



# Creative Industries

## Export Strategy of Bhutan

2021-2025



The Creative Industries Export Strategy of Bhutan was developed on the basis of the process, methodology and technical assistance of the International Trade Centre (ITC) within the framework of its Trade Development Strategy programme.

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This creative industries export strategy is based on an enterprise survey carried out in 2020 among all relevant segments of the creative industries and according to the methodology for the ITC creative industries export strategy.

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# FOREWORD

## BY THE MINISTRY OF ECONOMIC AFFAIRS



Creativity in the Bhutanese arts and crafts has always been an intricate part of Bhutanese national consciousness. Bhutanese arts and crafts are not merely the remnants of a bygone age, but they are the manifestations of a living Bhutanese culture that are cherished and practised as a tradition that continuously live in the minds of the people and society on everyday basis.

The significance and emphasis for further growth of creative industries appear in a number of development goals, policies and legislations. The Gross National Happiness principles upholds the promotion of the country's rich arts in a dynamic and development-oriented ways so that it remains relevant as a source of values and sustainable inspiration for a society in transformation. The Constitution enshrines that the State shall endeavour to preserve, protect and promote the cultural heritage and arts to enrich society and the cultural life of the citizens. The Economic Development Policy, the Cottage and Small Industry (CSI) Policy and the Intellectual Property Policy all support the creative industries through their relevant angles. However, the creative industries needed a particular focus to comprehensively tackle the very specific constraints that the sector is facing.

Within this context, the Ministry of Economic Affairs takes great pride in launching the first Creative Industries Export Strategy of Bhutan. It comes at a critical time of the need to strengthen the sector development and address major competitiveness constraints within the Small and Medium Enterprises (SMEs). The strategy identifies film, music and graphic design as the priority sub-sectors, including the related software development. These sub-sectors hold high potential to drive economic growth and employment opportunities for Bhutanese population. They will also contribute to disseminate the image of Bhutan abroad as a creative hub, while leveraging its rich traditional heritage.

The Creative Industries Export Strategy includes a detailed five-year plan of action with a set of concrete and realistic activities that provide a solid foundation for the growth of the sector. The plan of action focuses on market orientation efforts on specific subsectors, while emphasising on improving the business environment to support the full range of creative industries. This strategy also strongly focuses on establishing a favourable policy and regulatory framework to allow more space to creativity as well as to protect it by enforcing existing intellectual property regulations. Another stepping-stone is to strengthen the training and vocational training capacities to equip our artists with a creative and entrepreneurial mindset together with solid technical skills. Finally, creators need physical and virtual spaces to share their art and draw their inspiration. This will be essential for them to increase their appeal on the domestic and international markets. Online platforms and national centres for creative industries will be established to provide a place where creative actors can develop their work, collaborate, share information and support creative production.

As we launch the Strategy, I would like to congratulate all the stakeholders engaged in the development of this critical strategy and thank them for their time, insights and efforts. I would like to thank the International Trade Centre (ITC) for its technical assistance in the successful design of the Strategy. I expect this collaboration to continue during the implementation phase and contribute to achieving the objectives of the Creative Industries Export Strategy of Bhutan.

**Loknath Sharma**  
Minister of Economic Affairs





# FOREWORD

## BY THE INTERNATIONAL TRADE CENTRE



It is increasingly recognised that the creative industry contributes to economic development and social cohesion by sparking innovation, digital modernization and contributing to channel countries' image abroad. The rise in importance of a new transversal economic sector combining the arts, culture, and the digital world is opening new fields of opportunity especially for developing countries. Given the current global tensions and transformations, governments are looking to new ways to support inclusive growth. One strong option is to increase the investment and development of youth creativity as a source of national competitiveness. The creative industries present significant prospects for harnessing youthful energy and directing it into new and innovative business ideas and services.

Bhutan, with its unique tradition and culture, can further develop its creative industries to offer considerable opportunities for creating youth employment. Through the centuries, the country has developed its own creativity to depict Bhutanese history and culture. Bhutanese creations are informed by the philosophy that guides the country – the gross national happiness. This long history and tradition of profound wellbeing are reflected in most Bhutanese creations and lends the creative industries a rare singularity. Not only can the creative industries directly support economic progress by leveraging this heritage, they can also further build synergies with other sectors such as tourism and information and communication technology (ICT).

In order to exploit the potential of the creative industries, the Royal Government of Bhutan needs to address a series of challenges. Bhutan is increasingly opening its doors to tourism and international media and micro, small and medium-sized enterprises (MSMEs) are just beginning to adopt the modern angle of creative industries. Most of them are facing various constraints to grow to their best potential and reach their markets. This nascent stage of the creative industries in Bhutan requires an increased policy focus on the sector, ensuring an enabling reg-

ulatory framework, and increasing institutional and educational support towards creativity.

It is from this perspective that the International Trade Centre (ITC) has supported the Royal Government of Bhutan to design the Creative Industries Export Strategy as part of its Trade Development Strategy programme and the work on a creative industries methodology. The Strategy, which directly contributes to the Bhutan Vision 2020, the 12<sup>th</sup> Five Year Plan (FYP) and the 21<sup>st</sup> Century Economic Roadmap in supporting economic development and employment, will accompany the transition of the sector while building on the rich Bhutanese tradition. It will focus on establishing a favourable policy and regulatory framework as well as reinforcing the institutional and educational support in order to spark MSME creativity and access key markets. It will be premised on respecting sustainability and alignment with gross national happiness values and reflecting the priorities of the local population. A five-year detailed action plan is proposed to address the constraints identified in the diagnostic of the Strategy, and to achieve the overall vision of "A progressive and sustainable creative sector fostered by innovation and guided by the principles of gross national happiness".

ITC is proud to contribute to the development of the creative industries in Bhutan by leveraging the market opportunities identified in the strategy: This document belongs to every artist and creative business in the country that are in a position to unlock creative industries' economic potential in Bhutan. ITC is ready to collaborate in the implementation of the Strategy together with its national and international partners.

**Pamela Coke-Hamilton**  
Executive Director of the International Trade Centre

# ACKNOWLEDGEMENTS

The Creative Industries Export Strategy of Bhutan was developed under the aegis of the Royal Government of Bhutan and the leadership of the Ministry of Economic Affairs (MOEA). This strategy was developed thanks to the technical assistance of the International Trade Centre (ITC) and falls under the framework of ITC's Trade Development Strategy programme and ITC's creative industries methodology. The strategy's design was done in close synergy and coordination with the European Union – Bhutan Trade Support project currently being implemented by ITC, and supporting the textile and handicrafts sectors.

The document benefited particularly from the inputs and guidance provided by the members of the sector core team that steered the formulation of the strategy, namely:

Organization
1. Policy and Planning Division (MOEA)
2. Department of Trade (MOEA)
3. Department of Cottage and Small Industry (MOEA)
4. Department of Intellectual Property (MOEA)
5. National Film Commission
6. Media Council of Bhutan
7. Bhutan Infocomm and Media Authority
8. Department of Technical Education (MoLHR)
9. Ministry of Home and Cultural Affairs (MoHCA)
10. Department of Information and Media (Ministry of Information and Communications, MoIC)
11. Bhutan Chamber of Commerce and Industry (BCCI)
12. Bhutan Association of Entrepreneurs (BAEyul)
13. iBEST STUDIOS
14. Athang Animation Private Limited
15. M-Studio
16. Triple Gem Media and Infotainment (TGMI)
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# ACRONYMS AND ABBREVIATIONS

Unless otherwise specified, all references to dollars (\$) are to United States dollars.

<b>BAEyul</b>	Bhutan Association of Entrepreneurs
<b>BCCI</b>	Bhutan Chamber of Commerce and Industry
<b>BICMA</b>	Bhutan Infocomm & Media Authority
<b>CI</b>	Creative Industries
<b>CSI</b>	Cottage and Small Industries
<b>CSO</b>	Civil Society Organization
<b>DCMS</b>	Department for Digital, Culture, Media & Sport (United Kingdom)
<b>DCSI</b>	Department of Cottage and Small Industry
<b>DoIM</b>	Department of Information and Media
<b>DoIP</b>	Department of Intellectual Property
<b>DoT</b>	Department of Trade
<b>DTE</b>	Department of Technical Education
<b>FDI</b>	Foreign Direct Investment
<b>GDP</b>	Gross Domestic Product
<b>GNH</b>	Gross National Happiness
<b>GNHC</b>	Gross National Happiness Commission
<b>ICT</b>	Information and Communications Technology
<b>IDB</b>	Inter-American Development Bank
<b>IP</b>	Intellectual Property
<b>IT</b>	Information Technology
<b>ITC</b>	International Trade Centre
<b>MOEA</b>	Ministry of Economic Affairs
<b>MoF</b>	Ministry of Finance
<b>MoIC</b>	Ministry of Information and Communications
<b>MoLHR</b>	Department of Technical Education
<b>NFC</b>	National Film Commission
<b>NKRA</b>	National Key Result Areas
<b>PoA</b>	Plan of Action
<b>PPD</b>	Policy and Planning Division of the MOEA
<b>SME</b>	Small and Medium-sized Enterprises
<b>TVET</b>	Technical and Vocational Education and Training
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>VAST</b>	Voluntary Artists' Studio Thimphu
<b>WIPO</b>	World Intellectual Property Organization



**Box 1: Methodology used to develop the Creative Industries Export Strategy of Bhutan**

Creative industries face a lack of recent information in terms of their contribution to the economy, gross domestic product (GDP), employment statistics and other indicators, because they have not been categorized as such prior to the present strategy.

It is important to mention that this strategy on creative industries will not in itself constitute a database on the sector. The census of the sector is indeed a specific endeavour that does not fall within the framework of this assistance from the International Trade Centre (ITC) and is not a prerequisite for the preparation of the sector strategy.

The development of this strategy, however, relies on different sources of information in order to guarantee its validity:

- **Extensive consultations and the experience of key actors:** Creative industries stakeholders, from the public and private sectors, as well as sector associations, training centres and incubators, were involved in various consultations carried out in Thimphu. The core team put in place also allowed to monitor and provide knowledge from the field at each stage of the strategy's development and the drafting of the document.
- **Available studies and policies in place:** The document is also based on findings from previous studies carried out, as well as on national policies.
- **The two enterprise surveys carried out:** Two questionnaires were developed by ITC. The first one included a wide variety of questions relating to business characteristics as well as business operations and trade barriers encountered by the businesses interviewed. A "skills gap" section was included in the questionnaire as well. A total of 40 companies in the Kingdom of Bhutan's creative industries sector participated this first survey. The second short survey particularly focused on the impacts of the COVID-19 pandemic on businesses. A total of 34 companies from the sector responded to this second survey.
- **Findings from the EU – Bhutan Trade Support Project:** The EU–Bhutan ITC project carried out numerous studies, among these one on the entrepreneurship ecosystem. These findings were also used as an input to the creative industries strategy since entrepreneurship is essential to this sector.





# EXECUTIVE SUMMARY

Bhutanese creativity is a diamond in the rough that holds important potential to develop the country and radiate its international image. Creative industries can significantly contribute to the country's economy while meeting specific needs of other sectors through their creations. Creative industries generate employment and foster the inclusion of young people who drive innovation and creation. They also provide a platform that encourages the empowerment of women, who are actively involved in the creative industries subsectors, particularly in design. In addition, creative industries increase the entire country's visibility by connecting to sectors such as tourism, and providing a visual association of the country with its arts and visual identity.

Bhutan possesses a rich and unique creative tradition on which the country can capitalize to develop its comparative advantage. Through the centuries, the country has developed its own creativity to depict Buddhism and Bhutanese history. Therefore, Bhutanese culture and tradition build on unique arts and crafts. This tradition is reflected in most Bhutanese creations and lends the creative industries a rare singularity.

However, there is a gap between tradition and modernity when it comes to creativity in Bhutan. It was during the reign of the 3<sup>rd</sup> king that Bhutan started adapting to modernity by opening its doors to tourism in 1974 and bringing in the first television channels and internet in 1999. Therefore, firms began adopting modern structures only recently and are still learning the modern angle of creative industries. Moreover, most of them are in their early development stages and facing various constraints to grow to their best potential. This nascent stage of the creative industries in Bhutan also translates into an overall lack of policy focus, enabling regulatory framework, and institutional and educational support.

The present strategy aims to overcome these challenges by endowing the country with its first creative industries blueprint that aims to address the very specific needs of

this sector, while ultimately opening it to international markets. This strategy seeks to first build local capacities and increase the size, maturity and quality of Bhutanese creations through the local market, in order to eventually build the required competitiveness to succeed on the international markets and increase export readiness of Bhutanese firms.

The strategy will help accompany the sector in its transition to modernity while building on the rich Bhutanese tradition. It will focus on establishing a favourable policy and regulatory framework as well as reinforcing the institutional and educational support in order to spark firms' creativity and access key markets while being sustainable, aligned with gross national happiness (GNH) values and symbiotic with the local population.

Through targeted and achievable objectives within a specific time-frame, the strategy will seek to provide a solid foundation for the growth of creative industries. It will span a period of five years and will focus market orientation efforts on specific subsectors, while improving the business environment to support the full range of creative industries. With limited resources available for sector support, prioritization helps to focus efforts under the strategy where they can have the greatest impact.

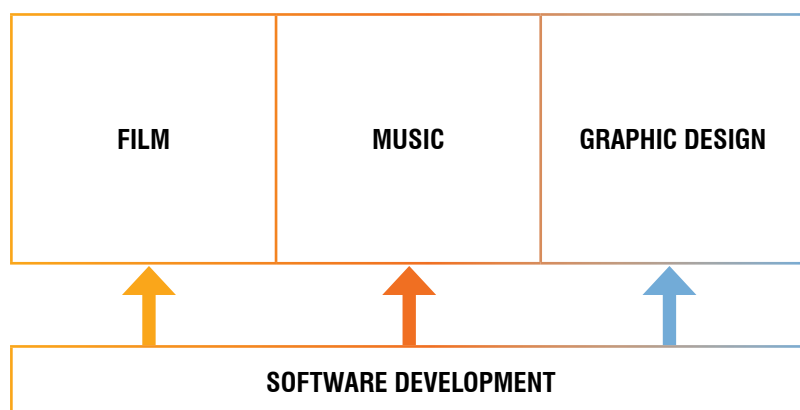
Among the variety of subsectors present in the creative industries, music, films and graphic design were chosen, along with software development, which will serve as a supporting function to the three priority subsectors.

