CREATIVE INDUSTRIES OF KAZAKHSTAN

Trends and Prospects

2024

FOREWORD

FROM THE GOVERNOR OF THE ASTANA INTERNATIONAL FINANCIAL CENTRE

Dear readers,

I am pleased to present to your attention the analytical review "Creative Industries of Kazakhstan: Trends and Prospects" prepared by the Astana International Financial Centre and Dasco Group. This review highlights the immense potential of the creative economy both in our country and beyond its borders.

Creative industries are becoming an important driver of economic growth and cultural development today. Kazakhstan, with its rich cultural heritage, talented people and active digitalisation, has unique opportunities to strengthen its position in this dynamically developing field.

The AIFC actively promotes the development of the creative economy, creating a favourable ecosystem for creators, startups, and investors. Our mission is to provide support by creating the necessary infrastructure, foster innovation, as well as offer modern solutions to protect intellectual property, attract investment and promote creative projects on the global stage.

This review presents an analysis of current trends and prospects in the creative industries in Kazakhstan and the world, as well as offers practical tools and solutions for their further growth. We hope that it will become a valuable source of information for all stakeholders.

Sincerely,
Renat Bekturov
AIFC Governor

FOREWORD

FROM THE MANAGING PARTNER OF DASCO GROUP

Dear friends,

We at Dasco Group are very encouraged to see that the AIFC has taken a proactive stance in developing Kazakhstan's creative industries, creating a new legislative framework, and engaging industry experts. We are confident that this review, initiated by the AIFC, will become a strong starting point for building a new system of support for national creators.

The Dasco Group team has spent many years analysing the creative economy of the country and its practical international experience. We deeply care about this field, and data and trends in Kazakhstan demonstrate the immense potential of creative industries. The creative sector has the capacity to become an important economic driver of our country.

Today, creative industries play an increasingly significant role in the global economy. They account for 3% of global GDP and provide employment to about 6% of the global workforce. In Kazakhstan, the share of creative industries in GDP is at the level of 1%.

To unlock creative potential, investment is essential. However, in Kazakhstan, the creative sector is significantly underfunded. This applies to nearly all areas. Sectors such as media, film, and advertising are already more or less commercially successful and do attract investments. On the other hand, there are sectors where private investment is virtually absent – libraries, museums, and other institutions traditionally associated with the cultural sector.

I believe the AIFC could serve as an excellent platform for building an ecosystem to support the creative sector – from assisting emerging creators to facilitating large-scale investments through the AIFC platform, enabling investors to enter and contribute to the development of creative industries.

Creative industries are a field where conventional methods of operation are not always applicable. This domain requires greater intuition, creativity, and openness to unexpected discoveries. I am confident that the AIFC is a platform where this approach will thrive and deliver tangible results.

Sincerely,
Darmen Sadvakassov
Managing Partner of Dasco Group

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ACKNOWLEDGMENTS

We sincerely thank everyone who made a valuable contribution to the creation of this Review.

Your knowledge, expertise, and professionalism have provided deeper insights into the current trends and challenges of the industry. We are confident that collaborative efforts will lead to significant achievements and create new opportunities for all industry stakeholders.

EXPERTS IN THE CREATIVE INDUSTRIES

DIRECTION	NAME, SURNAME	ACTIVITY
Creative industries	David Tuganov	Entrepreneur, founder and head of Creata-Ventures and TransforNation laboratory, certified design thinking trainer and change management expert. Co-founder of public organisations ISACA Chapter, DAMA Chapter and the public fund “Sunny World”
	Dana Shayakhmet	Head of creative economy projects at Narxoz University, Board Member of the Alliance of Creative Industries of Kazakhstan
	Irina Kharitonova	Expert and researcher of cultural and creative industries in Central Asia, Europe and the CIS
Film	Erkebulan Aisultan	Kazakhstani actor and producer. One of the notable works in which he took part is the film “Kash”, the debut full-length film by Aisultan Seitov. The film received international recognition, including a nomination for the Asian New Talent Award at the 2023 Shanghai Film Festival. In addition to cinema, he actively promotes musical and educational initiatives and, alongside QARA Studios, participates in organising the OYU Fest music festival
	Anna Darmodekhina	Kazakhstani producer and expert in marketing and distribution for cinema and television. She has managed marketing and PR campaigns for theatrical releases of Disney and Sony Pictures in Kazakhstan, as well as developed strategies and branding for divisions working with Kazakh films. She heads her own licensing agency, “Movie Service”, which is the largest distribution company in Kazakhstan
	Elena Larionova	Initiator and organiser of the international film market Eurasian Film Market. She has 20 years of experience in the film industry of Kazakhstan as a film producer, organiser of major cultural events, program director of film festivals and a specialist in the promotion and sales of Kazakhstani films
	Aizhan Lighg	Kazakh actress who has appeared in the Kazakh film Tomiris and international productions such as Baywatch, Players, and Westworld. She also starred in the short film Two Distant Strangers, which won an Academy Award. She has worked with renowned actors like Mark Dacascos and Dwayne “The Rock” Johnson. Among her notable works are the comedy Condominium and the thriller Killer Selfie
Music	Olzhas Baimagambetov	Executive Director of the independent label Musica 36, founded in 2019. He has collaborated with artists such as Skriptonit, Gruppa Skryptonite, Truwer, Kali, M'Dee, Raida, TAYÖKA, Sisters, and others.
	Vladimir Kravchenko	Founder of the international music forum Colisium and the concert agency Rockafisha. Vladimir has also been a member of various bands, including SCANG, MILLIONS OF YEARS, DUBSINTHE, and STARDOWN. He hosts the Kraft Music Show podcast on YouTube
Events	Saule Samidin	Entrepreneur, Founder of the brand “Saukele”, Chairman of the Association of Legal Entities “Eurasign Event Association”, Deputy of the Maslikhat of the city of Astana, Member of the Standing Commission of the Maslikhat of the city of Astana on issues of social and cultural development
	Maira Izmailova	Event Producer, Creative Director of the FUNK agency. Her company is known for the sensational project the 12-meter Squirrel near Almaty’s Atakent (a record 92 million mentions worldwide). Organiser of the Astana Art Fest festival
Handicrafts Decorative and applied arts	Aigul Zhanserikova	Holder of 9 international patents and 5 UNESCO “Sign of Quality” certificates. She is the Founder and Head of the Qazaq-Oner centre, which brings together over 140 masters specialising in various forms of traditional folk crafts from different regions of Kazakhstan
IT	Alim Khamitov	Entrepreneur and lecturer. He is the Director of the MOST business incubator, which supports young entrepreneurs in the IT sector by providing access to opportunities such as mentorship, essential knowledge, guidance, and funding
Videogames	Alexey Shegai	Co-founder and CEO of iDos Games, a software development company. iDos Games is an ecosystem platform for mobile blockchain products, focusing not only on games but also on tokenisation and rewards. Alexey and his partner are also actively involved in establishing gaming laboratories at universities. One of the project’s goals is to promote game development in Kazakhstan
Social networks/blog	Askhat Khalimov	One of Kazakhstan’s leading media producers and the founder of the popular TikTok house, BIP House, which has become an essential platform for young bloggers, guiding them towards professionalism. Today, his team manages several houses, including YOLO House, which caters to an international audience. Collectively, his projects reach over 60 million subscribers worldwide, including audiences in Kazakhstan, Russia, the US, and Southeast Asian countries.
Education	Roman Mironov	TV and radio presenter. Director of the Network of Creative Centres iConic Creative SchoolCreative School

State bodies

Maxat Turlubayev – Head of the Bureau of National Statistics, Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

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The quotes from representatives of the creative industries included in the Review do not reflect our point of view and are provided solely to offer a general understanding of the issues discussed.

In the event of any discrepancies in the Kazakh and Russian translations with the text in English language, the latter takes precedence.

We reserve the right to modify or update this Review at any time without prior notice.

ABBREVIATIONS AND ACRONYMS

AFSA	Astana Financial Services Authority
AI	Artificial Intelligence
AIFC	Astana International Financial Centre
AR	Augmented Reality
BNS	Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan
CIS	Commonwealth of Independent States
FMCG	Fast-Moving Consumer Goods
GDP	Gross Domestic Product
GVA	Gross Value Added
IMF	International Monetary Fund
IFPI	International Federation of the Phonographic Industry (2024)
IP	Intellectual Property
IT	Information Technology
UAE	United Arab Emirates
UN	United Nations
UNCTAD	UN Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organisation
US	United States of America
VAT	Value Added Tax
VR	Virtual Reality

DASCO GROUP

01.

GLOBAL OVERVIEW OF CREATIVE INDUSTRIES

3.1%
($4.3 tn)
Share of the creative economy in global GDP, 2022

$2.3 tn
Global revenue of the creative industries worldwide, 2022

50 mln
Jobs created in the creative industries worldwide, 2022

9%
Annual growth of the global creative economy

12%
Annual growth of the creative economy in developing countries

$574 bn
Global internet advertising market, 2023

$28.6 bn
Global recorded music revenue, 2023

67.3%
Share of streaming in global recorded music revenue, 2023

$33 bn
Global cinema box office revenue, 2023

$227 bn
Total video game revenue, 2023

01. GLOBAL OVERVIEW OF CREATIVE INDUSTRIES

This review examines trends in the creative industries as a whole and specifically in four segments of the creative industries:

- DIGITAL ADVERTISING
- MUSIC
- FILM
- VIDEO GAMES

The UK Department for Culture, Media and Sport defines the creative industries as "those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property".[1]

Anna Darmodekhina:

"An illustrative example is how K-pop has significantly contributed to South Korea's economic development. This phenomenon is driven not only by its musical content but also by its visually captivating presentation and innovative business model, which have drawn global attention to South Korean culture. Following the rise of K-pop, K-dramas (South Korean TV series) have also achieved international acclaim. Often, the same corporations are involved in the production of music and TV series. The global success of the series Squid Game is a prime example. Following its triumph, the international film industry turned its focus to South Korea, seeking similarly "golden" scripts and ideas. Last year, the cost of producing one episode of a Korean TV series reached $1 million. This is a substantial amount, especially considering that the South Korean film industry is already one of the most fiercely competitive in the world."

1.1. Global market size of creative industries

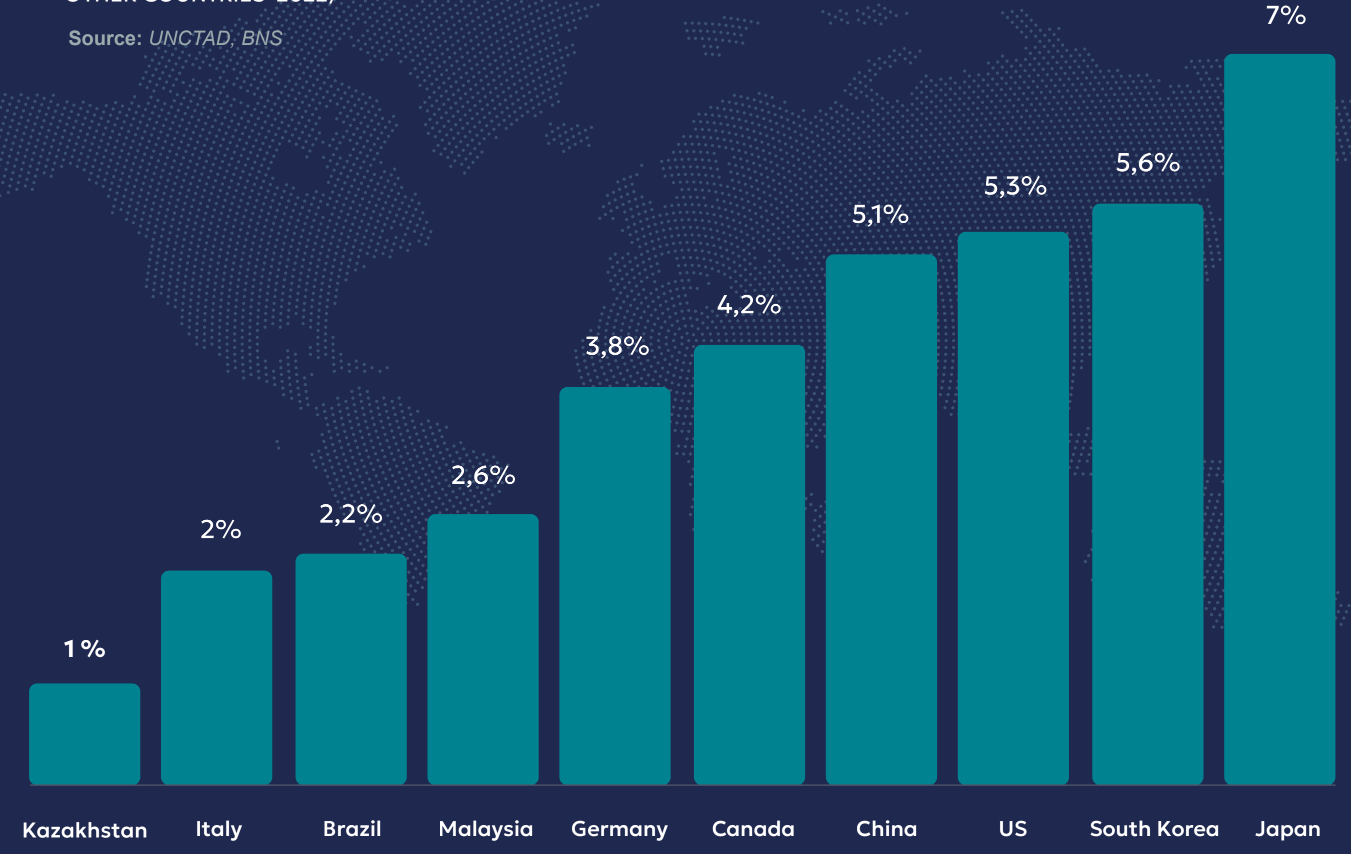
The creative economy makes a significant contribution to the GDP of countries worldwide, with many governments investing in these industries due to their economic and cultural value. For instance, the creative economy accounts for 7% of GDP in Japan and 5.6% in South Korea, whereas in Kazakhstan, this figure was approximately 1% in 2024.

The global revenue of the creative industries is estimated at about $2.3 trillion,[2] including sectors such as cinema, music, fashion, video games and design. Creative industries account for 6.2% of total employment. These sectors have created almost 50 million jobs worldwide, attracting more young people aged 15-29,[3] than any other sector of the economy. This is due to globalisation, the growing popularity of digital media and streaming platforms, and the expansion of internet access.

[1] The UK Department for Culture, Media and Sport, British Council.kz
[2] Creative economy – the engine of progress
[3] UNCTAD, Creative Economy Outlook 2022

FIGURE 1. SHARE OF CREATIVE ECONOMY IN GDP BY COUNTRY, % (KAZAKHSTAN 2024, OTHER COUNTRIES 2022)

Source: *UNCTAD, BNS*



In 2022, creative industries contributed 3.1% to global GDP, equivalent to $4.3 trillion.[4] The global creative economy is growing at an annual rate of 9%, and in developing countries this figure reaches 12%. Forecasts show that the creative economy's share of global GDP may grow to 10% in the coming years.[5]

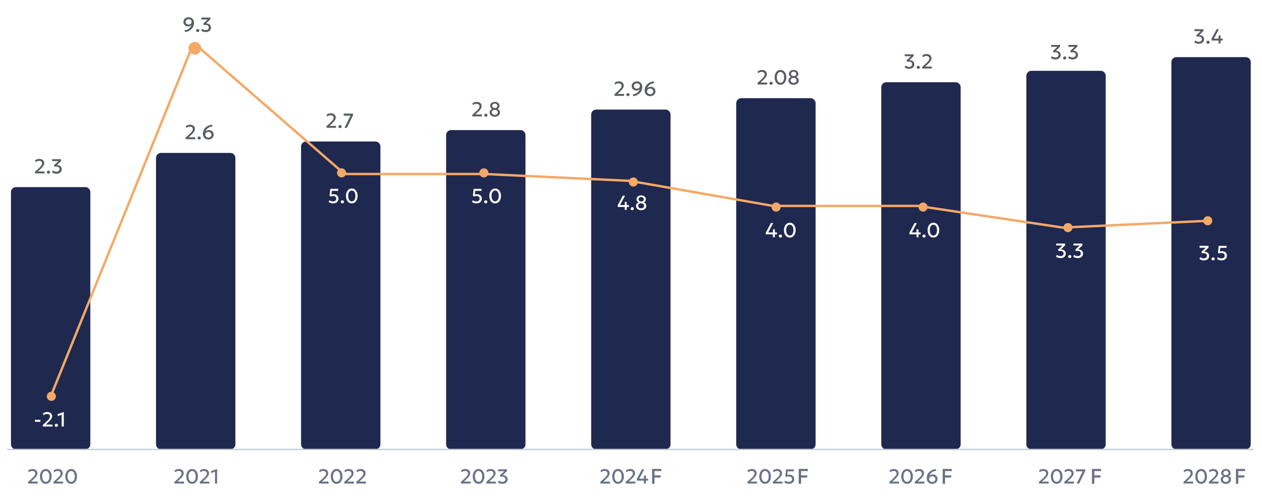
ENTERTAINMENT AND MEDIA (E&M) REPRESENT THE LARGEST AND MOST DYNAMIC SEGMENT OF THE GLOBAL CREATIVE ECONOMY, ENCOMPASSING ALL MEDIA, INCLUDING TELEVISION, SOCIAL MEDIA, RADIO AND NEWSPAPERS, MAGAZINES, AS WELL AS POPULAR FORMS OF ENTERTAINMENT SUCH AS FILM, MUSIC AND BOOKS.

[4] UNESCO, Re|shaping policies for creativity: addressing culture as a global public good; executive summary, British Council.kz
[5] UNCTAD, The creative economy takes centre stage

In 2023, global revenue of E&M rose by 5% to reach $2.8 trillion, significantly outpacing overall economic growth. Over the next 5 years, E&M revenue is projected to expand at a more moderate CAGR of 3.9%, with total revenues expected to surpass $3.4 trillion by 2028.[6]

FIGURE 2. GLOBAL E&M MARKET, 2020-2028, $ TRILLION

Source: *UNCTAD, PwC, Omdia*



The impact of the COVID-19 pandemic on the creative industries

The Covid-19 pandemic had a significant impact on creative industries globally. According to the UN, the global economic recession resulting from the pandemic contracted the global creative economy by $750 billion, leading to a loss of 10 million jobs worldwide.[7]

For example, when the Covid-19 pandemic hit in 2020, around 60% of scripted TV shows worldwide experienced delays. In the UK, it is estimated that 65% of film and high-end TV productions were put on hold during the first lockdown.[8]

60%

Covid-19 delayed up to 60% of scripted TV shows worldwide in 2020

65%

In the UK, 65% of film and high-end TV productions were put on hold during the first lockdown

[6] PwC's Global Entertainment & Media Outlook 2024–2028

[7] UNESCO, Cultural and creative industries in the face of COVID-19: an economic impact outlook

[8] UNESCO, Cultural and creative industries in the face of COVID-19: an economic impact outlook

1.1.1. Digital advertising

GLOBAL ADVERTISING REVENUE FROM 2020 TO 2028 SHOWS A CONSISTENT UPWARD TREND. IN 2023, GLOBAL AD REVENUE STOOD AT $845 BILLION AND IS PROJECTED TO REACH $1.2 TRILLION BY 2028.[9]

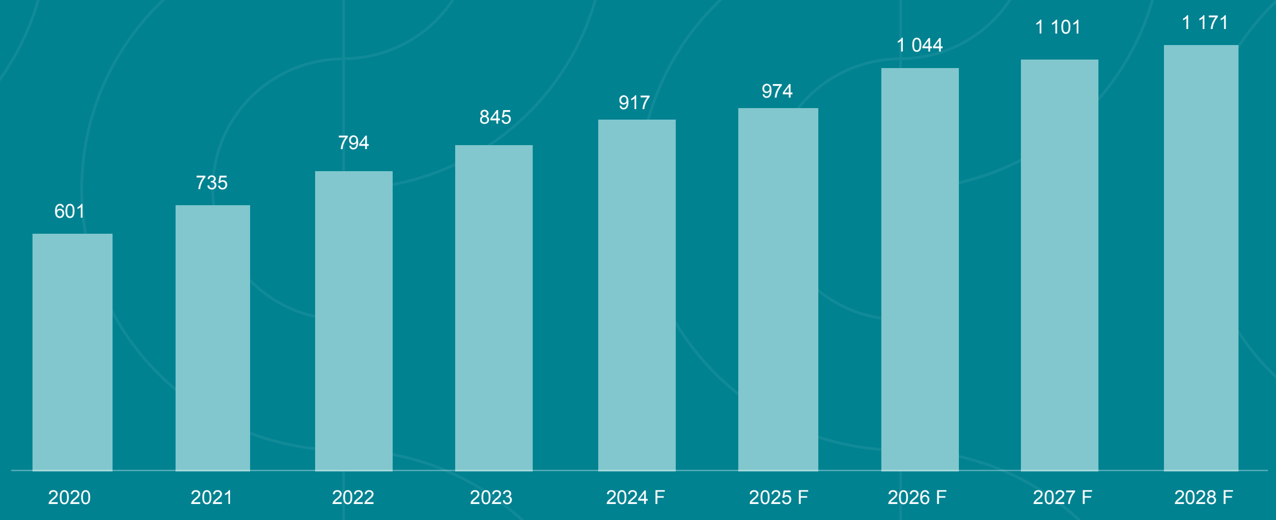
CAGR between 2023 and 2028

6.7%

This growth highlights the expanding digital landscape, driven by advancements in technology and evolving consumer behaviours. Businesses are expected to continue investing heavily in advertising to stay competitive and engage with audiences effectively.

FIGURE 3. GLOBAL ADVERTISING REVENUE, $ BILLION

Source: *UNCTAD, PwC, Omdia*



THE FOLLOWING TRENDS HIGHLIGHT THE DYNAMIC NATURE OF DIGITAL ADVERTISING AS IT ADAPTS TO TECHNOLOGICAL INNOVATIONS AND CHANGING CONSUMER EXPECTATIONS:

AI INTEGRATION

AI is transforming digital advertising by enabling personalised content and efficient ad placements. For instance, AI-powered tools are being utilised to create tailored advertisements that resonate with specific audience segments, enhancing engagement and conversion rates.

VIDEO-CENTRIC STRATEGIES

The emphasis on video content continues to grow, with platforms like TikTok and Instagram prioritising short-form videos. Brands are increasingly investing in video advertising to capture audience attention and convey messages effectively.

PROGRAMMATIC ADVERTISING GROWTH

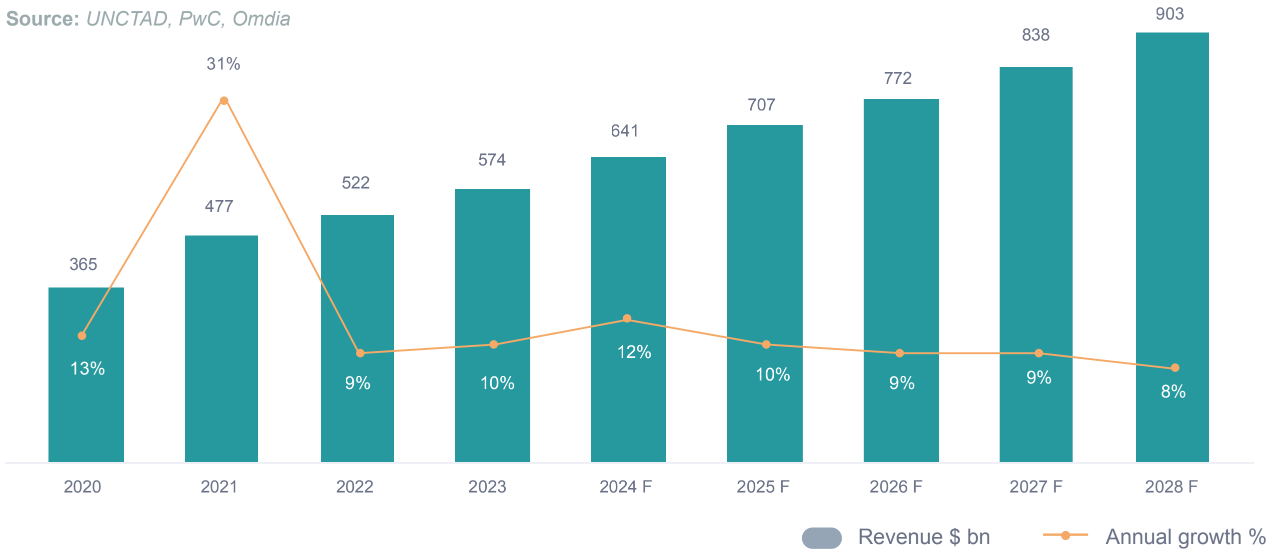
The use of automated, data-driven ad buying is on the rise, allowing for real-time bidding and more efficient ad placements. This trend is expected to continue, with programmatic advertising projected to account for a significant portion of digital ad spend.

AUTHENTICITY AND PURPOSE-DRIVEN MARKETING

Consumers are increasingly drawn to brands that demonstrate authenticity and social responsibility. Advertisers are responding by crafting campaigns that reflect genuine brand values and address societal issues, thereby building deeper connections with audiences.

FIGURE 4. GLOBAL INTERNET ADVERTISING MARKET, 2020-2028, $ BILLION

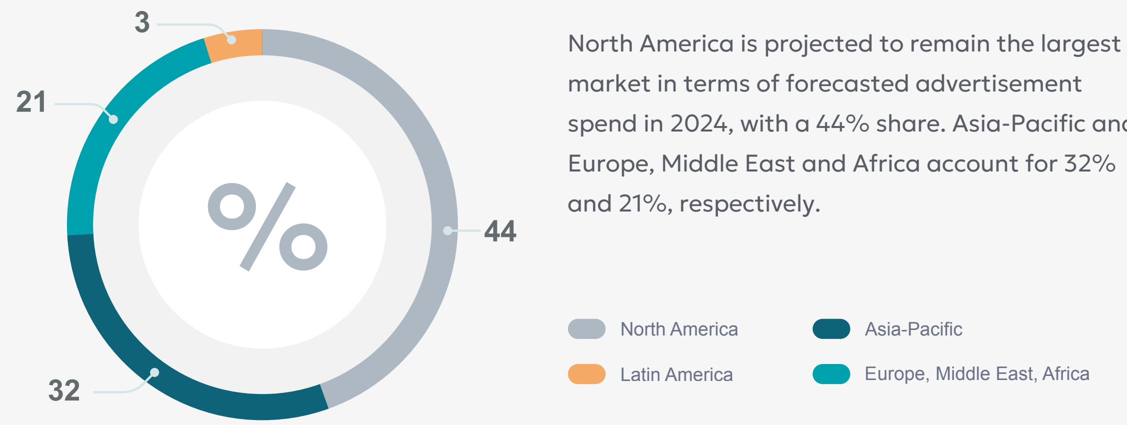
Source: *UNCTAD, PwC, Omdia*



Internet advertising grew by 10.1% in 2023, generating an additional $52.5 billion in revenue. With a projected CAGR of 9.5% through 2028, internet advertising is expected to reach $903 billion, representing 77.1% of total ad spending by that time.[10]

FIGURE 5. BREAKDOWN OF INTERNET ADVERTISING SPENDING BY MACROREGIONS, 2024, %

Source: *UNCTAD, PwC, Dentsu*



North America is projected to remain the largest market in terms of forecasted advertisement spend in 2024, with a 44% share. Asia-Pacific and Europe, Middle East and Africa account for 32% and 21%, respectively.

[10] PwC's Global Entertainment & Media Outlook 2024–2028

1.1.2. Music

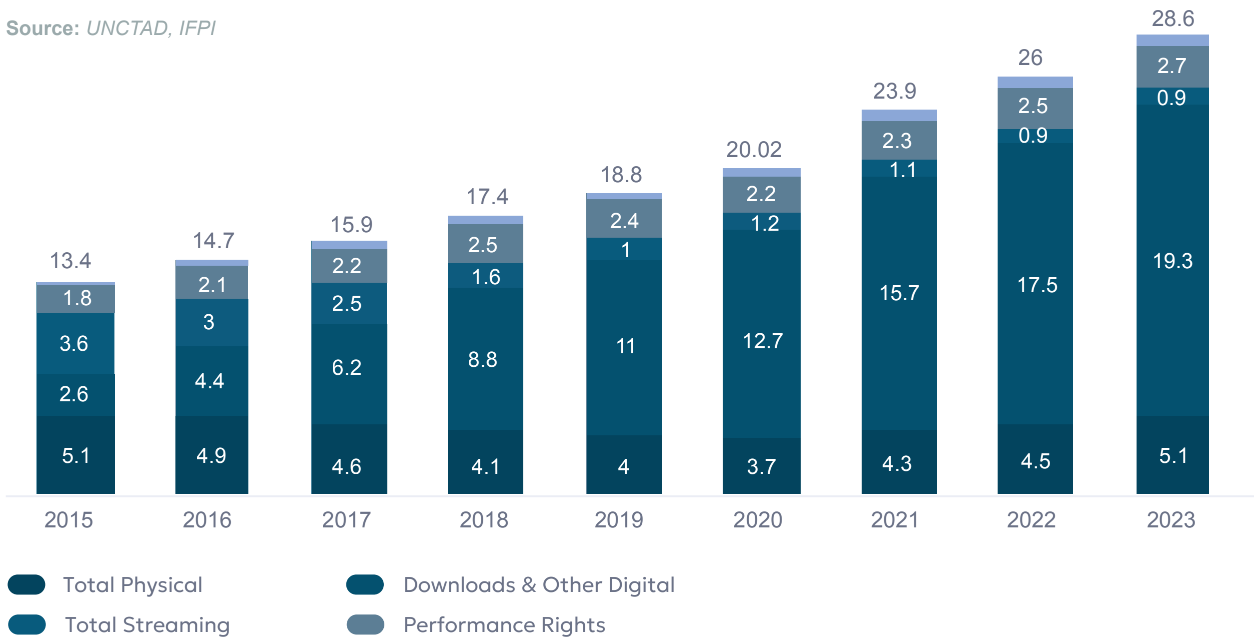
Recorded music revenue grew by 10.2% in 2023

10.2%

Recorded music revenue grew by 10.2% to $28.6 billion in 2023, the ninth consecutive year of growth. Due to its rapid growth over the last years, streaming makes up over two-thirds (67.3%) of the global market. Streaming revenue grew by 10.4% in 2023.[11]

FIGURE 6. GLOBAL RECORDED MUSIC MARKET, 2015-2023, $ BILLION

Source: *UNCTAD, IFPI*



The music industry and live music are undergoing significant transformations, driven by technological advancements and evolving consumer behaviours. Key trends in the music industry include:

[11] International Federation of the Phonographic Industry (2024)

DIGITAL STREAMING: Currently, digital streaming is the dominant mode of music consumption. This surge is largely attributed to the proliferation of paid streaming subscriptions, which have surpassed 500 million globally.[12] Platforms like Spotify, Apple Music, and Amazon Music have capitalised on this trend, offering vast libraries accessible across various devices, changing the way audiences interact with music.

