prior condition.

The cultural and creative industrial sector is attractive mostly to the young creators. Because of this, it can have an indirect effect on the demography of the given region. This is the typical sector, where the work can be done in the flexible time frame or from home which is an unavoidable viewpoint for the younger generation.

[12] Green paper

SWOT analysis

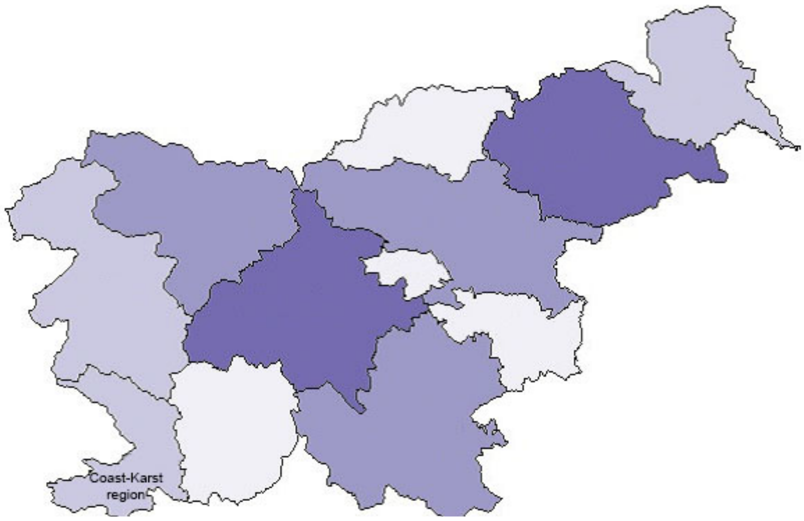
Regional/ SWOT analysis of Komló	
Strengths	**Weaknesses**
In Komló, the proportion of those companies which operate in industry is high (21-22%) There is an existing, well-functioning creative industrial cluster in the region There are relevant middle and high level of educational opportunities in the region which is related to the creative industry (cultural, music and art departments, architecture, so on. – e.g., Music and Visual Art Faculty, University of Pécs) It is typical in the region to have a large-scale, vivid cultural community, which is open to the culture, with numerous and diverse artistic society There are strong artisan industrial traditions within the region (Zsolnay, gloves- leather industrial culture, etc.) There are a varied supply of cultural festivals and programs in the region Design Week of Pécs is an introductory and promotional platform Operating, regional self-developing program, employment programs „KoHó” social, creative co-working workplace Support of becoming an entrepreneur (e.g., brownfield tender in Komló – business/entrepreneurship center) Widespread co-operating partnership exercise with the coordination of PBKIK - participation	In Komló, the proportion of people with higher level of education is substantially lower than the national average In Komló, the number of companies per 1000 people is lower than the regional and the national level Low proportion of people with university or college degree in Komló In Komló, the proportion of people with higher level education or high school diploma is increasing within the unemployment subgroup. High marketing and advertising needs of the creative industrial products Weak economic background in the region, low paying capacity of the local habitats

Opportunities	Threats
The proportion of females is increasing in Komló Komló is the fifth biggest city in the region Typically, small-sized companies (1-9 people) however there is a tendency for growth in the subgroup of companies with 20-49 people Forming an operating, incubation workshop, platform Introduction to mentor programs Encouragement, support for becoming an entrepreneur In Komló, active civil organizations – high ratio comparing to the size of the city In Komló, active communities operate in the areas related to the creative industry; there are many bottom-up civil initiations. In Komló, strong industrial presence, which creates connection opportunities for creative groups The number of part-time individual companies is increasing in the region. There is a diversified enterprise structure in the area; every industry is present. In Komló, local value repertory operates	Fragmented town structure Decreasing population which fall is higher than the national average. The age distribution shifts more than the national average Negative natural growth and migration balance The intense competition of creative industrial products, short duration, high risk, high failure rate Stalled initiations at the first level in case of the absence of infrastructure, equipment, and financial resources.

REGIONAL SWOT ANALYSIS FOR COAST-KARST REGION OF SLOVENIA

Institute for the Protection of Cultural Heritage of Slovenia (PP05)
Municipality of Piran (PP06)

D.T.1.2.2



Regional Analysis of Partner regions

Overview

The Coast-Karst region of Slovenia covers an area of 1,044 km^2. It comprises 7 municipalities and urban municipalities: Municipality of Divača, Municipality of Hrpelje-Kozina, Municipality of Izola-Comune di Isola, Municipality of Komen, Municipality of Piran-Comune di Pirano, Municipality of Sežana, Municipality of Ankaran-Comune di Ancarano, and the Municipality of Koper-Comune Città di Capodistria.

In 2016, 113,193 inhabitants lived in the region, 56,019 men and 57,174 women, which accounts for 5.5 per cent (%) of the inhabitants of the entire country. The average age in the region is 43 years. In 2016, almost 13,000 companies operated in the region, with an average of 3.1 employees, which is the lowest average in Slovenia. In 2015, there were 4,768 registered companies and 22 cooperatives. Over half of the companies in the region have their head office in the Municipality of Koper, where 57.4 % of employees created 73.1 % of revenue. The companies are classified according to their activities in accordance with the Decree on the Standard Classification of Activities. In 2015, companies in the manufacturing sector in the Coast-Karst region employed the most people, followed by companies in the field of transport and warehousing, commercial activity, and hospitality activity.