Subsectors not selected in this strategy are not, however, implied to not be priorities. Comprehensive approaches to improving export prospects through work on the business environment, technical and vocational education and training (TVET), policy and regulatory frameworks will ensure that this strategy's scope goes beyond the priority subsectors.

The strategy's scope is presented in Figure 1.



**Figure 1: Priority subsectors in creative industries**



The following delineates this strategy’s proposed vision and strategic approach to develop the creative industries sector. The vision statement was agreed on by all stakeholders in the creative industries in Bhutan:

The plan of action (PoA) will respond to this vision by addressing the sector’s constraints and leveraging opportunities in a comprehensive manner. The PoA will be structured around the following strategic objectives, agreed with all sector stakeholders:

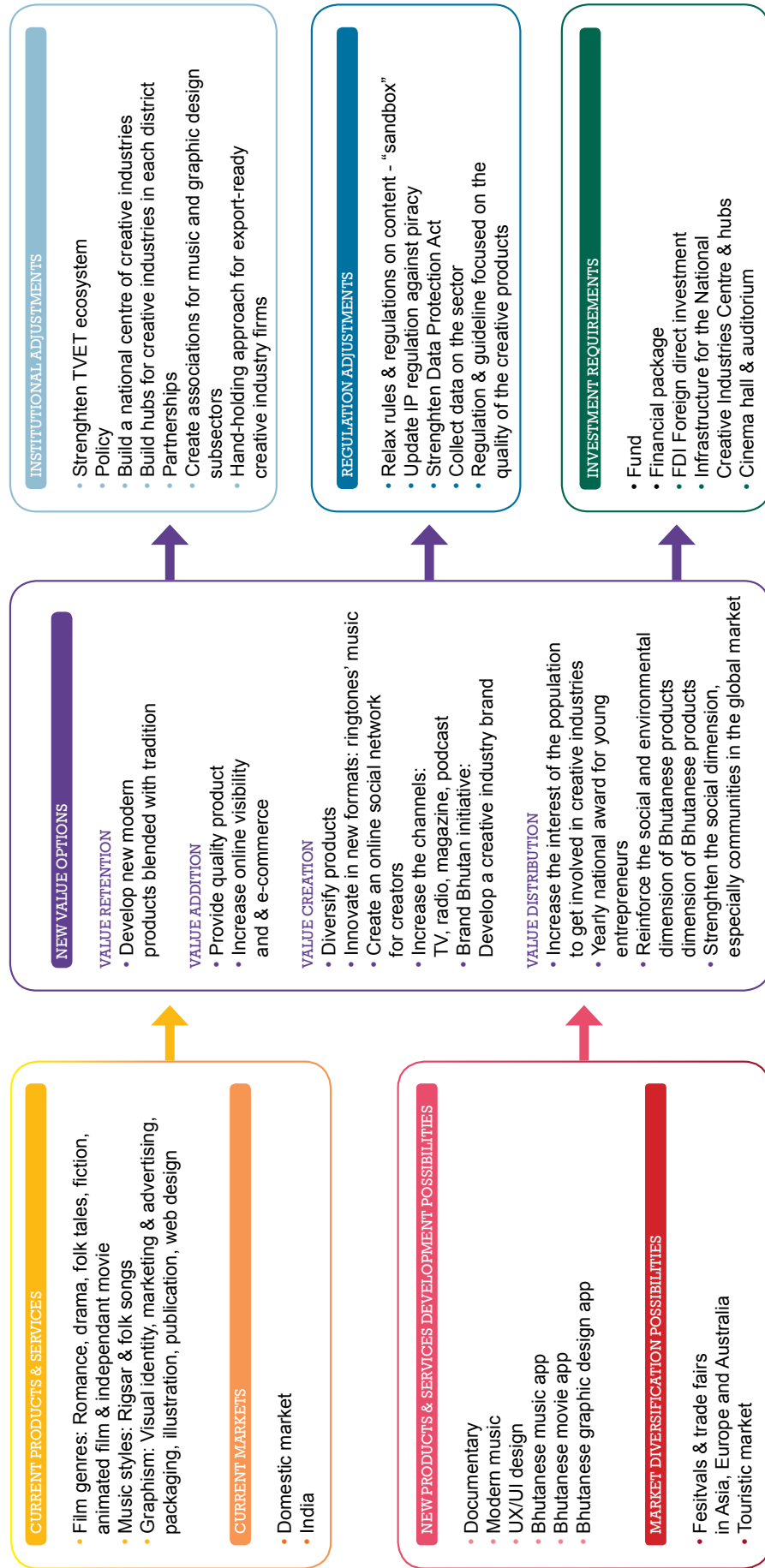
*“A progressive and sustainable creative sector fostered by innovation and guided by the principles of gross national happiness.”*

<p><b>1. Establish a favourable policy and regulatory framework to support sector development</b></p>	<p><b>2. Increase the involvement of the Bhutanese population in creative industries through education and entrepreneurship</b></p>	<p><b>3. Spark creativity to increase influence and access to domestic and international markets</b></p>
<p>1.1. Enhance support of the creative industries at the institutional level through policies</p> <p>1.2. Adopt a common definition of creative industries and improve data on the sector</p> <p>1.3. Adjust the legal and regulatory frameworks to support creative industries (CI)</p>	<p>2.1. Strengthen the TVET system to broaden the sector</p> <p>2.2. Promote creative industries as a career and entrepreneurship path to the Bhutanese population</p>	<p>3.1. Scale up and diversify creative production</p> <p>3.2. Enable creativity to be spread locally to make it available to the domestic market</p> <p>3.3. Promote the creative industries abroad and increase international market presence</p>

Various levels of action are required to realize these strategic objectives and the strategy’s vision. They are structured around the following key topics: the market perspective, the proposed new value options for sector development, institutional adjustments required to support these changes, regulatory amendments needed and the investment needs. Figure 2 presents an overview of these adjustments.



Figure 2: Summary of the proposed changes for the future







# A GLOBAL REALIZATION OF THE IMPORTANCE OF THE CREATIVE INDUSTRIES

## Defining creative industries

Creative industries have great potential to generate economic value, foster innovation and contribute to happier and wealthier lives for the people across the different regions of the world. Governments invest more in supporting the industries as they build strong economic linkages between different sub-sectors and stimulate growth.

Considering the complex nature of these industries, it comes as no surprise that different countries and organizations worldwide define creative industries in a variety of ways. Among them, some of the most widespread definitions include United Nations Educational, Scientific and Cultural Organization (UNESCO), which stresses the cultural and intangible value of the industries, and United Nations Conference on Trade and Development (UNCTAD), which highlights creative aspects of the goods/service production founded

on the exploitation of the creativity and intellectual capital. The World Intellectual Property Organization (WIPO) emphasizes the value of copyright and relates creative industries directly to the subject of intellectual property. As a joint agency of the United Nations and World Trade Organization, the International Trade Centre (ITC) views creative industries as an important part of a country's economic and trade sector. ITC recognizes creative industries as ones that engage creative endeavours with a commercial orientation, having a distinct value chain that is traded.<sup>1</sup>

When it comes to the definitions adopted by different governments, noteworthy to refer to the examples (Table 1) of the United Kingdom of Great Britain and Northern Ireland, which is one the most prominent leaders in the production of creative goods and services, and Latin America, where creative production is booming, driving the orange economy.<sup>2,3</sup>

**Table 1: Various definitions of the creative industries**

Organization	Definition
United Nations Conference on Trade and Development (UNCTAD)	The creative industries are at the core of the creative economy, and are defined as cycles of production of goods and services that use creativity and intellectual capital as their main input. They are classified by their role as heritage, art, media and functional creations.
United Nations Educational, Scientific and Cultural Organization (UNESCO)	The cultural and creative industries are those that combine the creation, production and commercialization of creative contents that are intangible and of a cultural nature. These contents are usually protected by copyright and can take the form of a good or a service. Besides all artistic and cultural production, they include architecture and advertising.

1.- International Trade Centre (ITC), Methodology for the creative industries export strategy, 2020.

2.- Orange Economy, Inter-American Development Bank (IDB), "The set of activities that in an interlocking way allow for ideas to be transformed into cultural goods and services".

3.- Inter-American Development Bank (IDB), The Orange Economy, 2013.



Organization	Definition
World Intellectual Property Organization (WIPO)	The copyright-based industries are those that are dedicated, interdependent, or that are directly or indirectly related with the creation, production, representation, exhibition, communication, distribution or retail of copyright-protected material.
Department for Digital, Culture, Media & Sport of the United Kingdom (DCMS)	The creative industries are those activities based on creativity, individual talent and skill, and that have the potential to create jobs and wealth through the generation and exploitation of intellectual property.
Inter-American Development Bank (IDB)	The cultural industries include the goods and services that are traditionally associated with public cultural policy, creative services and sports. They are classified in three categories: conventional, other and new.

Source: Inter-American Development Bank, *The Orange Economy*, 2013.

Due to Bhutan's objective to develop a strategy focusing on export of the creative industries with the aim to contribute to the country's overall socioeconomic development, the most relevant approach to classify and prioritize the industries would be the definition and classification model developed by ITC that emphasizes commercial value of the industries.

The term "creative industries" first emerged in Australia in the early 1990s and has been applied to a wide range of goods and services that are pro-

duced based on human creativity and innovation skills. As mentioned earlier, different approaches are adopted worldwide in defining and classifying the industries. While the use of the term varies from one context to another, the industries are evolving and reshaping in order to suit the local reality.

Considering the sector's complexity and in order to better illustrate and understand dynamics of the industries, various classification systems are given in Table 2.

**Table 2: Classification models of creative industries**

UNCTAD	UNESCO	WIPO	DCMS	IDB
<b>Heritage</b> <ul style="list-style-type: none"> <li>Traditional cultural expressions</li> <li>Cultural sites</li> </ul> <b>Arts</b> <ul style="list-style-type: none"> <li>Performing</li> <li>Visual</li> <li>Media</li> </ul> <b>New media</b> <ul style="list-style-type: none"> <li>Publishing and printed media</li> </ul> <b>Functional creations</b> <ul style="list-style-type: none"> <li>Creative services</li> <li>Design</li> </ul>	<b>Core cultural domains</b> <ul style="list-style-type: none"> <li>Museums, galleries, and libraries</li> <li>Performing arts</li> <li>Visual arts, crafts</li> <li>Design</li> <li>Publishing</li> <li>TV and radio</li> <li>Film and video</li> <li>Photography</li> <li>Interactive media</li> </ul>	<b>Core copyright industries</b> <ul style="list-style-type: none"> <li>Advertising</li> <li>Collecting societies</li> <li>Film and video</li> <li>Music</li> <li>Performing arts</li> <li>Publishing</li> <li>Software</li> <li>TV and radio</li> <li>Visual and graphic art</li> </ul> <b>Partial copyright industries</b> <ul style="list-style-type: none"> <li>Architecture</li> <li>Clothing, footwear</li> <li>Design</li> <li>Fashion</li> </ul>	<ul style="list-style-type: none"> <li>Advertising</li> <li>Architecture</li> <li>Art and antiques market</li> <li>Crafts</li> <li>Design</li> <li>Fashion</li> <li>Film and video</li> <li>Music</li> <li>Performing arts</li> <li>Publishing</li> <li>Software</li> <li>TV and radio</li> <li>Video and computer games</li> </ul>	<b>Conventional</b> <ul style="list-style-type: none"> <li>Books</li> <li>Publishing industry</li> <li>Printing industry</li> <li>Journals</li> <li>Magazines</li> <li>Newspapers</li> <li>Literature</li> <li>Libraries</li> <li>Audiovisual</li> <li>Film</li> <li>Television</li> <li>Photography</li> <li>Discography</li> <li>Radio</li> </ul> <b>Other</b> <ul style="list-style-type: none"> <li>Visual and performing arts</li> <li>Concerts and performances</li> <li>Museums and galleries</li> </ul>



UNCTAD	UNESCO	WIPO	DCMS	IDB
	<b>Expanded cultural domains</b> <ul style="list-style-type: none"> <li>• Musical instruments</li> <li>• Sound equipment</li> <li>• Architecture</li> <li>• Advertising</li> <li>• Printing equipment</li> <li>• Software</li> <li>• Audiovisual hardware</li> </ul>	<ul style="list-style-type: none"> <li>• Household goods</li> <li>• Toys</li> </ul> <b>Interdependent copyright industries</b> <ul style="list-style-type: none"> <li>• Blank recording material</li> <li>• Consumer electronics</li> <li>• Musical instruments</li> <li>• Paper</li> <li>• Photocopiers, photographic equipment</li> </ul>		<ul style="list-style-type: none"> <li>• Theatre</li> <li>• Orchestras</li> <li>• Dance</li> <li>• Opera</li> <li>• Crafts</li> <li>• Design</li> <li>• Fashion</li> <li>• Cultural tourism</li> <li>• Architecture</li> <li>• Gastronomy</li> <li>• Typical products</li> <li>• Ecotourism</li> <li>• Sports</li> </ul> <b>New</b> <ul style="list-style-type: none"> <li>• Multimedia</li> <li>• Advertising</li> <li>• Software</li> <li>• Video games</li> <li>• Media support industry</li> </ul>

Source: Organisation for Economic Co-operation and Development (OECD), *Tourism and the creative economy*, 2014; Inter-American Development Bank, *The Orange Economy*, 2013.

As demonstrated, the core subsectors of the creative industries are common in most of the classification models, such as music, arts, design, and film and video. In addition, the importance of the cultural aspect is stressed. However, it is important to distinguish culture and export-oriented creative activities. Perpetuating a national culture and keeping it vibrant indeed requires substantial creativity; however, it is more based on tradition and social behaviour, adapted to national market, whereas cre-

ative economy exploits creative talent directly oriented at commercial gains, targeting national and specifically international markets. Therefore, ITC classified creative industries in five major categories as follows: arts, audiovisuals, creative writing, design and music. Each of the categories includes a variety of subsectors as illustrated in Figure 3. This export strategy will stand on ITC's classification to analyse and prioritize subsectors in Bhutan that have high export potential.