ARTIFICIAL INTELLIGENCE: Another pivotal development is the integration of AI in music production and distribution. AI technologies are being utilised to create music, analyse consumer preferences, and enhance marketing strategies. Although AI presents opportunities for innovation, it also raises concerns regarding copyright, artist compensation, and the authenticity of music creation.

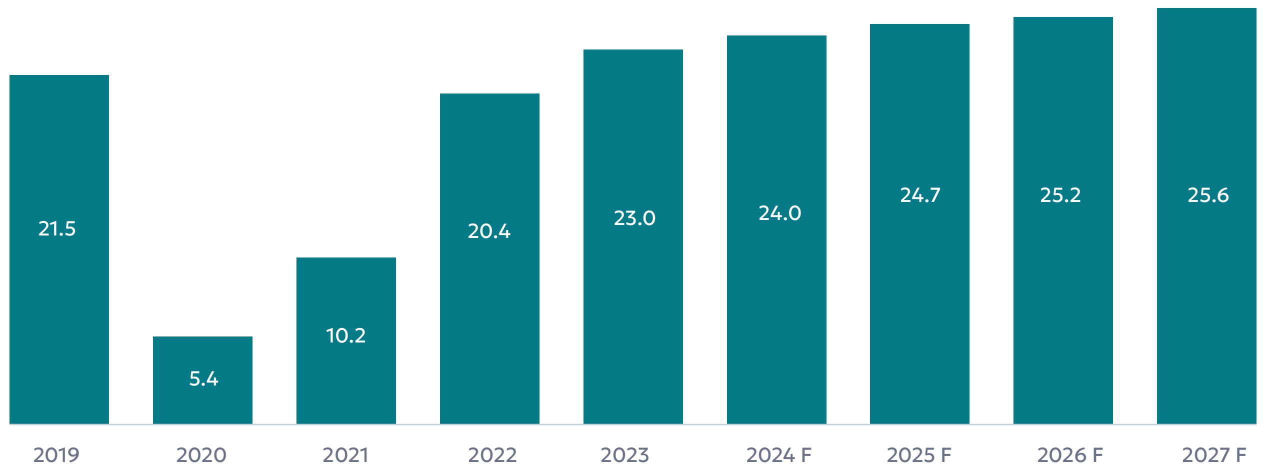
RECORD-BREAKING ATTENDANCE: The live music industry is resurgent, posting strong growth in concert attendance and ticket sales. Live Nation Entertainment Inc. reported its strongest summer concert season in its history in 2024, selling 144 million tickets by October, up 3% from a year earlier.[13] The company also announced a robust 2025 pipeline of stadium shows from major artists that is expected to deliver double-digit average revenue growth.

ENHANCED CONCERT EXPERIENCES: Technology is transforming live music, with concerts incorporating advanced lighting, immersive sound systems, and augmented reality to enhance the audience experience. Fans now seek more than just live performances – they want memorable, multi-sensory events. For example, the Sphere in Las Vegas is transforming live concerts, offering audiences an immersive experience with its state-of-the-art sound and visually stunning 360-degree LED display.

In 2023, revenue from live music concerts was $23 billion and has recovered to pre-pandemic level. The revenue is expected to reach $25.6 billion in 2027, with a CAGR of 2.7% between 2023 and 2027.[14]

FIGURE 7. GLOBAL LIVE EVENTS REVENUE, 2019-2027, $ BILLION

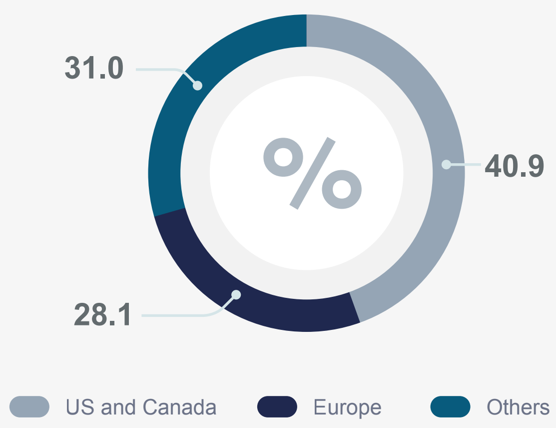
Source: *PwC*



[12] International Federation of the Phonographic Industry (2024)
[13] Live Nation Entertainment Reports
[14] PwC's Global Entertainment & Media Outlook 2023–2027

FIGURE 8. STRUCTURE OF THE MUSIC MARKET BY MACROREGIONS, 2023, %

Source: *IFPI*



Top music markets in 2023 included the US, Japan, the UK, Germany, China and others. The US and Canada accounted for the largest share of global recorded music revenues in 2023, representing 40.9% of the total and achieving a 7.4% growth during the year.

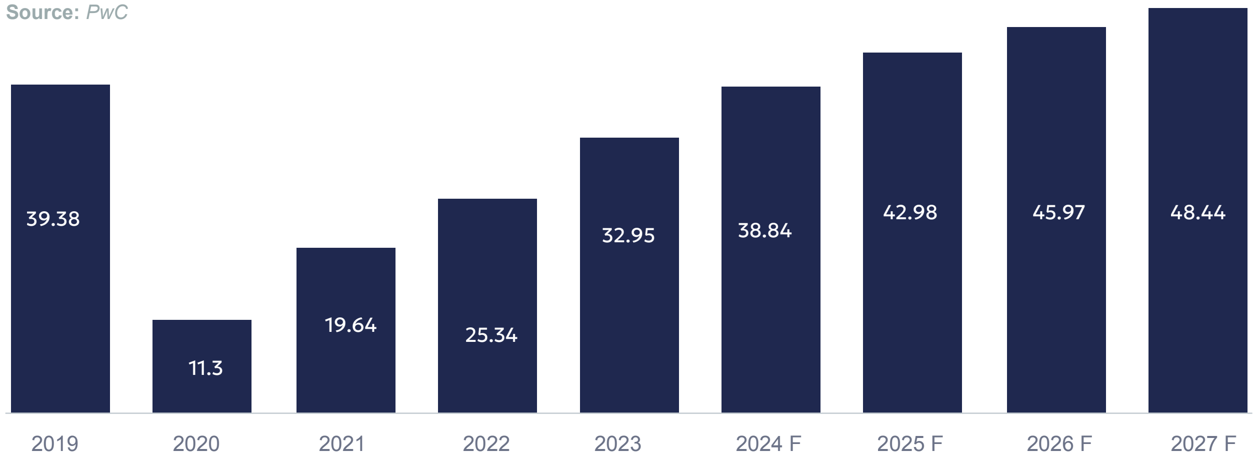
Europe remained the second-largest region for recorded music revenues in 2023, accounting for 28.1% of global revenues after achieving 8.9% growth. The region's three largest markets performed strongly, with the UK growing by 8.1%, Germany by 7.0%, and France by 4.4%.[15]

1.1.3. Films

CINEMA BOX OFFICE REVENUE HAS NOT RECOVERED TO PRE-PANDEMIC LEVELS YET. THEY ARE PROJECTED TO DO SO IN 2025, HITTING $43 BILLION, COMPARED TO $39.4 BILLION IN 2019, AS GLOBAL ATTENDANCE CONTINUES TO RISE ANNUALLY.

FIGURE 9. CINEMA BOX OFFICE REVENUE, $ BILLION

Source: *PwC*



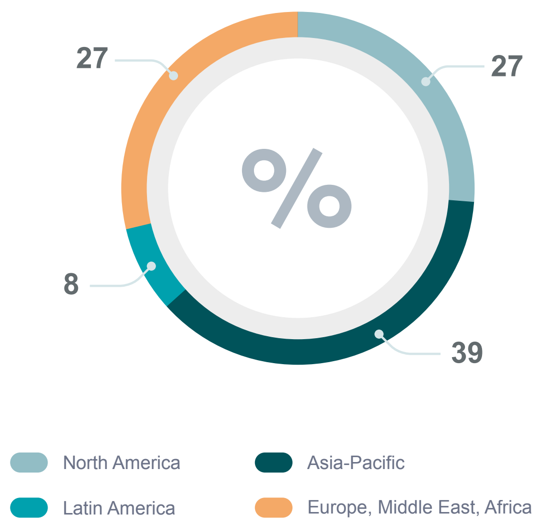
[15] International Federation of the Phonographic Industry (2024)

The film industry has experienced significant shifts in recent years, driven by evolving audience preferences, technological advancements, and the lasting effects of the pandemic. The industry is adapting to new challenges while embracing opportunities to enhance the consumer experience. Key trends include:

Shorter Theatrical Runs: One of the most notable trends in the film industry is the reduced duration of films in cinemas. Data indicates that the average run time has decreased from 4.6 weeks in 2005 to just 2.9 weeks currently.[16] This is largely driven by audiences who prioritise watching new releases quickly, influenced by social media discussions and the fear of spoilers. Consequently, cinemas prioritise screening new films early on, ensuring higher initial attendance and quickly making way for upcoming releases. Despite shorter runs for many films, blockbusters and franchise movies still enjoy extended screen time, sometimes exceeding 16 weeks, to maximise their financial performance.

FIGURE 10. BREAKDOWN OF GLOBAL BOX OFFICE REVENUE BY MACROREGIONS, 2023, %

Source: *PwC, Gower Street Analytics*



Impact of Streaming: Streaming platforms such as Netflix, Disney+, and Amazon Prime have significantly disrupted traditional cinema. These services provide the convenience of home viewing, leading to hybrid release models where films debut both in theatres and online. While this expands accessibility, it has sparked debates about the sustainability of the theatrical model. Yet, blockbuster films and franchise movies still prove that the big screen experience remains irreplaceable for many viewers, underscoring the unique appeal of watching films on the big screen. Moreover, streaming services are increasingly investing in high-quality original films, some of which are receiving limited theatrical releases to qualify for awards season. This evolving dynamic highlights how cinemas and streaming services can coexist, catering to diverse audience preferences while driving innovation in film distribution.

39%

Asia-Pacific is the largest market, representing 39% of global sales, which is also due to the region's growing population and dynamic economy.

27%

North America and Europe, Middle East, and Africa both have shares of 27%.

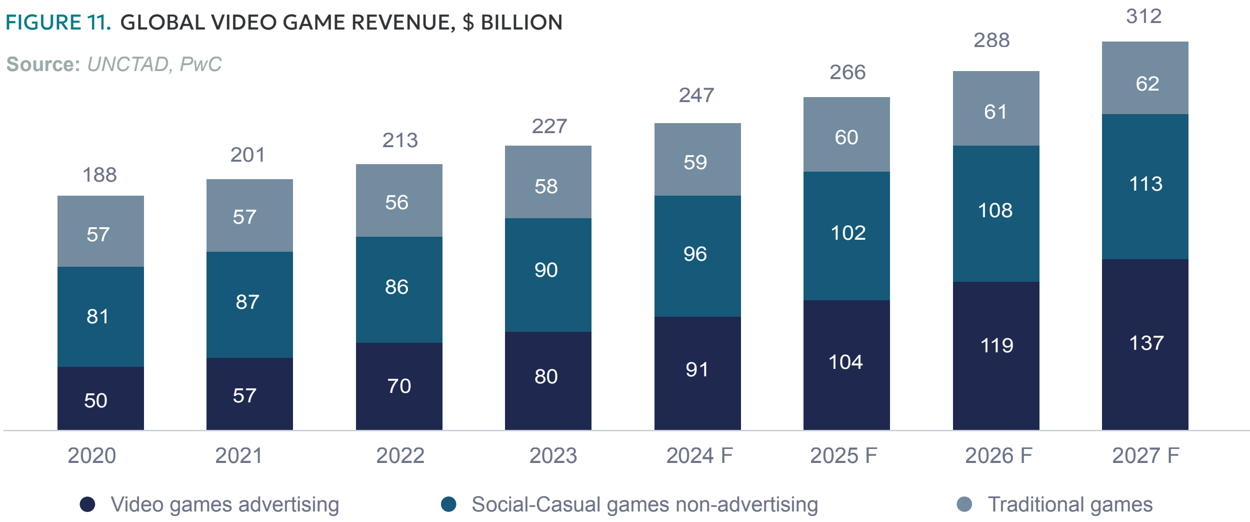
[16] Why are cinemas showing fewer films than before?

1.1.4. Video games

With a CAGR of 8.3%, total video game revenue is projected to increase from $227 billion in 2023 to $312 billion by 2027. As confidence in the video gaming sector increases, advertising revenue is projected to nearly double from 2022 to 2027, reaching $100 billion by 2025. This growth is anticipated to outpace the revenues of other media types, underscoring the increasing prominence of gaming in the entertainment sector.[17]

FIGURE 11. GLOBAL VIDEO GAME REVENUE, $ BILLION

Source: *UNCTAD, PwC*



The gaming industry is undergoing significant transformations, driven by evolving consumer behaviours and technological advancements. Key trends identified in Bain & Company's 2024 Gaming Report [18] include:

Increased Engagement in Game Environments: Gamers are dedicating more time to immersive game worlds, engaging in activities such as socialising, shopping, and consuming various media within these spaces. This shift is redefining industry dynamics, as players increasingly identify with the game environment rather than the device used.

Demand for Interoperability: There is a growing expectation among gamers for seamless experiences across different devices and platforms. This trend is prompting developers to focus on creating games that offer consistent and interconnected experiences, enhancing player satisfaction and engagement.

Growth Driven by Younger Gamers: The global gaming audience is expanding, particularly among individuals aged 2 to 18. Approximately 80% of this demographic identifies as gamers, spending nearly 30% of their entertainment time in gaming environments. This surge is contributing to the industry's overall growth.

Operational Model Evolution: To meet the increasing demand for multiplayer, multiplatform experiences with enhanced social features, gaming companies are re-evaluating their operating models. This includes adapting to the complexities of a global market and the convergence of media types, such as the integration of video games with film and television adaptations.

[17] PwC's Global Entertainment & Media Outlook 2023–2027
[18] Bain & Company Gaming Report 2024

MAIN DRIVERS OF THE DYNAMIC GROWTH OF GAMING INCLUDE:

Technological Advancements:

Powerful graphics, faster processors, and immersive tech like AR/VR enhance user experience.

Mobile Accessibility:

The rise of smartphones and mobile internet has expanded access to gaming.

Global Online Platforms:

Multiplayer online games and cloud services attract a wide audience.

Diverse Monetisation:

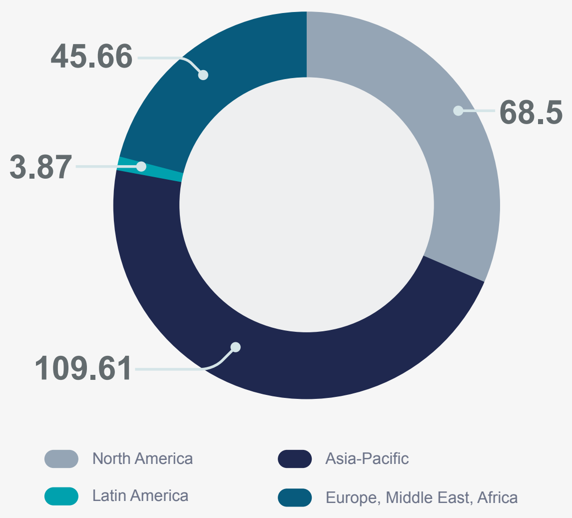
In-game purchases, subscriptions, and advertising models increase profitability.

E-sports and Streaming:

Competitive gaming and live streaming platforms attract large audiences and revenue.

FIGURE 12. BREAKDOWN OF VIDEO GAMING REVENUE BY REGIONS IN 2023, $ BILLION

Source: *UNCTAD, PwC*



The Asia Pacific region leads the world in total revenue for video games and e-sports. In 2023, this region generated approximately

$109.6 bn

48.1%

of the segment's global total.[19]

Total exports of creative goods and services reached a record of

$2.1 tn

$713 mln of goods

$1.4 tn of services

According to UNCTAD, in 2022, total exports of creative goods and services reached a record $2.1 trillion – $713 billion for goods and $1.4 trillion for services.[20]

It is worth noting that services have a higher share (65.9% in 2022) of global exports compared to goods (34.1%). Importantly, the growth in services exports has been steadily growing, even in the pandemic-hit 2020.

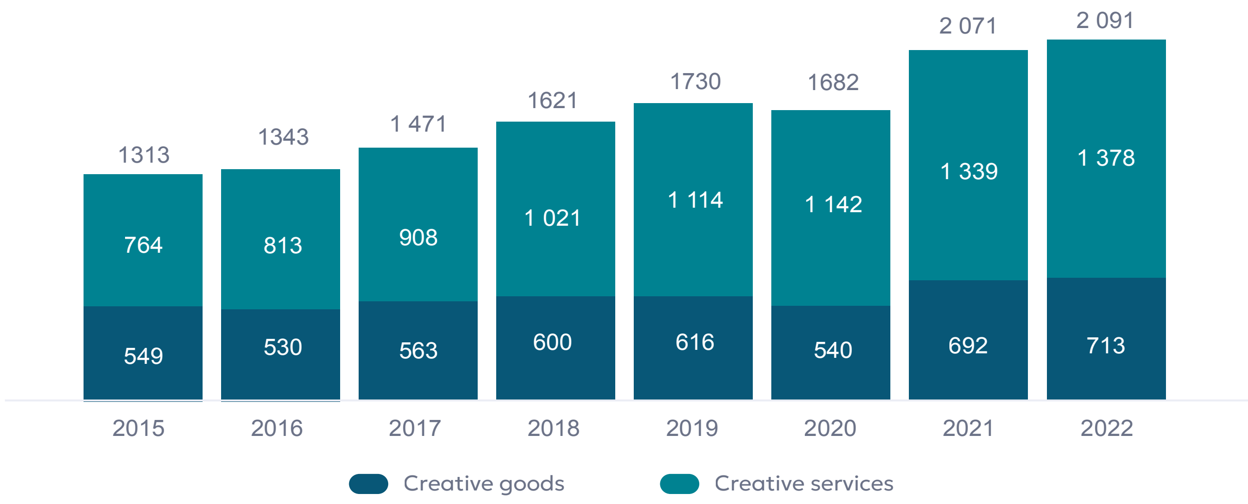
1.5.1. Global exports of creative goods and services

Creative goods cover a wide range of products that reflect cultural, economic and artistic value. According to the UNCTAD classification, such goods are defined as those involved in "the cycle of creation, production and distribution of a tangible product with creative content, economic and cultural value and a market orientation".

This approach takes into account the complexity of distinguishing between exclusive and mass-produced products, hand-made and machine-made products, decorative and functional items. By including all products that meet these criteria, the classification provides a comprehensive representation of this dynamic sector in trade statistics, reflecting its diversity and global importance.

FIGURE 13. GLOBAL EXPORTS OF CREATIVE GOODS AND SERVICES, $ BILLION

Source: *UNCTAD*



[19] PwC's Global Entertainment & Media Outlook 2023–2027

[20] UNCTAD, Creative Economy Outlook 2024

1.2.1. Exports of creative services

In 2022, software services accounted for $569 billion of total creative services exports, while research and development contributed $423 billion, making them the most exported creative services. These two are followed by advertising, market research, and architecture and audio-visual.

FIGURE 14. GLOBAL EXPORTS OF CREATIVE SERVICES BY CATEGORY, 2015-2022, $ BILLION

Source: *UNCTAD*

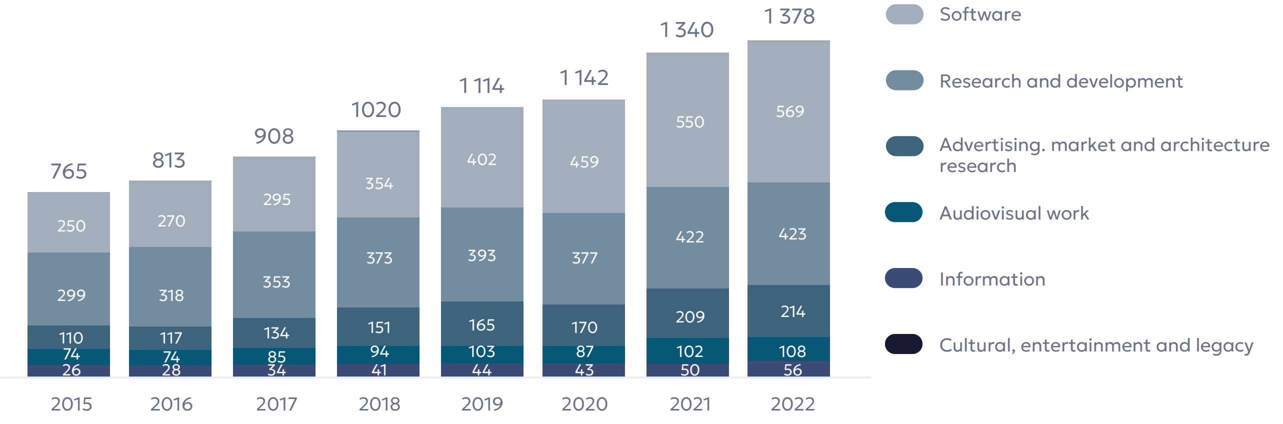
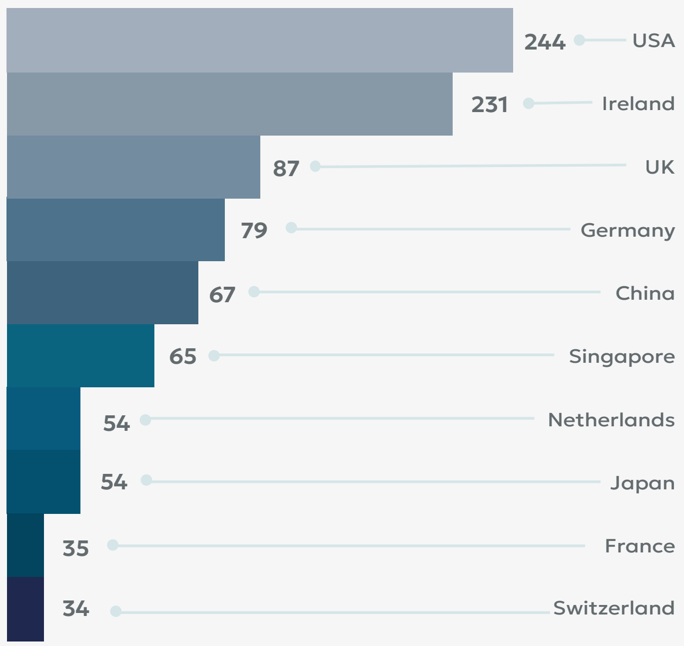


FIGURE 15. TOP 10 EXPORTERS OF CREATIVE SERVICES IN 2022, $ BILLION

Source: *UNCTAD*



The US and Ireland led in creative services exports, with totals of $244 billion and $231 billion, respectively. The next largest exporters were UK at $87 billion, Germany at $79 billion, and China at $67 billion.

1.2.2. Exports of creative goods

Exports of creative goods totalled $698 billion in 2022, with crafts and design goods accounting for 75.6% of total creative goods exports. Software, video games, and recorded have the second largest share in exports of creative goods – $100 billion.

FIGURE 16. GLOBAL EXPORTS OF CREATIVE GOODS BY CATEGORY, 2015-2022, $ BILLION

Source: *UNCTAD*

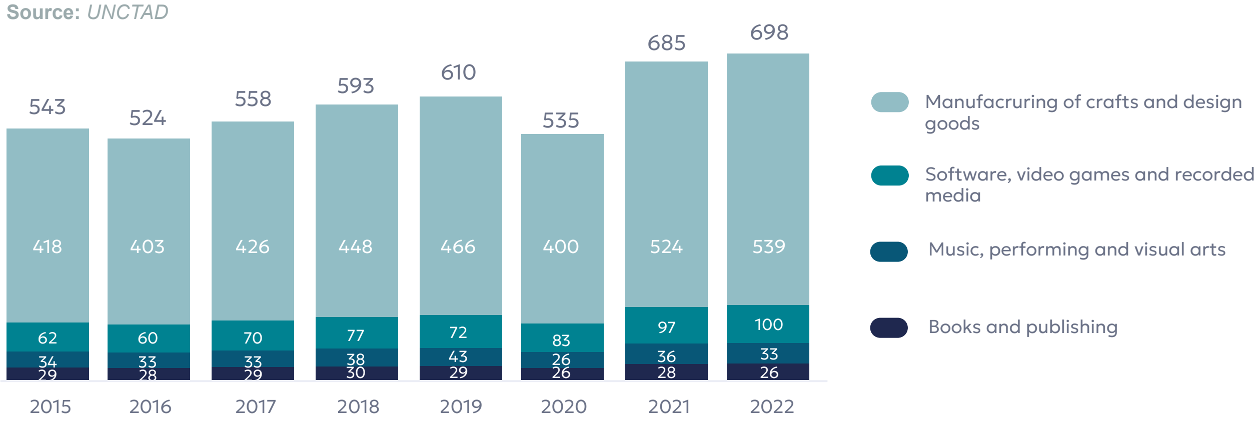
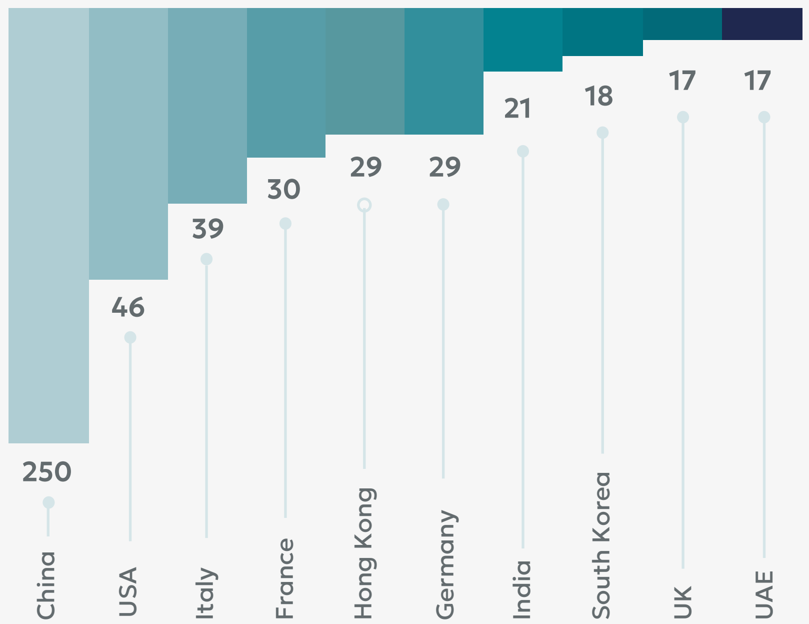


FIGURE 17. TOP 10 EXPORTERS OF CREATIVE GOODS IN 2022, $ BILLION

Source: *UNCTAD*



As in previous years, China remained the largest exporter of creative goods in 2022, with exports totalling $250 billion, followed by the United States at $46 billion and Italy at $39 billion.

02.

OVERVIEW OF CREATIVE INDUSTRIES IN CENTRAL ASIA

$470 bn

GDP of Central Asia, 2023

$700 bn

GDP forecast for Central Asia, 2028

76%
60 mln users

Internet penetration rate in Central Asia, beginning of 2024

5.3-55.5 Mbps

Range of average fixed internet speed across Central Asian countries

85.9 mln

Active cellular mobile connections in Central Asia

$865 mln

Digital advertising market size in Central Asia, 2023

$1.25 bn

Projected digital advertising market size in Central Asia, 2028

$20.9 bn

Music market size in Central Asia, 2023

$12.8 mln

Cinema box office revenue in Central Asia, 2023

$416 mln

Video game market size in Central Asia, 2023

02. OVERVIEW OF CREATIVE INDUSTRIES IN CENTRAL ASIA

THE CREATIVE INDUSTRIES IN CENTRAL ASIA ARE EXPERIENCING DYNAMIC GROWTH, DRIVEN BY INCREASED DIGITALISATION, EVOLVING CONSUMER PREFERENCES, AND REGIONAL ECONOMIC DEVELOPMENT.

This chapter provides an analysis of key creative sectors – digital advertising, music, films, and gaming – across Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, and Turkmenistan.

2.1. Macroeconomic indicators of the region

In Central Asia, most of the population falls within the age groups of

0-12 years & 25-44 years

These two age groups represent the largest segments of the population, reflecting the region's youthful demographic and growing workforce, as well as expected consumer demand.

FIGURE 18. BREAKDOWN OF POPULATION BY AGE RANGES IN CENTRAL ASIA, 2024, %

Source: *DataReportal*

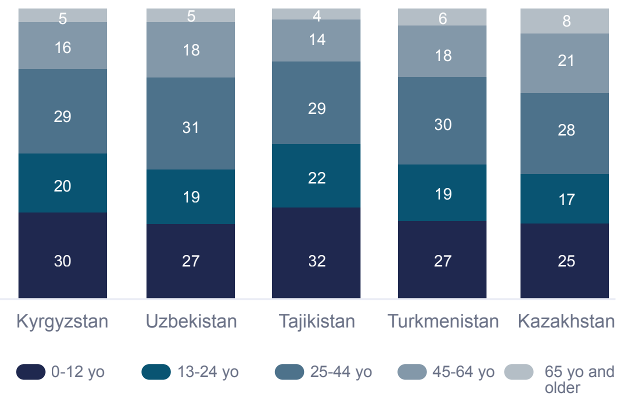
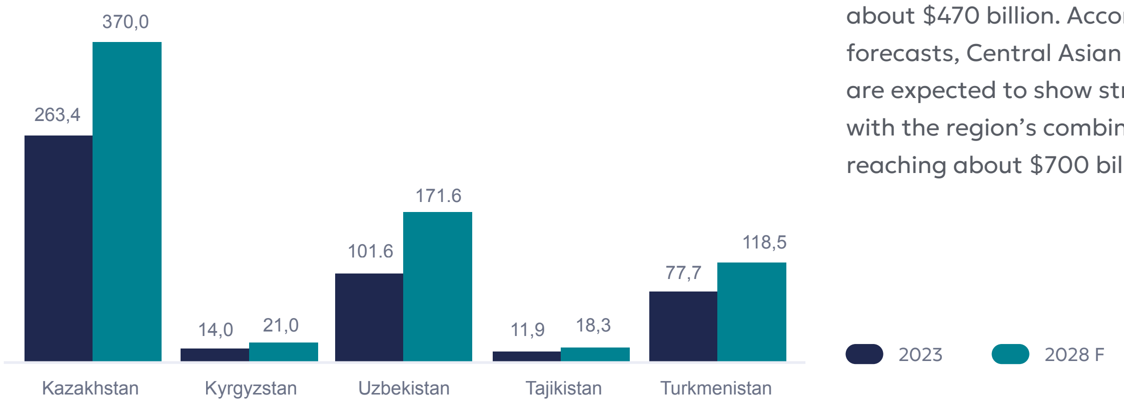


FIGURE 19. NOMINAL GDP IN CENTRAL ASIA, 2023-2028, $ BILLION

Source: *IMF*



In 2023, Central Asia's GDP was about $470 billion. According to IMF forecasts, Central Asian economies are expected to show strong growth, with the region's combined GDP reaching about $700 billion in 2028.