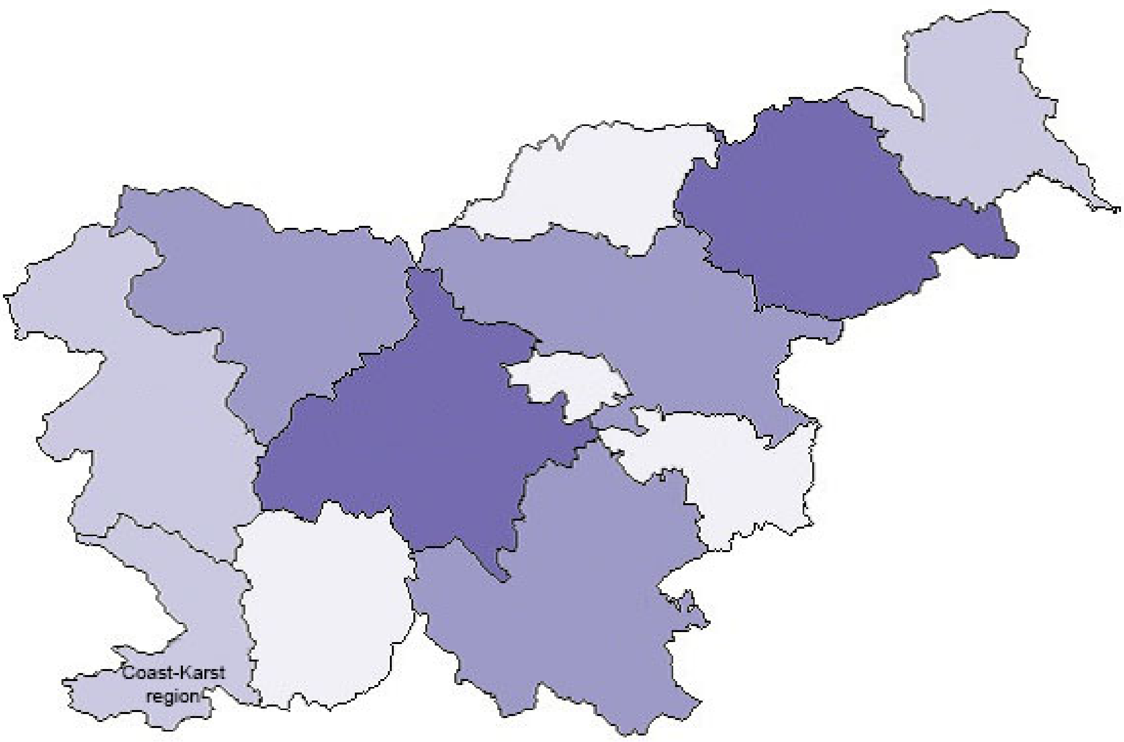


Fig. 1: Regions of the Republic of Slovenia, source: www.stat.si,

The focus of the analysis is the Municipality of Piran, the most important centre of tourism on the Slovenian coast. In geographical and cultural terms, the Municipality of Piran belongs to the Mediterranean and Slovenian Istria. The municipality lies in the south-westernmost part of the Republic of Slovenia, its mainland bordering on Croatia, and its sea bordering on Croatia and Italy. Its area covers 46.6 km^2.

Alongside the majority Slovenian population, members of the Italian national community also live in the municipality. Italian is also the official language beside Slovenian in the bilingual region. The education structure shows that the majority of the population has an upper-secondary technical and general level of education. In second place, lower upper-secondary vocational education prevails.

In the economic structure, tourism activity is the main industry and has the leading role in the area. The Standard Classification of Activities, which identifies and classifies tourism activity under the “hospitality sector”, indicates that 25 % of the active population is employed in the “hospitality sector”. It is followed by real estate, business services and trade, repairs of motor vehicles, and consumer goods.

Sectoral structure of creative Industry

The creative industries (CI) are in the hands of public cultural institutions, non-governmental organisations and, in a smaller proportion, contemporary artisans/arrangers/architects-designers/journalists-authors. In fact, private companies or self-employed professionals in culture account for just a small share of the cultural sector.

One of the leading expressions of the CI on the Coast is considered the radio and television activity of both RTV Slovenia Koper-Capodistria Regional Centre and that of private or commercial stations. Journalists are also sole traders or employed by local newspapers. In addition, among the key stakeholders, we emphasise the important role of public institutes in the field of heritage and NGOs • societies. In both cases, they are players whose main mission is not the exploitation of the creative potential with the aim to create profit, but they create it anyway, as an indirect effect. They manage it as their own income and often invest it in their employees’ salaries. The activities of museum/gallery gift shops and the organisation of exhibitions, artistic creation and performances, and design are also a constituent part of the CI of the region.

Especially due to tourism, retail trade in cultural goods is well-established in coastal towns and strives for product authenticity (e.g. Piran salt and salt-based products, olive oil, wine, handmade glassware, leatherwear, handmade shoes, hand-woven baskets, and cut stone). A speciality of the region is the Lipica Stud Farm which is based on tradition yet market-driven.

An example of good practice is located in Izola’s town centre, where there are several operational art studios, a result of a European project of the municipality. In Koper, there is the University Development Centre and Primorska Incubator which provides training for start-up entrepreneurs and carries out various European projects that improve the entrepreneurial environment, but even there the primary area is not the CI.

One of the key needs of the sector are start-up funds for the CI. There are general tenders that co-fund start-ups but there are no special measures for starting up a CI company. A major limitation is thus the small size of the market which does not enable a quick start-up and causes insufficient financing of the activities. Legislation, both on national and municipal levels, does not mention the CI. Likewise, the 2018–2025 National Programme for Culture makes no mention of it. The possibilities to include the creative scene in the municipal development plans are undoubtedly great, merely because of the urban municipalities’ legal obligation to prepare Local Cultural Programmes, and the smaller municipalities’ need to participate in these programmes and give a purpose to the co-financing of culture.

SWOT-Analysis

<table>
<tr><th colspan="2">Regional SWOT results</th></tr>
<tr><td>Strengths
➢ Strong public sector
➢ High-quality education and additional training in some sectors
➢ International cooperation and co-financing of cross-border implementation of EU projects
➢ Local cultural events and awards
➢ Internationally acknowledged business ideas (online crowdfunding)
➢ Development of the tourist economy
➢ Development of authentic products and branding
➢ Developed entrepreneurial structure and institutional support of the development of the economy (one-stop shop)
➢ Presence of the University in the region</td><td>Weaknesses
➢ Legislation is inadequate for a comprehensive support of the CI
➢ Insufficient financing and high start-up costs
➢ Lack of managerial knowledge
➢ Lack of networking and promotion
➢ Price competition due to the problem of supplying local materials and the price of producing handicrafts
➢ Small market and non-existent demand
➢ Lack of a critical mass for the CI, generally limited knowledge about art forms</td></tr>
<tr><td>Opportunities
➢ Create local demand for creative products and raise the quality of the creative scene
➢ New support policy for the CI on local level
➢ Connect traditional crafts with innovation (creative carpentry, creative fashion design)
➢ Connect culture to tourism</td><td>Threats
➢ Emigration of talents immediately after they become established in the domestic market
➢ Fierce competition from other countries
➢ Economic sustainability of the CI in contemporary arts (e.g. performing arts, which leads to working only in the field of youth education as the only paid activity)</td></tr>
</table>

REGIONAL SWOT ANALYSIS FOR THE VENETO REGION

Venetian Heritage Cluster (PP07)
Municipality of Castello di Godego (PP08)

D.T.1.2.2

Regional Analysis of Partner regions

Overview

Figure 1: The map of the Veneto Region.