Figure 3: ITC classification of the creative industries

<ul style="list-style-type: none"> <li>• <b>Performing</b> Choreography Festivals &amp; live music Play and opera</li> <li>• <b>Visual</b> Painting Photography Sculpture</li> </ul> <b>Arts</b>	Animated film Fiction film Documentary Video <b>Audiovisuals</b>	Essay Music lyrics Novel Play script Poem Short story TV/movie script <b>Creative writing</b>	Advertising Architecture Crafts Fashion Games Graphic Industrial Interior Software <b>Design</b>	Advertising music Composition Game soundtrack Movies soundtrack Song <b>Music</b>
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### Rapid global growth in creative industries enabled by digitalization

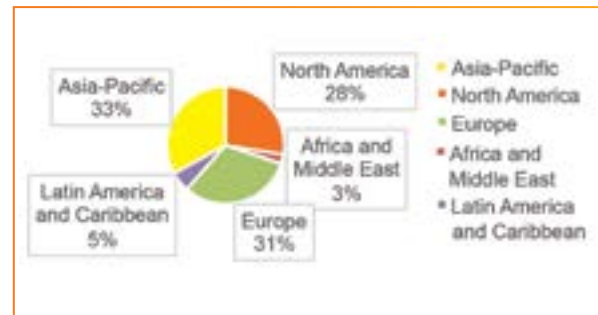
Creative industries worldwide have been evolving and advancing with the recent progression of technologies; it has become easier for creative content to be produced as well as transmitted/consumed online and reach a greater audience.

Worldwide, the economic value of creative industries increases. Governments all around the world are addressing the creative industries in order to diversify the economy and support overall growth. Creative industries provide significant economic opportunities, especially for small and medium-sized enterprises (SMEs) in developing countries through activating trade and exploiting intellectual property rights. The Creative Economy Outlook by UNCTAD (2018) further explores this trend and reports a double increase of creative goods trade on the global market in the period 2002–15. The monetary value has risen from \$208 billion in 2002 to \$509 billion in 2015. Among all the subsectors of the creative industries, it is noteworthy to mention the significant economic contribution of visual arts and design (fashion, interior and jewellery).<sup>4</sup> Total global sales generated and jobs operated by the different subsectors of the creative industries are given in Figure 4, showing that visual arts and music are the leading employers worldwide. Along with TV, visual arts is also prominent in generating a high amount of sales.

Developing countries' market share in the global trade of creative goods exceeds that of developed countries in the beginning of the twenty-first century. The main driver of growth is the People's Republic of China, which is one of the leaders in creative goods production. However, other Asian countries, such as the Republic of India and the Republic of Singapore have also shown a strong performance. Overall, the Asian region left behind Europe in the amount of exports, with earnings equal to \$228 billion in 2015. South–South trade is promised to have bright future based on the current performance and market dynamics.<sup>5</sup> Figure 5 illustrates global revenues of creative industries by region in 2013, where Asia-Pacific holds the largest share, followed by Europe and North America.

In general, assessing exact economic value of the creative industries is challenging due to a variety of classification models, the importance of the informal economy in the sector and the lack of statistical information.

Figure 5: Global revenues of creative industries by region (2013)



Source: UNESCO and Ernst and Young. The first global map of cultural and creative industries, 2015.

Figure 4: Economic value of the creative industries



Source: Ernst and Young and UNESCO, The first global map of cultural and creative industries, 2015.

4.– UNCTAD (2018). Creative Economy Outlook, Trends in International Trade in Creative Industries 2002–2015, Country Profiles 2005–2014. Geneva. United Nations.

5.– UNCTAD (2018). Creative Economy Outlook, Trends in International Trade in Creative Industries 2002–2015, Country Profiles 2005–2014. Geneva. United Nations.

**Technological advancements are fully reshaping the way creative industries are produced and consumed.** Recent technological advancements have positive and negative implications on the creative economy. Technologies are effectively used to create content such as art, music, film and fashion design. In this new era of technological revolution, it becomes easier to be a creator and reach an audience. Plenty of opportunities are given to artists to innovate and produce creative content such as videos, podcasts or music at low cost. For example, machines enable the creation of new instrumental sounds in music and fashion benefitted from upgraded design samples, etc.<sup>6</sup> Ernst and Young consulting reports that digital cultural goods generated \$66 billion in business-to-consumer sales that includes eBooks, music, video and games (2013). According to the same report, online ads provided \$85 billion in revenue for advertising agencies in 2013.<sup>7</sup> Consequently, market demand has grown for video content creators and storytellers, generating new employment opportunities. In addition to the ease of production, technological advancements impacted the ways content is advertised and distributed to consumers worldwide; digital marketing is booming. It has become easier to learn about consumers' preferences and tailor products to their needs and interests, in addition to transmitting media online in a few seconds.<sup>8</sup> The rise of social media platforms such as Instagram, YouTube or Facebook allows artists to create an audience without necessarily investing in a website. These new opportunities are especially fruitful for the young generation that have abundance of creative ideas and can be drivers of change, innovation and boosting of production.

**While positive changes brought by recent technological improvements advanced creative production, it also exposed a number of risks, among which the issue of digital piracy is one of the most critical.** As reported by the Intergovernmental Copyright Committee, 36% of the software installed on computers worldwide was pirated in 2003 – that equals to a loss of nearly \$29 billion. Online piracy is growing and affects all the subsectors of the creative industries. A large number of videos, music files, films and software is downloaded illegally. It is estimated that globally almost 3 billion copyrighted songs are illegally downloaded every month.<sup>9</sup> Consequently, the revenue of artists is decreasing, while their rights are being neglected.

Innovative safeguards and regulations are required in order to protect intellectual property and leverage technological improvements to address this issue.

**Creative industries foster inclusiveness for youth and women.** In general, the industries welcome all people regardless of age and background, but in particular they favour youth who are abundant with innovative and creative ideas, and women, a large segment of which is involved in creative production, including various types of design. These two social groups are particularly affected by unemployment in most developing countries. The contribution of creative industries in filling the employment gaps cannot be underestimated. In addition to formal occupations, opportunities for self-employment are high. Creative industries are beneficial for micro, small and medium-sized enterprises (MSMEs). As an example, the Ernst and Young report highlights that 53% of Canadian game developers are independent operators.<sup>10</sup> If supported by adequate policies, creative industries are in a position to generate employment opportunities for socially vulnerable groups and contribute to overall socioeconomic development.

Creative industries drive the economy all around the world by supporting entrepreneurship, and encouraging creativity and innovation. Encompassing a variety of subsectors, creative industries are defined and classified in many ways. While formulation might be different from one context to another, the core of the industries remains the same in addition to its tremendous role in contributing to social welfare. For example, export earnings in the Asian region reached \$228 billion in 2015 – that means more decent jobs, investments in bright, creative and innovative ideas, and prosperity. In addition to increased economic value, other international trends in the creative industries include recent technological advancements impacting production patterns and market dynamics and inclusivity brought by creativity.

Creative industries have been developing in Bhutan, supported by rich cultural heritage and traditions. The following sections map the subsectors established in the country, assess their performance and provide tools to identify the priority subsectors with high export potential.

6.– World Economic Forum in collaboration with McKinsey & Company. Creative Disruption: The Impact of emerging technologies on the creative economy, 2018.

7.– Ernst and Young and UNESCO. Cultural times. The first global map of cultural and creative industries, 2015.

8.– World Economic Forum and McKinsey, Op cit.

9.– Intergovernmental Copyright Committee, The persistence of piracy: the consequences for creativity, for culture, and for sustainable development, 2005.

10.– Ernst and Young and UNESCO. Op cit.





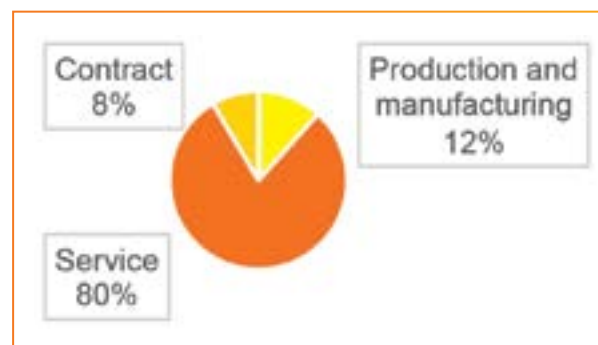
# UNDERSTANDING CREATIVE INDUSTRIES IN BHUTAN

## A growing economic importance since liberalization

One of the smallest landlocked countries of Asia, Bhutan has been developing in economic terms at a rapid pace. As estimated by the World Bank, economic growth in the country, mainly dominated by hydropower, is expected to reach 7.4% in the fiscal year 2020.<sup>11</sup> In spite of the economy's gradual growth, trade in Bhutan is still concentrated on a limited number of markets, India being the main trade relationship for imports and exports. The strong trade ties with India can be explained by their bilateral free trade agreement. Other strategic partners include the People's Republic of Bangladesh, the Federal Democratic Republic of Nepal and the Kingdom of Thailand, with whom there are direct air connections. Bhutan's trade performance is hampered by relatively low competitiveness.<sup>12</sup> In order to support economic development, diversification strategies are essential. In this regard, creative industries are one of the promising sectors that can provide high return on investment.

Cottage and small industries (CSI), among which creative industries are categorized in Bhutan, constitute more than 95% of the total industries in the country. As of June 2020, there were 21,813 active licensed CSIs in the country that mainly operate in service, production and manufacturing, and contract (Figure 6).<sup>13</sup> However, the share of creative industries SMEs in the total number of enterprises in the country and more detailed information regarding breakdown of the subsectors are not available.

Figure 6: Percentage share of CSI by sector



Source: Ministry of Economic Affairs, Royal Government of Bhutan, Department of Cottage and Small Industry, Annual Report, 2019–2020.

The availability of data and statistics on the monetary contribution of creative industries is rather limited. In general, data is collected through the licencing system, which is then used by the Department of Revenue and Customs, Ministry of Finance (MoF) for taxes. Research has identified that registration procedures do not require a description of activities; therefore, the businesses get categorized under other related activities. This makes it challenging to obtain sector-specific data from MoF and also leads to unavailability of disaggregated data.

One of the studies, *The Economic Contribution of Copyright-Based Industries in Bhutan* (2011), developed collaboratively by the Royal Government of Bhutan and the World Intellectual Property Organization (WIPO), identifies Bhutan's copyright-based

11.– World Bank. The World Bank in Bhutan. Available from <https://www.worldbank.org/en/country/bhutan/overview#1>. Retrieved on 27 January 2020.

12.– UNCTAD. Discussion Forum Report, Why Trade Matters in Development Strategies (2013), United Nations, Geneva, 2014.

13.– Ministry of Economic Affairs, Royal Government of Bhutan, Department of Cottage and Small Industry. Annual Report, 2019–2020. Available from <https://www.MoEA.gov.bt/wp-content/uploads/2017/07/Annual-Report-2019-2020.pdf>.



industries and evaluates their economic value. Table 3 illustrates the study's results, showing that copyright-based industries constituted 5.5% of GDP in 2008, which significantly exceeds its contribution of 2.8% in 2001. However, the growth pace varies in different categories of the industry. Before 2000, subsectors such as film, TV, information technology (IT) and IT-enabled services had minor representation, but they experienced gradual growth after 2000. [Economic liberalization and the rise of cultural tourism supported progress in the creative industries](#), especially in core and partial copyright subsectors (see definitions in Box 1).

**Table 3: Contribution of copyright-based industries in the Bhutanese economy (2008)**

Contribution type	% share in economy	Value
GDP	5.5%	Nu 3.009 million
Total employment	10.1%	25 215 employees
Total exports	4%	Nu 912.4 million
Total imports	6.9%	Nu 1604.8 million

**Source:** Royal Government of Bhutan, WIPO, *The Economic Contribution of Copyright-Based Industries in Bhutan* (2011).

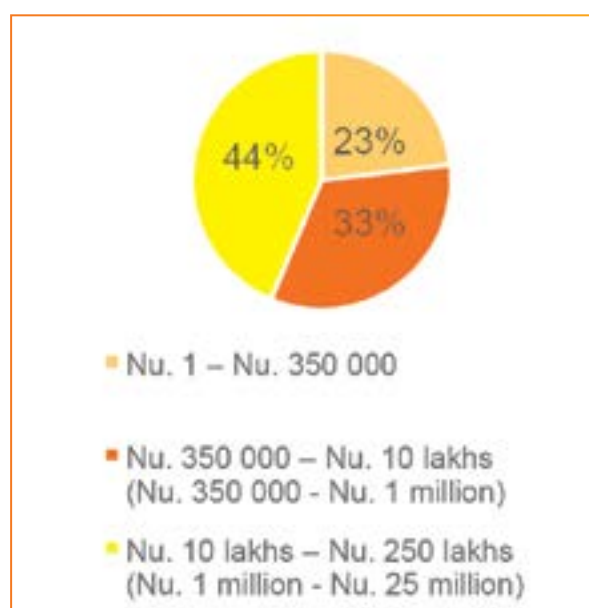
**Box 2: WIPO classification model of copyright-based industries**

- (1) Core copyright industries: Press and literature, music, theatrical productions, motion pictures and videos, radio and TV, photography, software and databases, visual and graphic arts, advertising services and copyright collecting societies;
- (2) Interdependent industries: TV sets, radios, players and similar equipment, computers and equipment, musical instruments, photographic and cinematographic instruments, blank recording material, and paper;
- (3) Partial copyright industries: Apparel, textiles and footwear, jewellery and coins, other craft, furniture, household goods, wall covering, toys and games, architecture, engineering, surveying, interior design and museums;
- (4) Non-dedicated support industries: General wholesale and retailing, general transportation, telephony and internet.

**Source:** Royal Government of Bhutan, WIPO, *The Economic Contribution of Copyright-Based Industries in Bhutan* (2011).

The most updated data has become available through the Creative Industries' Enterprise Survey conducted by ITC (2020). Even though the survey covered 40 firms, it still gives a clear projection of annual sales of creative goods and services. As illustrated in Figure 7, surveyed firms earned less than Nu 250 lakhs (\$331,677) in the last full calendar year. There is a relatively homogeneous distribution, with a majority (44%) of companies that sold Nu 10 lakhs to 250 lakhs (\$13,262–\$331,677), then 33% of companies with an annual sale of Nu 350,000 to 10 lakhs (\$4,641–\$13,262), and 23% earned Nu 1 to 350,000 (\$0–\$4,641).

**Figure 7: Annual sales**



Note: The currency Nu is the Bhutanese ngultrum.