IMF forecasts for Central Asian countries:

01. Kazakhstan has the largest nominal GDP in the region, projected to grow from $264.2 billion in 2023 to $370 billion by 2028.

02. Uzbekistan is poised for remarkable growth, with its GDP projected to increase from $101.6 billion to $171.6 billion over the same period.

03. Turkmenistan also shows strong growth potential, with its GDP forecasted to increase from $77.7 billion in 2023 to $118.5 billion by 2028.

04. Kyrgyzstan and Tajikistan, while having the smallest economies in the region, are anticipated to experience steady growth.

2.2. Comparative overview of creative industries in the region

Digital advertising is booming in the region. Social media and mobile app advertising have become key tools for engaging consumers. In Kazakhstan alone, digital advertising spending will exceed $700 million by 2028. The FMCG sector plays a major role in driving advertising revenue in Central Asia, consistently accounting for a significant share of total spending.

The music industry, like the rest of the world, is betting on streaming as the primary way to consume content. Platforms like Spotify and Yandex Music dominate the market, and local artists are gaining recognition.

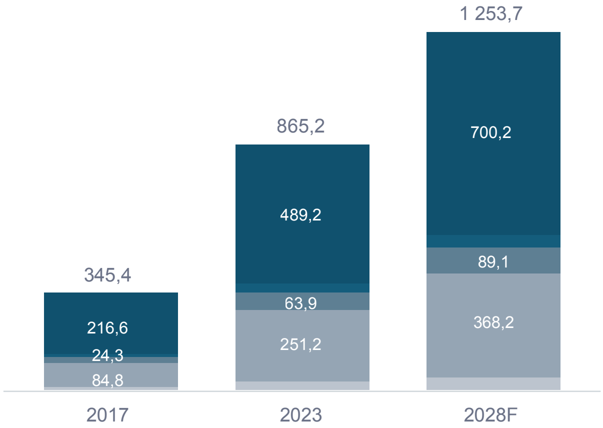
Central Asian cinema is experiencing a renaissance. In Kazakhstan, the share of national films at the box office is increasing due to growing interest in local stories.

At the same time, the video game sector is still relatively underdeveloped, with significant demand, which is almost entirely met by foreign developments. The video game market in the region is expected to grow significantly, especially in the mobile format. At the same time, Kazakhstan has the potential to take a leading position with a market of $317 million by 2027.

2.2.1 Digital advertising

FIGURE 20. DIGITAL ADVERTISING MARKET SIZE IN CENTRAL ASIA, 2017-2028, $ MILLION

Source: *Statista*



Digital ad spending has shown consistent growth across all countries, with a sharp increase projected from 2023 onwards. Overall, digital ad spending in the region is projected to grow from $345.4 million in 2017 to $1.3 billion by 2028. Kazakhstan and Uzbekistan collectively lead the regional digital ad spending market, consistently holding the largest shares.

The growth of digital advertising is closely linked to the growing number of internet users in the region and improved internet connections. In Kazakhstan, the number of users increased from 13.9 million in 2017 to 18.2 million in 2024, with internet penetration reaching 92.3%. Uzbekistan has shown even more significant growth, with the number of users increasing from 15.4 million to 29.5 million, and internet penetration reaching 83.3%. Kyrgyzstan, Tajikistan and Turkmenistan have also shown positive dynamics, although their figures remain lower.

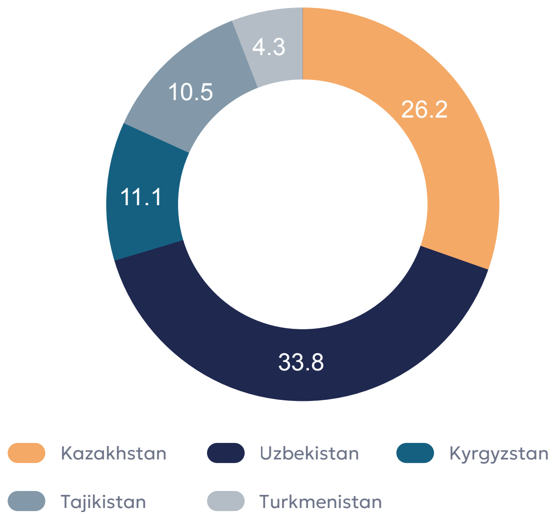
FIGURE 21. NUMBER OF USERS AND INTERNET PENETRATION RATE IN CENTRAL ASIA, 2017-2028, MILLION PEOPLE, %

Source: *DataReportal*

	Number of Internet users at the beginning of 2024, million people	Growth in % from 2017	Penetration level Internet at the beginning of 2024, %	Growth in % from 2017
Kazakhstan	18,2	+31%	92,3%	+15%
Kyrgyzstan	5,4	+75,6%	79,89%	+29%
Uzbekistan	29,5	+91,5%	83,3%	+34,6%
Tajikistan	4,3	+119%	41,6%	+19,6%
Turkmenistan	2,6	+105%	39,5%	+18,2%

FIGURE 22. ACTIVE CELLULAR MOBILE CONNECTIONS IN CENTRAL ASIA, 2024, MILLION UNITS

Source: *DataReportal*



In addition, Central Asia is showing significant growth in mobile connections. At the beginning of 2024, the total number of active mobile connections in the region exceeded 80 million. Kazakhstan has 26.2 million connections (133.1% of the population), while Uzbekistan has 33.81 million connections (95.5% of the population). [21]

The quality of the Internet connection in the region is becoming an important factor for effective advertising placement, especially formats with high traffic consumption. Kazakhstan leads in mobile internet speed with a rate of 35.49 Mbps, while Uzbekistan demonstrates strong performance in fixed internet with a speed of 55.45 Mbps. These indicators provide opportunities for advertising promotion through resource-intensive formats such as video and interactive content.

FIGURE 23. AVERAGE INTERNET SPEED IN CENTRAL ASIA, 2024, MILLION UNITS

Source: *DataReportal*

Average mobile internet speed Mbit/s January 2024	
Kazakhstan	35,5
Kyrgyzstan	25,5
Uzbekistan	24,7
Tajikistan	9,4

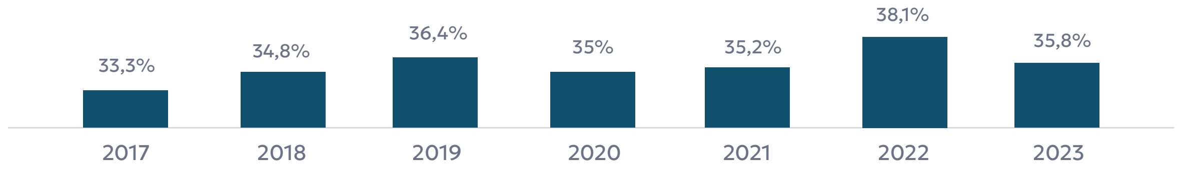
Average fixed internet speed Mbit/s January 2024	
Uzbekistan	55,5
Kyrgyzstan	54,6
Kazakhstan	51,4
Tajikistan	26,8
Turkmenistan	5,3

[21] DataReportal

According to research by DataReportal, globally social media plays a significant role in users' daily online activity, accounting for 35.8% of all time spent online, equivalent to more than one in every three minutes spent online.

FIGURE 24. GLOBAL SHARE OF SOCIAL MEDIA IN TIME SPENT ONLINE, 2017-2023, %

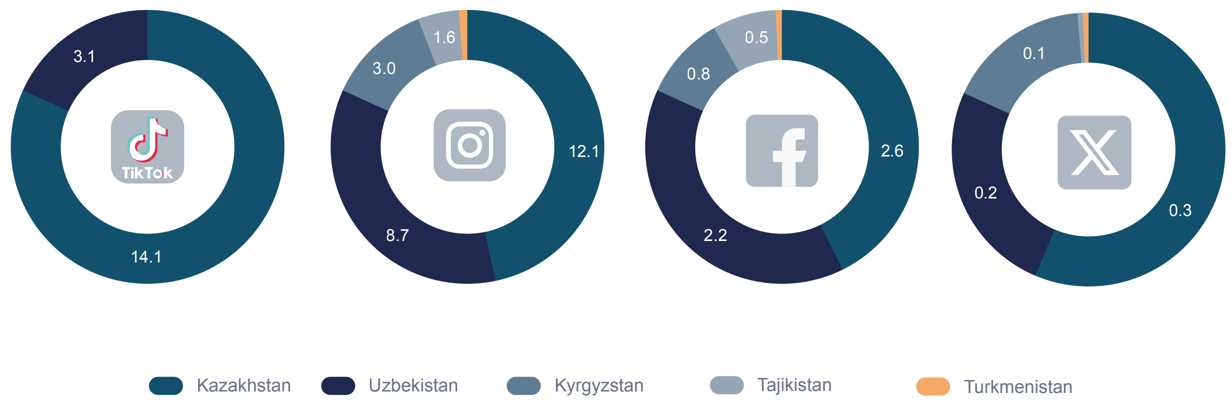
Source: *DataReportal*



This high user engagement makes social media a key tool in the development of digital advertising and a primary channel for interacting with audiences, including throughout the Central Asian region.

FIGURE 25. NUMBER OF SOCIAL MEDIA USERS, MILLION PEOPLE

Source: *DataReportal*



With the growing audience of social networks, a significant part of advertising budgets is directed specifically at promotion on these platforms. Instagram and TikTok confidently hold their positions as the most popular platforms in the region[22], offering advertisers ample opportunities for reaching and interacting with the target audience.

Active Internet penetration and the increase in the number of social network users make Central Asia a promising region for investment in digital advertising. These trends create conditions for stable growth of the industry and expansion of the audience of advertising campaigns.

[22] DataReportal

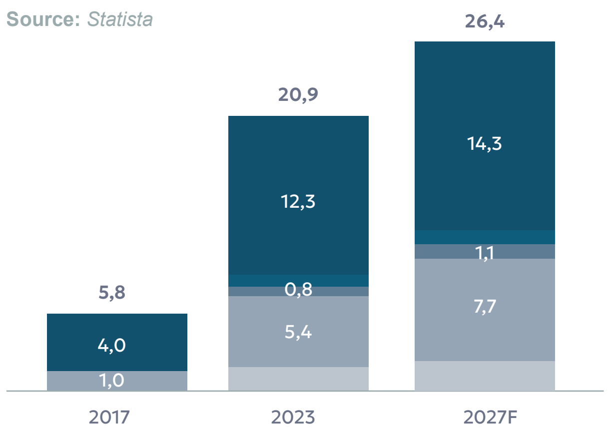
2.2.2. Music

The Central Asian music market has grown significantly, from $5.8 million in 2017 to $20.9 million in 2023. The market is expected to grow to $26.4 million by 2027. This growth is driven by increased demand for digital music, the popularity of live events, and increased investment in the industry.

Streaming dominates the region's music industry, with Spotify and Yandex Music remaining the leading platforms. There is also growing interest in music in national languages.

FIGURE 26. MARKET SIZE OF THE MUSIC INDUSTRY IN CENTRAL ASIA, 2017-2027, $ MILLION

Source: *Statista*

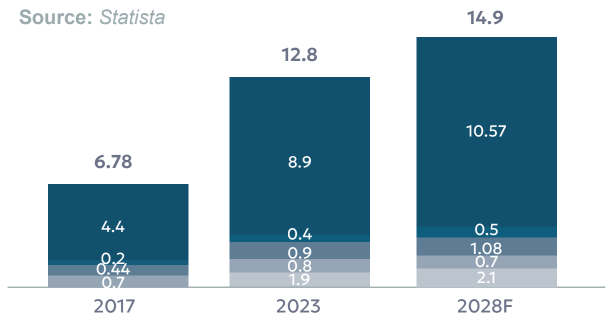


2.2.3. Films

In 2017, the region's total cinema revenue was $6.8 million, driven mainly by Kazakhstan and Kyrgyzstan. In 2023, revenue reached $12.8 million. This figure is expected to grow to $14.9 million by 2028, indicating the industry's gradual growth.[23]

FIGURE 27. CINEMA TICKETS REVENUE IN CENTRAL ASIA, 2017-2028, $ MILLION

Source: *Statista*

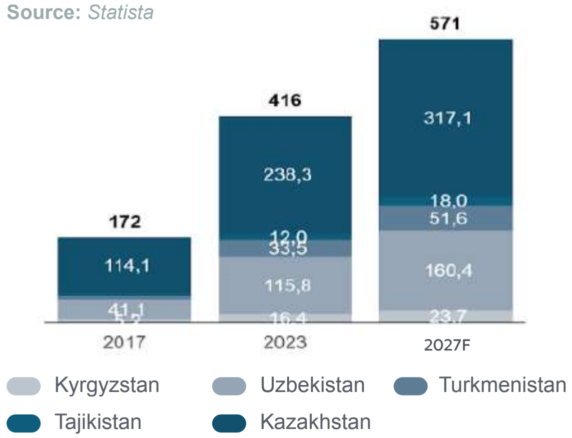


2.2.4. Video games

Kazakhstan and Uzbekistan lead the video game market in Central Asia in terms of size. In 2017, the market size was $171.7 million. In 2023, this figure reached $416 million (+142%), and by 2027, it is expected to grow to $570.7 million.

FIGURE 28. VIDEO GAME MARKET SIZE IN CENTRAL ASIA, 2017-2027, $ MILLION

Source: *Statista*



[23] Note: Cinema revenue figures vary depending on the source: data from Statista and BNS can differ significantly

03.

CREATIVE INDUSTRIES IN KAZAKHSTAN

1%

Share of the creative economy in Kazakhstan's GDP, 2024

KZT 1.2 tn

GVA of the creative industries in Kazakhstan, 2023

66.2%

Share of Astana and Almaty in the GVA of Kazakhstan's creative economy, 2023

$ -1.27 bn

Balance of foreign trade in creative goods of Kazakhstan, 2023

45%
$610 mln

Share of China in Kazakhstan's imports of creative goods, 2023

55%
$47.4 mln

Kazakhstan's creative goods exports go to Russia, 2023

41,800

Number of companies operating in the creative industries, 2024

3.5%

Business penetration of the creative industries as a percentage of the total number of operating entities in the cities of Astana and Almaty, 2024

141,500 people

Number of employees in the creative industries, mid-2024

KZT 1.6 tn

Volume of production in the creative industries, 2023

KZT 52.9 bn

Investments in fixed capital in the creative industries, 2023

03. CREATIVE INDUSTRIES IN KAZAKHSTAN

THE DEVELOPMENT OF CREATIVE INDUSTRIES HAS BECOME A PRIORITY FOR KAZAKHSTAN IN RECENT YEARS. FOR EXAMPLE, THE NATIONAL DEVELOPMENT PLAN OF THE REPUBLIC OF KAZAKHSTAN UNTIL 2029 EMPHASISES THE STRATEGIC IMPORTANCE OF CREATIVE INDUSTRIES FOR THE DIVERSIFICATION AND GROWTH OF THE ECONOMY.

Since 2017, the creative economy has grown 3.2 times in nominal terms. However, the contribution of creative industries to the country's GDP remains relatively modest and currently amounts to about 1%, which is significantly lower than in most developed countries. This indicates significant potential for further growth of the sector in Kazakhstan.[24]

Irina Kharitonova:

Creative industries represent the economy of knowledge and impressions. They provide a new impetus to the life of a country by creating jobs, developing infrastructure, and transforming people's mindset. As people become more educated and culturally aware, they develop an appreciation for beauty. They start visiting theatres, going to the cinema, and reading books. This cultural shift generates a demand for entirely new goods and services. To meet this demand, new consumer products emerge, fostering economic growth and creating new financial turnover."

President K. Tokayev emphasised the role of the creative industry in fostering an inclusive economy and announced new measures to support intellectual property protection, expand regional creative hubs, and provide infrastructure for the commercialisation of creative products.

Ernar Kurmashev:

"Take Qatar as an example. Like Kazakhstan, it is an oil-producing country, but their development strategy prioritises the creative economy as a means of diversifying their economy. This approach will make them less dependent on oil in the future. Kazakhstan also has this opportunity – we are fully capable of making our mark on the world stage. The creative industry does not require groundbreaking technologies or innovations; it simply needs talent. And we have plenty of that, especially among our youth, who make up the majority of our population."

[24] National Development Plan of the Republic of Kazakhstan until 2029

3.1. Macroeconomic indicators of creative industries in Kazakhstan

Creative industries in Kazakhstan cover 43 areas in 12 categories.[25]

Jewellery

32.12.0 Production of jewellery and similar items
32.13.0 Production of costume jewellery and similar items

Film and animation

59.11.0 Production of films, videos, and television programmes
59.12.0 Post-production activities for films, videos, and television programs

Libraries, museums

91.02.0 Museum activities
91.01.2 Library activities, including reading rooms, lecture halls, and exhibition halls

Cultural and leisure institutions

90.01.2 Concert activities
90.04.0 Activities of concert and theatre halls
90.03.0 Artistic and literary creation
93.29.3 Activities of puppet theatres
90.02.0 Activities facilitating cultural and entertainment events
90.01.1 Theatre activities
90.01.3 Circus activities

Cultural heritage

91.03.0 Activities of historical sites and buildings and similar tourist attractions

Music

59.20.0 Sound recording and music publishing activities
32.20.0 Production of musical instruments

Architecture and fashion

71.11.2 Architectural activities, excluding those related to the nuclear industry and energy
74.10.0 Specialised design activities

TV programmes

60.20.0 Creation and broadcasting of television programmes

Photography

74.20.0 Photographic activities

Folk crafts

16.29.2 Production of decorative wooden items
16.24.0 Production of wooden packaging
16.29.1 Production of various wooden items
23.19.9 Production of glass items not included in other categories
14.19.9 Production of other clothing and accessories not included in other categories
32.99.3 Production of souvenir items
32.99.2 Production of felt and felted items
13.95.0 Production of non-woven textile items, excluding clothing
13.93.0 Production of carpets and carpet items
13.92.0 Production of ready-made textile items, excluding clothing
15.12.2 Production of saddlery and harness items
32.40.0 Production of games and toys
14.39.0 Production of other knitted clothing
23.49.0 Production of other ceramic items
25.71.0 Production of cutlery
26.52.1 Production of all types of clocks
25.50.1 Production of finished metal items or semi-finished products through forging, pressing, stamping, and profiling
23.70.0 Cutting, processing, and finishing of stone
23.41.1 Production of household items from porcelain and faience
23.41.2 Production of household ceramic items

IT and game development

62.01.1 Development of software
58.21.0 Development of computer games

Others

82.30.0 Organisation of conferences and trade exhibitions

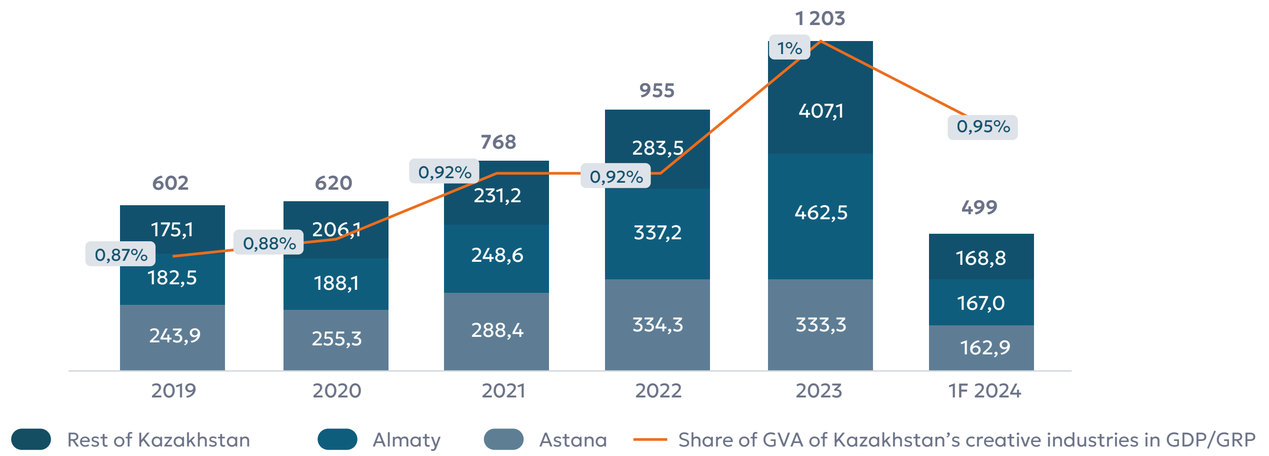
[25] Ministry of Culture and Information of the Republic of Kazakhstan

3.1.1 Gross value added of creative industries

The GVA of creative industries in Kazakhstan has been growing in recent years. In 2023, it reached KZT 1.2 trillion.[26] The main creators of added value are Astana and Almaty, with indicators of KZT 333.3 billion and KZT 462.5 billion, respectively. These two cities together form 66.2% of the creative economy of Kazakhstan. In the first half of 2024, the GVA of creative industries amounted to KZT 498.7 billion.

FIGURE 29. CREATIVE INDUSTRIES' GVA AND SHARE IN KAZAKHSTAN'S GDP, 2019-2024, KZT BILLION, %

Source: *BNS*



In general, there is an equal ratio between modern (technological) and traditional creative industries in the country.

Dana Shayakhmet:

"Creative industries can be divided into those more suited for commercialisation – such as IT, cinema, music, game development, and advertising. These sectors are self-sufficient and capable of organising themselves without significant direct financial support. However, there are other measures that can assist them, such as reducing and simplifying taxation, supporting export development, ensuring copyright protection, and regulating large monopolies if they emerge. In these cases, the state should focus on facilitation rather than interference.

On the other hand, some creative industries, like handicrafts or fashion, require more attention. They need not only grant funding but also access to educational resources and business training tools to help them achieve commercialisation.

[26] Note: Throughout this document, except for the section on foreign trade, data from the BNS has been used, based on data requests and information available on the Taldau portal.

The largest modern creative industry in Kazakhstan with a share of 38% is IT and video game development – the GVA of this industry amounted to KZT 459 billion. It should be noted that the added value in video game development is low – only KZT 2.1 billion – while almost the entire contribution is provided by software development.

Alim Khamitov:

"I see tremendous potential for Kazakhstan to implement several impactful projects over the next 5-7 years. We can support our IT companies to grow and export their products globally, leading to several success stories that will create a multiplier effect. This will inspire more of our people to launch their own startups here. However, for this vision to become a reality, investments are essential. This includes the establishment of venture funds and creative industry funds. These funds will empower businesses to take the lead and drive progress, but the initial investments are crucial."

Alexey Shegay:

The main obstacles to the growth of the gaming industry in Kazakhstan are the lack of venture capital and government support programmes, challenges in exporting games, and a shortage of skilled professionals in game design, programming, and marketing. For the most part, the gaming industry as a market is highly risky, and venture funds in Kazakhstan view it with a significant degree of scepticism. In their defence, however, I must mention that there are funds willing to take the risk and invest in this environment."

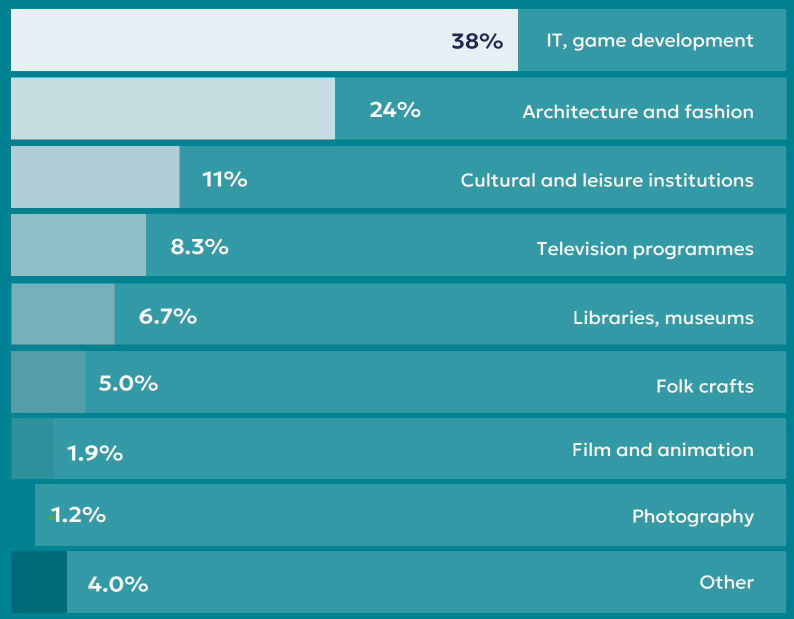
Other modern industries provide only KZT 138 billion, or 11.5% of the GVA of Kazakhstan's creative economy. These include television (KZT 99 billion), cinema (KZT 23 billion), photography (KZT 14 billion), and music (KZT 1.7 billion).

David Tuganov:

"A large number of creative young people is a strategic resource, especially for new creative industries: new media, film and animation, game development."

FIGURE 30. STRUCTURE OF GVA OF CREATIVE INDUSTRIES IN KAZAKHSTAN, 2023, %

Source: *BNS*



The largest traditional industry today is the activity in the field of architecture, fashion and design – its share in the GVA of the country's creative economy was

24%

KZT 286 billion

Next come of cultural and leisure institutions with a size of KZT 132 billion, where the basis is theatrical and concert activities. Then, relatively large are libraries and museums (KZT 81 billion) and folk crafts (KZT 60 billion, including the production of textiles in the amount of KZT 21 billion).

3.1.2. Kazakhstan's foreign trade in creative goods

The balance of foreign trade in creative goods of Kazakhstan demonstrates a stable negative trend, having worsened by 70% – from -$745 million in 2017 to -$1,266 million in 2023. This is due to:

01. a significant increase in imports by 67% over the analysed period, from $809 million in 2017 to $1,352 million in 2023;

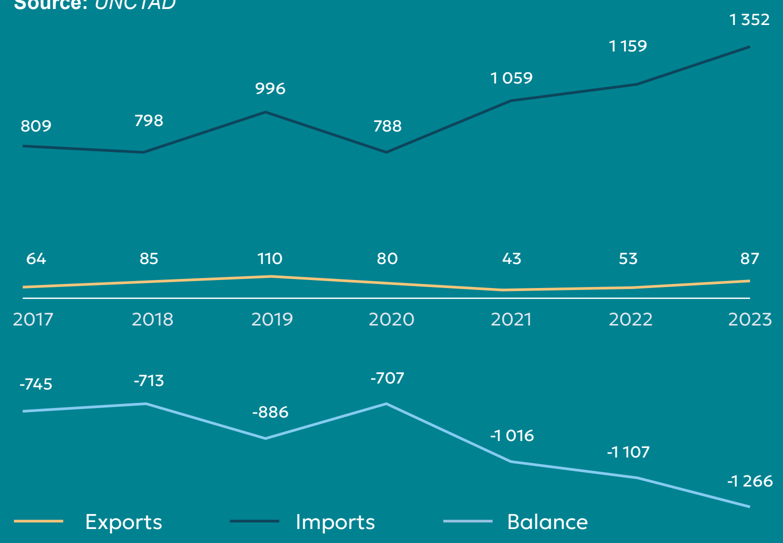
02. a small volume and weak growth of exports by only 36%, from $64 million to $87 million.

This indicates a significant predominance of imports over exports in creative industries, reflecting a high dependence of the domestic market on foreign goods.[27]

[27] Note: Foreign trade statistics are based on UNCTAD data, which use an industry classification system that differs significantly from that of Kazakhstan. Additionally, UNCTAD data reflect trade in goods and do not include trade in services.

FIGURE 31. BALANCE OF FOREIGN TRADE IN CREATIVE GOODS OF KAZAKHSTAN, 2017-2023, $ MILLION

Source: *UNCTAD*



Erkebulan Aisultan:

"To successfully export content, it is essential to train and develop producers. When creators have opportunities to earn, supported by low taxes and strong infrastructure, exports will naturally follow. Additionally, rebates will serve as a crucial incentive."

Imports of creative goods to Kazakhstan demonstrate stable growth in a number of categories, which reflects domestic demand for products and materials that are lacking in domestic production. The most notable segment is the "Interior" category, the size of imports for which is relatively stable and amounted to $362.4 million at the end of 2023. First of all, this is the result of the continuing need to decorate residential and commercial spaces using imported materials and products.