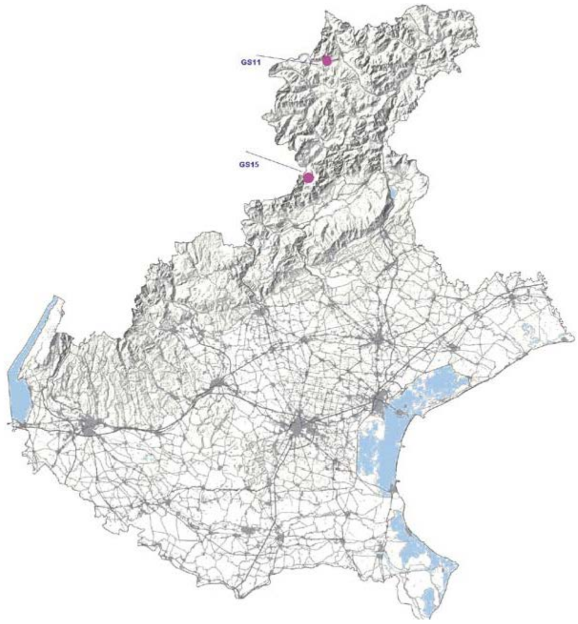


Figure 2: Geological map.

<u>**Geological and demographical data about the Veneto Region**</u>

The Veneto Region is located in the eastern part of northern Italy. Veneto is a region that encompasses many forms of the natural landscape: from the coastal strip overlooking the Adriatic to the uniform and monotonous Veneto-Friuli plain, which then rises in the twelve hills of the Euganei Hills and the Berici Hills. With an area of 18,390 km², Veneto is the eighth Italian region by surface. The Veneto territory is morphologically very varied, with a prevalence of plains (56.4%), but also extensive mountainous areas (29.1%) and hilly areas (14.5%). The unity of the Veneto territory can be identified in the plains and in the mountains that border it to the north, feeding it with numerous rivers that descend into the Adriatic between the mouth of the Tagliamento and the Delta of the Po. Terrestrial borders are identified by natural elements of type hydrographic (Po, Tagliamento, Livenza), but also of the orographic type (such as to the north of the Asiago plateau, or Mount Baldo). Another geographical element characterizing the Veneto region is the water catchment area of the Piave, which is enclosed within the borders of the region. The highest peak in the region is the Marmolada (3343 m) located in the Province of Belluno on the border with Trentino-Alto Adige.

It is the fifth region in terms of population, after Lombardy, Lazio, Campania and Sicily. According to the 2015 ISTAT data, it counts around 4.925 million inhabitants. The Veneto population is not homogeneously distributed. The plain has the highest densities (especially along the belt from Verona to Venice through Vicenza, Padua and Treviso), the least populated area is the lower Veronese. Even less inhabited are the Prealps and the mountains (the province of Belluno shows the minor densities), except the high Vicentino (with Schio, Thiene, Bassano del Grappa) and Valbelluna. A large urban development is present in the area that extends in particular between Padua, Mestre and Treviso.

From the ISTAT data it is possible to see that the demographic trend of the resident population in Veneto in the years from 2001 to 2016 has increased. In fact, there were 4,528,467 residents in 2001 to reach a number of 4,906,210 in 2016 (Figure 3). In general, instead, it is possible to observe how the Veneto population has increased and decreased in way directly proportional to the overall Italian population. The variation is evident in both graphs relating to the Census carried out in 2011, the decline is present both in Italy and in Veneto. In the region, specifically, the population was composed of 4,857,210 individuals, while the municipal registry offices were registered 4.952.195. Therefore, a negative difference between the census population and the registry population was 94.985 (-1.92%).

Figure 3: Trends of the Veneto population according to updated ISTAT data.

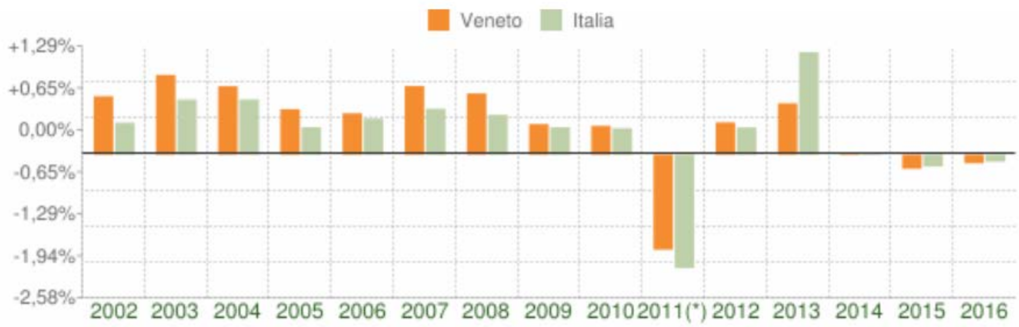


Figure 4: Percentage variation between the Veneto and Italian population.

The natural growth of a population determined by the difference between births and deaths, the two lines of the graph below show the values in the years from 2002 to 2016. The trend of the natural balance visualized by the area between the two lines.