**Source:** Data from 2020 Creative Industries' Enterprise Survey.

In addition to direct contribution to the economy, creative industries have greater impact on the economy by activating forward and backward linkages with other income-generating sectors. As reported by WIPO, the tourism/hospitality sector is the major buyer of copyright-based goods/services. Therefore, 90%–100% of sales are in the services sector. With regard to the backward linkages, partial copyright industries<sup>15</sup> are closely connected to the domestic market, and contribute to rural development and poverty alleviation, whereas other subsectors mainly target international markets.

### Import–export balance

Below are the main findings of the ITC Creative Industries’ Enterprise Survey in 2020 related to import/export data of creative industries (CI) firms.

Firms in the creative industries use imported materials for production. However, as the survey identified, the majority of the micro, small and medium-sized enterprise (MSMEs) do not import the materials (Figure 8). Those firms that do import materials collaborate with neighbouring countries. Most materials are imported from India and this is probably due to the convenience created by the proximity of the two countries from each other, and other trade benefits. Bhutan has well-established trade relations with India, in addition to which materials are also imported from China and Thailand.

The nature of the imported materials is connected to the main occupation of the firms – most of the imported materials are related to manufactured technological equipment. Performing arts, for example, do not import materials. However, visual arts firms could import certain materials, such as paper or photo frames. Equipment such as cameras, musical instruments and sound recording supplies, for example, are imported, because Bhutan does not manufacture these. Nevertheless, firms do not import fully developed products or services such as films or other creative materials to use for commercial purposes.

Export depends on the nature of the business and remains limited. Firms that do not offer a unique and competitive product do not export and have no interest in exporting. This concerns 18% of the companies (Figure 9). More than half of the surveyed firms (62%) do not export, but expressed their interest to do so. It is interesting to note that, while many companies are interested, they do not know how or what to export. At this stage, this is a distant wish rather than a concrete plan based on solid market research or analysis. Only 20% of the surveyed firms export, but in an irregular and intermittent manner. On the question of their distribution channels, 4% of firms responded that they supplied to domestically based middlemen who then export the product or service unchanged, and 6% export directly.

Figure 8: Imports



Source: Data from the 2020 Creative Industries’ Enterprise Survey.

Figure 9: Exports



Source: Data from the 2020 Creative Industries’ Enterprise Survey.

In terms of market destinations, the domestic market remains dominant. The markets are mostly regional and foreign markets are limited (Figure 10); six firms sell in India and very few firms sell elsewhere (including to tourists and expats, which are a specific export segment). Although the export rate is low, 67% of the firms wish to change the situation by extending their market to other countries. However, with limited export experience and limited services and goods diversification, firms wishing to diversify markets seem to require support on market access and on creativity and innovation of their products.

Figure 10: Current markets and future markets of interest



Source: Data from the 2020 Creative Industries' Enterprise Survey.

As an approach to reach new markets, almost half of the firms consider developing online platforms. One-quarter of the firms expressed that collaboration and partnership are also an intended diversification strategy. Few of them mentioned international competition and distribution as an approach to enhance markets. Despite the desire, some have no strategy yet.

Neighbouring countries are the main future markets for the firms. Comparing the current markets and the future markets of interest (Figure 10), it is interesting to note that, although exports are very low, there is a real desire to expand the market, mainly to neighbouring countries like China, India, Nepal and Thailand.

Bhutanese creative industries are increasing at a moderate pace; cross-country analysis in comparison with the Republic of the Philippines, Jamaica and the Republic of Latvia illustrates that economic performance of the industries is higher in Bhutan. However, the country is way behind the creative industries' performance in Malaysia, the United Mexican States (Mexico) and the United States of America. Among the key issues constraining the sector's development are: the lack of appreciation of the economic value of creative industries, the absence of updated and consistent data and statistics on performance, the low level of investment in research and development, and institutional weaknesses.<sup>15</sup> (More about specific constraints can be found in the "Creative industries' competitiveness diagnostic" chapter).

### Mapping creative industries

Creative industries in Bhutan form their roots in Bhutanese culture and history. For centuries, the Bhutanese created a rich cultural heritage and artefacts that are being promoted by the government now in order to

diversify the economy and generate revenue. The purpose of the following paragraphs is to map and provide a brief overview of the performance of the creative industries subsectors in Bhutan according to the classification model given in Figure 11.

Figure 11: ITC classification of the creative industries

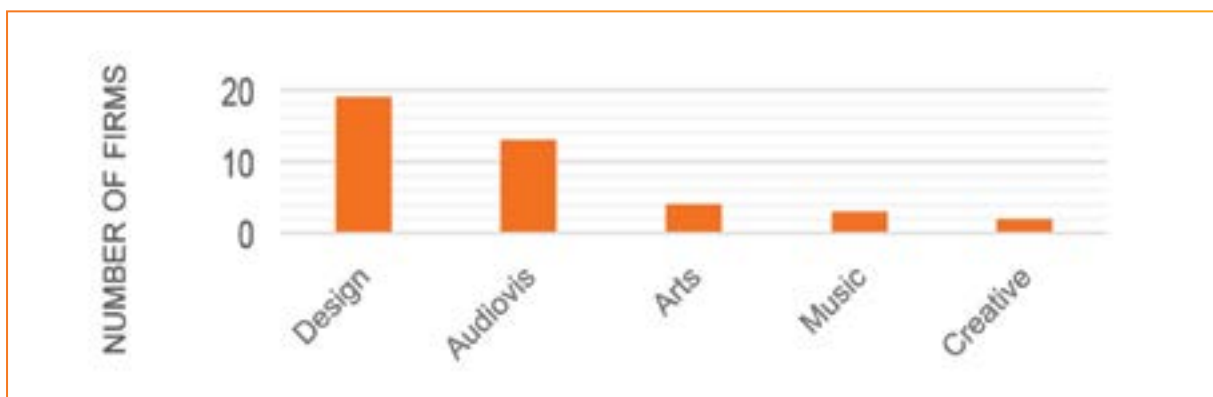
<ul style="list-style-type: none"> <li>• <b>Performing</b> Choreography Festivals &amp; live music Play and opera</li> <li>• <b>Visual</b> Painting Photography Sculpture</li> </ul> <p style="text-align: center; font-weight: bold; color: white;">Arts</p>	<p>Animated film Fiction film Documentary Video</p> <p style="text-align: center; font-weight: bold; color: white;">Audiovisuals</p>	<p>Essay Music lyrics Novel Play script Poem Short story TV/movie script</p> <p style="text-align: center; font-weight: bold; color: white;">Creative writing</p>	<p>Advertising Architecture Crafts Fashion Games Graphic Industrial Interior Software</p> <p style="text-align: center; font-weight: bold; color: white;">Design</p>	<p>Advertising music Composition Game soundtrack Movies soundtrack Song</p> <p style="text-align: center; font-weight: bold; color: white;">Music</p>
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Creative industries fall under the cottage and small industries category in Bhutan. The majority of the enterprises in the CI are located in the capital, Thimphu. Urban centres are a preferred choice for the creative industries due to the cultural activity. Some segments of the creative industries do exist in other cities, but the most representative companies are found in the capital.

The enterprise survey conducted by ITC in 2020 covered 40 firms in the creative industries, out of which the most

operate in the design and audiovisual subsectors. Figure 12 shows the subsectors corresponding to the 40 surveyed firms. The arts sector is divided into two subsectors: visual and performing arts; and the design sector is divided into nine subsectors: advertising, architecture, craft, fashion design, games, graphic design, interior design, industrial design and software. There is at least one company represented in each subsector of design (except advertising); hence, there is a high number of design companies.

Figure 12: Creative sectors corresponding to the surveyed firms



Source: Data from the 2020 Creative Industries' Enterprise Survey.

**Most firms are small-scale business entities.** Most firms are established as employment for the owners themselves and the number of employees is low. The firms with a higher number of employees have training facilities. The majority of the companies have less than six full-time employees (see Figure 13). On average, 24% of these employees are under the age of 25 and 41% of them are female. In most cases, the owner carries out most of the managerial

tasks, such as marketing, strategy, human resources and financial management. The firms do not usually employ separate management and operational staff; instead, one person multitasks. When the firm is a one-person entity, the owner completes both the management and operational tasks. On average, within these small teams, 33% of the staff is involved in management tasks and 67% is in charge of operational tasks.



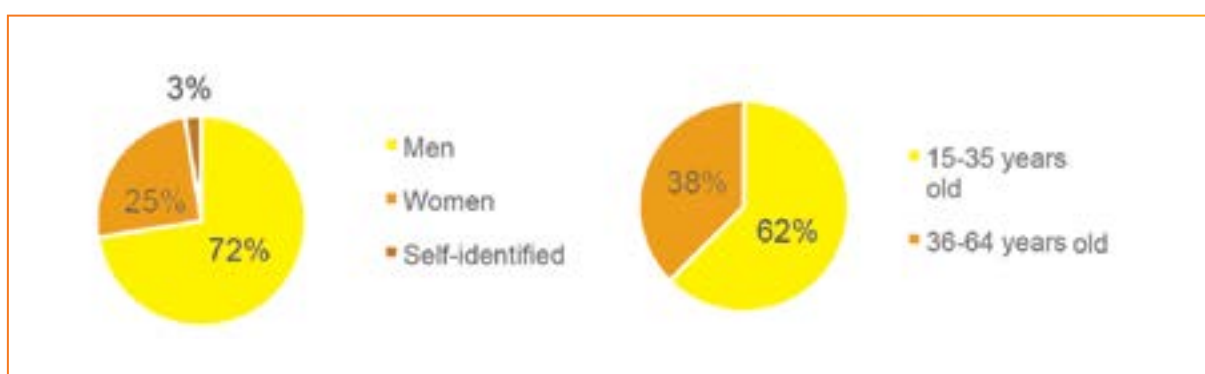
**Figure 13:** Number of full-time employees



Source: Data from the 2020 Creative Industries' Enterprise Survey

Most high hierarchical positions are filled by young men (Figure 14). The companies are mainly run by young professionals; 62% of the top managers are 15–35 years of age. Women are under-represented when it comes to holding high managerial positions – only 25% of women are managers and the rest perform operational tasks.

**Figure 14:** Gender and age of the top managers



Source: Data from the 2020 Creative Industries' Enterprise Survey.

### Overview of the subsectors

#### Arts

Both visual and performing arts are well established in Bhutan. The visual arts are dominated by religious and mystical themes, while performing arts are the essential part of any kind performance and event.

#### Performing arts

The performing arts subsector is dominated by traditional choreography and festivals. Traditional choreography is mostly promoted through festivals that are among the most visited attractions in the country. Most of the festivals focus on culture and nature. Tradition-

al dances and music are celebrated through the Dromche and Tsheschu festivals that take place in all the districts of Bhutan. The Black-Necked Crane Festival, Haa Summer Festival and Rhododendron Festivals highlight the country's nature, focus on flora and birds, and promote local food, traditions and lifestyle. Some of the festivals take place in the mountainous, remote areas of Bhutan, for example, the Royal Highlander Festival, the Tour of the Dragon and the Jomolhari Mountain Festival. They offer a wide range of activities, including snow leopard-themed folk songs, Khuru (traditional darts), and horse- and yak-riding competition. A few of the festivals feature other subsectors of the creative industries. Drukylul's Literature Festival, for example,



brings together writers, photographers, musicians, artists and film-makers to engage in cultural dialogue.

### Visual arts

Visual arts is a significant subsector of the Bhutanese creative industries. There are a variety of visual arts, including painting, masonry, sculpture, and wood and metal carving.

Painting is one of the most widespread forms of the visual arts. Traditional paintings are mainly associated with Buddhist practices that display spiritual values. The codes of traditional paintings are precise and must be rigorously respected by following both technique and content. The 13 arts and crafts of Bhutan (including painting) that represent the country's identity and spirit have been carefully documented and taught in educational institutes, which ensure preservation of this art form. One of the well-known independent artists, Karma Wangdi, founded the Voluntary Artists' Studio, Thimphu (VAST) (currently a civil society organization) in 1998, which supports contemporary art to evolve. Other famous independent artists include Ugyen Samdrup, Tashi Dendrup, Pema Gyeltshen, Sukbir and Salil Bishwa, and Zimbiri, who held the first female solo exhibition in Bhutan. Most of these artists participate in the art competitions in Bhutan and India and display their

paintings in a few private, café and hotel galleries in Bhutan.

The other prominent segments of the visual arts in Bhutan are photography and sculpture. Photography as an art form is not widespread. There are very few businesses like photo shops and studios (that sell frames, cameras, Rinpoche pictures, portraits and passport photos) and few independent photographers. Sculpture artists follow a seventeenth-century tradition, as the art is one of the oldest forms of crafts. The sculptures carry religious messages in most of the cases, and statues of important figures in Buddhism, such as Guru Rinpoche and Zhabdrung Nawang Namgyal, decorate the country's monasteries.<sup>14</sup>

### Audiovisuals

Bhutanese audiovisuals, led by film production, represent a promising sector for employment generation. The first Bhutanese motion picture was produced in 1988 and, since then, the sector has been developing. By 2008, approximately 116 films and 400 music albums had been produced in the country. Now, the industry has produced more than 300 feature films, with 15–20 films produced annually. Several films were shown at international festivals (including the Cannes Film Festival), winning three international awards.<sup>15</sup> At the local level, Bhutanese films participate in the Bhutan National Film Awards (BNFA),<sup>16</sup>

14.– South Asian Association for Regional Cooperation, Sculpture & Decorative Arts, Retrieved on 29 March 2020. Available from <https://saarcculture.org/2016/01/27/sculpture-decorative-arts-2/>.

15.– Royal Government of Bhutan, WIPO, The Economic Contribution of Copyright-Based Industries in Bhutan (2011).

16.– Kuensel, Zangmo, T. 16<sup>th</sup> Bhutan National Film Awards to be held on February 21 (10 February 2017). Retrieved on 29 January 2020. Available from <https://kuenselonline.com/16th-bhutan-national-film-awards-to-be-held-on-february-21/>.

organized by the Bhutan Film Association (BFA). In 2019, the event marked its 18<sup>th</sup> anniversary.