FIGURE 32. IMPORTS OF CREATIVE GOODS BY KAZAKHSTAN, 2017-2023, $ MILLION

Source: *UNCTAD*

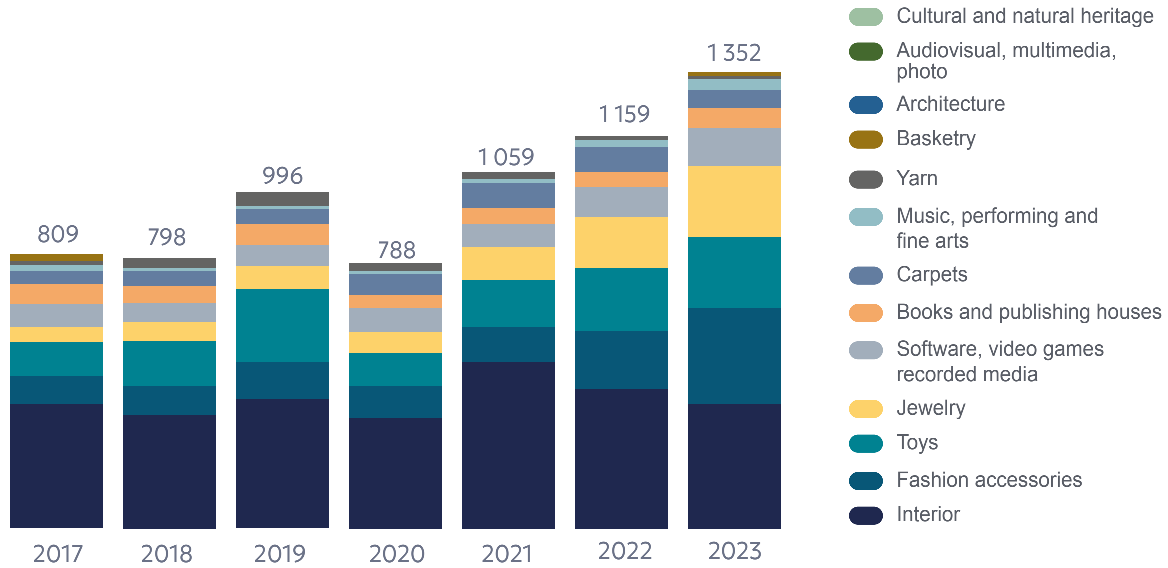
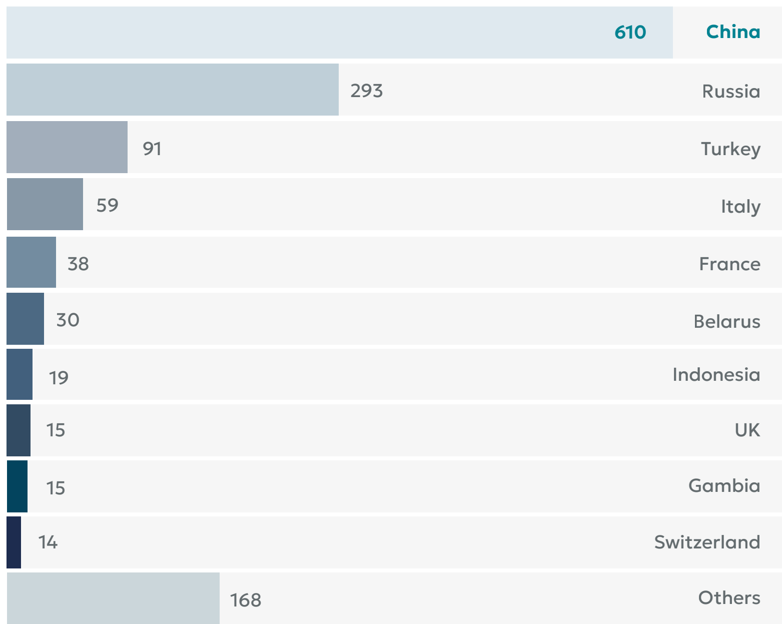


FIGURE 33. IMPORTS OF CREATIVE GOODS BY KAZAKHSTAN BY SUPPLIER COUNTRIES, 2023, $ MILLION

Source: *UNCTAD*



Imports of creative goods to Kazakhstan are highly geographically concentrated, with China remaining the leading supplier, accounting for 45% of total imports valued at $610 million. This dominance is attributed to China's extensive product range, competitive pricing, and strong trade relations between the two countries.

Russia ranks second with a 22% share ($293 million), reflecting both its geographical proximity and historically established economic ties.

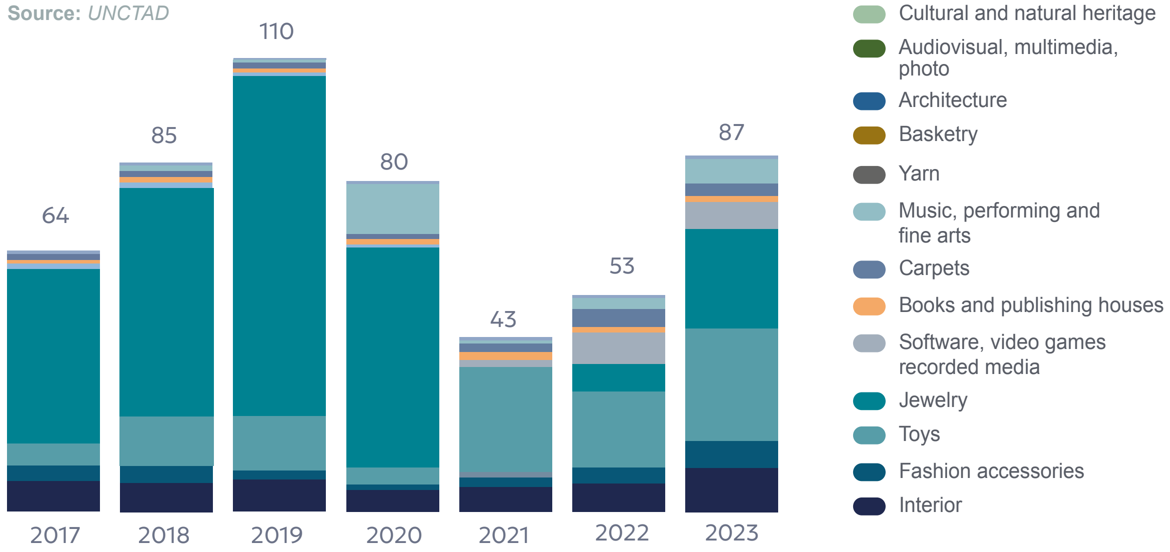
Turkey, Italy, and France hold the third, fourth, and fifth positions, respectively. Turkish goods represent 7% ($91 million) of imports, driven by the popularity of textiles. Italy and France hold shares of 4% and 3% ($59 million and $38 million, respectively), primarily supplying premium products such as jewellery and fashion accessories.

Roman Mironov:

"Take a look at what people order on websites like Temu and AliExpress – chip bag clips, designer toothbrush holders, unique pens, and countless other small items. Someone has to come up with these ideas, so why not us? This requires creative thinking. These products are not designed by engineers with backgrounds in mining or the oil industry; they are created by imaginative individuals in China who develop creative products with global market appeal."

FIGURE 34. EXPORTS OF CREATIVE GOODS OF KAZAKHSTAN, 2017-2023, $ MILLION

Source: *UNCTAD*



Anna Darmodekhina:

More and more Kazakhstani films and TV series are participating in international festivals. For example, with the film Zhanym, You Won't Believe It!, we took part in festivals in countries that were introduced to Kazakhstan for the very first time through our film. Our films are now being sold to international markets, which speaks volumes about the potential of Kazakhstan's film industry.

You can watch a documentary about the Aral Sea on Netflix and Zhanym, You Won't Believe It! on HBO. This year, we licensed the action film Timuchin to India – one of the most challenging film markets – as well as to Germany and the United States. The black comedy Zhanym, You Won't Believe It! is a sales record-breaker, having been licensed in 15 countries. The potential of Kazakhstan's creative industry is enormous, and it needs support to continue growing."

Kazakhstan's exports in the creative industries have remained relatively stable in recent years, with minor fluctuations in specific sectors.

Kazakhstan's toy exports have shown remarkable growth, emerging as the top-performing category, highlighting the increasing competitiveness of these products in international markets. In 2017, toy exports amounted to $5.8 million, but by 2023, they had surged to an impressive $27.5 million, reflecting strong demand dynamics and a potential expansion in product variety.

Before toys became Kazakhstan's leading creative export, the largest segment was jewellery, which, despite some fluctuations, continues to hold the second-largest share of exports.

The fashion accessories and home decor segments have shown an overall positive, albeit modest, growth trend.

FIGURE 35. **EXPORTS OF CREATIVE GOODS BY KAZAKHSTAN BY BUYER-COUNTRIES, 2023, $ MILLION**

Source: *UNCTAD*

The geography of creative goods exports from Kazakhstan indicates a predominant focus on nearby trading partners, as well as on individual promising markets.

Russia accounts for more than half (55%) of exports, equivalent to $47.4 million. The UAE ranks second with a share of 12% ($10.3 million), reflecting the Middle East's strong interest in Kazakhstani jewellery.

France, with a 7% share ($6.3 million), is an active buyer of Kazakhstani jewellery and fashion accessories. The remaining markets collectively account for 26% of exports.

Saule Samidin:

Our market is narrow. The development of national souvenirs, products, and clothing is progressing, and there is a trend. However, we inevitably hit a ceiling due to the limited population. It is not enough to see significant economic growth from traditional crafts. We need to focus on expanding into international markets."

Ernar Kurmashev:

"This is how it works in cinema. For example, the Koreans promote their films everywhere: Cannes, the American film market, the Hong Kong film market, and the French animation market. They set up entire pavilions, provide producers with a platform – and that's it. You negotiate, propose, and sell content. All the expenses (and we, Kazakhstani producers, could never chip in for Cannes, which costs a fortune) are covered by the government. South Korea also has Korean Cultural Centres in every major city around the world, which essentially serve as creative hubs. These centres feature Korean books, music, cinema halls, and cuisine. I, for instance, visited one during the Berlin Film Festival. I met Korean creators who offered collaboration, as well as their projects and products."

Elena Larionova:

"All models for exporting content are generally the same. Sales depend on the visual value of the film and its budget. Therefore, there are two paths for development: festival promotion and direct sales. If it is art-house or independent film, it will do well at festivals but may not perform very well abroad. On the other hand, more audience-friendly films typically do not make it to international film festivals but are good at selling worldwide. It is crucial to always allocate a budget for marketing and international promotion."

Askhat Khalimov:

"The market in the creative industry changes very quickly, but it would be ideal to help establish connections with international organisations – such as production centres and other TikTok houses. However, doing this independently is very challenging."

Aizhan Lighg:

"We need to develop the domestic film and TV industry in line with global standards. This includes festivals not only for cinema but also for television (e.g., the Monte Carlo TV Festival), as well as short film festivals (like Hollyshorts). We should establish partnerships with platforms: streaming giants like Netflix, Hulu, and Amazon Prime are actively seeking local content. Kazakhstan needs to offer unique projects. To do this, we should launch co-financing programmes for creative projects (government + private investors). Often, large film funds ($100 million+) are willing to invest in projects where half of the funding is already secured."

Aigul Zhanserikova:

"Preserving our traditions in the age of globalisation is very interesting. With the right conditions in place, we can create a Kazakhstani cultural expansion into other countries."

3.1.3. Number of companies operating in creative industries

IN 2024, THE CREATIVE INDUSTRIES IN KAZAKHSTAN COMPRISED 41,800 ENTITIES, INCLUDING

12,300

legal entities and

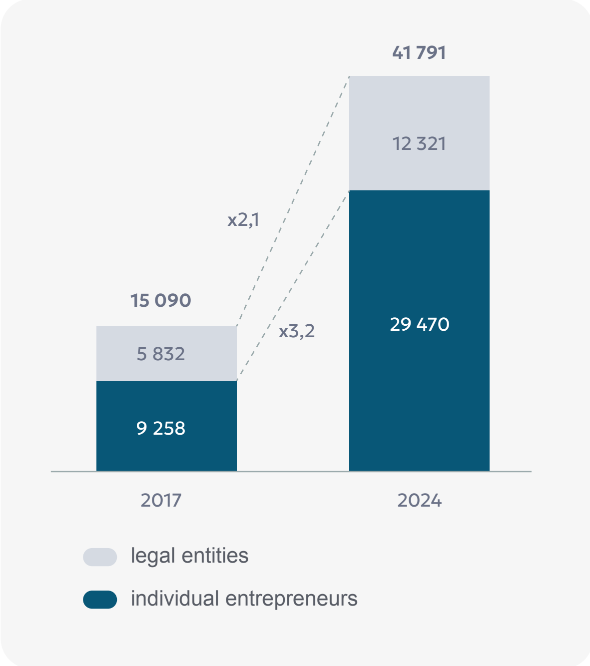
29,500

individual entrepreneurs

Over the past seven years, the number of these entities has grown 2.7 times, with the number of individual entrepreneurs increasing more than threefold. This growth has raised their share in the overall structure from 61% to 71%. However, despite this significant growth, the share of creative entities remains modest, accounting for only 2% of all registered economic entities in Kazakhstan.

FIGURE 36. NUMBER OF ENTITIES IN THE CREATIVE INDUSTRIES OF KAZAKHSTAN, 2017-2024, UNITS

Source: *BNS*

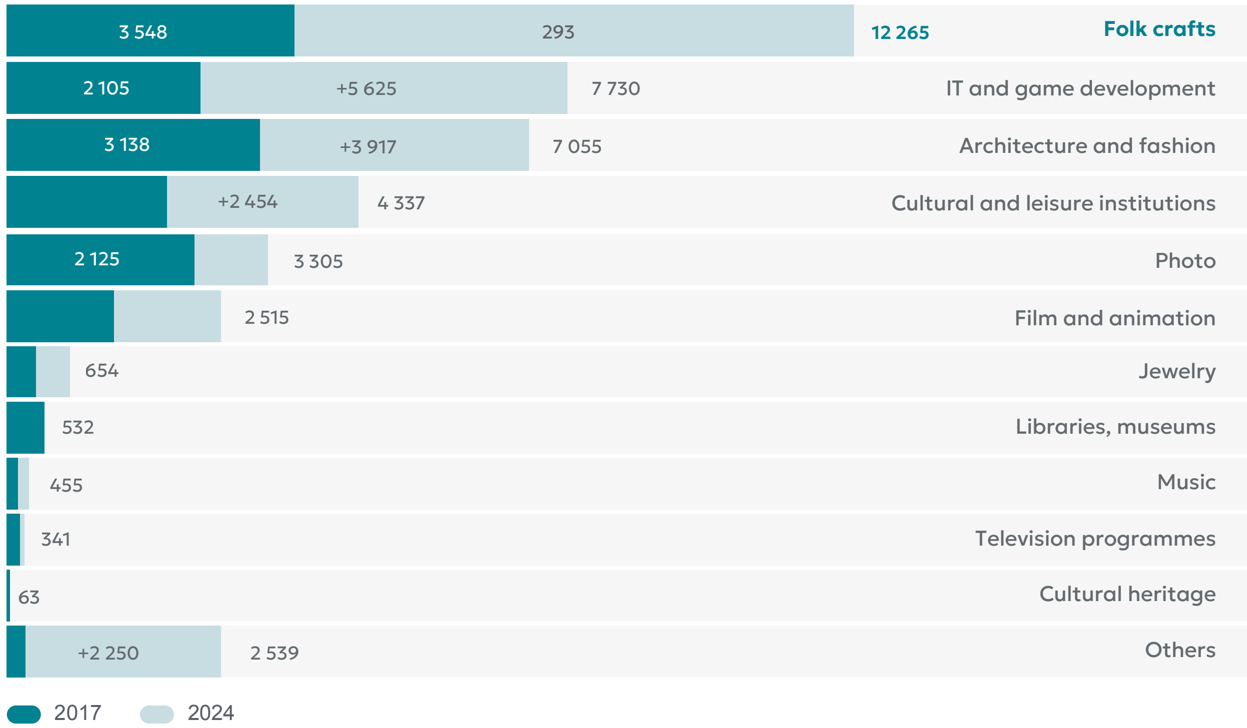


Folk crafts (including the production of various textile, wooden, ceramic and other products) remain the leader among creative sectors in terms of the number of entities, with 12.2 thousand active participants in 2024. This segment has also seen the most significant growth since 2017: the number of entities has increased by 8.7 thousand, with most of them being individual entrepreneurs.

The growing interest in high-tech and promising areas of the creative economy is confirmed by the accelerated dynamics in IT and game development, where the number of entities has increased at the fastest rate – 3.7 times.

FIGURE 37. BREAKDOWN OF ENTITIES IN THE CREATIVE INDUSTRIES OF KAZAKHSTAN, 2017-2024, UNITS

Source: *BNS*



Almaty and Astana are leaders in terms of the number of entities in the creative industries.

01. Firstly, half of all creative economy entities in Kazakhstan are registered in these two cities.

02. Secondly, they account for 67% of all legal entities operating in the country.

03. Lastly, the business penetration of creative industries is 3.5% of the total number of operating entities in these cities, compared to less than 2% in other regions.

Maira Izmailova:

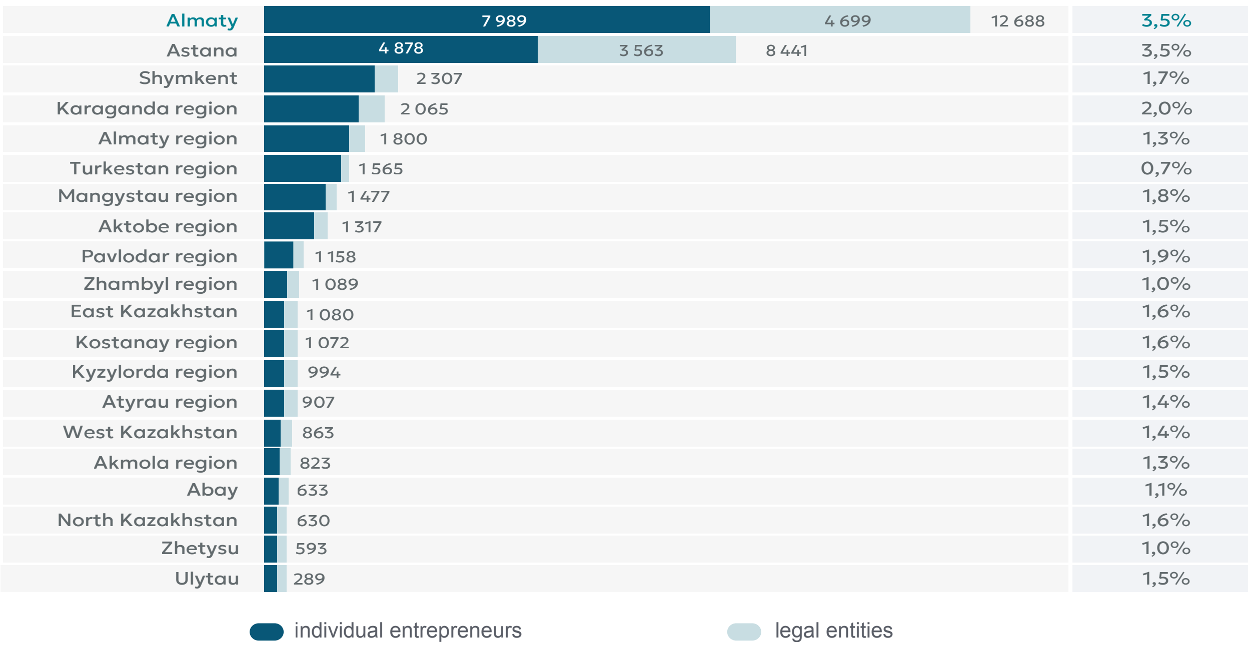
"Almaty is a great example of the potential of the creative industry – mobility, the ability to adapt to any situation, connecting the seemingly unconnected, a passion for collaboration, and the skill to create stunning things with limited resources. Our creators often do not even realise their significance in the market. We need institutions that can train creators. Not just grants – while they can help in the early stages, relying on them permanently is not an option. We need to give them the tools to succeed, not just handouts."

Anna Darmodekhina:

"Our entire film industry is concentrated in Almaty, with a small presence in Astana. I am convinced that talented people live in the regions, and we need to find them there, not wait for them to come to Almaty. The industry is facing a severe shortage of skilled professionals."

FIGURE 38. NUMBER OF ENTITIES AND PENETRATION RATE OF CREATIVE INDUSTRIES BY REGIONS OF KAZAKHSTAN, 2024, UNITS, %

Source: *BNS*



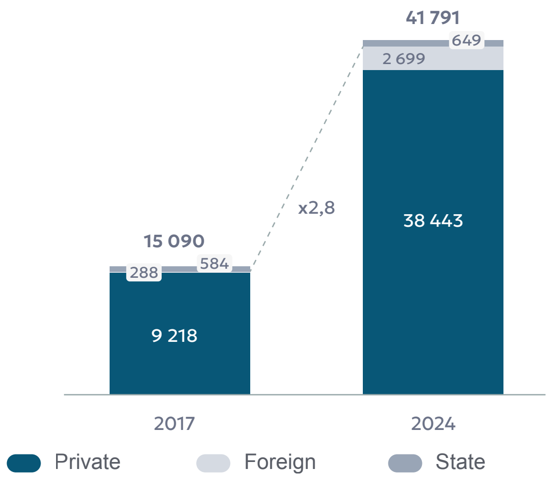
Creative industries in Kazakhstan are, first of all, the world of small business. In 2024, the vast majority of entities – 41.6 thousand – are small. Medium and large enterprises are represented much less – only 128 and 41, respectively.

Dana Shayakhmet: "The creative industry is most often small or even micro-businesses. It is precisely this sector that makes a country's economy more resilient. The first such study in the creative industries was conducted in 2008 by a UN division. It showed that during the global economic crisis, the creative business proved to be the most resilient and helped stabilise the economies of many countries to some extent."

Small businesses have become the main driver of growth in the number of entities in the sector: in recent years, the number of small entities has increased by 2.8 times. At the same time, the number of medium-sized enterprises has decreased by 9%. In terms of ownership, most creative industries entities are privately owned – 38.4 thousand or 92%. The number of foreign companies is relatively small – only 2,700 – but significant growth has been observed, with a ninefold increase over the past seven years. Meanwhile, fully state-owned entities remain rare in this sector, with only 649 such entities.

FIGURE 39. NUMBER OF ENTITIES IN KAZAKHSTAN'S CREATIVE INDUSTRIES BY OWNERSHIP TYPE, 2024, UNITS

Source: *BNC*



3.1.4. Number of employees in creative industries

Employment in Kazakhstan's creative industries has demonstrated steady growth. The number of people employed increased from 106.7 thousand in 2019 to 141.5 thousand by mid-2024. At the same time, the penetration of creative industries into employment increased: the share of people employed in creative industries during this time increased from 1.2% to 1.5% of all employment in Kazakhstan.

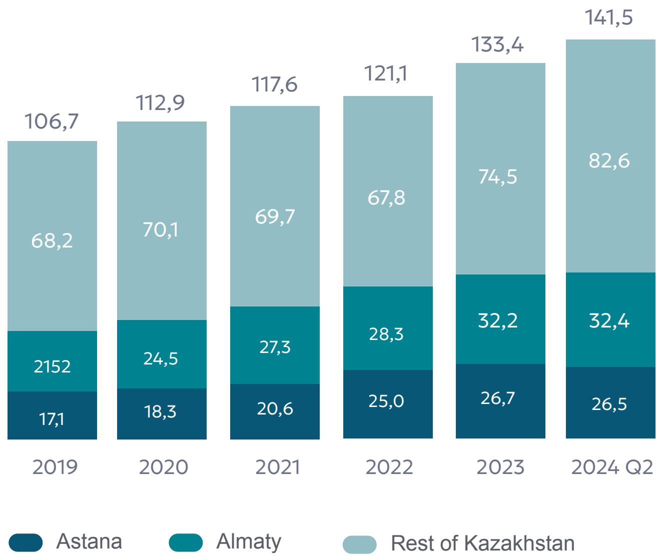
>40%

are concentrated in Astana and Almaty

In Almaty, employment grew by 60% from 21.5 thousand people in 2019 to 32.4 thousand people in 2024, while in Astana, the figure increased by 50% from 17.1 thousand people to 26.5 thousand people over the same period. The data indicates some expansion of creative employment beyond the major cities, but the growth rate was significantly slower, with employment in the regions increasing by about 20%.

FIGURE 40. NUMBER OF PEOPLE EMPLOYED IN KAZAKHSTAN'S CREATIVE INDUSTRIES, 2019-2024, THOUSAND PEOPLE

Source: *BNS*



Erkebulan Aisultan:

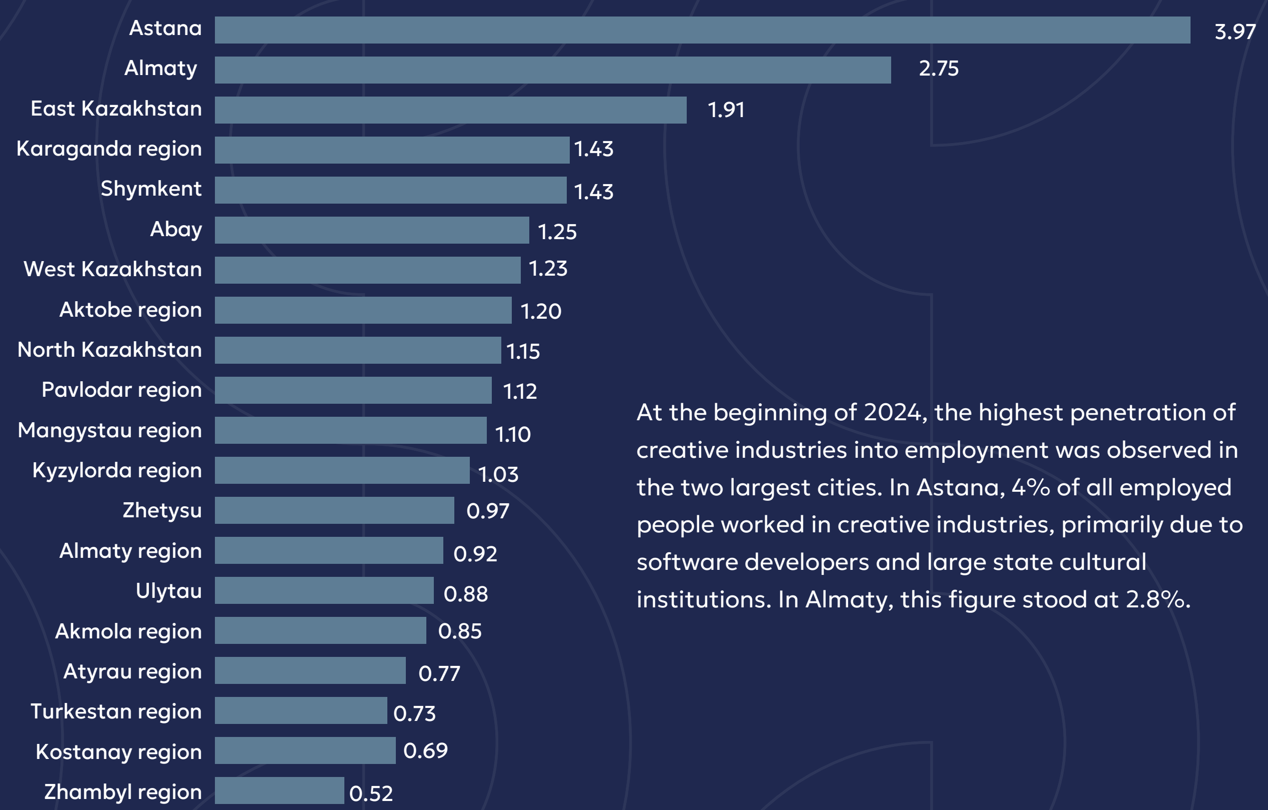
The potential of Kazakhstan's creative industry lies, first and foremost, in its people! What sets the creative industry apart from other sectors of the economy is that it is driven by individuals and their talent. We have many talents who are already known abroad. They are eager to make their mark. We need to take advantage of this so that creators can comfortably create for the world and export their talent, all while staying in Kazakhstan."

Ernar Kurmashev:

"There is a problem – today, the pool of talented youth is hidden from the state and producers. We need to start with education. We should bring universities here with expertise in creative industries. We need to create an institution for producing – how to become a producer, how to find talent, and how to turn it into a great product that is not only interesting to Kazakhstan but to the rest of the world as well."

FIGURE 41. EMPLOYMENT PENETRATION OF CREATIVE INDUSTRIES BY REGIONS OF KAZAKHSTAN, 2024, %

Source: *BNS*



At the beginning of 2024, the highest penetration of creative industries into employment was observed in the two largest cities. In Astana, 4% of all employed people worked in creative industries, primarily due to software developers and large state cultural institutions. In Almaty, this figure stood at 2.8%.

In other regions, the share of creative industries in employment did not exceed 2%, with the smallest share recorded in the Zhambyl region at 0.5%.

The industry structure clearly shows the predominance of traditional creative industries, while only 34% of Kazakhstan's creatives work in modern (technological) industries.

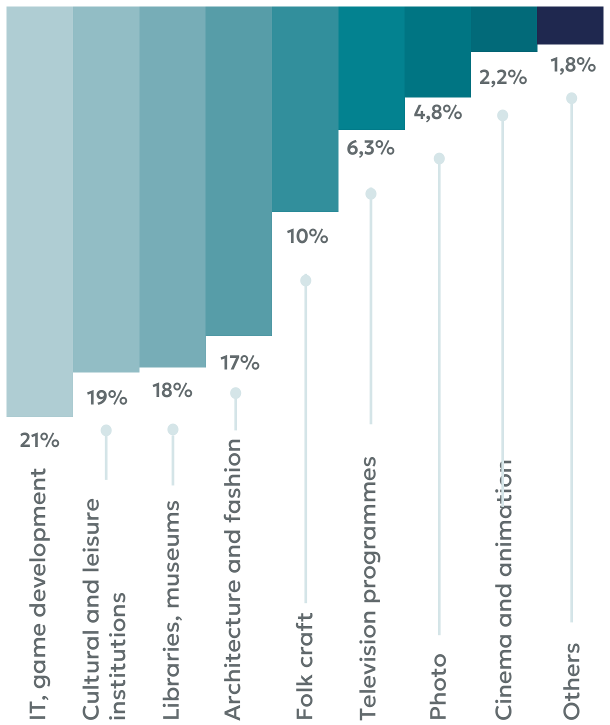
The largest employer of creatives is the IT and video game development industry, which provides 21% of the country's total creative employment, or 30 thousand jobs.[28] Other modern industries account for only 13% – about 19 thousand people work in television, cinema, music and photography.

The four largest traditional creative industries are cultural and leisure institutions (26 thousand employees, mainly theatre and concert workers), libraries and museums (26 thousand employees), architecture and fashion (24 thousand employees), and folk crafts (14.5 thousand employees, mainly textile workers and stone processors).

[28] It should be noted that 99.9% of those employed are concentrated in software development, while the number of people employed in video game publishing is statistically insignificant

FIGURE 42. EMPLOYMENT STRUCTURE BY CREATIVE INDUSTRIES IN KAZAKHSTAN, 2024, %

Source: *BNS*

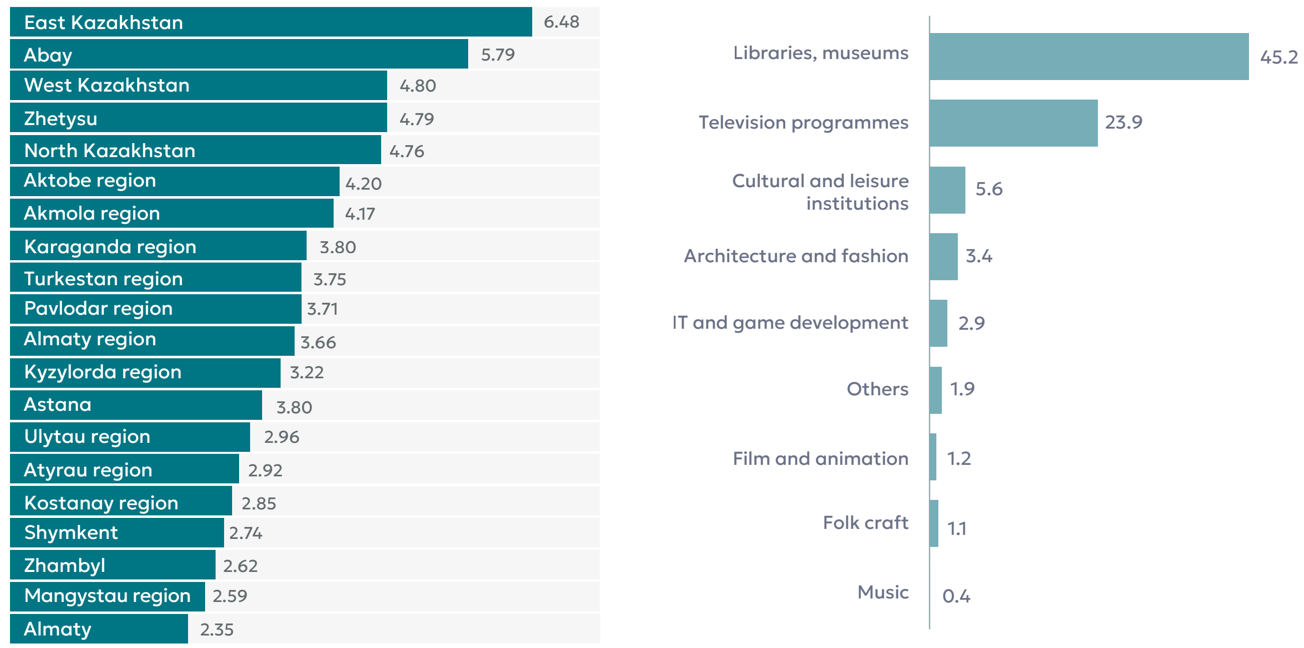


In 2024, in each region of Kazakhstan, there are on average two to six employees per creative industry entity. The highest value is recorded in the East Kazakhstan and Abay regions, where there are 6 employees per entity. In the West Kazakhstan, North Kazakhstan and Zhetisu regions, there are about 5 people per enterprise on average. The smallest average number of employees per entity is observed in Almaty, where only 2 people work at one enterprise.