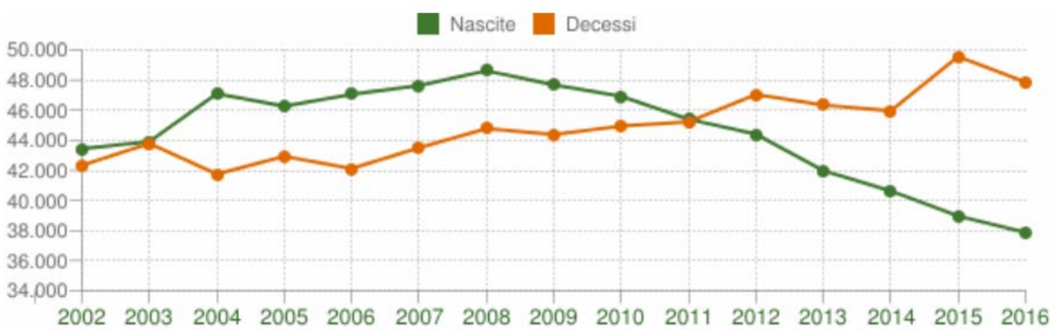


Figure 5: Natural movement of the population according to the ISTAT data.

The graph (Figure 5) shows a decrease in births that go from 43.420 to 37.851. The fertility rate drops to 1.39 children per woman, before it was 1.49 in 2008. Veneto is the regions with the highest birth rate. On the other hand, the visible decrease in 2011 is significant (see table below).

Anno	*Bilancio demografico*	*Nascite*	*Decessi*
2011	1 gennaio-8 ottobre	35.168	34.451
2011	9 ottobre-31 dicembre	10.213	10.770
2011	1 gennaio-31 dicembre	45.381	45.221

We can observe that in 2011 several censuses have made and in that period the births and deaths seem to coincide. The difference between the sum of births in the two censuses and the sum of the two values relating to death, leads to a difference of only 160 more births. In general, Veneto region shows an aging population.

Essential data relating to the economic sectors

The speed with which economic phenomena change in today's society requires continuous monitoring of the main variable that characterizes them to provide the most up-to-date information possible. For this purpose the Veneto socio-economic report allows us to have the most representative data of the regional situation and, in some cases, national. **For this reason we want to carry out an analysis of the main data available, from official sources, on a monthly or quarterly level in order to then provide an overview of the situation as up-to-date as possible**.

The most updated forecasts for 2017 (Figure 6) indicate Veneto GDP growth of + 1.4%. The trend of growth forecast for 2017 in Veneto will be a summary of a good consolidation of investments (+ 2.5%), a recovery of the expenditure for final household consumption (+ 1.6%), and will continue to be supported by a decisive acceleration of exports.

	2017		2018	
	Previsioni		Previsioni	
	Veneto	Italia	Veneto	Italia
Prodotto interno lordo	1,4	1,4	1,6	1,2
Spesa per consumi finali delle famiglie	1,6	1,5	1,4	1,3
Investimenti fissi lordi	2,5	2,0	3,4	2,9

Figure 6: Per cent change in GDP according to the Veneto socio-economic report.

About the companies of the territory, after the few positive signs recorded in the first months of 2017, we can see a slight slowdown of the growth: in Veneto, as in the national context, the active companies recorded a percentage change near to zero. At sector level, the services sector is increasing (0.3% at regional level and 0.2 at national level). Business failures are reducing by 20% instead. About 861 innovative start-ups are born in Veneto, that is the 8.6% of the Italian market.

The trade interchange has an improvement: + 5.1% for the first nine months of 2017. In fact, the foreign turnover of Veneto companies is just over 45 billion euros. To drive the exports Veneto are the sectors of metalworking, machinery, electrical equipment, chemical production and food production. Among the destination markets, there was a significant increase in sales to the USA, France and Poland. The export to the Russian market is recovering: + 14.4%.

If we look at the **tourism sector** (Figure 7), Veneto achieved record results in 2016. Citizens, Italians and foreigners, who spend the night in Veneto accommodations for a holiday, for business, for wellness and care, for to participate in cultural or sporting events, etc., continue to grow: in 2016 have reached the 17.9 million of arrivals. The presences, which represent the number of overnight stays, have returned to growth so much that in 2016 they reached the historical record (65.4 million). This thanks to the increase both of foreigners and compatriots. Also the first estimates on the current year give positive prospects. The main presences occur mainly by Veneto citizens and then by the following markets: Germany, Austria, the Netherlands, United Kingdom.

	Arrivi	Presenze	Variazioni % 2016/15	
			Arrivi	Presenze
Italiani	6.330.651	21.430.704	4,7	1,8
Stranieri	11.525.916	43.961.624	2,8	4,1
Totale	17.856.567	65.392.328	3,5	3,4
% sul totale Italia	15,3	16,2		

Figure 7: Data on tourism in Veneto in 2016 from the Veneto Region socio-economic bulletin.

Other economic factors to consider are job and education.

Job – In 2016 in Veneto the occupation to increase significantly and the unemployment continues to fall. Also the 2017 starts positively: if you compare to a year ago, the number of employees are increased by 1.8% and the unemployed are decreased by 8.3%. In particular, the unemployment rate is the lowest among those recorded since 2012 in Veneto, while the employment rate is the highest since the beginning of the crisis.

Education - The growth of human capital is essential to support economic growth and strengthen social cohesion. In the last years, the share of schoolchildren leaving school is gradually decreasing and in 2016 it stops at 6.9%, reaching the European target think for 2020. The per cent of graduates between 30-34 years old it grows and with 29.6% it exceeds the target set by Italy (26%). The unemployed are always less in Veneto. Veneto is in a position of advantage compared to other Italian regions: in 2016 it is the second Italian region for the lowest levels of unemployment (first the Trentino Alto Adige).

Sectoral structure of creative Industry

The Region has recognized the creative industry among the various areas of specialization. It is one of the productive realities of Veneto able to generate wellbeing and to express unique and particular excellences.

This area is characterized by a continuous need for restructuring and modernization generated by multiple factors such as the close relationship with the changing expectations and preferences of consumers, the rapid technological progress, the innovation on materials, the commercial competition and the change in production costs resulting from global competitiveness.

As you can see in the table below creativity and innovation are constantly necessary and often fundamental processes in the fashion industry, one of excellence sector of the Veneto region. The creative fashion industry also includes the associated accessories and services (such as glasses), the quality craftsmanship, the high-end industries, the glass and other artistic artefacts typical of the area, the fabrics and objects for the furniture, the sport system. Product design, materials preparation, production processes, supply chain management, communication and branding are the phases of the value chain in which research, innovation and creativity go hand in hand to generate new, competitive products. Research actions are needed to develop new materials for fabrics, such as special fibres and composites, functionalized materials, "biological based materials". Biotechnologies and nanotechnologies are linked, they are cross sectors that can be used according to new types of production. The use of new materials will also imply an innovation of production processes that will have to be able to respond more and more to criteria of environmental sustainability guaranteeing the birth of new "green labels" of excellence.