Film production has the potential to penetrate the international market as well as the domestic. The Bhutanese are the first consumers for the films produced in the country. On average, the gross revenues for a popular film (approximately 90,000 spectators) reaches \$140,000. Considering that the film budget varies from \$15,000–\$50,000, the income is reasonable. Bhutanese films are highly popular in the cities as well as in the remote areas. However, the rural population mostly cannot afford the tickets; consequently, producers prefer to screen in the urban areas more frequently.<sup>17</sup>

Filmmaking is a priority sector selected by the government. There is a National Film Policy developed by the Ministry of Information and Communications that aims to stimulate film production in the country. A strong film industry is believed to support the pursuit of gross national happiness (GNH) and its pillars, namely sustainable economic development, preservation and promotion of culture, conservation of environment, and good governance.<sup>18</sup>

Based on the availability of exotic locations for shooting films, traditions and rich cultural stories, there is a promising opportunity for the Bhutanese filmmaking to become internationally and domestically acknowledged.

### Creative writing

For decades, Bhutanese folklore was expressed through verbal forms only. However, Bhutanese involvement in literary works has been gradually increasing. Reading culture among the population has been raised and more and more bookstores can be found in Thimphu. Annually, in the month of August, an international literary festival takes place. The free festival is attended by international writers, the kingdom's government and the royal family, in addition to schoolchildren.

Along with literary works, two types of creative writing are music lyrics and movie scripts. Music lyrics are written by singers themselves in most cases. Most of the lyric writers in Dzongkha are scholars in Dzongkha or school teachers. They write lyrics based on their interest to sell it for movie soundtracks. A good script is determined by the movie's popularity and dialogues praised in public after screening. Thus, the particular scriptwriter is hired for other movies afterwards. Normally, these are actors, directors and producers who are the scriptwriters and choose themes based on their interests.

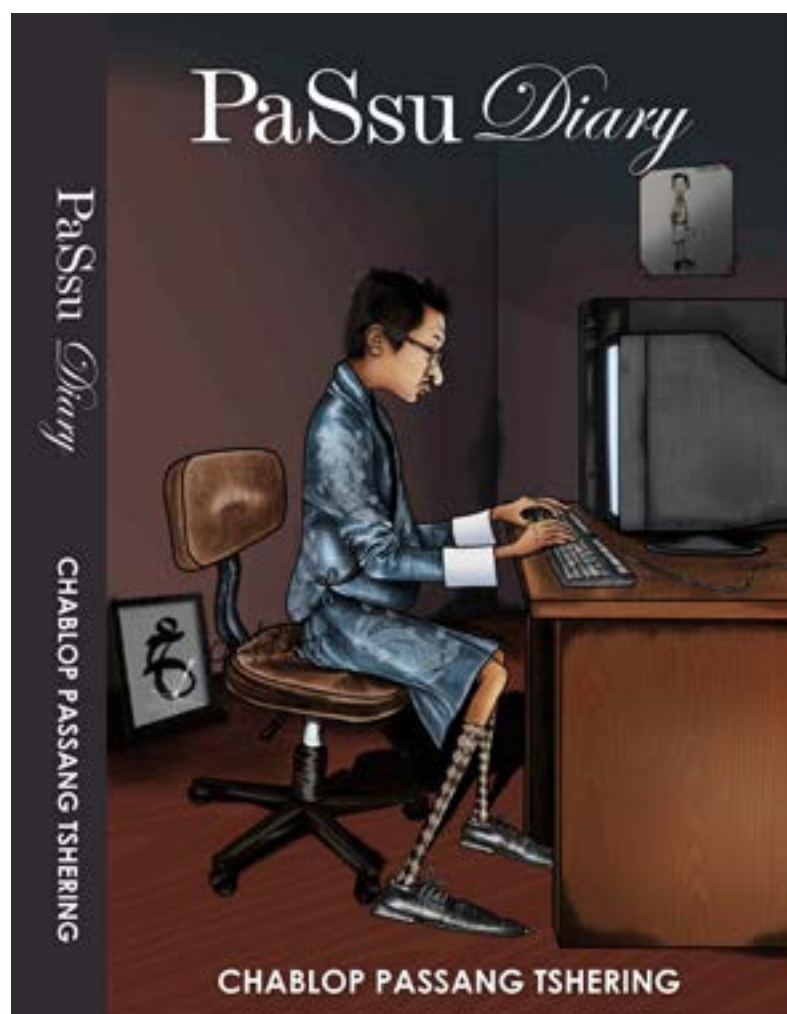
Creative writing is an important subsector of the creative industries as a standalone sector and as a main part of the value chain for other creative subsectors such as audiovisuals and music. The success of these two subsectors greatly depends on proper management of creative writing.

### Design

Design in Bhutan has a high potential to excel based on the country's artistic heritage and the availability of youth interested in the field.

### Art crafts

The Bhutanese culture is greatly depicted in arts and crafts. There are 13 different types of art crafts preserved in the country, including handmade textiles, weaving and wood carving. All these craft forms are significant employment generators in the country, especially for women. In 2013, approximately 64,100 women were occupied in weaving. The government



17.– Royal Government of Bhutan. Bhutan Film Industry (2011).

18.– Royal Government of Bhutan, Ministry of Information and Communication. National Film Policy of Bhutan. Retrieved on 29 January 2020. Available from <https://www.moic.gov.bt/wp-content/uploads/2016/05/Bhutan-Film-Policy-Final-edited.pdf>.





prioritizes this sector for supporting economic development; consequently, several organizations were established, including the Agency for Promotion of Indigenous Crafts (APIC), to facilitate the industry's growth.<sup>19</sup>

### Architecture

The majority of architectural designs follow the traditional style in Bhutan. In some cases, a modern style of architecture is applied, which is more common in the capital than the villages. In general, architectural design and urban development is regulated by the Bhutanese Architecture Guidelines (2014) and Bhutan Building Regulation (2018). Spatial plans for urban development can originate from local governments or the Department of Human Settlement. However, these plans are developed in consultation with the stakeholders before finalization. Once the spatial plan has been approved and finalized, it has authority over the Bhutan Building Regulation (2018).

### Fashion design

Fashion design in Bhutan holds an untapped potential that could be exploited to increase export earnings and penetrate the domestic market. Bhutanese textiles are rich in colour and patterns, and many youths express interest in following fashion trends and work in the sector. There is an increased market

demand for clothes and accessories. The market is comprised of various segments of customers, including locals, expatriates and tourists visiting the country.<sup>20</sup> Bhutanese modern fashion designers (such as CHIMMI House of Design or She Bhutan) integrate Western style into traditional fabrics that makes work unique and competitive on the market. For instance, Christian Louboutin collaborated with the traditional art school of Zorig Chusum to create his capsule collection called LouBhutan, which represents Bhutanese art on heels. The collection comprises the 13 exclusive styles inspired by Bhutanese art, following the form of arabesques, clouds or symbols of Buddhist culture like the lotus flower. Showcased in Dubai, the collection is available for sale in the malls of the United Arab Emirates.<sup>21</sup>

### Software

Information technology is an emerging sector in Bhutan that has great potential to improve living conditions and support employment generation, especially for youth. The sector's development has progressed in recent years, facilitated by the Department of Information Technology and Telecom (DITT), under the Ministry of Information and Communications (MoIC) that was formed in 2003. In 2017, there were 339 information and communications technology (ICT) establishments in the country, out of which 240 were cottage, 80 small, 15 medium and 4 large companies.<sup>22</sup>

19.– International Trade Centre (ITC), Royal Government of Bhutan. Bhutan textile value chain analysis (2019).

20.– Royal Government of Bhutan, Ministry of Labour and Human Resources. Fashion designing (2017), Retrieved on 30 January 2020. Available from [https://www.molhr.gov.bt/molhr/wp-content/uploads/2018/05/Fashion-designing\\_fv.pdf](https://www.molhr.gov.bt/molhr/wp-content/uploads/2018/05/Fashion-designing_fv.pdf).

21.– Bazaar, Mathews, O., Christian Louboutin's latest capsule collection LouBhoutan is art on heels (7 January 2020). Retrieved on 30 January 2020. Available from <https://www.harpersbazaararabia.com/art/exhibitions/christian-louboutin-reveals-his-loubhoutan-capsule-collection>.

22.– National Statistics Bureau. Statistical Yearbook of Bhutan 2019. Available from [http://www.nsb.gov.bt/publication/files/SYB\\_2019.pdf](http://www.nsb.gov.bt/publication/files/SYB_2019.pdf) (the 2020 yearbook also uses 2017 statistics, but the data is segmented in a different manner and thus cannot be used here).



**Market demand for digital services is increasing.** The demand is especially high for apps and websites and it has been increasing since the number of internet subscribers have risen. A handful of banks, such as Bank of Bhutan (BoB) and Bhutan National Bank (BNB), developed interesting software and applications that can be used directly for online payments between any particular/shops that use the same bank application. Among other Bhutanese applications, the most well-known are: CityBus Services, Kids Learn Dzongkha, M-contacts (helps people working in the education ministry to keep and update a professional contacts list), MyDrukRide (taxi service) and Explore Bhutan.

### Music

Traditional music in Bhutan has a great influence, carries significant cultural value and conveys important messages like healthcare, education and environmental preservation. Traditional Bhutanese music includes a spectrum of sub-genres, ranging from folk to religious song and music. Some genres of traditional Bhutanese music intertwine vocals, instrumentation, and theatre and dance,

while others are mainly vocal or instrumental. Traditional music is preserved and supported by the government school, Royal Academy of Performing

Arts (RAPA). The public and private sectors strongly encourage traditional music by introducing various musical programmes.

On the other hand, contemporary music is less popular. Few people follow international trends; the majority of the public is still sceptical regarding the Western contemporary music. Musicians who play Western-blended contemporary music are often outcast due to the difference between contemporary and traditional music.

There are a few music studios in Bhutan. Established in 2011, M-Studio is the largest music studio in Thimphu. They are the founders of B-Pop (Bhutanese popular music) and contribute to Bhutan's rap revolution. They have also formed a small informal association of young talents of Bhutan, who are working towards changing the scenario of modern Bhutanese music.

### Subsector value chains

The following schematics represent the value chains in the three priority subsectors of the strategy, music, film and graphic design, and provide a deeper overview of the flows and interactions between each component.