In terms of industry, the largest teams are in libraries and museums, where on average 45 people work in one entity. In the field of television programmes, an average of 24 employees work in each entity, and in cultural and leisure institutions – 6 people. The smallest average number of employees is observed in enterprises in the fields of cinema, folk crafts and music, where there is only one employee per entity.

FIGURE 43. AVERAGE NUMBER OF EMPLOYEES PER ENTITY BY REGIONS AND CREATIVE INDUSTRIES OF KAZAKHSTAN, 2024, PEOPLE

Source: *BNS*



3.1.5. Volume of production in creative industries

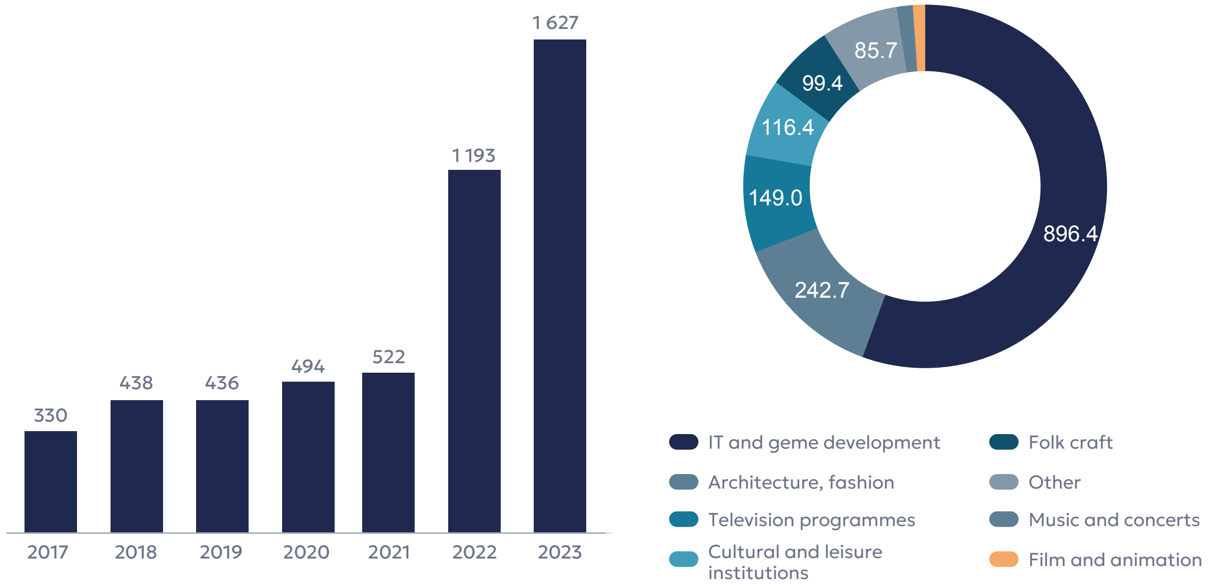
IN RECENT YEARS, THERE HAS BEEN A POSITIVE TREND IN THE VOLUME OF MANUFACTURED PRODUCTS, COMPLETED WORKS AND RENDERED SERVICES (HEREINAFTER REFERRED TO AS PRODUCTION VOLUME) IN THE CREATIVE INDUSTRIES. A PARTICULARLY SHARP INCREASE WAS RECORDED IN 2022.

In 2023, the production volume of creative industries reached KZT 1.6 trillion, which represents an increase of 393% compared to 2017. The main share came from information technology and game development (KZT 896.4 billion), mainly due to activities in software code development. The volume of production in architecture and fashion amounted to KZT 242.7 billion, in television programmes – KZT 149.0 billion.

The cinema segment provided a production volume of KZT 13.2 billion, the music and concert industry – KZT 23.9 billion.

FIGURE 44. DYNAMICS OF PRODUCTION VOLUME AND CURRENT VOLUME BY CREATIVE INDUSTRIES OF KAZAKHSTAN, 2017-2023, KZT BILLION

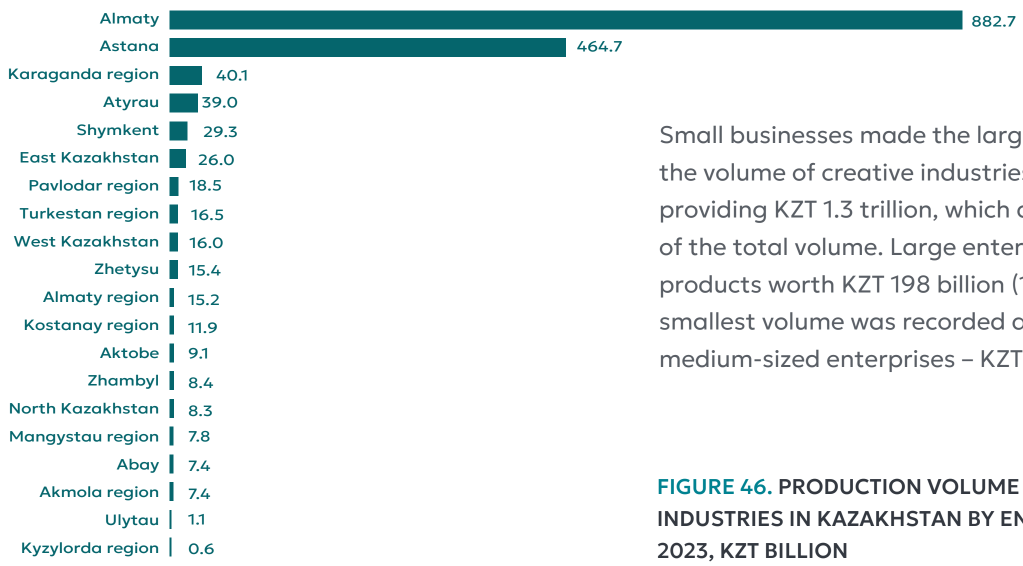
Source: *BNS*



A high concentration of creative resources is concentrated in the two largest cities of Kazakhstan. In 2023, the largest volume of creative industry output was produced in the city of Almaty (KZT 882.7 billion). Astana was in second place in terms of output (KZT 464.7 billion). The remaining regions of Kazakhstan accounted for KZT 279.4 billion.

FIGURE 45. VOLUME OF PRODUCTION OF CREATIVE INDUSTRIES BY REGIONS OF KAZAKHSTAN, 2023, KZT BILLION

Source: *BNS*



Small businesses made the largest contribution to the volume of creative industries production, providing KZT 1.3 trillion, which amounted to 80% of the total volume. Large enterprises produced products worth KZT 198 billion (12.2%), and the smallest volume was recorded among medium-sized enterprises – KZT 128.1 billion (7.9%).

FIGURE 46. PRODUCTION VOLUME OF CREATIVE INDUSTRIES IN KAZAKHSTAN BY ENTERPRISE SIZE, 2023, KZT BILLION

Source: *BNS*

Productivity per enterprise by region generally shows the same picture. In 2023, the average production volume per creative industry enterprise in Almaty was KZT 69.6 million, which is the highest figure among all regions of Kazakhstan. Astana is in second place with an average volume of KZT 55.1 million, followed by the Atyrau region, where the average per enterprise is at KZT 43 million.

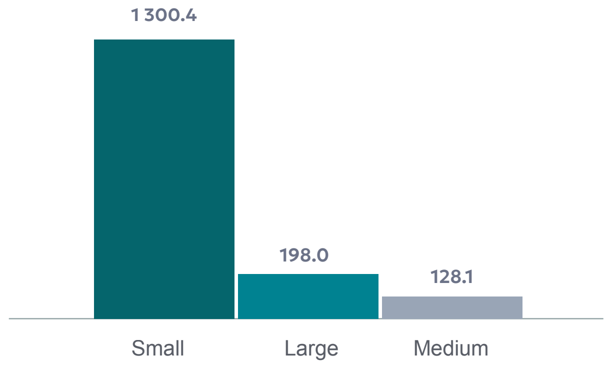
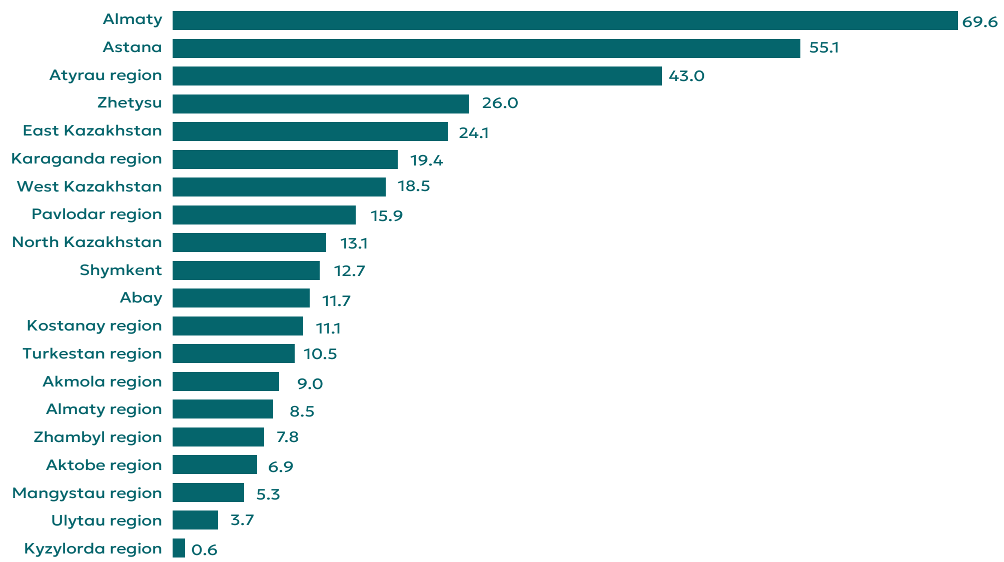


FIGURE 47. AVERAGE PRODUCTION VOLUME OF CREATIVE INDUSTRIES PER ENTITY BY REGIONS OF KAZAKHSTAN, 2023, KZT MILLION

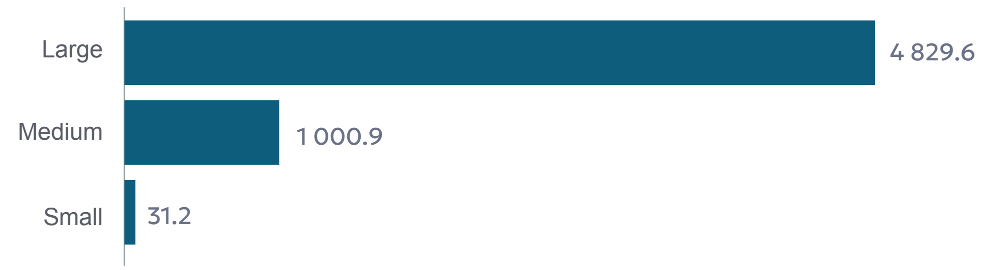
Source: *BNS*



Although medium and large enterprises account for a smaller share of total production, their average production per enterprise significantly exceeds that of small enterprises. In 2023, the average production of a large enterprise in the creative industries was KZT 4.8 billion. For medium enterprises, this figure was KZT 1 billion, and small enterprises had the lowest average production at KZT 31.2 million.

FIGURE 48. AVERAGE PRODUCTION VOLUME OF CREATIVE INDUSTRIES IN KAZAKHSTAN PER ENTITY BY ENTERPRISE SIZE, 2023, KZT MILLION

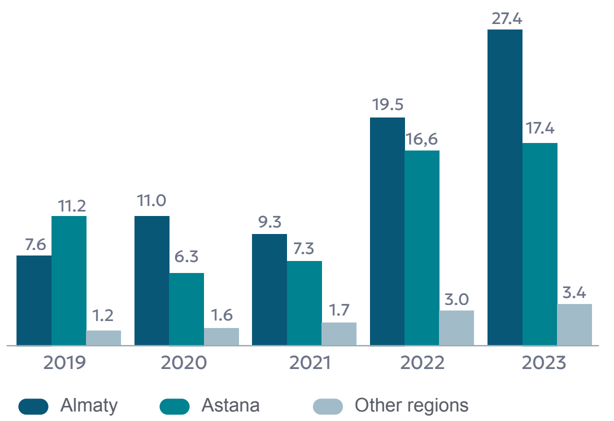
Source: *BNS*

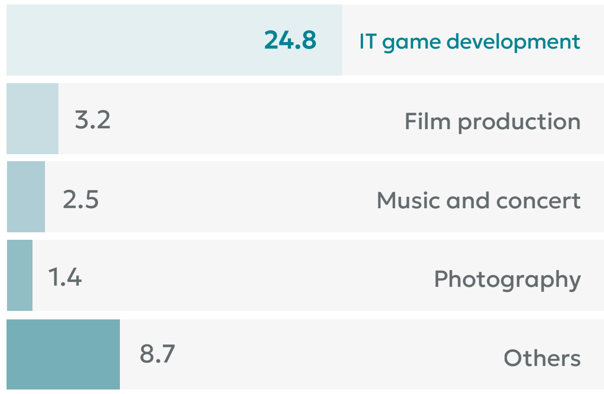


In terms of average productivity per employee, all regions showed growth, except for declines in 2020 and 2021. From 2020 to 2023, Almaty led the way, showing the highest rate among all regions and an increase of 261% over four years. Astana experienced a growth of 56.3%, while the average output per employee in other regions of Kazakhstan increased by 179.6%. The increase in labour productivity in the creative industries in all regions indicates positive dynamics in the sector's development.

FIGURE 49. AVERAGE PRODUCTION VOLUME PER EMPLOYEE BY REGIONS AND CREATIVE INDUSTRIES OF KAZAKHSTAN, 2019-2023, KZT MILLION

Source: *BNS*





In 2023, the IT and game development sector led in labour productivity, with an output of KZT 24.8 million per employee, primarily driven by production volumes in software development and testing. Significantly lower indicators were observed in other areas. For example, in the film industry, it was KZT 3.2 million, and in the music and concert industry, KZT 2.5 million.

3.1.6. Investments in fixed capital

Investments in fixed capital of creative industries demonstrated relatively stable dynamics. The peak occurred in 2019, when the volume of investments reached KZT 52.9 billion. In subsequent years, there were fewer investments, but compared to 2017, the figure has almost doubled.

Irina Kharitonova:

If the government and private players can meet the creative industries' needs for infrastructure and investment, we will see how the creative industries contribute to the economy."

In 2023, the majority of investments were directed towards traditional industries. The state accounted for the largest share, investing KZT 15.4 billion in libraries and museums. Significant investments were also made in folk crafts (primarily in the regions, funded by individual entrepreneurs, totalling KZT 8.5 billion) and architecture, fashion, and design (KZT 3.7 billion). Among modern creative industries, the largest portion of investments was allocated to software development, amounting to KZT 9.1 billion.

David Tuganov:

"Creators are expecting improved access to funding, including grants and microloans for startups in the arts and technology sectors."

At the same time, the volume of investments in other modern industries was low. For example, investments in the film industry amounted to KZT 1.4 billion, and in the music industry – only KZT 0.6 billion. No investments were made in the development of computer games in 2023.

FIGURE 50. DYNAMICS OF INVESTMENTS IN FIXED CAPITAL AND BREAKDOWN AMONG CREATIVE INDUSTRIES OF KAZAKHSTAN, 2017-2023, KZT BILLION

Source: *BNS*

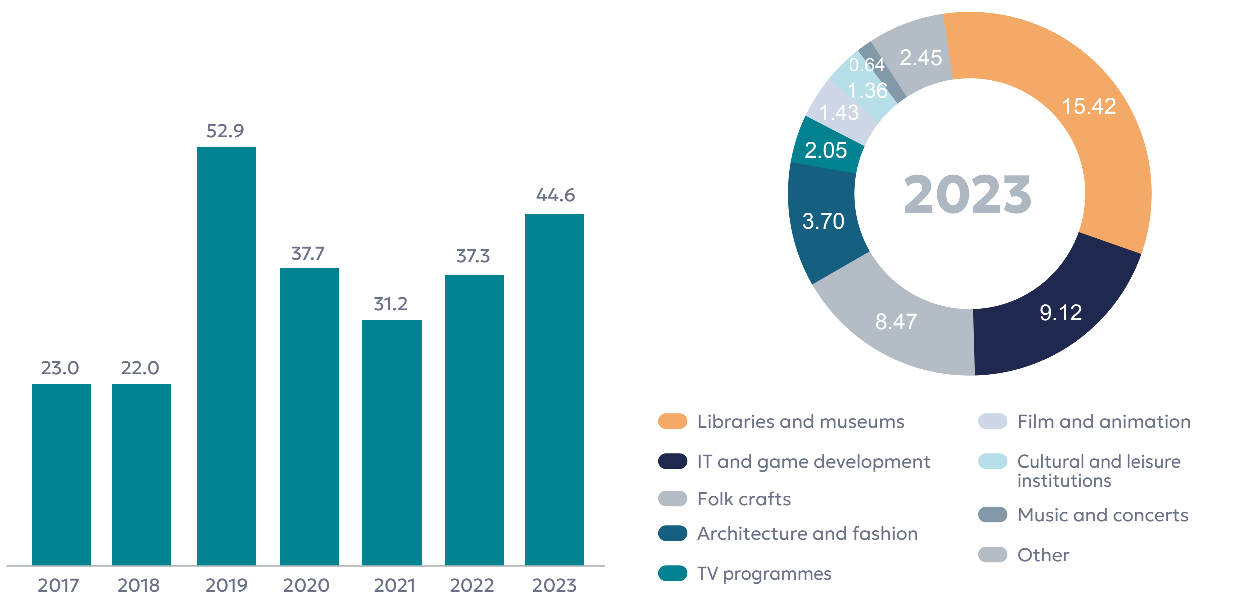
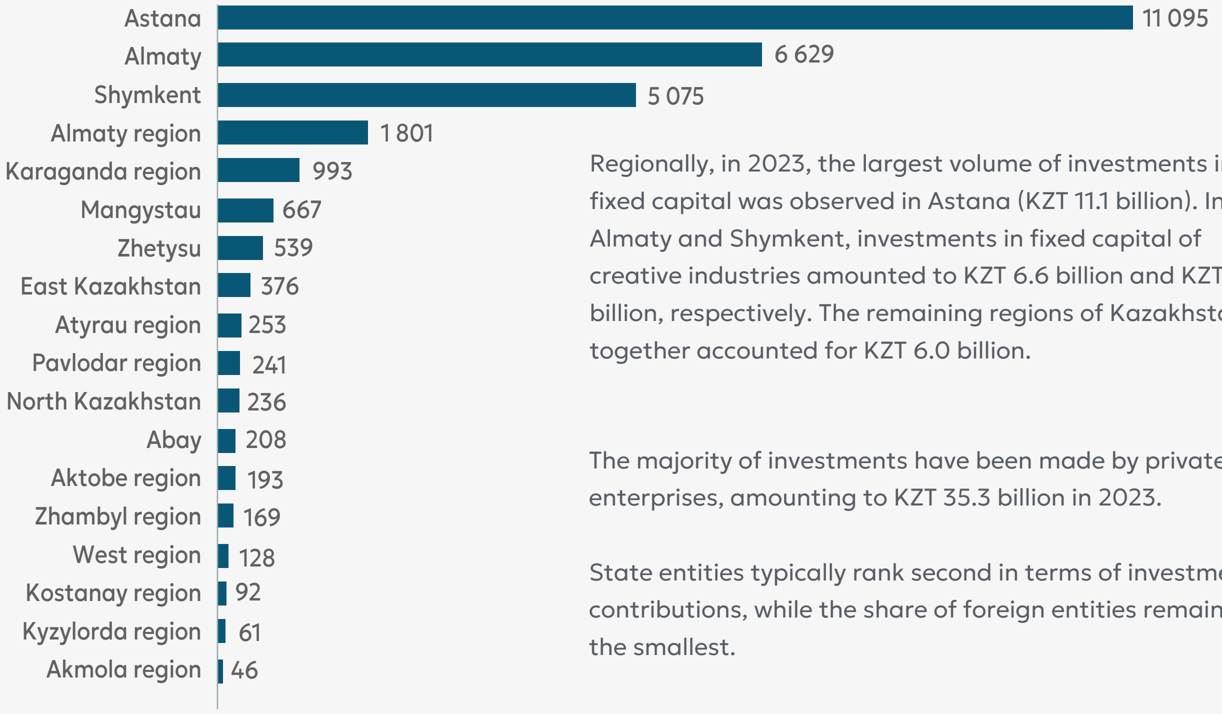


FIGURE 51. INVESTMENTS IN FIXED CAPITAL OF CREATIVE INDUSTRIES BY REGIONS OF KAZAKHSTAN, 2023, KZT MILLION

Source: *BNS*



Regionally, in 2023, the largest volume of investments in fixed capital was observed in Astana (KZT 11.1 billion). In Almaty and Shymkent, investments in fixed capital of creative industries amounted to KZT 6.6 billion and KZT 5.1 billion, respectively. The remaining regions of Kazakhstan together accounted for KZT 6.0 billion.

The majority of investments have been made by private enterprises, amounting to KZT 35.3 billion in 2023.

State entities typically rank second in terms of investment contributions, while the share of foreign entities remains the smallest.

FIGURE 52. INVESTMENTS IN FIXED CAPITAL OF CREATIVE INDUSTRIES OF KAZAKHSTAN BY OWNERSHIP TYPES, 2019-2023, KZT BILLION

Source: *BNS*

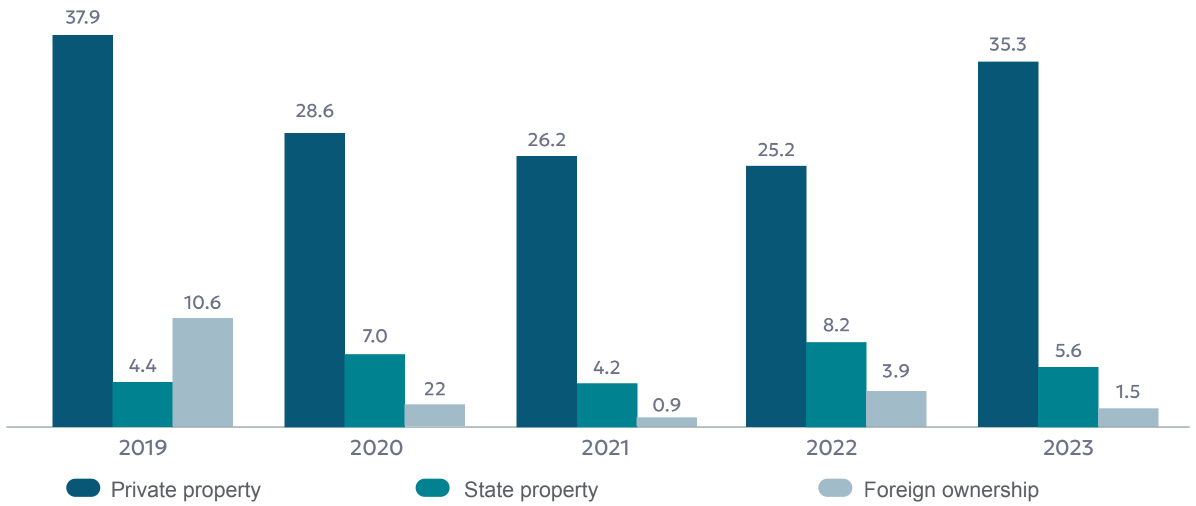
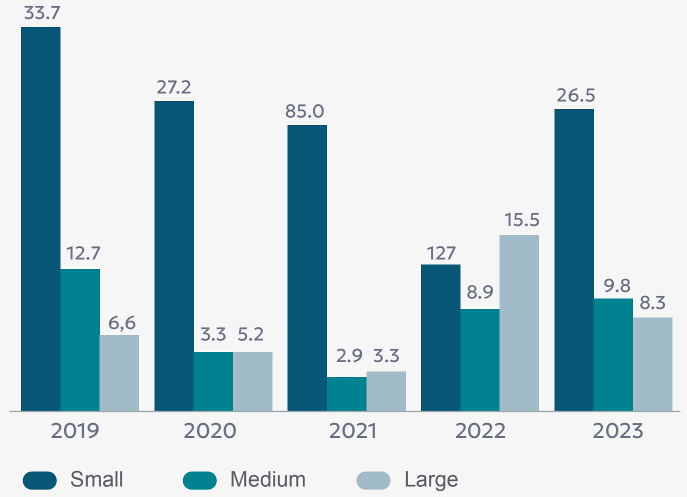


FIGURE 53. INVESTMENTS IN FIXED CAPITAL OF CREATIVE INDUSTRIES OF KAZAKHSTAN BY ENTERPRISES SIZE, 2019-2023, KZT BILLION

Source: *BNS*



In terms of enterprise size, small enterprises contributed the largest volume of investments in the fixed capital of creative industries. However, a downward trend has been observed since 2019.

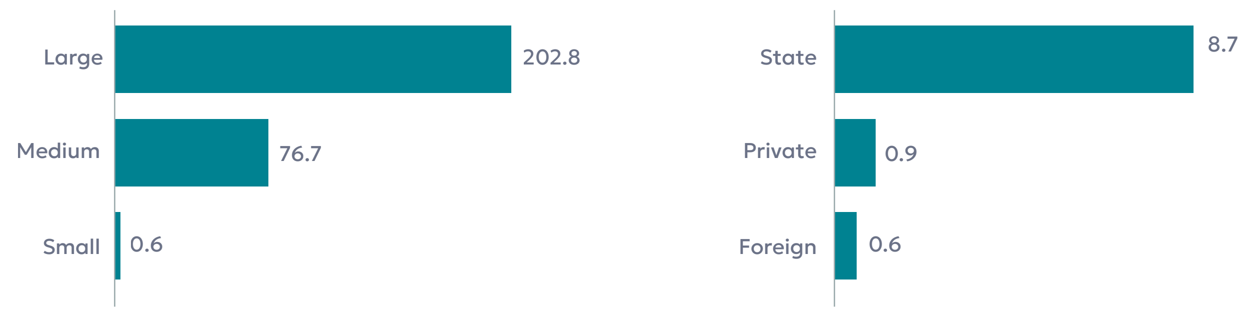
Over the past two years, medium and large enterprises have shown growing potential.

When considering the size of investments per entity, it is clear that large enterprises provide significantly more investments compared to small and medium-sized ones. In 2023, the average investment per large enterprise was KZT 202.8 million. For medium-sized enterprises, this figure is KZT 76.7 million, which is more than two times less than that of large enterprises. Small enterprises invested only KZT 0.6 million per enterprise, which highlights their limited investment opportunities.

The average investments in fixed capital of state institutions significantly exceeds the indicators of private and foreign enterprises. In 2023, the average investment of state institutions was KZT 8.7 million. At the same time, investments by private and foreign enterprises remain significantly lower – KZT 0.9 million and KZT 0.6 million, respectively, which also indicates barriers to the availability of financing.

FIGURE 54. AVERAGE INVESTMENTS IN FIXED CAPITAL OF CREATIVE INDUSTRIES OF KAZAKHSTAN PER ENTITY BY FORMS OF OWNERSHIP AND ENTERPRISE SIZE, 2023, KZT MILLION

Source: *BNS*



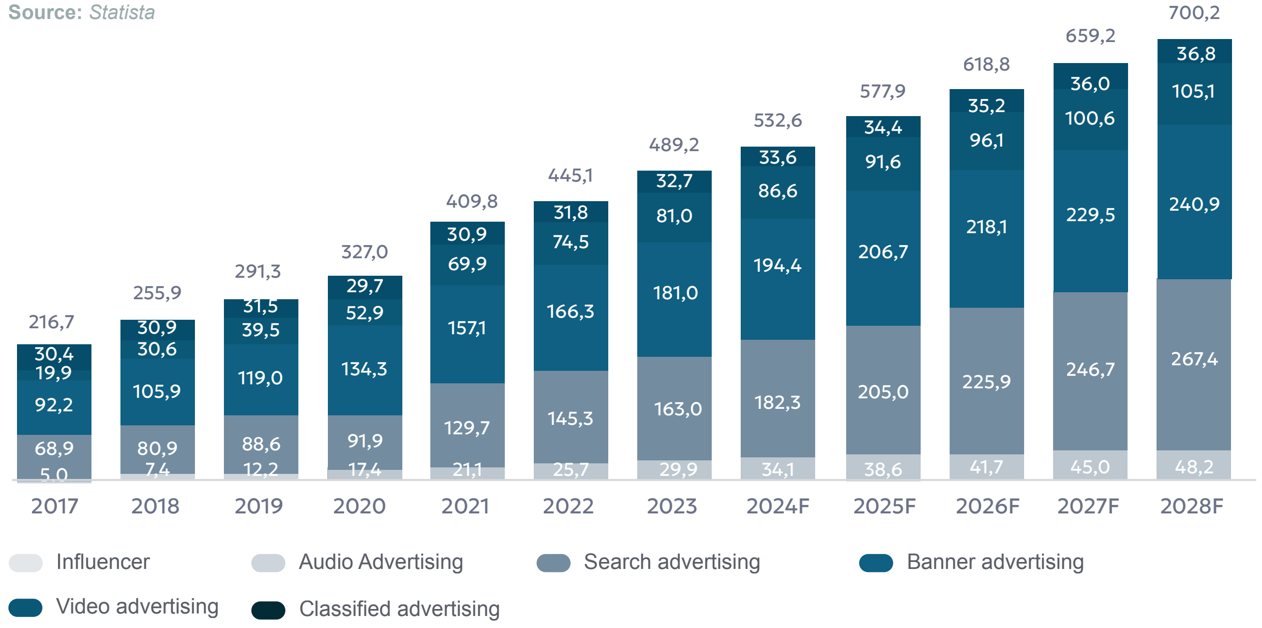
3.2. OVERVIEW OF CREATIVE INDUSTRIES

3.2.1. Digital advertising

DIGITAL ADVERTISING SPENDING IN KAZAKHSTAN IS SHOWING STEADY GROWTH. IN 2023, IT AMOUNTED TO $489.2 MILLION, AND BY 2028 IT IS PROJECTED TO INCREASE TO $700.2 MILLION.