The creative industry is characterized by important different conception and design processes. It exploits the creativity and imagination of designers, graphic, artists, architects. Encouraging and facilitating these processes of conception and collaboration between different knowledge is a necessary step to reach or increase the affirmation on the market of creative businesses in Veneto. In this direction, new technologies can be particularly interesting in increasing, improving and encouraging creative processes and in to encourage and facilitate collaborative design processes, even among professionals with different backgrounds.

Supporting the creative and innovative efforts of companies through projects oriented to the development and up-take of new technologies is to help the originality of the final products, their pleasure and the final satisfaction of the user, improving competitiveness and potential growth of important sectors of the regional economy. For example, new setting for product display, 3D visualization and virtual environments, new tools for online marketing, shared digital spaces and multimodal and creative interaction became important.

In the Veneto region there seems to be a preference for the Creative Industries sector, due to the heterogeneous possibilities of application that the traditional sectors, the drivers of the innovation and the development trajectories promise (Figure 8 – survey among enterprises on the representativeness of smart specializations for their activity).

Figure 8: Performance of Creative Industries in Veneto (from "Smart specialisation strategy della Regione del Veneto - RIS3 Veneto", August 2015, page 119).

SWOT-Analysis

Regional SWOT results	
Strengths	**Weaknesses**
• Excellent positioning of the Veneto universities respect to the teaching of scientific subjects • Presence of centres of excellence in research and laboratories on nano- and biotechnologies, biomedical engineering, construction technology • High propensity of companies to invest in green • Growth in number of innovative start-ups • Companies with a propensity for innovation • Increase the presence of innovative and technological companies • Regional laws for the support to develop of enterprises, innovation and internationalization • High density manufacturing region • High export propensity • Widespread entrepreneurship • Strong tourists vocation • Presence of excellence and leading companies • Wide cultural and environmental heritage • High rate of informal relationships that allow to the use of external knowledge for produce innovation	• Research centres are not connected to each other • Low use of ICT technology in micro businesses • Difficult attraction of research services for companies • SMEs with low investments in research • Difficulties of companies to intercept financing and innovation opportunities

Opportunities	Threats
• Participation in national research projects (national technological clusters) and international projects • Complementarity of knowledge and specializations between different clusters, even beyond regional boundaries • Open Innovation • Unexpressed potential in terms of research and development • Innovation of production processes • Economy always more careful to environmental sustainability • Understanding knowledge and skills available from university research • Expansion of global markets • Favourable to export • New legal instruments for business aggregations and networks	• Enduring economic crisis • International market exposure

REGIONAL SWOT ANALYSIS FOR PRIMORJE-GORSKI KOTAR COUNTY

Primorje-Gorski Kotar County (PP09)
Municipality of Lokve (PP10)

D.T.1.2.2

Regional Analysis of Partner regions

Overview

Geological, geopolitical and demographic data of Primorje-Gorski Kotar County

Primorje-Gorski Kotar County is a local self-government unit situated in the western part of Croatia at the point where the Northern Adriatic meets the mountains of the North-West Croatia. The country covers the overall area of 3,588 km^2, which is 6.3 % of the total national territory of Croatia and with the sea surface of 4.344 km^2. The county is bordered in the north by the Republic of Slovenia, in the west with by the country of Istria, in the east by the Counties of Karlovac and Lika-Senj, and in the south-east, at the Gate of Kvarner, it has a naval border with Zadar County. The County also includes a state boundary located some 22 km south-west of the island of Susak. The Primorje-Gorski Kotar area is divided into three regions - the mountainous, the coastal and the island region. The island region, characterized by the Mediterranean climate, is made up of two groups of Kvarner islands: the western group with Cres, Lošinj and some smaller islands, and the eastern group with Krk, Rab and some uninhabited islands between them. Compared to its neighboring counties, Primorje-Gorski Kotar County encompasses a greater land mass than the combined land mass of the permanently inhabited islands of Krk, Cres, Lošinj and the islands of Lošinj's archipelago: Unije, Ilovik, Susak i Srakane. The largest of these islands are Krk and Cres – 405.8km^2 each, while Krk is twice the width, Cres is twice in length. The length of the coastline is 1,065 km, 133 km of which is coastline of the land and 932 km island's coastline, and there are 55 islands in this region. Primorje-Gorski Kotar County is unique due to its geostrategic position and natural diversity which includes islands, coastal and mountainous areas. There are few places in the world where one can with a glance embrace the sea and with another glance face the tame mountains.

Fig.1 – Regions of Republic of Croatia (Primorje-Gorski Kotar County is highlighted)

Fig.2 – Map of Primorje-Gorski Kotar County

According to the most recent census of 2011, Primorje-Gorski Kotar County has a population of 296.195. This is 6,9 % of the total Croatian population and is the fifth largest county in the Republic of Croatia (4.284,889) - after Zagreb (790.017), Split-Dalmatia County (454.798), Zagreb County (317,606) and Osijek-Baranja County (305.032). The population density of Primorje-Gorski Kotar County is 82.5 people per km^2, while the average population density for all of Croatia is 76 people per km^2. The city of Rijeka, Regional Capital of Primorje-Gorski Kotar County, has a population of 128.624 and is the third most populous city in the Republic of Croatia - after Zagreb (790.017) and Split (178.102). The least populated city in Primorje-Gorski Kotar County is Cres with a population of 2.879 and the least populated municipality is Brod Moravice with a population of 866.

In terms of administrative activities, Primorje-Gorski Kotar County has 36 local self-government units, 14 cities, 22 municipalities and 510 settlements. A significant national and international role of this county throughout Europe is how it connects Central and Eastern Europe via the Danube River and the Adriatic Sea. Owing to its excellent geostrategic position, that provides the final and shortest maritime route between the Far East and Europe makes the country especially important. Rijeka, as the hub of the Primorje-Gorski Kotar County, is also a social, economic, transport, cultural, educational and political hub in the region and the largest sea port in Croatia.