Figure 15: Value chain: Music

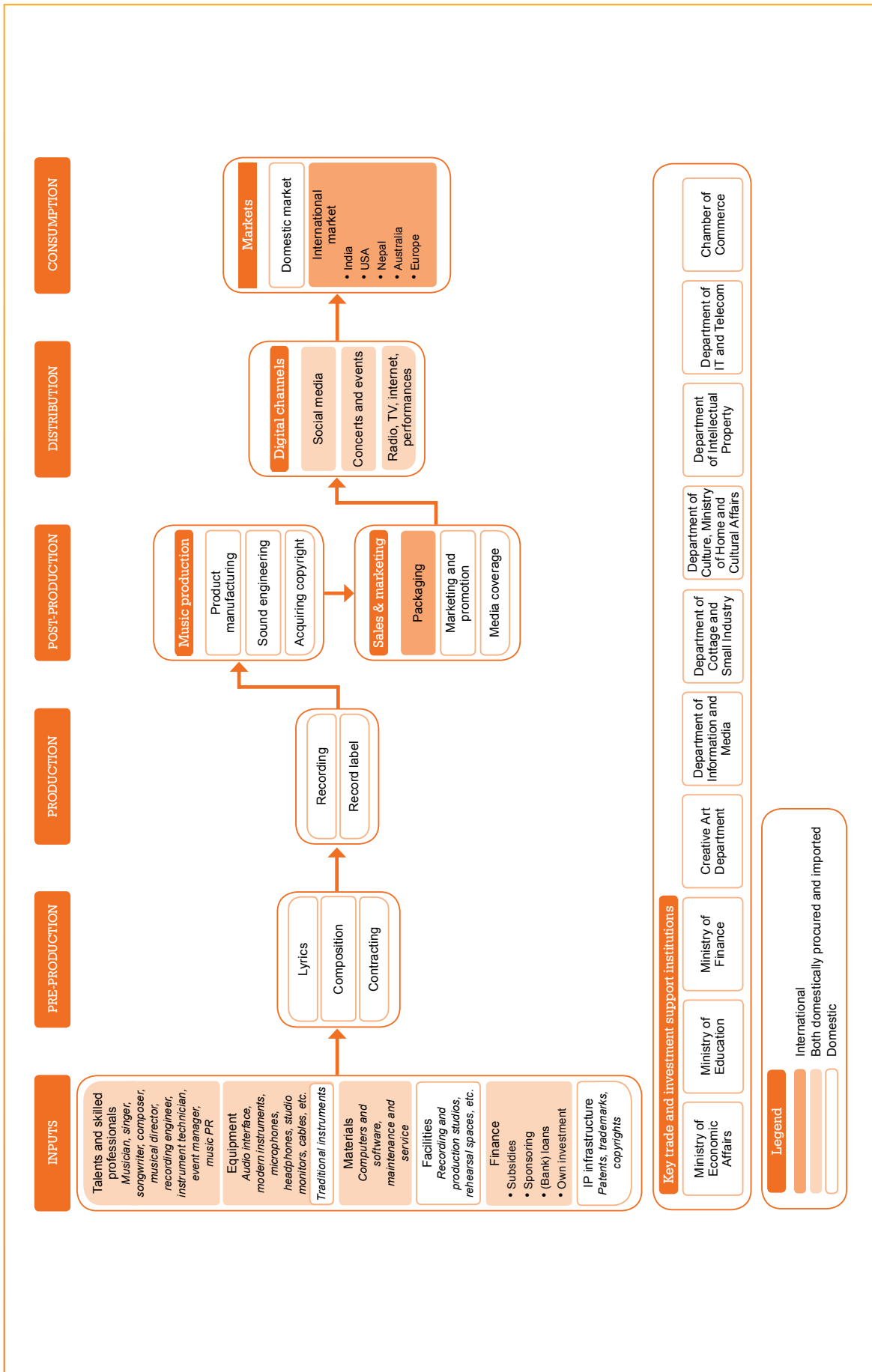


Figure 16: Value chain: Film

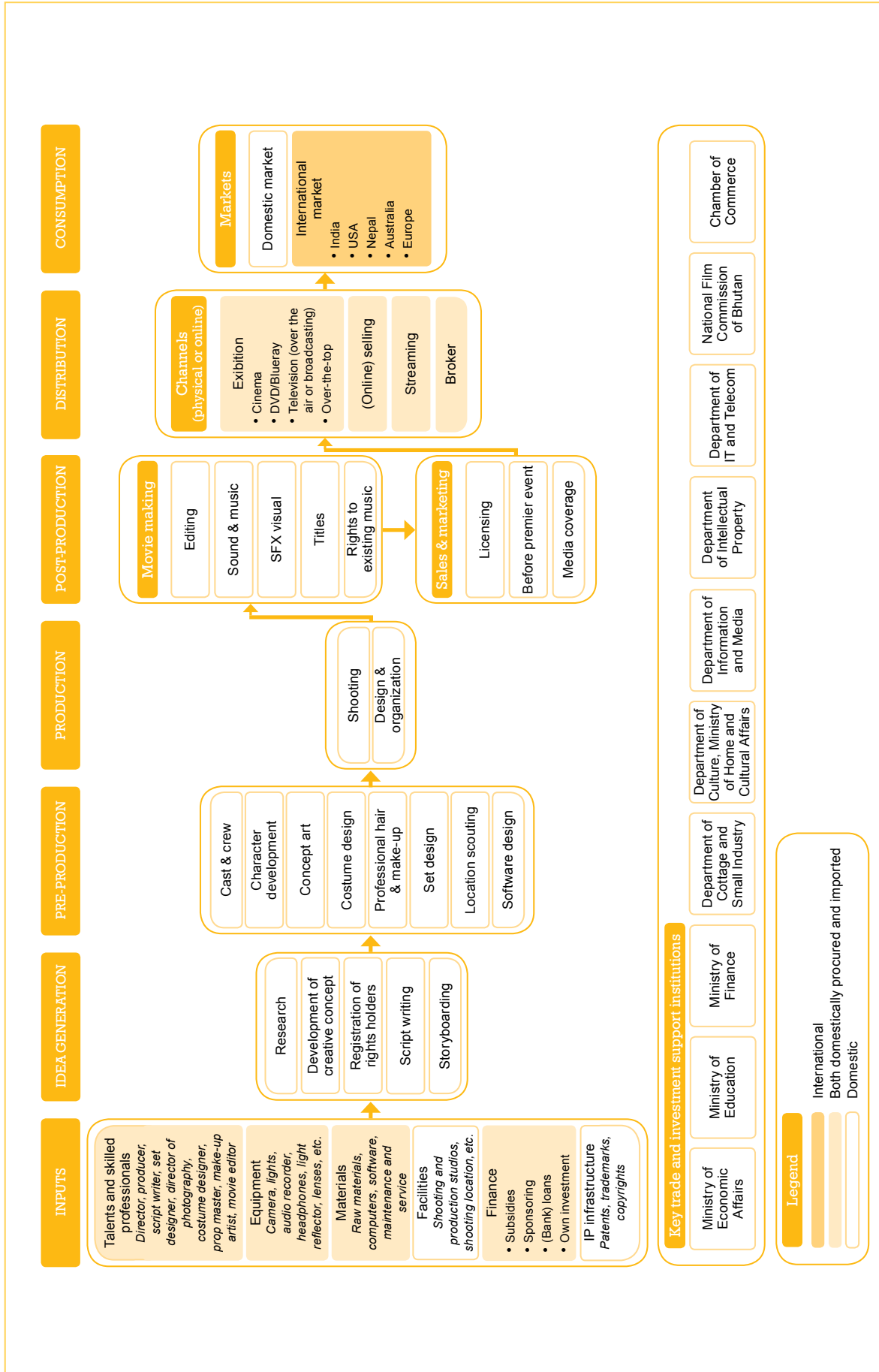
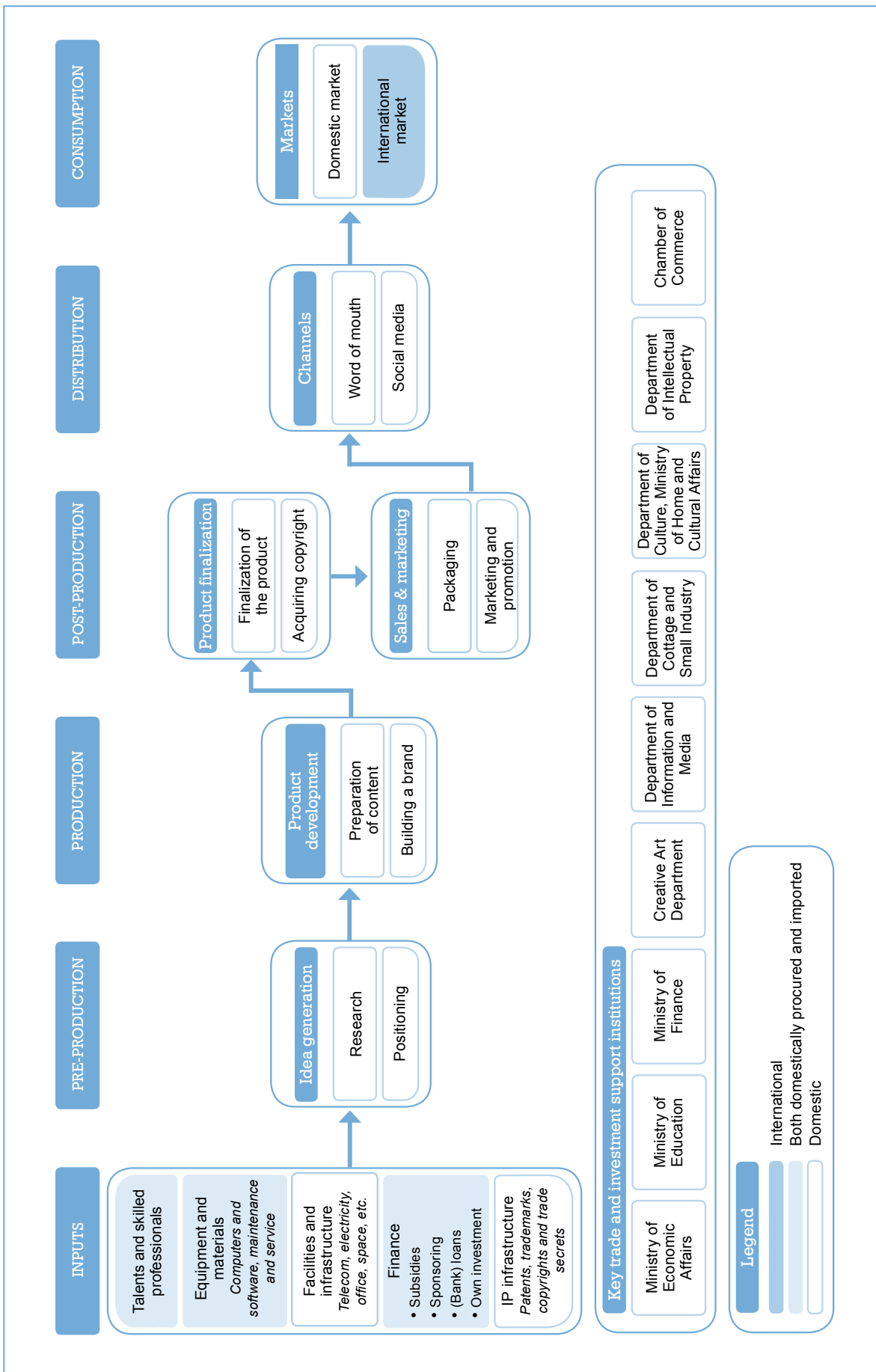


Figure 17: Value chain: Graphic design











# A SPREAD OUT SUPPORT FRAMEWORK

## Policy overview

The Economic Development Policy 2016 identifies the cottage and small industries sector as one of the priority sectors for economic growth and also lists subsectors under “other sectors” to be prioritized. However, due to a lack of definition/classification of the creative sector, the incentives and support at the policy level apply to the whole of the CSI sector, which is currently based on size of investment or scale of employment. The policy also provides a list of policy reforms to be carried out specifically in CSI sector and calls for a review of all Acts, policies, and rules and regulations to create an enabling environment within a year of the policy’s endorsement to ensure that all regulatory frameworks are in harmony with the policy. However, there appears to be no body of work published by the Gross National Happiness Commission (GNHC) that undertakes this task and, during the course of review and survey with respondents, there appeared to be opportunities to be more targeted and focused in interventions specific to the creative sector.

The policy discusses the various subsectors separately under the title of “other sectors” in the priority sectors identified in the document and addresses the whole creative sector under areas of industries or cottage and small industries. This has had an impact on the roll-out of the Fiscal Incentives 2017 by the Department of Revenue and Customs, Ministry of Finance. Following the policy’s lead, the incentives have also been developed taking the classification of sectors as identified in the Economic Development Policy 2016, with no targeted interventions defined for creative sectors. It is rather a piecemeal approach of providing incentives under subsector interventions or CSI sector interventions.

Cottage and small industry development is one of the priority flagship programmes of the 12<sup>th</sup> Five-Year Plan. The plan aims to support entrepreneurship and a culture of innovation through start-up promotion. The importance of skills development, mentoring and coaching of entrepreneurs, marketing and product design are highlighted and support is promised. Nu 1.2 billion is dedicated to the programme implementation by the Ministry of Economic Affairs, Ministry of Labour and Human Resources, other public entities and the private sector. One of the National Key Result Areas (NKRA) is preservation of culture, which is considered the basis of identity and sovereignty of Bhutan. Intangible and tangible aspects of culture are aimed to preserve and promote. Arts, including films and music, are set to be promoted as the economic development sectors.<sup>23</sup>

The Royal Government of Bhutan developed a policy specifically targeted at the cottage and small industries in 2019. CSI are identified as having crucial role in achieving industrialization and economic diversification. Implementation of the policy actions is required in six strategic areas, namely institutional level, human capital development, business development, access to finance, innovation adoption and access to market. The document sets out the overall policy framework for the industries’ development until 2030.<sup>24</sup> The policy and a review of the CSI Action Plan 2019–2023 indicates a strong willingness of the state to engage stakeholders and roll out activities that would streamline the processes, rules and regulations of conducting business. The flagship activities also are reflected in the action plan and, as discussed above, the creative sector’s lack of classification has resulted in broad support for the establishment of CSIs, but does not necessarily develop interventions specifi-

23.– Royal Government of Bhutan. Twelfth five year plan, 2018–2023. Available from <https://www.gnhc.gov.bt/en/wp-content/uploads/2019/05/TWELVE-FIVE-YEAR-WEB-VERSION.pdf>.

24.– Royal Government of Bhutan. Cottage and Small Industry Policy, 2019. Available from <https://www.MoEA.gov.bt/wp-content/uploads/2017/07/Cottage-Small-Industry-Policy-2019.pdf>.

cally targeting the creative sectors. One of the major milestones in the CSI sector has been the launch and establishment of the National CSI Development Bank Limited, which revised its rules in 2020. The bank currently offers three products (non-formal rural financing, cottage industry financing and small industry financing), which are again influenced by the mode of classification. The CSI sector in Bhutan is currently classified into three categories: production and manufacturing, service and contract. This inherently limits the ways in which interventions can be developed to target specific sectors or subsectors.

A look into the Bhutan Education Blueprint 2014–2024 and TVET Blueprint 2016–2026 indicates that the education system is exploring the inclusion of music and arts at the lower levels of schooling and a development of ICT skills across levels of education. The TVET blueprint identifies “the importance of the cultural industries” and the need to align the TVET system to that of the Economic Development Policy (EDP) and the identified priority areas. To that end, the government has plans to expand the TVET institutions and allow for greater participation, and facilitate the growth of private TVET providers. However, the lack of identification of creative ventures as a sector limits the type and focus on interventions to allow for expansion or establishment of specific training programmes or institutes.

*A review of the policies, institutions, partners and regulations indicates the need for a well-defined understanding of the creative industries and a proper classification of the various subsectors, which would ensure the sector’s visibility and relevance in the economy’s growth. A clear distinction of the sector as an industry (business) would go a long way in understanding the nature of the creative sector industry and also provide a baseline to measure the contribution to economic growth and give feedbacks for developing focused interventions for expansion of the industry.*

### Institutional assessment

The Department of Cottage and Small Industry was set up in 2010 under the Ministry of Economic Affairs with the vision “to become a premier agency promoting growth of a vibrant and sustainable cottage and small industries contributing to the overall socio-economic development of the country”. The department is functionally managed under three divisions: Programming Division, Enterprise Development Division and the Small Business Promotion Division. The department is mandated to develop and roll out the objectives as outlined under the CSI Policy 2019. As the department is placed under the Ministry of Economic Affairs and also the classification of CSI into the three categories of production and manufacturing, service and contract, a lack of further sub-classification in the three sectors could possibly result in blanket approaches to policy formulation and disregarding of the unique value proposition offered by the creative sectors. For instance, the lack of separation between a dance studio (troupe), a fitness club and a trading concern, considered the same under the service component of the CSI, presents situations in which policy interventions are not the most effective.

The Agency for Promotion of Indigenous Crafts (APIC) under the Ministry of Economic Affairs is responsible for the execution of crafts and related initiatives, with support from other relevant agencies of the Royal Government of

Bhutan, focusing primarily on the preservation and development of the 13 arts and crafts of Bhutan. The agency is limited in its support to the development of arts and crafts, as indicated by the name. The lack of other specialized government agencies to promote arts and crafts in general and a focused approach by the APIC could potentially result in other contemporary forms of arts and crafts not being noticed or developed.

The Department of Intellectual Property is housed under the Ministry of Economic Affairs with the vision to use the intellectual property protection system as a stimulus for the country’s social, cultural, technological and economic growth. The department works closely with the Bhutan Chamber of Commerce and Industry at the national and regional levels to inform the various businesses about intellectual property (IP). In general, there are low levels of awareness on IP. However, there are private legal firms that specialize in offering services to business to make IP applications and at reasonable prices. The IP office is located in Thimphu, which makes accessibility a concern. Other parts of the country do not have physical access to the office, which limits its visibility to businesses not in the region.

The Department of Culture, Ministry of Home and Cultural Affairs was set up in 2003 with the vision “to be a central agency for realization of a harmonious and progressive

society through preservation, protection, development and promotion of the shared ideals & values and the unique cultural identity and its expressions". Their work primarily involves integrating cultural heritage into national development. However, due to strong linkages between the Buddhist religion and the Bhutanese national identity, at times, the interventions from the department could be potentially restrictive for the creative sector's development. This can have implications on the type of content, design and publication etc. that could be promoted and pushed into the market both locally and internationally.