FIGURE 55. DIGITAL ADVERTISING SPENDING IN KAZAKHSTAN, 2017-2028, $ MILLION

Source: *Statista*



Roman Mironov:

"Our society has plenty of creativity. Take Kazakh content creators, for example – their work is in high demand across Central Asia, with brands eager to have them produce advertisements."

THE MAIN DRIVERS OF THE MARKET REMAIN:

Banner advertising, with spending reaching $181 million in 2023, is projected to grow to $240.9 million by 2028.

Search advertising, which accounted for $163 million in spending in 2023, is expected to surpass banner advertising by 2028, reaching $267.4 million.

In addition, growth is noted in such segments as video advertising and advertising through influencers.[29]

[29] Statista

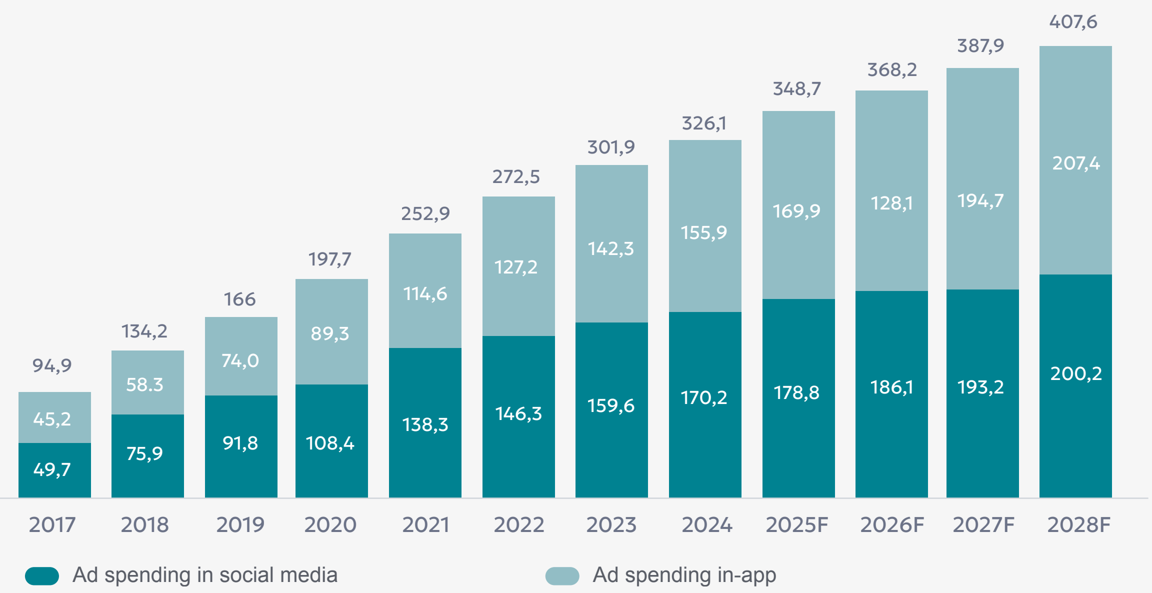
By industry, the largest volume of digital advertising spending in 2023 was in the FMCG sector, accounting for a third of the total digital advertising spending in Kazakhstan. It is followed by companies from energy and fuel, pharmaceuticals and healthcare, as well as telecommunications.[30]

Social media and apps have become critical channels in the advertising market. Their share of total digital ad spending increased from 48% in 2017 to 62% by the end of 2023.

In 2023, $159.6 million and $142.3 million were spent on these segments, respectively. Spending in these segments is projected to increase by more than $100 million by 2028, with app ad spend exceeding social media spend.

FIGURE 56. KEY DIGITAL ADVERTISING CHANNELS IN KAZAKHSTAN, 2017–2028, $ MILLION

Source: *Statista*



[30] Statista

THESE PLATFORMS PROVIDE BUSINESSES WITH UNIQUE OPPORTUNITIES TO ENGAGE WITH AUDIENCES, INCREASE BRAND AWARENESS, AND ENTER INTERNATIONAL MARKETS.

Askhat Khalimov:

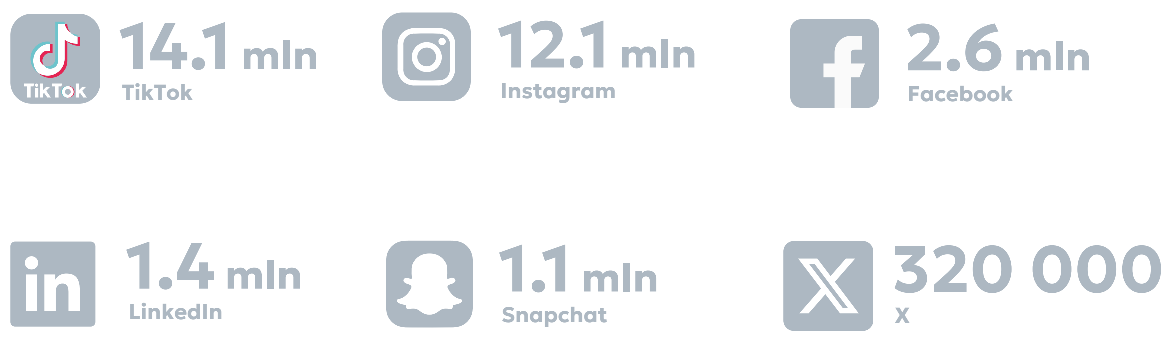
"The development of the creative industry could transform Kazakhstan as a whole, and its economy in particular. People from remote rural areas are learning to create valuable content and how to properly monetise it. This way, they do not need to move to a big city – they can stay in their villages, towns, or rural areas, where a "social lift" is still available to them through content that can be monetised, both through educational platforms and social media."

Olzhas Baimagambetov:

"Social media is one of the most promising segments of the creative industry. It is the most accessible and effective means of promotion, enabling creators to quickly reach a vast audience. While this segment cannot be considered underrated, it is still not fully utilised. Kazakhstani creators could leverage social media more actively for direct sales (of music, goods, and services), viral marketing, trend creation, and international expansion through platforms such as TikTok, YouTube, and Instagram."

FIGURE 57. SOCIAL MEDIA USERS IN KAZAKHSTAN, 2024, MILLION PEOPLE

Source: *DataReportal*



THE PENETRATION OF DIGITALISATION IS REFLECTED NOT ONLY IN THE GROWTH OF DIGITAL ADVERTISING, BUT ALSO MANIFESTS ITSELF THROUGH A STEADY INCREASE IN DIGITAL CHANNELS FOR PURCHASING SERVICES IN THE ENTERTAINMENT INDUSTRY. KAZAKHSTANIS ARE INCREASINGLY SHOWING DEMAND FOR CREATIVE INDUSTRY PRODUCTS USING MARKETPLACES, INTERNET PLATFORMS, STREAMING AND OTHERS.

Askhat Khalimov:

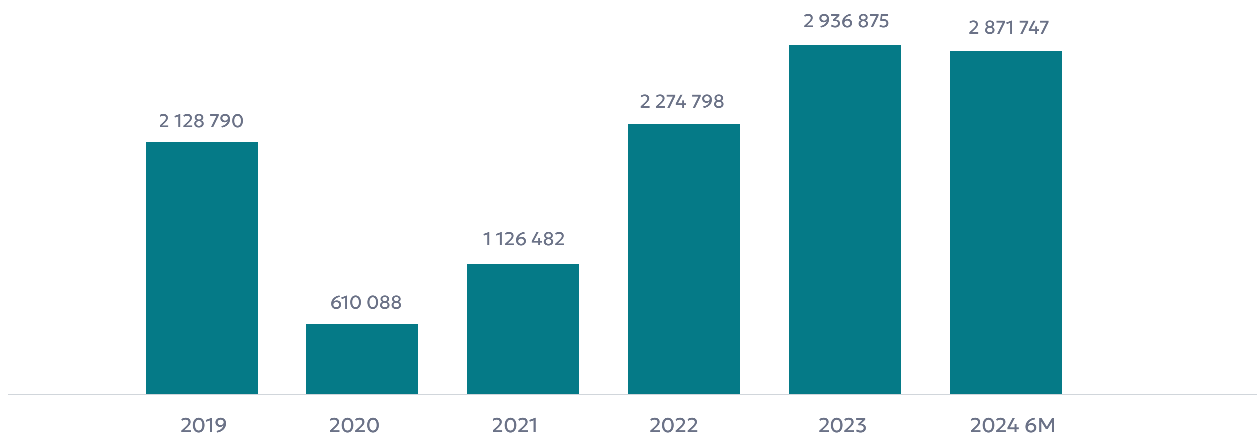
"Kazakhstan is now a place where all the promising bloggers from the countries we border with are working and creating. Our potential is confirmed by the results of JKS – we consistently rank among the top in international arenas, both among bloggers and TikTok houses, holding the 2nd or 3rd position for 4 years. This is all thanks to business. It can be argued that with the right and effective approach, many TikTok houses can be created, which will bring significant dividends to the country and the business sector."

For example, in 2023, almost 3 million tickets were sold through the Freedom Ticketon platform.

This trend continued in the first half of 2024, when ticket sales reached 2.9 million – almost as much as for the entire previous year.[31]

FIGURE 58. NUMBER OF TICKETS SOLD VIA FREEDOM TICKETON, 2019–2024, UNITS

Source: *Freedom Ticketon*



[31] How much money is spent on average on cinema, concerts and performances in Kazakhstan

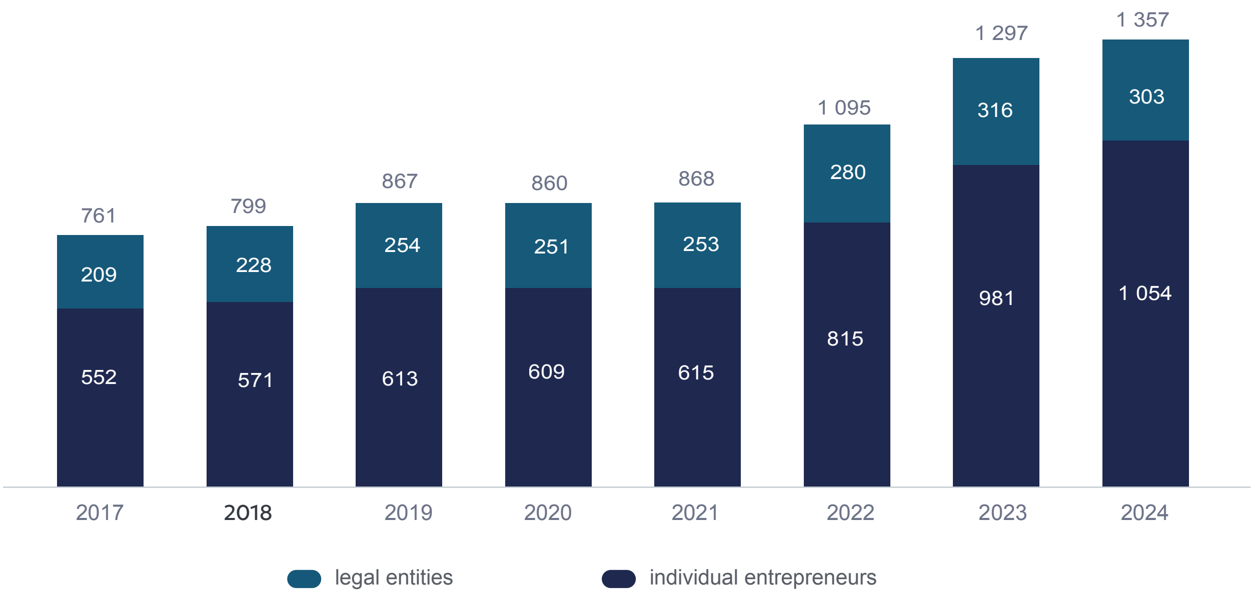
3.2.2 MUSIC

3.2.2.1 Macroeconomic indicators of music industry

There are 1,400 thousand entities operating in the music and concert industry, of which 78% are individual entrepreneurs. Since 2017, the number of entities has grown by 596 or an average of 9% per year, with the largest increase occurring in the last three years.

FIGURE 59. NUMBER OF ENTITIES IN KAZAKHSTAN'S MUSIC INDUSTRY, 2017–2024, UNITS

Source: *BNS*



More than 60% of all entities in the music and concert industry are registered in the cities of:

Almaty
561 entities and

Astana
275 entities

The volume of production in the music and concert industry is growing, except for the pandemic years of 2020 and 2021. The peak of production was reached in 2023, amounting to KZT 23.9 billion. Astana became the leader with an indicator of KZT 11.7 billion. Almaty ranks second, with a production volume of KZT 2.1 billion.

FIGURE 60. DYNAMICS OF PRODUCTION VOLUME AND CURRENT VOLUME IN KAZAKHSTAN'S MUSIC INDUSTRY BY REGION, 2017–2023, KZT BILLION AND KZT MILLION

Source: *BNS*

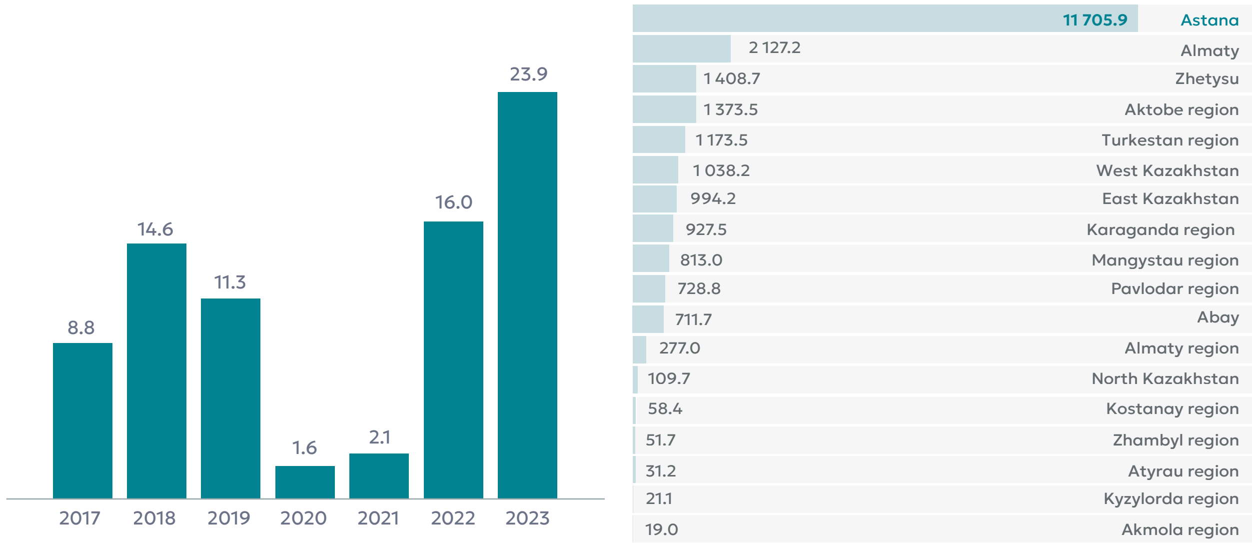
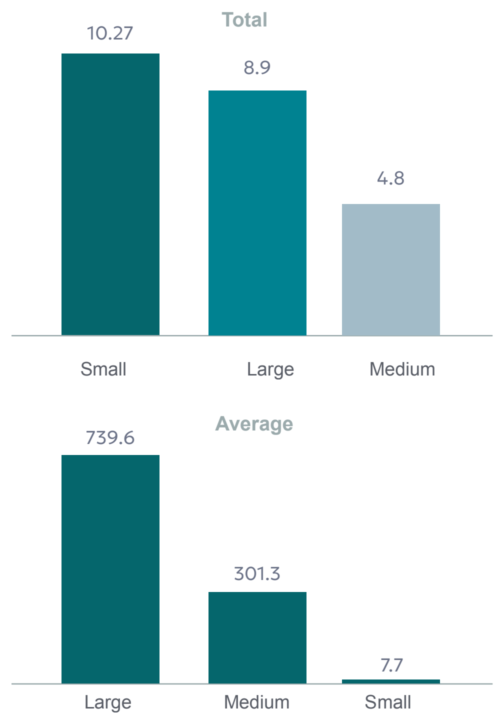


FIGURE 61. TOTAL PRODUCTION VOLUME AND AVERAGE PRODUCTION VOLUME PER ENTERPRISE IN KAZAKHSTAN'S MUSIC INDUSTRY BY ENTERPRISE SIZE, 2023, KZT BILLION AND KZT MILLION

Sourse: *BNS*



Small enterprises accounted for the largest volume of production, totalling KZT 10.2 billion, significantly surpassing the indicators of large and medium-sized enterprises. Large enterprises produced goods worth KZT 8.9 billion, while medium-sized enterprises had the smallest production volume, amounting to KZT 4.8 billion, almost half of what large enterprises produced.

Despite the dominant contribution of small enterprises to the total production volume, their average production volume per enterprise is the lowest, at KZT 7.7 million in 2023. In contrast, large enterprises show the highest average production volume – KZT 739.6 million per enterprise, far exceeding the figures for other categories. Medium-sized enterprises occupy an intermediate position, with an average of KZT 301.3 million per entity. This underscores the significant differences in the scale of production between enterprises of varying sizes.

3.2.2.2 Specific indicators (digital music and concerts)

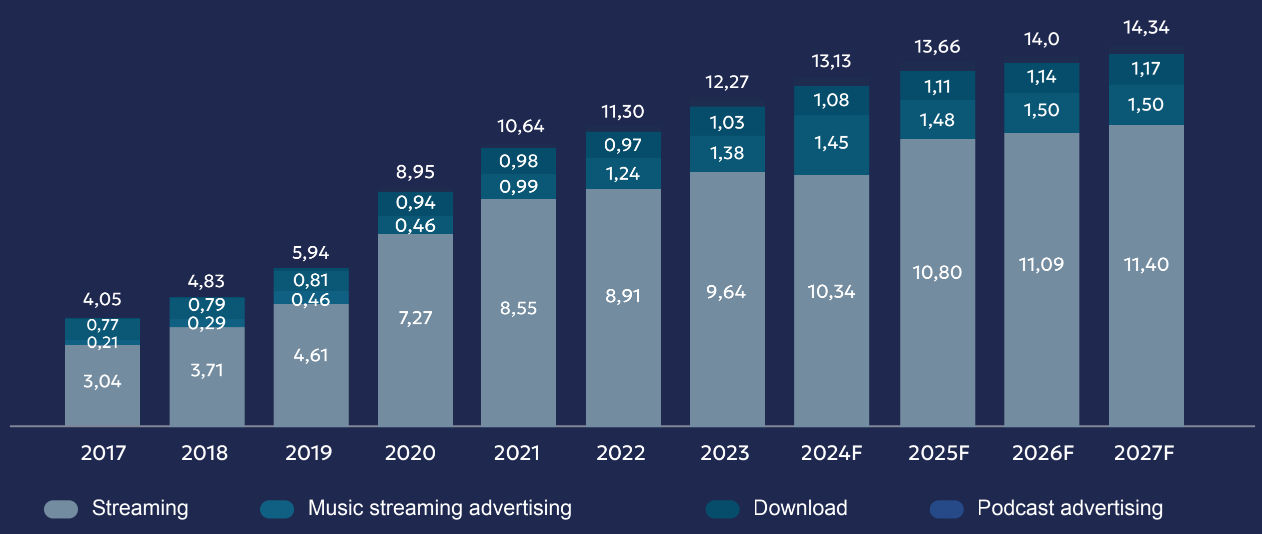
THE DIGITAL MUSIC MARKET IN KAZAKHSTAN GENERATED $12.3 MILLION IN REVENUE IN 2023. REVENUE IS EXPECTED TO GROW TO $14.3 MILLION BY 2027.

As in the global music industry, streaming is the largest segment with $9.6 million in revenue (78.6% of total revenue). This number is expected to grow to $11.4 million by 2027.

Advertising on streaming platforms also makes a significant contribution, generating $1.4 million in 2023.[32]

FIGURE 62. DIGITAL MUSIC MARKET SIZE IN KAZAKHSTAN, 2017–2027, $ MILLION

Source: *Statista*

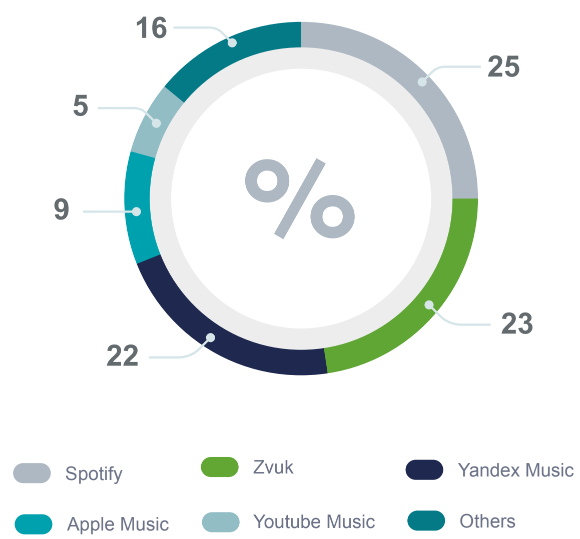


[32] Statista

One of the key trends in the music industry of Kazakhstan is the growing demand for Kazakh music, which highlights the growing value of the country's cultural heritage. Currently, more than 450 Kazakhstani musicians are featured on the Yandex Music playlist.[33]

FIGURE 63. MARKET SHARES OF MUSIC STREAMING PLATFORMS IN KAZAKHSTAN, 2023, %

Source: *Statista*



Kazakhstan's streaming market

25%
Spotify

23%
Zvuk

22%
Yandex Music

Olzhas Baimagambetov:

"There must be easy access to infrastructure, including recording studios and high-quality concert venues. We still do not have large domestic online platforms that allow artists to monetise their work (such as streaming services and marketplaces).

We will not be able to talk about international recognition for Kazakhstani music if we do not promote it through festival participation and collaborations with foreign artists.
With Scriptonite, we won the Apple Music award in 2021. This was thanks to our communication with Apple Music. To elevate Kazakhstan's music industry to a global level, we need to create modern recording studios, music labels, and production centres.

Kazakhstan has its own unique musical style – we need to incorporate ethnic motifs and blend them with modern genres. And we need to actively promote artists on Spotify, YouTube, and TikTok, organise showcases, and participate in competitions like Eurovision."

[33] Yandex Qazaqstan presents music recommendations in Kazakh

FIGURE 64. NUMBER OF EVENTS HELD BY CONCERT ORGANISATIONS AND NUMBER OF VIEWERS IN KAZAKHSTAN, 2019-2023, UNITS, PEOPLE

Source: *BNS*

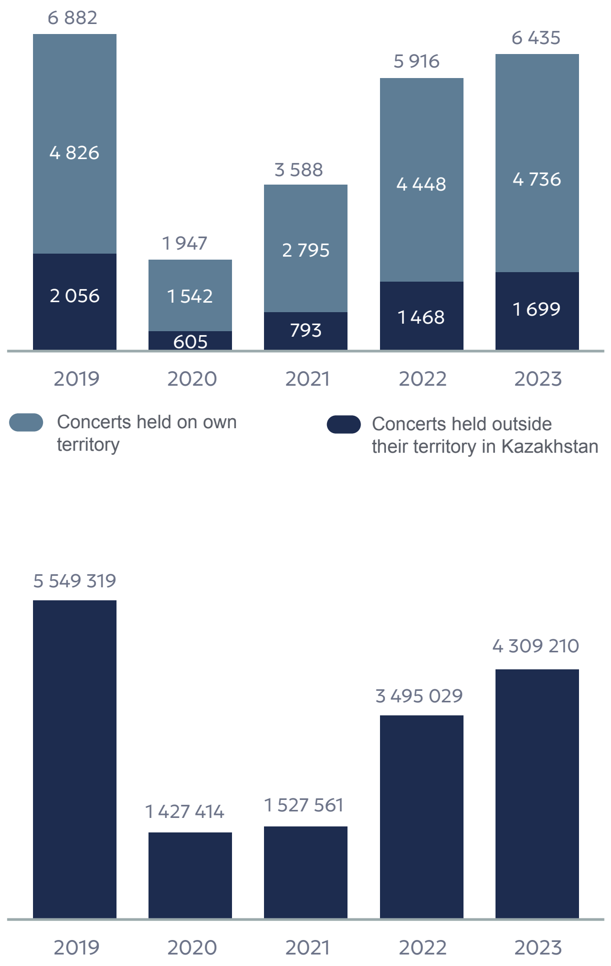
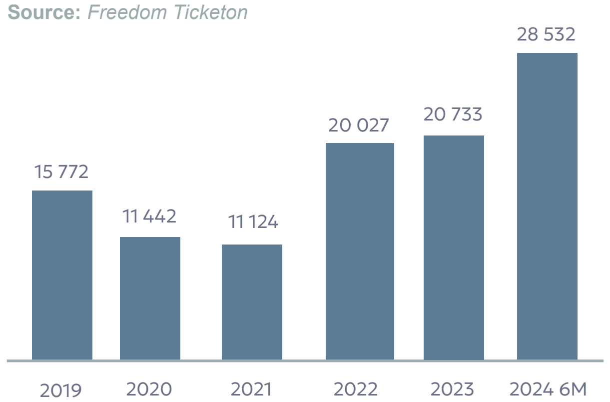


FIGURE 65. AVERAGE TICKET PRICE FOR CONCERTS IN KAZAKHSTAN, 2019-2024, KZT

Source: *Freedom Ticketon*



The concert market has gradually recovered from the 2020 lockdown. During this period, the number of events organised by concert organisations increased by 3.3 times, indicating a recovery in demand for live performances. In 2023, concerts attracted an audience of 4.3 million people, reflecting the return of public interest.

Vladimir Kravchenko:

"A great example is the export office in Finland. Notice that we know Finland not only for its high-quality hockey but also for many famous artists like HIM, Rasmus, Nightwish, Apocalyptica, and many others. Their development was directly supported by the export office Music Finland. They used to send artists to the right places, namely music exhibitions around the world, investing their own budget into it. And they continue to do this very successfully. This model works in all developed countries. It also works with the film industry and any other industry. Therefore, we should pay attention to truly effective structures."

CONCERT TICKET PRICES HAVE INCREASED SIGNIFICANTLY, RISING FROM KZT 11,124 IN 2021 TO KZT 28,532 IN THE FIRST HALF OF 2024.

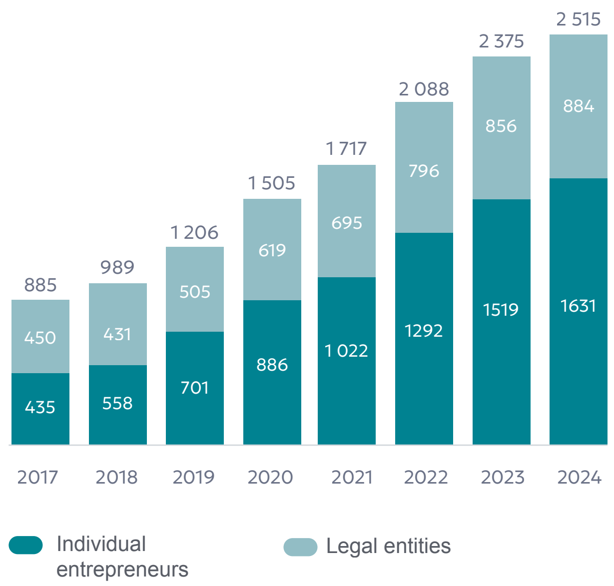
3.2.3 FILMS

3.2.3.1 Macroeconomic indicators of film industry

THE NUMBER OF ENTITIES IN THE FILM INDUSTRY IS STEADILY GROWING, REACHING 2,500 BY MID-2024. THE MAIN DRIVER OF THIS GROWTH IS INDIVIDUAL ENTREPRENEURS: WHILE THE NUMBER OF LEGAL ENTITIES HAS DOUBLED SINCE 2017, THE NUMBER OF INDIVIDUAL ENTREPRENEURS HAS INCREASED FOURFOLD.

FIGURE 66. NUMBER OF ENTITIES IN KAZAKHSTAN'S FILM INDUSTRY, 2017–2024, UNITS

Source: *BNS*



Almaty, as the centre of Kazakhstani cinema, naturally leads in the number of entities in the film industry, with 52% of them registered there. In Astana, 657 entities in the film industry are registered, accounting for 26%.

There is a positive trend in the production volumes of the film industry, except for declines in 2020-2021 due to the pandemic, and in 2023. The peak of production occurred in 2022, reaching KZT 30 billion, which is 145.2% higher than the 2017 figure.

The majority of the film industry's output was generated in Almaty, totalling KZT 8.34 billion. Astana ranked second in production volume, with KZT 4 billion recorded in 2023.

The largest share of film production in 2023 came from small enterprises, whose output totalled KZT 12.6 billion. Medium-sized enterprises produced products worth KZT 0.6 billion, all of which were concentrated in Almaty. In other regions, including Astana, only small enterprises were involved in film production.

Overall, all indicators highlight the key role of Almaty and Astana in the development of the film industry in Kazakhstan and underscore the weak integration of other regions into this sector.