The area of Primorje-Gorski Kotar County is statistically underdeveloped. The built-up areas cover only 4,2 % of the total area. The built-up areas per micro regions vary. The littoral zone and islands are more built-up than the continental area, even though all three areas have an approximately equal surface. The surface of the planned construction areas, compared to the overall surface area of Croatia is 7,21 % of the land surface. The trend of strategic investment in the undeveloped areas can be seen.

According to the 2011 census, Primorje-Gorski Kotar County had a population of 296.195, a measured decrease of 3,1 % in comparison to the 2001 census. Rijeka and Gorski Kotar have measured a constant decrease in population from 1999 to 2011. However, the littoral zone and islands are measuring an increase in population, the littoral zone leading with an increase of 8,9 % in 2011, compared with the 2001 census. According to both censuses, 52 % of the overall populations of the county are women, while 48 % are men. Moreover, in every micro-region the percentage of women in the overall population has prevailed. The average age of the population in the county is 43,9, compared to 41 in 2001. This difference points to a demographic ageing problem. In the micro-regions, the average age of the population is highest in Gorski Kotar with 47,2, while in the littoral area it is a bit less, 43,4. Depopulation and demographic ageing pose a significant problem for the further development of the county. Rijeka and Gorski Kotar are the most affected by this problem. The reasons lie in high mortality and low birth rates.

The educational structure of the population according to the 2011 census shows that: 17 % have only a primary school education; 58 % high school education (grammar school or vocational schools); 7 % have a high school education (vocational schools lasting less than 4 years); 12 % have a college degree (RC 9,69 %); while 0,4 % have a PhD. These statistics show an unwillingness of the population for further education as one of the issues of the county, and as an obstacle for the further economic development of the region. There is a lack of interest in lifetime education as well. Furthermore, Primorje-Gorski Kotar County is characterized by an unfavorable economic structure with high unemployment rates. Even though the unemployment rates are lower than the average national rates, unemployment of youth are very high. The inadequate educational system and its inconsistency with labor market demands accompanied by the current state of the economy is one of the main causes of high unemployment rate. Measures need to be taken and developing the Creative Sector might be a very useful tool for reducing the unemployment rate.

Vital data related to the economic sector

Primorje-Gorski Kotar County, together with Zagreb and Istria County are the most economically developed counties in Croatia. Gross domestic product per capita in 2014 was 89.936 kunas which places Primorje-Gorski Kotar County on the high 3rd place, right beneath Istria County and Zagreb. The annual unemployment rate has decreased from 14,7 % in 2013 to 12,5 % in 2014, this is 5,6 % of the overall unemployment rate in Croatia. The highest percentage of unemployed people have finished high school or vocational schools, while the lowest percentage of unemployed are those with a university degree. 82,9 % of the total number of employed work in companies, 16,9 % in craft, manufacturing businesses and freelancing, while 0,2 % are working in farming/agriculture.

The Port of Rijeka is the largest and most significant Croatian seaport as it represents the front door of Europe to the Far East. Primorje-Gorski Kotar County connects Central and Southeastern Europe, as well as a part of the Western European countries, with the Mediterranean Sea, making it a significant intersection. Depending on the port of departure, the maritime route through the port of Rijeka and between the Far East and Europe is the shortest route, up to 7 days, compared to northern European ports.

While the port of Rijeka is of strategic importance, the airport located on the island of Krk is also significant. The most successful export activities are related to pharmaceuticals, shipbuilding, naval architecture and mechanical engineering, forestry based industries. Import activities include mainly the importing of packaging for goods, mechanical processing of metal, electricity imports and bakery products. The most common activities are those related to tourism and service activities. The most developed economic sectors of the county are: commerce, processing industries, timber industry, tourism, construction industry, transportation and storage, agriculture and fishery.

Primorje-Gorski Kotar County is one of the most developed counties in all of Croatia if we take into account the overall GDP and GDP per capita. Further economic development of the county should mainly focus on the activities that increase competitiveness and at the same time, ensure its sustainable development in commerce, processing industries, timber industry, tourism, construction industry, transportation and storage, agriculture and fishery.

Sectoral structure of Creative Industry

Before discussing the analysis of CI, it is important to provide some definitions and present specific analytical framework for the analysis. The term “Creative industries” came into use in the last decade of the past century when the understanding of the creative sector was broadened beyond the limits of artistic activities. This represented a shift in understanding regarding the potential commercial activities that were before considered in a strict non-economic sense. The key for understanding the CI is a transition from a high culture to a culture “for everyone and everybody” in which culture and creativity are commodified in an economic, market orientated sense. UNESCO defines CI as an industry with roots in individual creativity, skills and talent with the potential for making a profit, for creating work places and for exploitation of intellectual ownership. According to the UNESCO definition, CI sub sectors are: advertising, architecture, art, artistic crafts, design, fashion design, film and video, software and computer games development, music, performance and visual arts, publishing, television and radio.

Although the CI sector has had continuous growth on a global, as well as a local level, encouragement of its strategic development on the level of Primorje-Gorski Kotar County and Croatia is a newfound practice implemented just a few years ago. The problem of inadequate tracking of CI data affects the whole country. For this reason, the statistical data needed for the analysis is scarce. It is important to mention that the first successful efforts for defining the Creative and Cultural sector in Croatia were only just published in 2015 and named “Maping the Creative and Cultural industries in Republic of Croatia”. Such initiative marks a positive shift towards positive and comprehensive perception of the sector in Croatia and a pathway towards creative economies based on knowledge.

Provided here are several vital traditional practices and creative policies passed down by government. Primorje-Gorski Kotar County is a custodian of valuable and significant cultural heritage in the region. A great number of associations and institutions carry out different programs and efforts to preserve the intangible cultural heritage. Several examples of this preservation are the preservation of authentic and native speech, music and traditional expression. The ones of utmost importance are 13 “Katedri čakavskog Sabora” (Čakavski dialect boards) and “Ivan Matetić Ronjgov” institution.