The Department of Information Technology and Telecom was set up with the main objective to support ministries and agencies in the government so that they are able to use ICT both for strategic and operational purposes to ultimately deliver excellent services to the citizens and businesses of Bhutan. Their function is primarily focused on the delivery of public services and smooth information sharing for decision-making in the government. The businesses in the areas of ICT are managed under the purview of the Department of Cottage and Small Industry (DCSI) and MOEA and regulated by the Bhutan Infocomm & Media Authority (BICMA). BICMA is responsible for the regulation of the information, communications and media sector in Bhutan, as stipulated under the Information, Communications and Media Act of Bhutan 2018. BICMA plays a vital role in terms of the type of content that can be developed and, at times, the body's narrow interpretation of the type of content that is developed can limit the creative sector's growth, especially pertaining to music, films and publications. Similarly, the Department of Information Technology & Telecom (DITT) as a bureaucratic body is, at times, slow in adopting the most recent developments in technology. This has bearing on the regulations that are developed by the MOEA to have oversight over business evolving in the ICT field. The Bhutanese experience to date has been to disallow activities or enterprises if there are no rules developed to govern them, or have them on hold until they are developed. This could potentially create situations that would make the regulators and oversight agencies slower to changing and developing markets and restrict the evolution and development of products in the ICT subsector. A point of reflection is, although

various forms of e-commerce were being carried out in the country since the increase in adoption of smartphones, it was only in 2019 that e-commerce guidelines were developed and implemented, which allowed for many businesses to become formal and engage in the broader discussion of economic growth.

As a focal information and media agency of the government, the Department of Information and Media (DoIM), under the Ministry of Information and Communications, is responsible for development of the information and media sector in the country. This department aims to implement the government's policies, plans and programmes relating to the information and media sector. It also strives to promote professional and health information as well as the media industry in the country. Therefore, the DoIM is responsible for creating an enabling environment, education and training, and development of local content and uptake of media infrastructure and development for all forms of information and media, assessing the impact of media on society, etc. The department is responsible for traditional media as well as new media, which constitutes oral, print, broadcast, films, music, arts (evolving and contemporary), computer and video games, and internet and social media.

After the Organizational Development Exercise conducted by the Royal Civil Service Commission in 2020, a newly formed division was created under the Department of Information and Media: the Creative Arts Division. While the Department of Culture is mandated to look after preservation and promotion of traditional and conventional culture, the establishment of Creative Arts Division caters to the needs of artists in producing contemporary and creative arts to a higher level. The Creative Arts Division focuses on boosting creativity in the country, in particular amongst the youth. In addition, the division also aims to encourage talented artists/content creators to further develop their skills through training, exchange programmes, introducing relevant social festivals and financing them to attend such festivals, etc. The marketing and promotional aspects are also supported and taken care of by the division beyond Bhutan in order to generate income, recognition and interests in the local artists.

*Creative industries are covered by the different ministries under the Royal Government of Bhutan. The Ministries of Economic Affairs, Home and Cultural Affairs and the Ministry of Information and Communication are the main public entities in charge. There is no common institutional body to manage the creative industries. The Ministry of Home and Cultural Affairs ensures culture preservation and promotion, the Ministry of Economic Affairs is responsible for small and cottage industries development, which also includes the creative industries, and the Ministry of Information and Communication manages the media sector.*



The growth of civil society organizations (CSO) in Bhutan is supported by the Civil Society Organizations Act (2007) legislated by the National Assembly of Bhutan and implemented by the Civil Society Organizations Authority (CSOA). The Act aims to promote social welfare and improve the conditions and quality of life in Bhutan through facilitating communication between civil society organizations and the government, particularly in advising the government about the general activities and roles of CSOs, and encouraging CSOs to inform, promote, connect and strengthen individual civil society organizations.<sup>25</sup>

The Bhutan Chamber of Commerce and Industry (BCCI) was set up in 1980 under a Royal Charter as a non-profit organization comprising members from the business community. The BCCI Secretariat, Thimphu has three departments that deliver diverse services to the business community: Business Support Department, General Affairs Department, and Research and Policy Department. Further, to accomplish the above-mentioned vision and mission of the BCCI, five regional offices were established in five selected regions (Phuentsholing, Mongar, Bumthang, Gelephu and Samdrup Jongkhar). The organization is partly funded by the government and memberships fees collected. Lately, there has been much discussion on the organization's legal status, as it is not governed under the Civil Society Act as a Mutually Benefitting Organization, nor is there an Act endorsed by the Parliament that prescribes its governance. This poses a risk of the organization being managed and governed in an unaccountable manner, as there are no standards and processes defined for its functioning.

In 2019, a group of young entrepreneurs established the Bhutan Association of Entrepreneurs (BAEyul), and have been closely working with the Department of Cottage and Small Industry (DCSI) and Royal Monetary Authority of Bhutan in the development of the country's entrepreneurial ecosystem. Although still awaiting to be formalized through registration as a CSO, the association was set up with the vision of empowering Bhutanese

entrepreneurs towards a GNH-based society and economy and also to start discussions on interventions and support towards new forms of businesses being developed in the country. The emergence of this association and the Bhutan Association of Women Entrepreneurs, to an extent, validates that the BCCI is focused on more traditional business and industry concerns and is not agile enough to meet the expectations and represent the interest of the growing entrepreneurial scene in the country.

Civil society organizations (CSOs) are classified as followed: public benefit organization (PBO), mutual benefit organization (MBO) and accredited foreign CSO. The majority of CSOs in Bhutan fall under the category of PBO. Among them, contribution to the Tarayana Foundation is noteworthy, as it operates in the rural areas, unlike other CSOs, which are mainly concentrated in the capital. Some CSOs (such as Bhutan Youth Development Fund and the Bhutan Association of Women Entrepreneurs) are socially inclusive, developing programmes to economically empower youth and women.

A few creative industry subsectoral associations are active in the film and arts subsectors. There are only three associations. The Film Association of Bhutan promotes, encourages and protects all forms of film and music, and initiates trainings, festivals, awards and other supportive programmes in collaboration with other institutions. The Voluntary Artists Studio Thimphu (VAST) aims to provide opportunities to Bhutanese youth to participate and develop their potential artistic talents in the contemporary arts. VAST also provides art classes to youth, organizes art camps, and facilitates participation of young artists in national and international art exchange programmes, festivals and exhibitions. The Handicrafts Association of Bhutan (HAB) serves as a platform for the promotion of traditional handicrafts and preservation of culture, community and local environment.

25.– Civil Society Organizations Authority. Retrieved on 24 February 2020. Available from <https://www.csoa.org.bt/csoaims/public/w/csoaauthority>.

**Table 4: Civil societies, organizations and associations supporting creative industries**

Type of organization	Organization	Work scope
Chamber of commerce	Bhutan Chamber of Commerce and Industry (BCCI)	<ul style="list-style-type: none"> <li>• Holds regular dialogues with the government to advocate, provide feedback and represent businesses of Bhutan during policymaking</li> <li>• Conducts market surveys and economic research</li> </ul>
Public benefit organization	The South Asian Association for Regional Cooperation (SAARC) Business Association of Home Based Workers (SABAH Bhutan)	<ul style="list-style-type: none"> <li>• Operates in the textile and fashion industries</li> <li>• Improves women entrepreneurs' product development skills and supports their market access</li> </ul>
	Clean Bhutan (CSO)	<ul style="list-style-type: none"> <li>• Aims to encourage sustainable consumption lifestyle for the Bhutanese by using available resources efficiently</li> <li>• Organizes activities, including creative craft programme, which turns waste into useful items such as mats and baskets (weaving plastic waste)</li> </ul>
	Bhutan Media Foundation (BMF)	<ul style="list-style-type: none"> <li>• Sustains democracy by developing the Bhutanese media through transformational initiatives that promote quality journalism, advance media innovation, engage communities and foster freedom of expression, information and press</li> </ul>
	Tarayana Foundation	<ul style="list-style-type: none"> <li>• Based in Thimphu and operates in remote areas to help rural communities</li> <li>• Serves to bridge the gaps between larger national initiatives and local grassroots requirements</li> <li>• Supports community capacity building and economic empowerment</li> <li>• Provides a scholarship to successful students</li> </ul>
	Loden Foundation	<ul style="list-style-type: none"> <li>• Preserves Bhutan's cultural heritage</li> <li>• Aims to develop an extensive digital database of Bhutan's written and oral cultural works</li> <li>• Offers Loden Entrepreneurship Programme (LEP) that promotes and encourages entrepreneurial activity, while maintaining social and ethical responsibility</li> </ul>
	Bhutan Youth Development Fund (BYDF)	<ul style="list-style-type: none"> <li>• Provides equal access to education, meaningful employment and opportunities for youth</li> <li>• Advocates youth-oriented policies and strategic partnerships, participation and awareness-raising campaigns</li> </ul>
	Bhutan Association of Women Entrepreneurs (BAoWE)	<ul style="list-style-type: none"> <li>• Founded in 2010</li> <li>• Encourages and helps women to recognize their strength and become entrepreneurs</li> </ul>
	Bhutan Centre for Media and Democracy	<ul style="list-style-type: none"> <li>• Founded in 2008</li> <li>• Nurtures democracy in Bhutan through civic engagement, public discourse and media literacy</li> </ul>
Lho Mon Society	<ul style="list-style-type: none"> <li>• Founded in 2010 by Dzongsar Khyentse Rinpoche</li> <li>• Aims to uphold, support and promote sustainable development through grassroots, education and training initiatives</li> </ul>	

Type of organization	Organization	Work scope
Public benefit organization	Royal Textile Academy	<ul style="list-style-type: none"> <li>• Instituted in 2005 under the patronage of Her Majesty Queen Mother Sangay Choden Wangchuck as a non-government, non-profit organization</li> <li>• Registered as a civil society organization (CSO) in 2011</li> <li>• Provides a centre for professional training, provides scholarships and develops cultural and educational programmes, collects and documents important textiles, organizes exhibitions and provides a conservation centre</li> </ul>
Mutual benefit organization	Film Association of Bhutan (FAB)	<ul style="list-style-type: none"> <li>• Promotes, encourages and protects all forms of film and music</li> <li>• Initiates trainings, festivals, awards and other supportive programmes in collaboration with other institutions</li> <li>• Authorizes movie screenings with the MoIC</li> </ul>
	Voluntary Artists' Studio Thimphu (VAST)	<ul style="list-style-type: none"> <li>• Aims to provide opportunity to Bhutanese youth to participate and develop their potential artistic talents, especially in contemporary arts</li> <li>• Provides art classes to youth, organizes art camps, and facilitates participation of young artists in national and international art exchange programmes, festivals and exhibitions</li> </ul>
	Handicrafts Association of Bhutan (HAB)	<ul style="list-style-type: none"> <li>• Serves as a platform for the promotion of traditional handicrafts and preservation of culture, community and local environment</li> </ul>
Non-profit organization	Writers Association of Bhutan (WAB)	<ul style="list-style-type: none"> <li>• Aims to bring together all Bhutanese writers</li> <li>• Is not a formalized association yet</li> </ul>

There are several regional and international agencies, foundations and associations that support creative industries development in Bhutan (Table 5). Traditional arts and cultural heritage are the main areas of the focus. The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is a regional organization comprising seven Member States of the Bay of Bengal. The First BIMSTEC Ministerial Meeting on Culture was held in Paro, Bhutan (2006). The meeting, now referred as the Paro Initiative, emphasized the need for the development and promotion of cultural industries towards poverty reduction and community vitalization.

Partnerships between the local CSOs and international organizations are particularly beneficial. With financial assistance from the Society Switzerland-Bhutan (SSB), four start-ups will be supported by the Loden Foundation by 2022. In addition, four exceptional Bhutanese entrepreneurs will be acknowledged

through Loden's Best Entrepreneur Award. Entrepreneurship promotion programmes in colleges and technical training institutes across the country will be also reinforced. FOA-FLUX, Zürich, and Choki Traditional Art School (CTAS) initiated an exchange project in educational settings dedicated to contemporary European and Bhutanese Buddhist art traditions (2010). The project explored how art practices and understanding in Switzerland and Bhutan are similar, yet different, and aimed to exploit the potential of arts.

Current availability of international projects is expected to be minimized. As Bhutan seeks to graduate from being a least-developed country to developing country in the year 2023 (end of the 12<sup>th</sup> Five Year Plan), the volume of international aid is expected to decline. This transition will supposedly affect sector development.

**Table 5: International organizations supporting creative industries**

Type of organization	Organization	Work scope
Regional/International cooperation/agency	The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)	<ul style="list-style-type: none"> <li>Regional organization</li> <li>Comprising seven Member States of the Bay of Bengal</li> <li>Supports cultural industries to reduce poverty and vitalize community</li> </ul>
	Japan International Cooperation Agency (JICA)	<ul style="list-style-type: none"> <li>One of the oldest operating cooperation agencies</li> <li>Initiated two projects in the creative industries:</li> <li>An emergency mobile network in Bumthang</li> <li>A centre for traditional handmade papermaking in Trashiyangtse</li> </ul>
	Austrian Development Agency	<ul style="list-style-type: none"> <li>An international agency</li> <li>Preserves cultural heritage such as the restoration of Trongsa Dzong, and construction of a law court in Wangdiphodrang</li> </ul>
	Media on Mars	<ul style="list-style-type: none"> <li>Creative digital communication agency from Australia</li> <li>Contributed to designing the King of Bhutan's Gross National Happiness website</li> </ul>
	Korea International Cooperation Agency (KOICA)	<ul style="list-style-type: none"> <li>Supporting the film industry through capacity building, study tours, equipment for film screening in 20 districts and organizing film festivals</li> </ul>
Foundation	India-Bhutan Foundation (2003)	<ul style="list-style-type: none"> <li>Aims to enhance people-to-people exchange in focus areas of education, culture and environment protection</li> <li>Initiated Drukyl's Literature Festival</li> </ul>
	Druk Foundation for Art Preservation (USA) (2014)	<ul style="list-style-type: none"> <li>Charitable entity in the USA</li> <li>Supports the preservation and conservation of Bhutan's arts and related activities</li> <li>Serves as the lead international fundraiser for the development and construction of the Buddhist Art &amp; Cultural Conservation Centre</li> </ul>
	Bhutan Foundation (USA)	<ul style="list-style-type: none"> <li>Restores monuments, and preserves and promotes traditional music</li> </ul>
	The Swiss-Liechtenstein Foundation of Archaeological Research Abroad (SLSA) (2008)	<ul style="list-style-type: none"> <li>Carries out research programme for the institutionalization of archaeology</li> <li>Provides training activities</li> <li>Is supported by Swiss universities, Helvetas, the Share Foundation and private donations</li> </ul>
	The Canada Fund for Local Initiatives	<ul style="list-style-type: none"> <li>Invests in the Handicrafts Association of Bhutan and the Royal Institute of Management</li> </ul>
Youth Co:Lab (United Nations Development Programme and Citi Foundation)	<ul style="list-style-type: none"> <li>A youth entrepreneurship initiative co-led by the United Nations Development Programme (UNDP) and Citi Foundation for the Asia-Pacific region</li> <li>Aims to help youths and sustain innovation and entrepreneurship skills</li> </ul>	
Society/association	Society Switzerland-Bhutan (SSB) + Bhutan-Switzerland Society (BSS) (2000)	<ul style="list-style-type: none"> <li>Encourages social, charitable, ecological, cultural and other philanthropic projects</li> <li>Works together with locals in Bhutan and Bhutan-Switzerland Society (BSS) (based in Bhutan)</li> </ul>





# CREATIVE INDUSTRIES' COMPETITIVENESS DIAGNOSTIC

Key competitiveness constraints in the creative industries in Bhutan were identified through extensive desk research, review of development policies, industry stakeholders' consultations and field-based interviews with stakeholders.