FIGURE 67. DYNAMICS OF PRODUCTION VOLUME AND CURRENT VOLUME IN KAZAKHSTAN'S FILM INDUSTRY BY REGION, 2017–2023, KZT BILLION AND KZT MILLION

Source: *BNS*

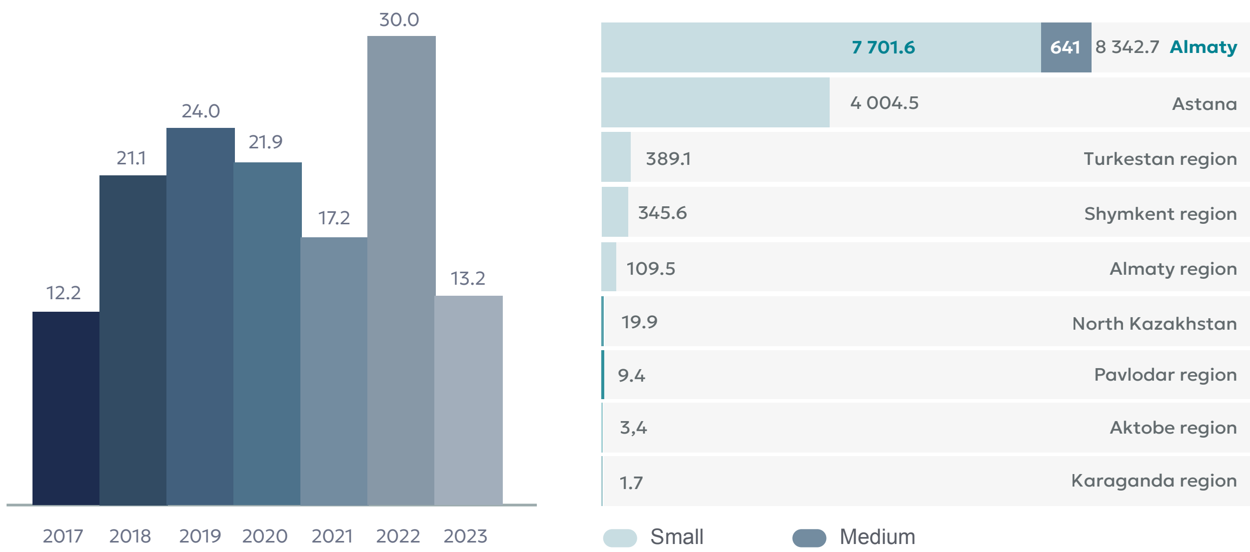
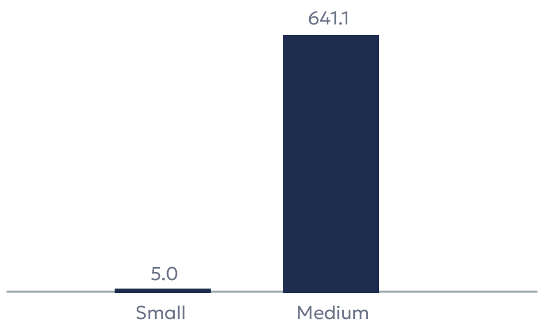


FIGURE 68. AVERAGE PRODUCTION VOLUME PER ENTERPRISE IN KAZAKHSTAN'S FILM INDUSTRY BY SIZE, 2023, KZT MILLION

Source: *BNS*



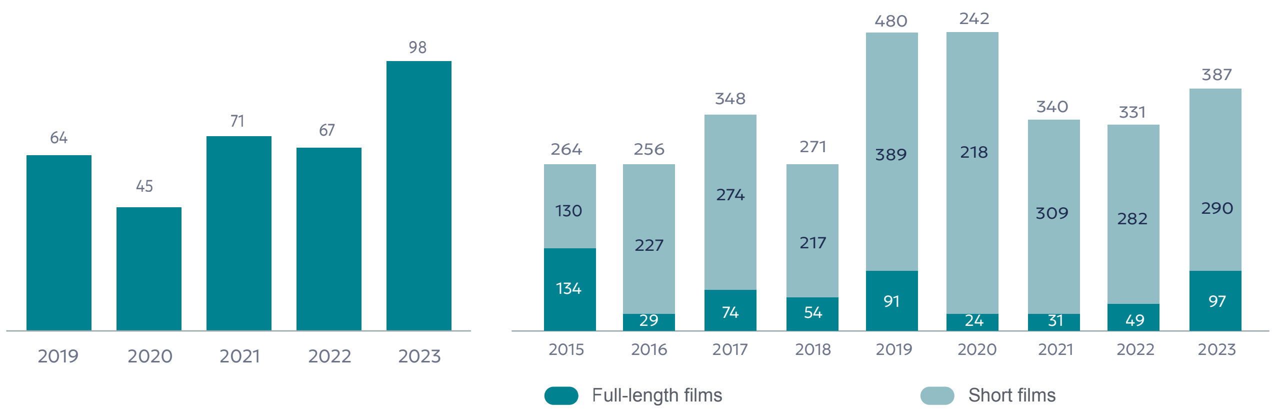
Despite the significant gap in production indicators (128 times) between small and medium enterprises, where the average production volume of a medium enterprise is KZT 641.1 million, and that of a small enterprise is only KZT 5 million, it should be noted that the total production volume of small enterprises and their number are significantly higher. However, despite their extensive network, small enterprises' production capacity remains limited compared to that of larger players in the industry.

3.2.3.2 Specific indicators (production, screenings, box office, cinemas)

In 2019, Kazakhstan had 64 film production organisations. During the COVID-19 pandemic in 2020, this number dropped to 45, but by 2023, it had risen to 98, indicating a revival of activity in the film production sector.

FIGURE 69. NUMBER OF CINEMATOGRAPHIC ORGANISATIONS AND TOTAL NUMBER OF FILMS PRODUCED, 2015–2023, UNITS

Source: *BNS*



IN 2023, DOMESTIC CINEMATOGRAPHERS CREATED 387 FILMS IN KAZAKHSTAN, WHICH IS 56 FILMS MORE THAN IN THE PREVIOUS YEAR. OF THESE, 25% WERE FULL-LENGTH FILMS, AND 75% WERE SHORT FILMS.

IN 2023, 969 THOUSAND FULL-LENGTH FILMS WERE SCREENED. THE SHARE OF KAZAKHSTANI FILMS REACHED 32% OF THEIR TOTAL NUMBER.

FIGURE 70. FULL-LENGTH FILM SCREENINGS IN KAZAKHSTAN AND SHARE OF NATIONAL FILMS, 2015–2023, THOUSAND UNITS, %

Source: *BNS*

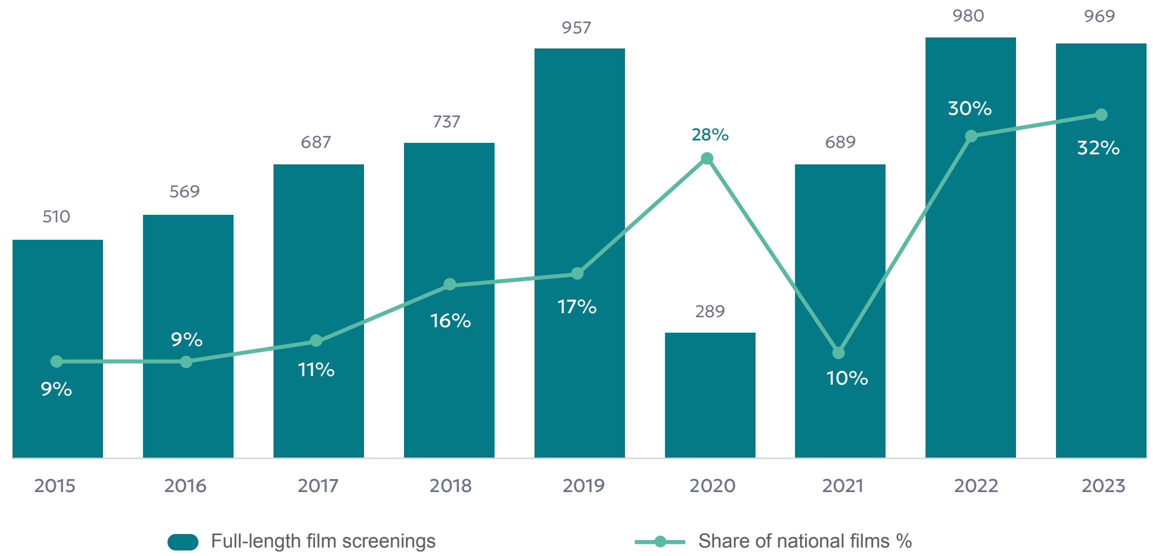
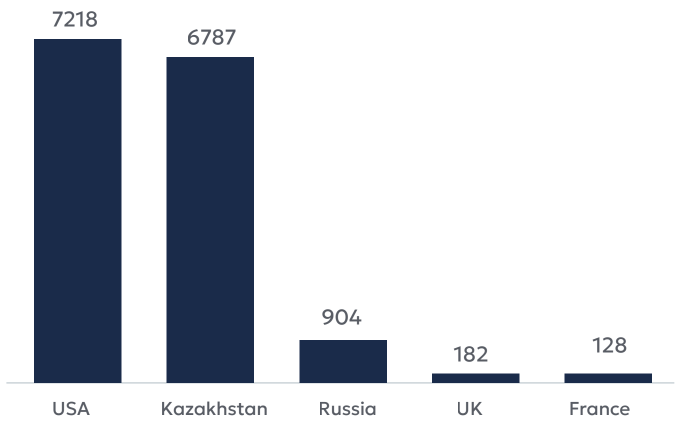


FIGURE 71. NUMBER OF VISITS TO FULL-LENGTH FILMS SCREENED IN KAZAKHSTAN BY COUNTRY OF FILM PRODUCTION, THOUSAND UNITS

Source: *BNS*

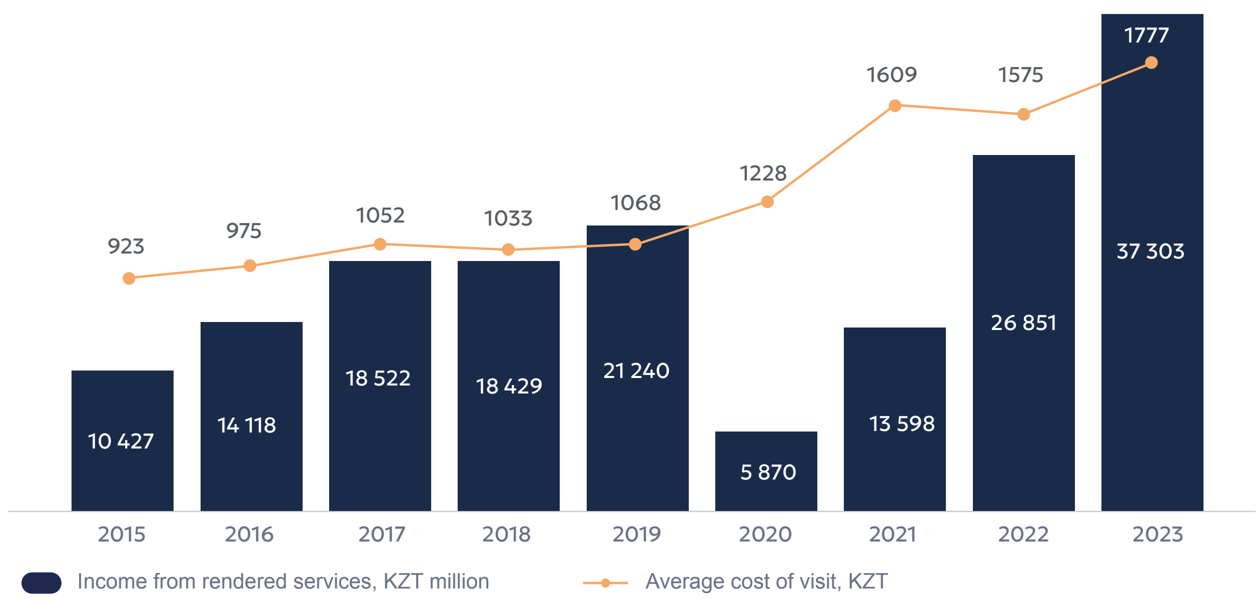


Kazakhstani films are becoming increasingly popular among local audiences. In 2023, 6.8 million visits to Kazakhstani films were recorded, a figure only slightly lower than the number of views for films produced in the US.

AFTER A SHARP DECLINE IN 2020 DUE TO THE LOCKDOWN, BOX OFFICE REVENUES RESUMED GROWTH AT AN ACCELERATED PACE, REACHING KZT 37.3 BILLION IN 2023.

FIGURE 72. BOX OFFICE REVENUE AND AVERAGE CINEMA TICKET PRICE IN KAZAKHSTAN, 2015–2023, KZT MILLION

Source: *BNS*



BY SEPTEMBER 2024, 70 KAZAKHSTANI FILMS HAD BEEN SCREENED IN CINEMAS, GENERATING TOTAL BOX OFFICE REVENUES OF KZT 14.2 BILLION. THE FILM DASTUR EMERGED AS THE LEADER OF 2024, GROSSING APPROXIMATELY KZT 2 BILLION.[34]

Anna Darmodekhina:

"Cinema in Kazakhstan is currently experiencing an incredible rise. This year, 90 films were released. In a little while, we will be approaching the level of the Turkish film industry, where, as is well known, 100 films and 100 TV series are produced each year."

Against the backdrop of the rapid growth of the film market, the cinema network is also expanding. In 2023, the number of cinemas in Kazakhstan reached 113, continuing to grow annually, except for 2020. Since 2015, the most significant increase was recorded in 2023.

Elena Larionova:

"Kazakhstan faces an acute shortage of cinemas in the region. While there are enough cinemas in major cities such as Almaty, Astana, and Shymkent, other areas and regions remain significantly underserved. If we were to build cinemas in these regions, it would boost the overall box office. Audiences in the regions are less spoilt for choice and would likely attend local films, which would further boost the box office for domestic movies."

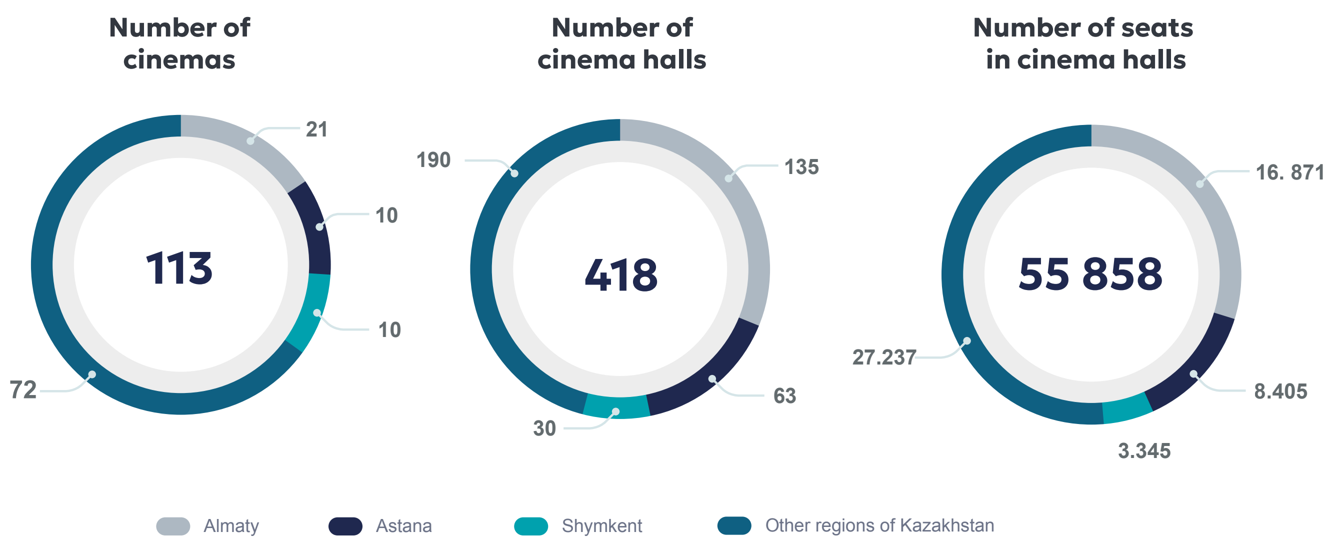
Anna Darmodekhina:

"It is very important to build new cinemas. Right now, many settlements are not covered by cinemas. There is demand for movie screenings, but there are no cinemas. We need to create opportunities to scale this up: if we have more cinemas, box office revenues will increase as well."

[34] In 2024, 70 Kazakhstani films were released on the big screens

FIGURE 73. KEY INDICATORS OF CINEMAS IN KAZAKHSTAN, 2023, UNITS

Source: *BNS*



As of 2023, Almaty has the largest number of cinemas (21), cinema halls (135) and seats (16,871). Astana ranks second with 10 cinemas, 63 cinema halls and 8,405 seats. Shymkent follows with 10 cinemas, 30 cinema halls and 3,345 seats. These cities account for more than half of the cinema halls and seats in cinema halls.

The streaming market in Kazakhstan is developing rapidly. Furthermore, the Kazakh audience is engaging not only with global streaming platforms but also with offerings from local market players. Emerging services are gradually becoming integral to Kazakhstan's film and entertainment sector, promoting local content and meeting the increasing demand for digital media.

For example, TV +, provided by Kazakhtelecom, offers live TV channels, films and series on demand, as well as children's content. The platform supports work on various devices and allows you to create personalised playlists.

Freedom Media, launched in January 2024, targets the audience of Kazakhstan and Central Asia. The platform provides unlimited access to TV shows, films, documentaries and exclusive content, and offers an offline mode for convenience. Over $54 million will be invested in the development of Freedom Media over the next five years. [35]

[35] Forbes Kazakhstan

3.2.4.Video games

In 2023, the video game market in Kazakhstan generated $238.3 million in revenue, with projections indicating growth to $317.1 million by 2027.

Mobile games are expected to remain the largest segment, with revenues reaching $193.2 million by 2027. This growth highlights the region's strong preference for mobile gaming and the considerable potential for expansion in other segments.

FIGURE 74. VIDEO GAME MARKET IN KAZAKHSTAN, 2017–2027, $ MILLION

Source: *Statista*

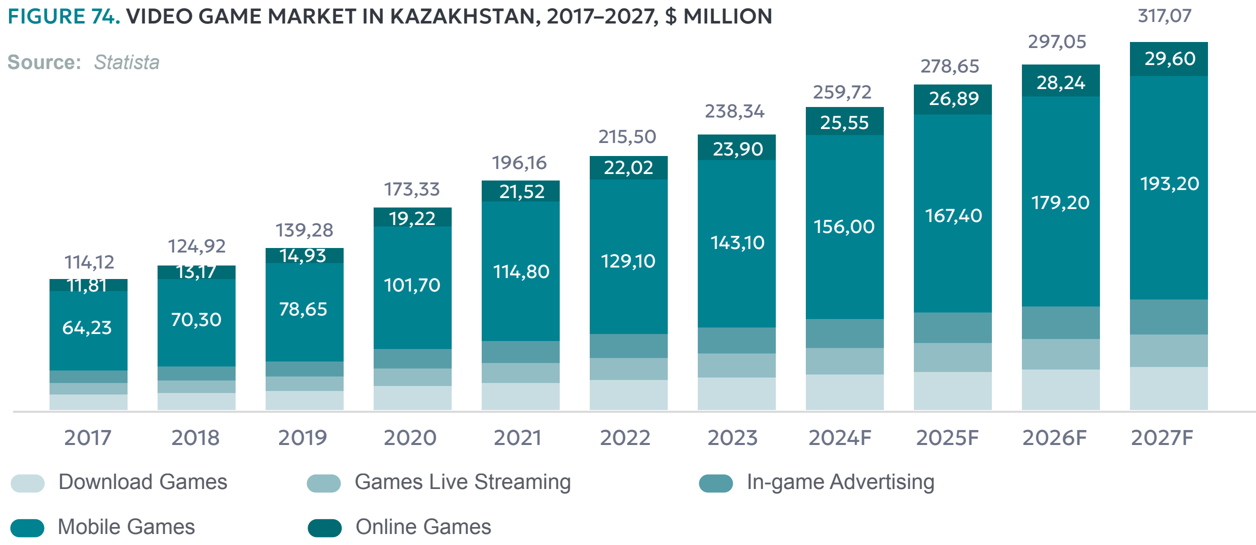
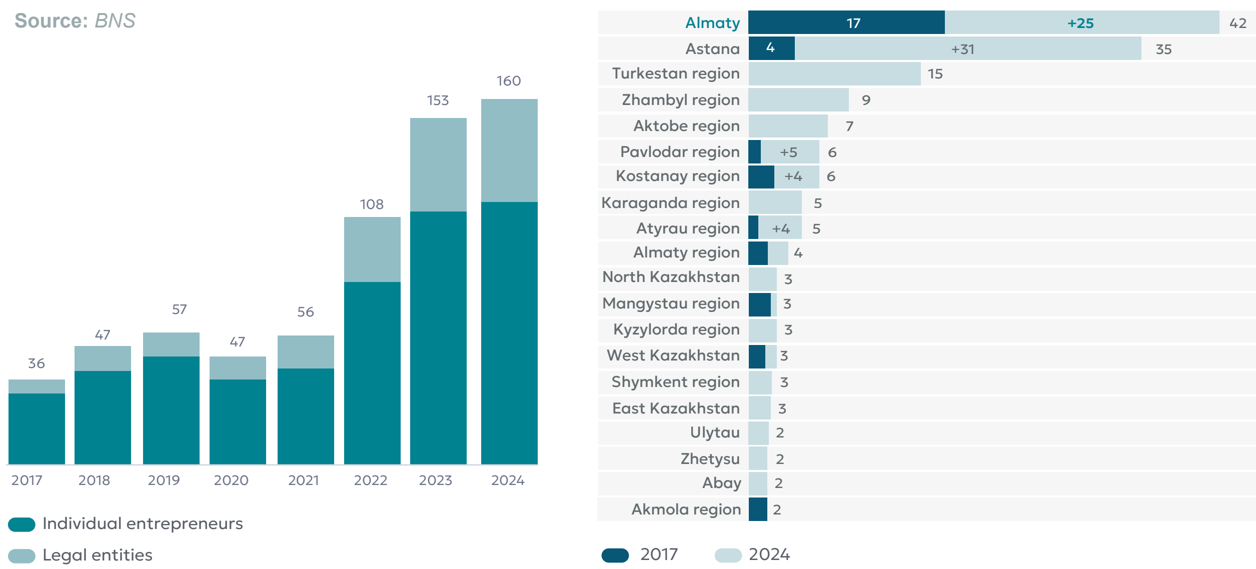


FIGURE 75. DYNAMICS OF ENTITIES AND CURRENT NUMBER OF ENTITIES IN KAZAKHSTAN'S GAME PUBLISHING INDUSTRY BY REGION, 2017–2024, UNITS

Source: *BNS*



The primary hubs for video game industry registration in Kazakhstan are Almaty and Astana, with 42 and 35 entities, respectively. Among the regions, the Turkestan region stands out, hosting 15 registered and operational entities in the field of video game production.

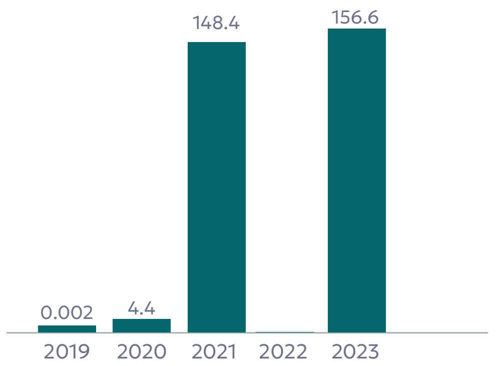
Kazakhstan's computer game industry is characterised by low production volumes and a high dependence on imported video game products. Production figures remain low and volatile, with small surges observed in 2021 (KZT 148.4 million) and 2023 (KZT 156.6 million). This trend underscores the sector's unstable development.

Alexey Shegay:

"For Kazakhstan to successfully develop its gaming content, including for export, a whole set of conditions is needed. Developers must create games that meet high global standards. Marketing and promotion are very important – it is necessary to actively promote games at international gaming exhibitions and platforms. Partnerships with major publishers and distributors can significantly speed up entry into the international market.
An example can be taken from countries like South Korea and Finland, which have successfully developed their gaming industries."

FIGURE 76. PRODUCTION VOLUME IN KAZAKHSTAN'S GAME PUBLISHING INDUSTRY, 2019–2023, KZT MILLION

Source: *BNS*



The IT sector, including game development, receives significant support through Astana Hub, which promotes innovation and technological progress.

As of today, Astana Hub has brought together more than 1,500 participants, including 1,104 local and 437 international companies. The number of participants and employees is steadily growing: from 185 companies and 543 people in 2019 to more than 25,000 employees in 2024. The total revenue of participants reached KZT 1.1 trillion.[36]

As of November 2024, there are 17 regional IT hubs operating in Kazakhstan. These hubs, created with the support of Astana Hub and regional authorities, play a key role in developing the startup ecosystem, improving IT education and promoting digital innovation.

Since their launch last year, regional IT hubs have hosted over 1,700 events, including international forums, attended by over 50,000 people. These initiatives have helped integrate nearly 200 IT companies into the Astana Hub ecosystem.[37]

Alim Khamitov:

"First of all, we need to understand our strengths – what kind of game we can create to make it competitive and adaptable to global markets. Our development studios need to constantly seek collaborations with international publishers – creating the game is one thing, distribution is another, and finding ways to distribute it is crucial."

[36] Two more IT hubs to open in Kazakhstan
[37] Ulytau Hub: Digital Technology and IT Entrepreneurship Centre opens in Ulytau Region

There have been no investments in the fixed capital of the video game industry, indicating challenges in attracting funding for this sector. Limited investments in the video game industry mean that Kazakhstan heavily relies on foreign developments, which limits the opportunities for the domestic industry to grow and stimulate its independent development.

3.3. Recent developments

A special tax regime has been introduced to stimulate creative industries for 40 types of economic activities:

Tax exemption: Companies are exempt from corporate and individual income taxes, as well as VAT.

Single tax rate: Limited liability partnerships pay a single tax of 8%, while individual entrepreneurs – 2-4%.

Eligibility criteria: These benefits apply to companies with no more than 200 employees and an annual turnover of up to KZT 2.2 billion.[38]

This regime covers more than 35,000 entrepreneurs or 77% of those employed in the creative industries. In addition, to strengthen the creative industries ecosystem, creative hubs are being established across the country, forming a unified ecosystem that brings together all legal entities and individuals connected to the creative sector.[39]

These hubs provide:

01. Access to state property for creative use.
02. Export assistance to expand markets.
03. Opportunities to participate in international events.
04. Platforms for interacting with foreign audiences through online markets and streaming services.
05. Support in marketing and PR to enhance the visibility of projects.

Currently, there are 10 creative centres and hubs operating in Kazakhstan, including OzgeEpic in Astana, Alatau and Almaty Creative in Almaty, Art Amanat Hub in Shymkent, another OzgeEpic in Turkestan, and Qyzyljar Creative Hub in Petropavlovsk.[40] The number of such centres is expected to increase.

In addition, in August 2024, Energo University opened the first Creative Industries Park in Kazakhstan. This park aims to expand the university's educational programmes by introducing courses in film, media, design, animation, game development, and artificial intelligence.[41]

[38] Ministry of Culture and Information, Dasco.kz
[39] National Development Plan of the Republic of Kazakhstan until 2029
[40] El.kz, Kazakhstan's creators emerge from the "shadows"
[41] Gov.kz, Kazakhstan's first Creative Industries Park opens in Almaty Region

04.

AIFC'S ROLE IN THE DEVELOPMENT OF CREATIVE INDUSTRIES

Venture studios at the AIFC

offer a range of benefits tailored to the dynamic needs of the creative industries, which often require a unique blend of innovation, funding, and agile business development

Venture funds at the AIFC

Creative industries, facing challenges in securing funding, receive support through venture funds. The AIFC, with its legal framework, tax advantages, and access to investors, creates a unique platform for attracting both local and international capital

The AIFC Intellectual Property Regulations of 2024

is aimed at creating a reliable legal framework for the protection, management, and enforcement of intellectual property rights. It strengthens the protection of intellectual rights and supports the development of the creative industries

$16 tn

Tokenisation of real assets is projected to grow by 2030. In the creative industries, this process, based on converting asset rights into digital tokens using blockchain technologies, facilitates the monetisation of creations, attracts private investments, ensures transparency, protects property rights, and supports sustainable economic development

324 companies

operating in the creative industries are registered at the AIFC as of October 2024

$16.5 bn

assessment of the global crowdfunding market

KZT 29.8 bn (in 548 projects)

raised through AIFC crowdfunding platforms (GoCrowd Limited, iKapitalist, and Investroom)

04. AIFC'S ROLE IN THE DEVELOPMENT OF CREATIVE INDUSTRIES

THE AIFC PLANS TO STRENGTHEN ITS ROLE IN SUPPORTING CREATIVE INDUSTRIES IN KAZAKHSTAN. AS OF OCTOBER 2024, 324 COMPANIES OPERATING IN THE CREATIVE INDUSTRIES, MAINLY IN THE IT SECTOR, WERE REGISTERED AT THE AIFC.

This section presents 5 solutions proposed by the AIFC to create a dynamic ecosystem that fosters creativity and entrepreneurship:

01. Leveraging the AIFC's venture studio to foster innovation
02. Establishing a venture fund within the AIFC to support startups,[42] including creative projects
03. Utilising the AIFC's intellectual property framework to protect and manage creative assets
04. Attracting crowdfunding for creative projects
05. Tokenisation of assets

Maira Izmailova:

"If Kazakhstan starts developing creative industries properly, the platform of the AIFC is a great opportunity for creators because our country is still dependent on state structures, and everything is heavily regulated."

Alim Khamitov:

"We need focal points for the creative industry. An example is our MOST hub, which serves as a focal point for IT companies. We need similar hubs for creators, where they can receive education, be part of a community, access funding, have mentors, and so on."

[42] Note: Startups refer to creative and innovative projects, including those classified under the types of activities defined by the General Classification of Economic Activities, as approved by Resolution No. 448 of the Government of the Republic of Kazakhstan dated 6 June 2023.

4.1. Venture studio

What is a venture studio?

A venture studio is an organisation that creates and develops startups "in-house". Unlike traditional venture funds that invest in already established startups, venture studios generate ideas, build teams, and manage startups at all stages of their development.

One of the first successful studios was Idealab, founded by Bill Gross in 1996, which launched over 150 startups, including GoTo.com and CarsDirect. Another example is the German studio Rocket Internet, which helped create global companies such as Zalando and Delivery Hero. These projects demonstrated the effectiveness of the studio model, attracting the attention of investors and entrepreneurs around the world.

How is a venture studio created?

A venture studio creates and develops startup companies by applying repeatable and proven practices to new concepts.