It is of note to mention that "Dvoglasje tijesnih intervala Istre i Hrvatskog primorja" (Two part singing of narrow intervals of Istra and Croatian littoral) and "Godišnji pokladni ophod zvončari s područja Kastva" (Annual Carnival procession of zvončari group from Kastav) that are amongst the monuments included on the UNESCO representational heritage list of the world preserved in the County. The most prominent of these is a famous moment of Croatian literacy, "Bašćanska ploča" from the year 1100 and the "Vinodolski zakonik". There are 30 valuable nature areas and distinct natural monuments that are protected by the Nature protection law. The development and management of all the activities in the area of culture is a task of the Department for Culture, Sports and Technical Culture in Primorje-Gorski Kotar County.

There are about 30 culture institutions in the county area (theatres, museums, galleries, libraries, culture centers), which are founded by cities and counties, while Primorje-Gorski Kotar County is a founder of three culture institutions whose work and effects are important even outside the border of the county. They are: Maritime and History Museum of the Croatian Littoral, Natural History Museum Rijeka and the institution "Ivan Matetić Ronjgov" from Viškovo. The following is a brief representation of CI sub sectors.

In Primorje-Gorski Kotar County there are a variety of artistic practices of good and very good quality intended for various age and social groups. There has been an increase of in the number of shows/productions for younger audiences, especially concerts. Local government budgets are financing, besides the institutions, civil associations and individuals in the field of creativity, as well as culture homes. In Primorje-Gorski Kotar County there are 4 subjects registered for recording sound and music record publishing (out of 79 in Croatia), 15 subjects for photography (out of 159 in Croatia), 3 for artistic creative practices (out of 36 in Croatia), 4 for performance arts (out of 42), 5 for auxiliary practices in performance arts (out of 66 in Croatia) and one for work in the field of artistic objects (out of 8 in Croatia). Most significant cultural institutions in the county are placed in City of Rijeka are: Croatian National Theatre of "Ivan pl. Zajc" (HNK), City Puppet Theatre (GKL), Croatian Cultural Home "Sušak" (HKD). Some of them are funded by the City of Rijeka budget, but most of founds, almost 70 % are going to HNK for promoting culture. Co-funding is made according to the number of employees in particular institution. Premiere and rerun program enables structural organization which consists of: Croatian drama, Italian drama, Opera, Ballet accompanied with concert activity and Drama group for children and youth. Musical amenities of the County are broad and include concert shows and individual performances, concert cycles, festivals of different genre and of course, popular choral singing. In the County area there are interesting musical groups such as Glimb Assembly, Wind instruments assembly like "Čabar" and "Fužine", "Josip Kaplan" Choir and may others. Some of the famous festivals are: "Melodije Istre i Kvarnera - MIK" (Melodies of Istra and Kvarner), "Grobnička skala" (Grobnik's Scale), "Grobnički Tići kantaju" (Grobnik's Little Birds' Singing), "Ćansofest" in Kastav and others in Gorski Kotar like Sound festival "Panfest" and "Goranski glasi" (Voices of Gorans). Also it is worthy to mention Hartera music festival, Ri Rock, KvarnerFest and a lot of local festivals and events. Main issues related to organization of musical events consist in lack of resources, mainly lack of systematic, continuous and planned financing and undeveloped musical preferences of public which forces musicians and organizers to rely on external sources. Due to the consumption of guests, festivals have tremendous importance for the further economic growth and development not only of the county at place, but even broader.

It is important to emphasize that Rijeka submitted a candidature for the European Capitol of Culture (ECOC) and that it gained this title for the year 2020. ECOC team started working on the basis of a set of flagship projects, and in the following year a program for 2020 will be published. The purpose of two flagship projects, “Lungomare” and “27 Neighborhoods” are diversification and networking of cultural stakeholders across the Primorje-Gorski Kotar County. ECOC title is recognized as a vital opportunity for the further development of Creative and Cultural industries in the region.

Cinematic activities have inadequate financial and institutional position in Croatia. From the 247 companies and entities registered for the development of movies, video movies and TV programs in Croatia, five of them are registered in Primorje-Gorski Kotar County where there are 6 cinemas with more than 400.000 visitors and spectators. This is more than 10 % of the amount of cinema consumers in Croatia. Two of these cinemas are located in Rijeka (“Art-Kino Croatia” which is funded by the County and a private cinema “Cinestar”) and one is on the island of Rab (and is co-funded by the city of Rab). The cultural center “Gervais” in Opatija and “Kino Sloboda” in Lovran are fresh new infrastructural venues that guarantee a whole year of cinema and of cultural experiences on the periphery. During the summer, there are open air theatres active in Opatija, as well as on many islands in the region. Several associations are also active in audio-visual production and movie festival production. The “Klik Fest”, a festival of movies recorded by Smartphones, and “Liburnia Film Festival”, a festival of the best domestic documentaries, are worth noting.

In regards to literature, publishing and journalism, there were 25 subjects (out of 175 in Croatia) registered for book publishing and 6 for magazine publishing (out of 349 in Croatia) while no journalism agencies were registered in the County (9 in Croatia) in the year 2015. There is also a vital decrease in the number of journalists in the County. In Primorje-Gorski Kotar County there were 29 national libraries with 691.185 titles and 437.071 users. “Bibliobus”, a mobile library, has an important role to reach the public on the periphery and the rural parts of the County. It is worth to noting that the first mobile library developed in the former Yugoslavia was the one set up by the National Library of Rijeka. The University of Rijeka has set up the study of literature and cultural studies but there is no school of journalism in the County (Zagreb is the closest). Research about the attitude of citizens towards the cultural offer in literature done in 2014, indicates that there is an unsatisfying offer in Gorski Kotar area and the islands, while on the coastal area, in Rijeka, and localities near Rijeka 50 % of consumers are satisfied. The same research also indicates a very weak consumption of books and written material in the whole county, in which 50 % of the surveyed people read only one book a year. Important papers specific to the county are: “Novi list”, Primorje-Gorski Kotar County magazine “Zeleno i plavo”, and the publication “Vinodolski zakonik”. Many of the municipalities and cities in the region have their own, often monthly, publications. For example, City of Opatija finances monthly city paper, “List Opatija”. In regards to the publishing sub sector, Croatian trends are relatively negative, and the downgrading of the whole sub sector in the last decade is a harsh reality. The same is true for all of Primorje-Gorski Kotar County. Digital technologies have contributed to this phenomena but the main problem is the fact that classical, cheap and over read literature overwhelmed the kiosks, gas stations, supermarkets and mixed goods trades where these materials are sold. The market is crowded with books and buyers have stopped visiting book stores resulting in a drastic drop in sales.

In Primorje-Gorski Kotar County there are 44 museum and museum collections, with two museum institutions founded by the County (stated above). In Opatija there is the Croatian Museum of Tourism founded by the Ministry of Culture and Opatija. Other museums in the region are also founded by the cities and municipalities. A national museum event called „Noć muzeja“ (Night of Museums) is held in Croatia every year, with a noted increase in visitors and institutions that take part in the yearly event. In 2017 more than 25 museums and 200 institutions were included in the yearly program in the County and more than 16.500 people visited venues taking part in the event. In the context of CI, it is important to mention a museum of old computers and technical culture "Peek&Poke" as an example of work space problems. This museum has a huge collection, is internationally known and recognized and cooperates with other museums in the region. Unfortunately "Peek&Poke" does not have enough space for museum activity and has problems with financing overhead expenses and human resources.

Architecture in Croatia has a long and wealthy tradition but encounters the problem of a small market and the fall of the Building industry in Croatia and the County as well, despite the latest indications which show some recovery in the sector. The tendency of the current generation of architects is towards cultural responsibility and the perception of architecture as an activity within the broader cultural context. The general perception of architecture and industrial heritage in the County can be compared with those tendencies. The local population is sensitive toward the revitalization of industrial heritage and traditional spaces that often form historical and cultural identities. For example, the reconstruction and reuse of the former industrial plant "Rikard Benčić" is a pivotal activity to revitalize the space. The first phase of the Museum of Modern and Contemporary Arts was built at this location and there are plans to locate the Rijeka City Museum, City Library Rijeka and Brick House, a venue imagined as a space for citizen initiatives in the recycled factory. The industrial complex "Hartera", a former paper factory, is often used for concerts and festivals, but is still waiting for a full scale revitalization project.

There is a critical mass of good designers in Croatia. In the last 20 years, the Croatian designer scene has matured, and grown in terms of quality and quantity and the number of employed that are young and highly educated people. The same can be said for the situation in the County. Companies that work in this area are of small and micro size. In the year 2012 there were 40 registered subjects for designer activities and today, the number is much higher. For example, we will take a company "Kreativni odjel d.o.o." which has a broad variety of activities like design, video production, photography, creation of mobile application and computer games, and they like many others in the County, are successfully placing their products and services (their knowledge) on the international market. They employ highly educated young people from the region and they also treasure the outsourcing practice regarding experts in the area, but their work is bothered by the growing emigration of educated staff and with the negative perception of Croatia regarding corruption and competitiveness from the investors' pint of view. In the County, there are no registered shareholders for computer games publishing and development but many of them are registered for programming practices so it is hard to distinct which of them are active in the computer games industry. Two of them are noted for such practices – "Kreativni odjel d.o.o." i "Kid d.o.o." Besides that, computer game production is frequent on private and project basis which doesn't guarantee sustainability. The basic problem is inadequate funding of long term projects and the lack of digital infrastructure. Major problem for existing subjects is also the product placement for international market.

Although, there is a visible trend of individual efforts for making computer games content in which platforms are developed with the help of start-up incubators functioning in the County (3 existing for now).

Creative Industries in Primorje–Gorski Kotar County are already developed to a certain level, which is not strange considering creative and cultural conditions in the County, as well as the status of cultural and natural heritage and tradition. People in the region are proud of tradition and cultural background and it is important to develop the CI sector considering tradition but in the same time implementing modern trends. CI is facing various problems which are, more or less, the same on the country level, but some positive trends regarding perception of the sector can be noted. The rising importance and share in the national economy and the fact that more and more of CI shareholders are developing their business and expanding their market worldwide are evidence of the Sector's progress. Efforts regarding revitalization, renewal and reuse of abandoned industrial heritage in Primorje–Gorski Kotar County will surely boost the sector development considering an important problem of inadequate work space in Creative Industries.

SWOT-Analysis

Regional SWOT results	
Strengths	**Weaknesses**
High level of identification of citizens in local communities with specific cultural heritage and tradition, increased by their volunteering contribution. Broad spectrum of cultural heritage rooted in local communities with recognized potential for creative industry. Strong interconnection of Creative sector on County level. Variety and mutually complementing in the sphere of culture and CI (performing arts, arts and (handmade) crafts/market, music school, etc.). Developed Cultural Tourism with increased capacities trough successfully implemented projects funded by EU funds. Recognition of benefits of networking and cooperation with representatives of CI by tourist sector for development of cultural tourism.	Lack of Management and Administrative Staff in CI and their involvement in live long learning programs (ICT, PR and marketing). Reluctant preparedness to invest by Business owners. Non existing clusters in subsectors of Creative industries. Missing interdisciplinary collaboration and joint marketing through communication platforms. Not established connection with Creative Industry Clusters on international level. Difficult access to international market and severe problem in marketing and selling products and services locally and internationally.

Opportunities	Threats
Industrial heritage infrastructure across county available for creative professionals and CI purposes. High quality of life in national context and favorable geographic position provide good traffic connectivity, exchange and networking. Developed Strategies and Cultural policies encouraging and financially supporting Culture and Creative industries - CI (High Institutional support for Cultural programs per capita). County Cultural Network and European Capitol of Culture as platforms for promotion, networking and recognition of quality of local creative expression. Availability of professional formal and non-formal education and lifelong learning programs on national and International level. Available funding on national and EU level. Enhancement of cooperation between creative industry and other business sectors. Existing touristic infrastructure. Development of Regional cooperation. Interest of the International ICT business sector for the Investment in the local Creative Industry.	Weak consumer purchasing power and seasonality. No educated and inert public. Population decline due to negative long-term demographic trends, migration, especially of highly educated youth as a result of negative economic and unemployment trends on national level. Discrepancy between rural and urban areas within the County regarding available CI programs and services, investments in CI, communication with centers of power and administration. Necessity of huge investments in available ex industrial and other properties for CI purposes. Demanding administrative and legal frameworks for development of an initiative or business. High price of products and services in CI due to high tax policies, lack of cheap resources and narrow domestic market (locally and nationally). Unstable political and economic situation in Croatia. Open global market and presence of international professionals increasing competition.