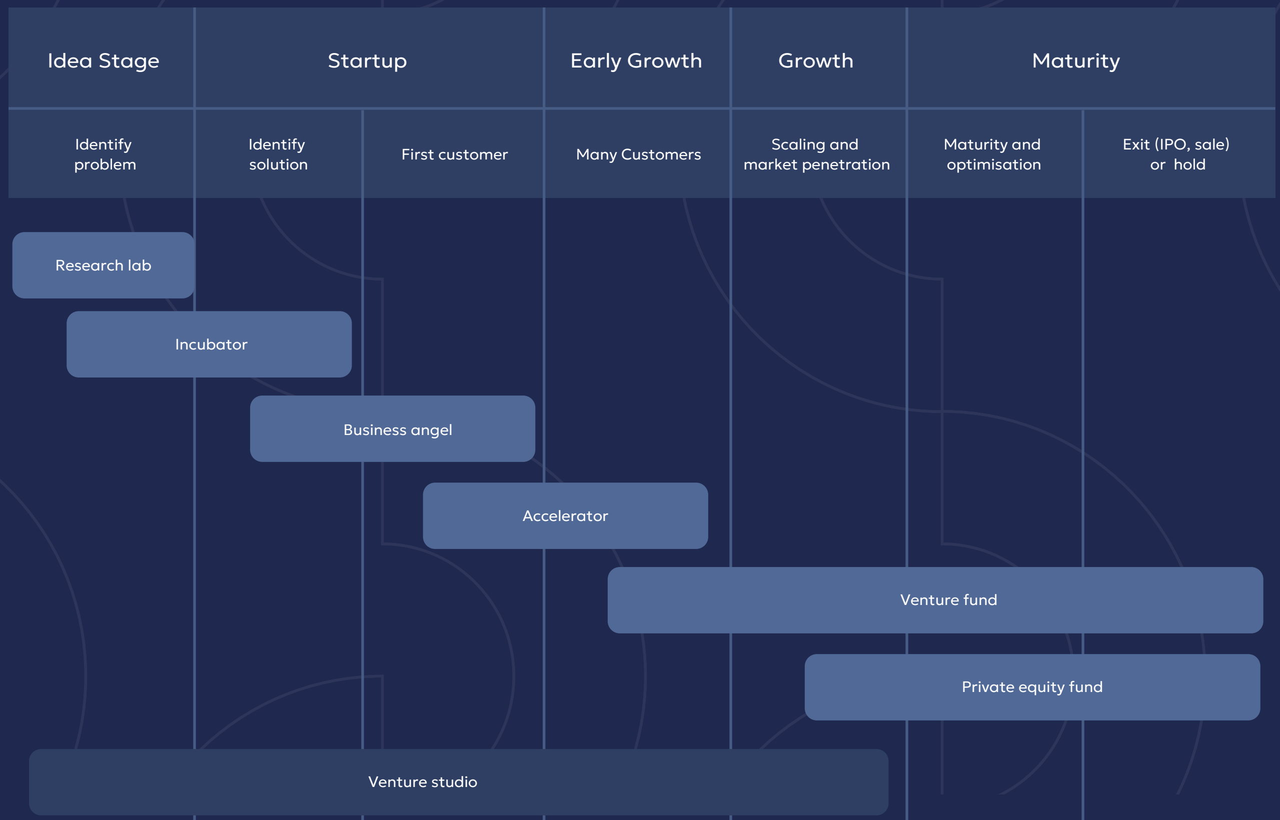
A studio creates an efficient and effective way to reduce risk for the business and ensure its sustainability.

A venture studio is a unique tool that differs from other forms of startup support, such as incubators, business angels, accelerators and venture funds. It covers the full cycle of startup development: from idea generation to market entry and scaling. Unlike incubators and accelerators, which provide limited resources and focus on early stages or short-term programmes, a venture studio is actively involved at all stages, providing startups with access to capital, infrastructure, expertise, and mentoring.

Compared to business angels, who focus on early-stage funding, and venture funds, which mainly work with companies in the growth phase, studios create startups from scratch, minimising risks and increasing the likelihood of success. In contrast, private equity funds target mature companies.

FIGURE 77. TYPICAL STAGES OF STARTUP DEVELOPMENT AND SUPPORT TOOLS (DEVIATIONS POSSIBLE IN REAL CONDITIONS)

Source: *AIFC*



The AIFC Venture Studio Rules[43] , effective from 4 September 2024, include creating a legislative framework for the establishment of venture companies, establishing legal certainty regarding financial and non-financial support for start-ups, the establishment of venture companies, and clarifying how venture studios, entrepreneurs and start-ups interact with each other and with the market as a whole. The rules also facilitate doing business within the venture studio model by introducing specific operational measures to incubate new business ideas, sponsorship of entrepreneurs, and cost reduction for scaling new businesses.

Ernar Kurmashev:

"The task here is clear – to support talent. South Korea started developing each direction as a separate creative industry. They identified everyone who had achieved something in the creative industries, highlighted the leaders, and said, "Guys, we are providing state support and will help you, but your task is to grow and take responsibility for the industry, to nurture talent. Do not monopolise the market, but instead create accelerators."

[43] AIFC Venture Studio Rules

Key provisions of the AIFC Venture Studio Rules

GENERAL REQUIREMENTS

The rules apply to individuals and companies wishing to incorporate or operate as venture studios or venture studio companies within the AIFC. Venture studios are recognised as a specific type of company under AIFC regulations.

PURPOSE AND ACTIVITIES

Venture studios focus on sponsoring startups (ventures) and incorporating venture studio companies to foster innovation. Permitted activities include venture sponsorship, capital raising (capped at $1 million, subject to exemptions[44]), and incorporation of up to 10 venture studio companies.

REGULATION AND GOVERNANCE

Venture studios and their associated companies must comply with strict governance, reporting, and financial record-keeping requirements. Oversight is provided by the Commissioner for Innovation, who ensures compliance, transparency, and promotion of best practices.

TERMINATION AND STATUS CHANGES

Sponsorship agreements are limited to 24 months, extendable once for an additional 12 months. Upon the end of the startup period, venture studio companies transition into private companies, subject to broader regulatory requirements (figure 79).

[44] Note: the competencies of the AIFC Commissioner for innovations are defined in the AIFC Venture Studio Rules

Advantages of venture studios for creative industries

Venture studios offer several benefits tailored to the dynamic needs of the creative industries, which often require a unique blend of innovation, funding, and agile business development:

01. ACCELERATED DEVELOPMENT:

Venture studios provide startups with access to resources, expertise, and infrastructure to accelerate growth. Creative projects benefit from rapid prototyping and iteration processes supported by the studio.

02. RISK MITIGATION:

Venture studios reduce the operational risks associated with early-stage startups by centralising support functions (legal, financial, marketing). Venture studios often invest their own capital and attract external funding, minimising financial risks for founders.

03. COLLABORATIVE ECOSYSTEM:

Venture studios encourage collaboration between entrepreneurs, designers, and representatives of the IT sector, fostering cross-disciplinary innovation. Creative industries, which thrive on diverse inputs, gain from the collective expertise and network.

04. PERSONALISED SUPPORT:

Creative projects often require a tailored approach. Venture studios provide specialised mentorship and strategic guidance specifically adapted to the creative sector.

05. SCALING AND MARKET ENTRY:

Venture studios facilitate project scaling by providing market entry pathways through their networks and partnerships. This is particularly crucial for the creative industries, where transforming ideas into profitable business models can be a challenging task.

The chart below illustrates the collaboration between an IP Author/Entrepreneur and a venture studio. Venture studios can serve as an ideal platform for IP authors to transform their ideas and developments into successful commercial projects. Such collaboration combines the author's creative potential with the resources, expertise, and infrastructure of the studio, accelerating the process of market entry.

FIGURE 78. INTERACTION BETWEEN IP AUTHOR AND VENTURE STUDIO

Source: *AIFC*

[45]AIFC INTELLECTUAL PROPERTY

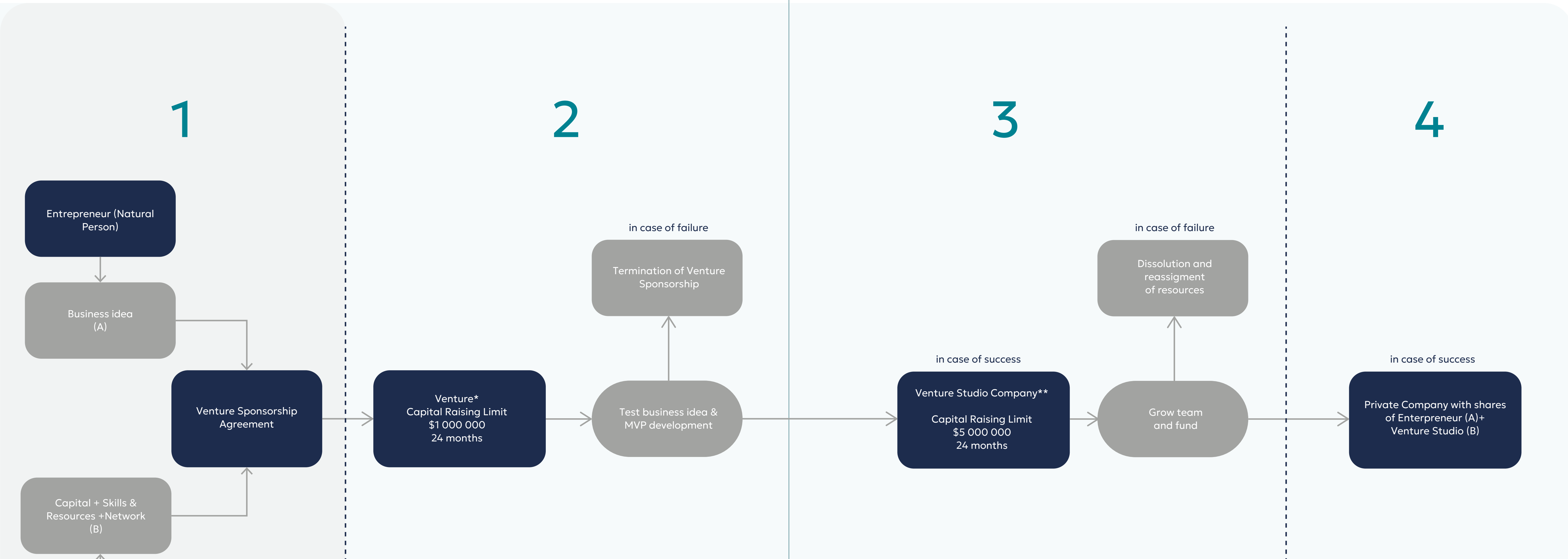
Work process of a venture studio

At the initial stage, an entrepreneur (an individual) proposes a business idea (A), and a venture studio provides capital, resources, skills and its network (B). The parties enter into a venture sponsorship agreement. A venture project is then established to develop a Minimum Viable Product (MVP). If the idea fails testing, sponsorship is discontinued, and the project is terminated.

In case of successful development of the MVP, the project moves to the next stage, where a venture studio company is formed. If the team successfully grows and receives funding, the company continues to develop, remaining under the joint ownership of the entrepreneur and the venture studio. If a project fails to achieve its objectives, the studio company may be dissolved, with its resources reallocated.

FIGURE 79. WORK PROCESS OF A VENTURE STUDIO

Source: *AIFC*



*It is possible to increase the thresholds by agreement with the Commissioner for Innovation. In case of refusal by the Commissioner for Innovation and exceeding the funding limit and timeline, the venture must be transformed into a venture studio company

**It is possible to increase the thresholds by agreement with the Commissioner for Innovation. In case of refusal by the Commissioner for Innovation and exceeding the funding limit and timeline, the venture studio company must be transformed into a private company under general regulations

Procedure for registering a venture studio

To start a business within the AIFC, you need to follow three simple steps. Firstly, discuss your innovative idea with the Commissioner for Innovation. Secondly, submit an application for preliminary approval from the Commissioner for Innovation, ensuring full compliance with all required conditions. Thirdly, after receiving preliminary approval, it is necessary to contact AFSA for the registration of the venture studio.

Step 1.	Step 2.	Step 3.
Discuss the idea with the team of the Commissioner for Innovation	Submit an application for preliminary approval	After receiving preliminary approval, AFSA issues a certificate of registration

4.2. Venture fund

A venture fund is an investment structure that pools capital from investors and invests it in startups with high growth potential. The primary goal of a venture fund is to generate profit through the successful growth of startups, typically via an equity sale (exit). Venture funds provide funding and sometimes offer strategic support but do not directly participate in the creation of startups.

Ernar Kurmashev:

"In order to structure our film industry market, institutional investors must emerge. It is very important for the AIFC to start attracting such investors."

Role of venture funds in creative industries

Creative industries are inherently innovative but often face significant funding challenges. Venture capital funds help address these challenges by providing capital for creative projects with high growth potential. Beyond financial investment, venture funds provide strategic guidance, mentorship, and access to networks, helping creative enterprises navigate the complexities of scaling their businesses.

Venture funds also play a critical role in de-risking investments in creative industries by diversifying portfolios across multiple projects and sectors. This approach encourages more private and institutional investors to participate in the growth of creative industries, ultimately driving economic diversification and cultural enrichment.

In Kazakhstan, venture capital funds mainly operate in sectors such as e-commerce, fintech, govtech, and others.

Creation of venture funds in the AIFC

The AIFC offers a unique platform for the creation and operation of venture funds. With its robust legal framework, favourable tax environment, and access to a diverse pool of investors, the AIFC attracts both domestic and international capital. Venture funds in the AIFC benefit from streamlined registration processes, strong regulatory support, and a dynamic ecosystem that encourages collaboration between entrepreneurs, investors, and industry experts.

4.3. AIFC Intellectual Property Regulations

The AIFC Intellectual Property Regulations[45] aim to create a reliable legal framework for the protection, management and enforcement of intellectual property rights. This act is designed to strengthen the protection of intellectual property and ensure rights through modern legal norms based on advanced international practices. Together with the previously adopted AIFC Venture Studio Rules unique opportunities are emerging for businesses in the creative industry to leverage the financial centre's infrastructure and legal system to implement innovative projects.

David Tuganov:

"Today, reforms in the field of intellectual property protection and the simplification of administrative procedures are in demand. Finally, creators are hoping for the creation of infrastructure such as hubs, clusters, or incubators to stimulate collaboration and innovation."

[45] AIFC INTELLECTUAL PROPERTY

Key provisions of the AIFC Intellectual Property Regulations

Scope of application. The act applies to any IP-related activity within the AIFC jurisdiction. This includes the protection, use, enforcement and commercialisation of IP rights. The latter includes, for example, patents, trademarks, copyrights, trade secrets, and others.

Recognition of IP rights. The act does not establish any separate registry for IP rights. Any IP rights registered in the Republic of Kazakhstan under applicable national laws are recognised as valid in the AIFC jurisdiction.

Commissioner for IP. The position of the Commissioner for Intellectual Property has been introduced, serving as an independent body for resolving disputes out of court. The Commissioner is authorised to develop rules and standards for IP management and to implement measures ensuring compliance with the relevant regulations.

Alignment with international standards. The framework aligns with global best practices in IP protection and enforcement, offering a predictable and reliable legal environment. This fosters trust among international investors and encourages businesses and innovators to operate within the AIFC.

Innovations of the AIFC Intellectual Property Regulations

These changes are aimed at strengthening the legal protection of IP and increasing the effectiveness of law enforcement within the AIFC jurisdiction:

- Expansion of Actions Recognised as Patent Infringement: Patent rights violations now include actions such as incitement to and assistance in infringement, strengthening the protection of rights holders. The act also introduces the possibility of resolving disputes regarding violations in the AIFC Court and the International Arbitration Centre.
- Establishment of a Procedure for Determining Infringer's Income for Compensation: A specific mechanism for calculating an infringer's income has been introduced, simplifying court proceedings and ensuring more effective damage recovery in patent disputes.
- Burden of Proof: In disputes involving IP rights related to methods of use, the burden of proving the absence of infringement is placed on the defendant, creating fairer conditions for protecting IP holders' rights.
- IP Created by Employees in the Course of Employment: The act specifies that the use of an employer's resources in creating an IP establishes the basis for transferring rights to the employer, provided the employee is compensated. Additionally, the employer is granted the right to use the invention free of charge within the term of its protection under specific circumstances.

Saule Samidin:

Creators are concerned about the protection of their copyrights. It is important to develop a transparent and fair system, and the mechanism for receiving rewards and enforcing copyright should be as simple as possible. At the same time, many authors do not fully utilise their privileges when it comes to intellectual property protection, so there is a need to raise the level of legal literacy."

Advantages of the IP system for creative industries

A robust IP system is crucial for the growth of creative industries, particularly in fostering innovation and delivering economic benefits. For creative industries, which heavily rely on intellectual assets, such a framework offers several advantages:

01. **FOSTERING INNOVATION AND INVESTMENT:**

By ensuring that creators can protect and monetise their intellectual property, the framework motivates investment in creative projects. This protection is crucial for industries such as film, music, software, and design, where the value lies in intangible assets.

02. **LEGAL CLARITY AND ENFORCEMENT:**

The regulations provide clear guidelines for registering and enforcing IP rights. This reduces legal uncertainties, helping businesses navigate complex IP landscapes confidently.

03. **SUPPORT FOR COMMERCIALISATION:**

The framework facilitates the commercialisation of creative works through licensing and other agreements, providing creators with avenues to scale their products and enter new markets.

04. **FACILITATION OF COLLABORATION:**

With legal protections in place, businesses are more willing to collaborate on joint projects, knowing that their contributions are safeguarded.

In the context of Kazakhstan, the AIFC's IP framework aligns with the country's broader efforts to integrate with global markets and attract foreign investment. The framework acknowledges national laws and international treaties, ensuring that IP rights registered under Kazakhstan's jurisdiction are recognised and enforceable within the AIFC. This dual compliance enhances trust among global investors and local stakeholders, positioning the AIFC as a regional hub for creative entrepreneurship.

For Kazakhstan's growing creative industries, this framework offers a significant boost by providing a secure environment for innovation and IP commercialisation. As a result, it supports the country's vision of diversifying its economy and fostering a vibrant, innovation-driven creative sector.

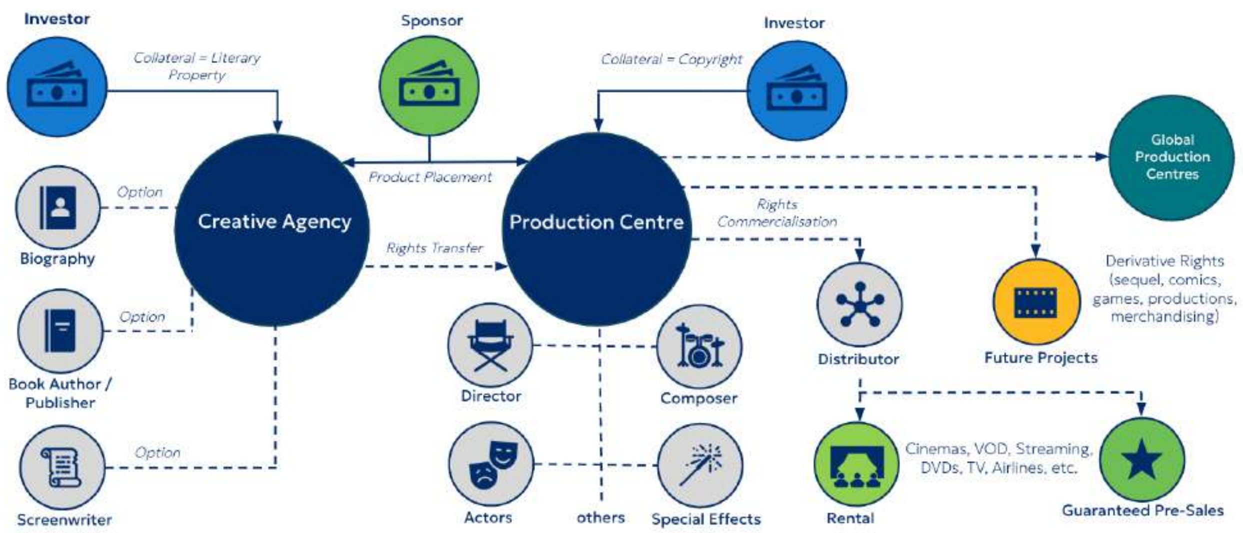
Chain of title: example from film industry

A chain of title is a sequence of legal documents and agreements that confirm ownership rights and copyright for a film project. It is a critical component in the production process, as it ensures the producer has the legal right to use the film without infringing on the rights of others. Below are the common terms and elements that make up the chain of title:

- Original Work and Primary Rights: Assignment of copyrights or licenses, work-for-hire agreements, option agreements.
- Acquisition of Rights: Assignment agreements, option and purchase agreements.
- Financial Agreements: Investment agreements, financing agreements.
- Third-Party Contributions: Contracts with actors and directors, music licensing agreements, licenses for archival materials or artwork.
- Distribution Agreements: Contracts with distributors ensuring that the granted rights do not conflict with other agreements.
- Permissions and Approvals: Location release forms, agreements with cast members, rights for public use.
- Errors and Omissions Insurance.

FIGURE 80. CHAIN OF TITLE: EXAMPLE FROM FILM INDUSTRY

Source: *AIFC*



A complete chain of title is typically consolidated into a single package that includes all contracts and agreements, copyright registration, and a legal opinion. In the diagram referenced above, dashed lines represent the transfer of rights, while solid lines indicate investments.

In the context of film production, it is also important to highlight the waterfall distribution. This model is a widely used financial framework that allocates profits (or other financial revenues) among stakeholders, such as investors and the production team, in a hierarchical and prioritised manner.

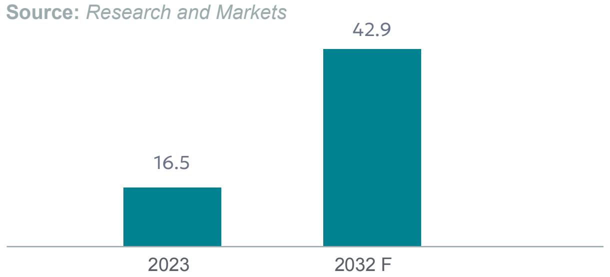
Investors may have varying levels of priority: those with higher priority receive payments before those with lower priority. This approach ensures fair profit distribution and encourages participants with lower risk tolerance to invest.

4.4. Crowdfunding Global trends

Crowdfunding is becoming an important tool for raising funds for projects and one of the leaders of the digital economy. In 2023, the global crowdfunding market was valued at $16.5 billion, and it is projected to reach $42.9 billion by 2032 with a CAGR of 11.3%.[46]

FIGURE 81. GLOBAL CROWDFUNDING MARKET, 2023-2032, $ BILLION

Source: *Research and Markets*

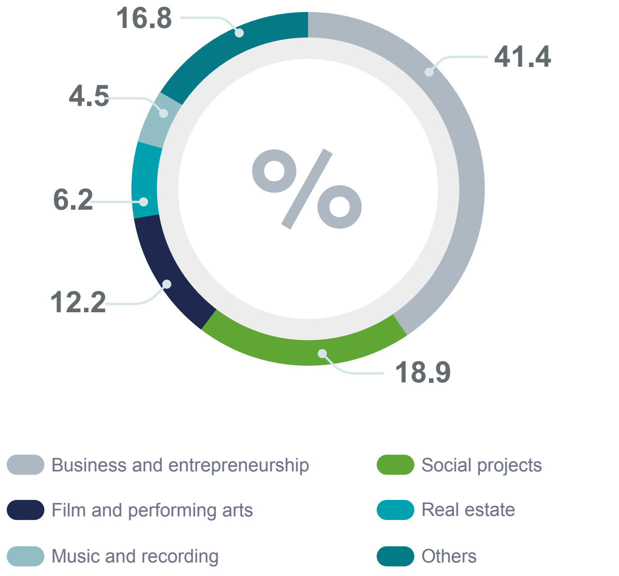


The success rate of crowdfunding campaigns varies by platform and sector. On average, about 22.4% of crowdfunding campaigns achieve their financial goals. However, this figure can vary significantly depending on the platform and the nature of the projects. Furthermore, 78% of successful crowdfunding campaigns raise more funds than initially targeted.[47]

Crowdfunding is primarily concentrated in the following sectors: business and entrepreneurship – 41.4%, social projects – 18.9%, film and performing arts – 12.2%, real estate – 6.2%, music and recording – 4.5%.[48]

FIGURE 82. CROWDFUNDING STRUCTURE BY SEGMENTS, 2023, %

Source: *Startups.com*



Films and video projects continue to be popular – for example, the Kickstarter platform has raised more than $620 million for creative projects since its inception.[49]

The demand for crowdfunding projects through social media is expected to keep growing. The increased use of smartphones and the internet will further drive the development of crowdfunding. The largest segment is equity-based crowdfunding, while the fastest-growing segments are reward-based and donation-based crowdfunding.[50]

[46] Crowdfunding Market Report by Type, 2024-2032
[47] 25 Critical Crowdfunding Statistics [2023]: How Many Crowdfunding Platforms Are There
[48] Key Crowdfunding Statistics | Startups.com
[49] Crowdfunding Statistics 2024: Global Market Analytics and Trends
[50] Crowdfunding Market Analysis, Size, Share and Trends, 2031

Crowdfunding via the AIFC

The AIFC has created a legal framework for regulating crowdfunding that complies with international standards and is aimed at supporting entrepreneurship, startups and creative industries. This legal instrument provides companies with the opportunity to raise funds through licensed crowdfunding platforms, guaranteeing transparency and security of transactions. This structure makes crowdfunding an accessible and effective tool for implementing innovative projects in Kazakhstan.

Thanks to the created framework, entrepreneurs working in creative industries can gain access to alternative sources of financing, and investors – to new promising projects. Platforms operating within the AIFC ensure the protection of the rights of participants, support transparency and provide flexible financing mechanisms.

Currently, crowdfunding within the AIFC is actively developing. There are 3 crowdfunding platforms operating in the AIFC, which specialise in existing and growing businesses, marketplaces, IT startups and factoring, among others.[51] According to AFSA, since 2020, KZT 29.8 billion has been raised through crowdfunding platforms (GoCrowd Limited, iKapitalist, and Investroom) and invested in 548 projects, with an average ticket size of KZT 54.3 million per project. This dynamic demonstrates the growing role of crowdfunding in the financial ecosystem of Kazakhstan, contributing to the development of entrepreneurship and innovation in the country.

4.5. Tokenisation of assets

Tokenisation in the creative industries is the process of converting rights to physical or digital assets into digital tokens using blockchain technology. This allows creative industries to monetise their works by giving investors the opportunity to acquire shares in these assets. This approach expands access to investment and ensures transparency and protection of property rights.

According to a study by Boston Consulting Group, the tokenisation of real assets could reach $16 trillion by 2030.[53] In creative industries, tokenisation helps attract private investment, supporting sustainable and inclusive economic development.

The AIFC provides a legal framework for asset tokenisation, creating new opportunities for businesses, investors, and creative industries. The AIFC legal framework ensures the transparency and security of tokenisation, allowing market participants to effectively use new financial instruments. With the help of tokens, companies can attract investment, simplify transactions, and increase the liquidity of their assets. For investors, this opens access to previously inaccessible market segments with minimal costs and risks.

Since 1 January 2024, the regulatory framework for conducting offers of tokenised securities (Security Token Offering, STO) has come into force in the AIFC jurisdiction. This framework regulates the issuance and trading of tokenised securities, providing legal certainty and investor protection. STO opens new opportunities to increase market liquidity and more accurate price discovery. The integration of blockchain technologies provides increased transparency, access to real-time trading data, and overall efficiency in the securities market.[54]

[51] How collective financing is developing
[52] AFSA
[53] How Tokenisation Could Work In Arts And Entertainment
[54] Security Token Offering Framework takes effect at AIFC jurisdiction on 1 January 2024

Interview with Talgat Amanbayev, Chief Innovation Officer of AIFC Authority

– Talgat, what new tools and initiatives are planned at the AIFC to support the creative industries in the near future?

– First of all, I would like to highlight that the AIFC has a dedicated team supporting creative projects both in Kazakhstan and across the region. We are always open to collaboration in supporting creative projects, developing new educational programmes, and introducing innovative financial instruments. As I often say: "Innovation is born where creativity meets opportunity." This approach inspires us to build sustainable collaboration models. For instance, in recent discussions with partners, we explored initiatives aimed at developing local film schools and supporting young directors. Such projects strengthen ties between the industry and investors, creating new growth opportunities.

Currently, we are focusing on two key areas to support the creative industries.
The first area is the **development of crowdfunding**, which is becoming one of the most popular tools for raising funds to implement creative ideas. This mechanism is attractive to both small businesses needing financial support and investors seeking to participate in innovative projects.

Realizing the potential of local investors is critical for the development of the creative industry. People need simple and accessible ways to invest, and crowdfunding is ideal for this purpose. Involving a large number of people in funding creative projects can significantly accelerate the industry's growth. For example, internationally, projects like short films, music albums, and art exhibitions have been successfully financed through crowdfunding, drawing public attention while creating sustained investor interest in such formats. This approach creates a multiplier effect: large investors begin investing more in infrastructure, such as building studios and pavilions, stimulating greater interest in film production. This, in turn, leads to an increase in the number of film schools and academies, the development of professional equipment, market expansion, higher box office revenues, and the attraction of new investments. Thus, crowdfunding can become not only a vital financing tool but also a true catalyst for the creative industry's growth in Kazakhstan.

Why do I use cinema as an example? Because it is one of the fastest industries in terms of investment turnover: investors can see results within a year or two. The video game sector is also noteworthy, as digital distribution and the global market allow revenue generation even within the first year of a product's release. We are already observing growth in this sector, and the AIFC aims to provide innovative financial tools to accelerate this process.

The second area is a **fan-base monetisation platform** aimed at sports clubs, bloggers, and influencers. Such platforms enable content creators to interact with their audiences while generating additional income.

The platform's features may include subscriptions, donations, sales of exclusive content, and branded merchandise. Simplified management and a centralised approach can strengthen connections between creators and their audiences, increasing loyalty and engagement. We believe this will become one of the key tool for developing the content monetisation market in the region.

– How does the AIFC Academy contribute to the development of the creative industries through human capital development?

– We are actively working on educational initiatives in collaboration with international partners. For example, programmes based on global best practices include intensive courses on risk management and deal structuring for professionals in the creative economy. These programmes equip participants with skills in managing risks, structuring deals, and attracting investments to ensure maximum project efficiency. Our recent trip to the United States allowed us to study how specialised courses are developed for professionals working in the creative economy. This helped us better understand the skills and knowledge required for the successful implementation of projects in this field.

It is important to note that successful creative projects require not only creative specialists but also professionals from other sectors. For instance, in filmmaking, experts are needed to manage risks, insure investments against potential losses, and fairly distribute revenues. There are many nuances that can significantly improve the process of creating and investing in projects.

Additionally, financial experts are essential for structuring deals, attracting the right investments, and maximising business impact. This includes skills in financial risk analysis, developing strategies for attracting investors, managing project budgets, and effectively allocating revenues. A thorough understanding of legal aspects and the ability to apply international standards in investment models are also critical. We aim to create programmes that help professionals develop these competencies, thus building a sustainable ecosystem for the growth of creative industries.

Our educational initiatives are designed to provide participants not only with deep theoretical knowledge but also practical tools to minimise risks, optimise business processes, and attract funding. We are confident that developing such professionals will make a significant contribution to strengthening Kazakhstan's creative economy.

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