The ITC SME Competitiveness Survey model given below is used to assess firms' strengths and weaknesses, the wider business ecosystem and the national environment.

The SME Competitiveness assessment is split into three key pillars:

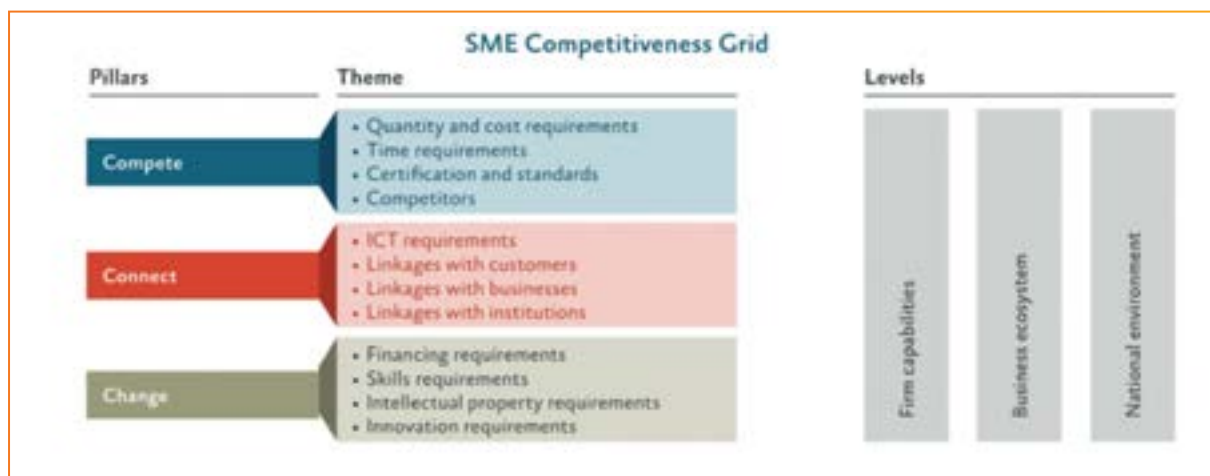
- Capacity to compete is the static dimension of competitiveness. It assesses whether current production is efficient and meets market requirements.
- Capacity to connect is the connectivity dimension of competitiveness. To be competitive, firms must link to customers, businesses and institutions, and be literate in information and communications technology.

- Capacity to change is the dynamic dimension of competitiveness. It assesses whether firms have the capacity to make human and financial investments to adapt to fast-changing markets.

The pillars are further subdivided into three levels:

- Firm capabilities assesses whether firms can manage resources under their control.
- The business ecosystem is made up of support institutions that supply enterprises with the resources or competencies they need to be competitive.
- The national environment is primarily set by government and refers to the macroeconomic and regulatory environment under which enterprises operate.

Figure 18: ITC SME Competitiveness Grid



Source: ITC – SME Competitiveness Survey.

## Constraints at the firm level

**Table 6: Constraints to competitiveness at a firm level**

Trade capacity	Constraints	Need for action
Capacity to compete	<ul style="list-style-type: none"> <li>• Lack of skilled labour</li> <li>• Lack of suitable materials/equipment/facilities</li> <li>• Low product/service quality compliance (e.g. fashion design)</li> <li>• Lack of authenticity (e.g. audiovisuals)</li> <li>• Low level of awareness about IP rights</li> </ul>	
Capacity to connect	<ul style="list-style-type: none"> <li>• Limited access to ICT</li> <li>• Weak marketing</li> </ul>	
Capacity to change	<ul style="list-style-type: none"> <li>• Constraints to access to finance</li> <li>• Low level of financial literacy</li> <li>• Lack of awareness of high economic value of the creative industries (CI)</li> </ul>	

### Overall constraints

There are several issues affecting firm competitiveness, among which availability of skilled labour is one of the most challenging. As industry stakeholders highlighted during the consultations, the issue is critical for almost all the subsectors of the creative industries. Since there are few courses offered in the CI by Bhutanese TVET, it is hard to get appropriate knowledge at the formal level. There are only a few professionals who can afford to get education abroad. Most creative actors learn by doing in the field. Demand for skilled labour is high in management and in operations. The issue is critical, as creative actors lack business administration and management skills. In addition, most of the time, they have to multitask, since either there is no skilled workforce or there is no financial availability to hire more staff. Lack of professionalism affects the quality of goods and services produced.

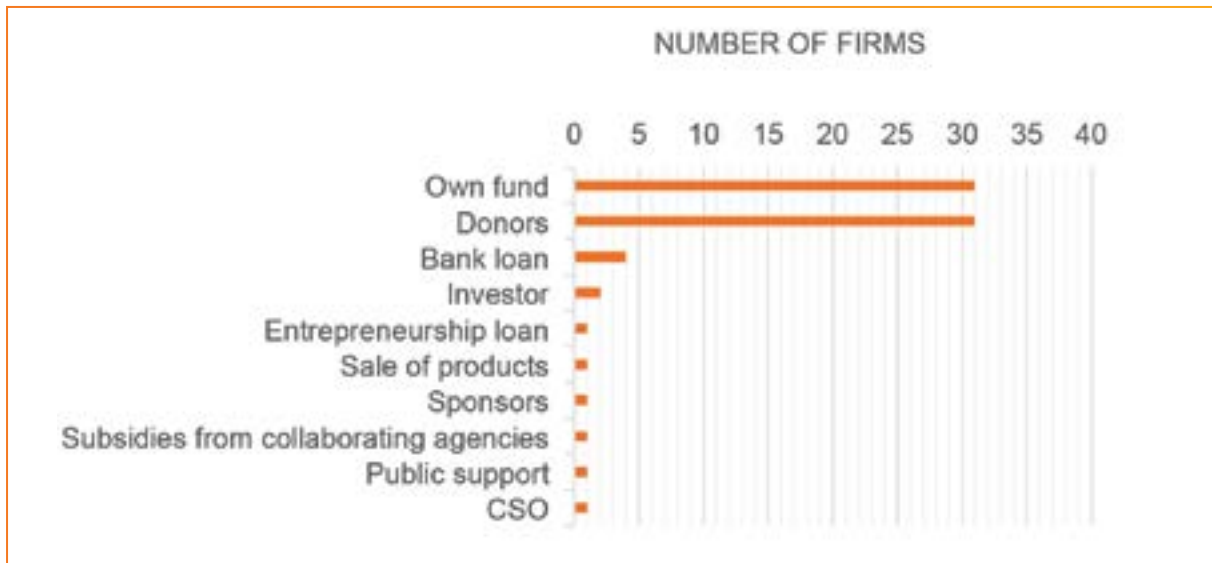
Product competitiveness on the export market is affected by the lack of authenticity and quality compliance. A great variety of creative goods lack quality, as the raw materials are imported from a neighbouring country having poor quality. The majority of the materials are manufactured by machines and are integrated with chemical materials. In addition, there is a low level of creativity, as pattern, style and design are similar to one another across creative goods. Speaking of product competitiveness, the issue of

the production capacity needs to be raised. Due to the absence of the economies of scale and high concentration on the national market, the final product lacks market competitiveness. Enterprises need to focus more on the cost advantages that can be obtained through increasing the scale of operations and expanding the market focus.

Cottage and small industries (CSI) in Bhutan are limited in their capacity to change due to insufficient access to funds and a low level of financial literacy. There is a lack of financial support at the mid and later stages of business development. Investments from the public and from private sources are not sufficient to ensure sustainable growth of the businesses or support their market access through sponsoring CSI participation in international trade fairs or other business-to-business and business-to-consumer events. The companies finance their activities mainly with their own funds or from donors (Figure 19). As research found, most firms expressed their need for financial support to enhance market entry. However, financial institutions are reluctant to finance their work due to limited market and poor return. In many cases, those who avail bank loans do it by mortgaging other collateral, and not in the registered business. In addition to constraints in access to finance, it is important to note the issue of financial literacy. In some cases, entrepreneurs lack knowledge in managing financial resources, loan acquisition, management and interest rates.



Figure 19: Activity funding



Source: Data from the 2020 Creative Industries' Enterprise Survey.

There is a lack of awareness of the high economic value of the CI among youth and entrepreneurs. A lot of people prefer to start up a business in a field other than the creative industries, as information is not available on profitability of the CI. The statistics and economic value of the CI need to be captured and spread among CSI and other entrepreneurs in order to raise awareness and increase their participation in CI-related activities and trade. Entrepreneurs doing business in the creative industries lack a mindset that is more export-oriented. It is important to think globally and start creating a product that has high quality and can be competitive on the export market. Due to the sector constraints, entrepreneurs often find it difficult to motivate themselves and create products that can be scaled globally.

### Subsector-specific constraints

In audiovisuals, there are issues of authenticity, piracy and funding that require action from the public and private sectors. According to independent filmmakers, Bhutanese films need to be improved technically and from the storytelling perspective in order to overcome the influence of Bollywood and emphasize Bhutanese stories. As reported by independent filmmakers, the issue is actually that the Bhutanese grew up watching Bollywood films, and eventually it has led to the same style in production. Finding authentic stories to tell and adopting an original way to visualize them is required in order to stress the value of the Bhutanese audiovisual sector and make it export capable. In addition, funding remains a crit-

ical constraint; there is a lack of financial support to produce high-quality content. The private sector invests less and less in the sector, while public resources to fund documentaries and TV series are not sufficient.<sup>26</sup>

Furthermore, illegal downloads and piracy violates intellectual rights of the filmmakers and impacts their income generation. Finally, yet most importantly, the issue of skills needs to be addressed. There is no school specializing in filmmaking. Professional expertise learned in the field lacks structure and organization. Scriptwriters learn through practice; they are mainly actors, directors or producers who have some sort of experience from making films in the past. Scripts are written based on their interest and sometimes even immature writers manage to sell scripts successfully due to the absence of other options. Consequently, a final product lacks professionalism and quality.

The craft sector is particularly characterized by a low level of diversification and creativity, which affects its competitiveness and market reach. From the supply side, there are weaknesses in quality and product authenticity. Most production is similar in terms of shape, colours, patterns and commodities. For example, all the computer bags produced by various artists have a similar design and style; there is a lack of creativity and originality. From the market perspective, one of the constraints is market access. Artists find it challenging to sell production on the domestic market, as the number of visitors/buyers is low. In addition,

26.— Royal Government of Bhutan, Ministry of Information and Communication. National Film Policy of Bhutan. Retrieved on 29 January 2020. Available from <https://www.moic.gov.bt/wp-content/uploads/2016/05/Bhutan-Film-Policy-Final-edited.pdf>.






their export capabilities are weak to connect to international markets. Moreover, a large number of the crafts is imported from India and Nepal at a lower price, which competes with the locally produced goods and is sold faster.

**Fashion design goods have the same issues in terms of authenticity and quality compliance.** Traditionally, materials were handmade: harvesting and collecting the raw material (cotton, sheep or yak wool), spinning and dyeing the yarn (with natural pigments), choos-

ing patterns and weaving were done in a delicate manner. Nowadays, most Bhutanese designers get their supplies from India, because it is cheaper, effortless and doesn't consume much time. However, imported Indian threads are machine-made blended with chemical products. This practice impacts Bhutanese traditions and environmental values and results in a lack of handmade materials 100% from Bhutan. The fashion design houses need to focus on locally produced raw materials and keep quality high to reach a solid share on the market.

### Constraints at the business ecosystem level

**Table 7: Constraints to competitiveness at the business ecosystem level**

Trade capacity	Constraints	Need for action
Capacity to compete	<ul style="list-style-type: none"> <li>Lack of events connected to CI (i.e. exhibitions, music shows, conferences and talks)</li> </ul>	
Capacity to connect	<ul style="list-style-type: none"> <li>Weak marketing</li> <li>Lack of exhibition spaces and galleries</li> <li>Limited number of lobbying organizations and associations</li> </ul>	
Capacity to change	<ul style="list-style-type: none"> <li>Limited capacity to access finance</li> </ul>	

### Overall constraints

**Firms' trade capacity at the business ecosystem level is impacted by the lack of appropriate facilities and hubs to accelerate creativity and innovation.** There is a need for physical space, creativity centres and galleries that could serve as creativity and innovation accelerators and increase visibility of CI locally and internationally. In addition, the association system is weak on the business ecosystem level. Associations are absent in most subsectors; those that are present have a low capacity to strengthen subsector development. Centres for the creative industries are essential to strengthen the creative community and bring together artists, encourage interaction between them and raise the prestige of the creative industries. In addition, it is paramount to decentralize creative goods/services production and consumption and include all the remote regions of the country. At the moment, Thimphu is the major hub of creativity. Considering that, in other regions, there are a lot of people, especially youth and women, interested in the creative industries, it is important to reach out to and support them. This will create additional employment opportunities in the remote areas and will overall support the economy.

### Weaknesses in the ICT sector impact marketing efficiency.

In spite of the fact that the number of ICT service providers has been growing recently, the ecosystem in the country is in its initial stage of development. The online presence of firms is rather weak. Affordable and reliable access to ICT, especially in remote areas, still remains challenging. The sector needs further support to improve ICT infrastructure, allow businesses access to information and resource knowledge, reach the wider public and optimize digital marketing.

### There is a limited number of enterprises supported by the ministries and sector associations.

The majority of the creative industries' firms surveyed<sup>27</sup> are not in contact with ministries, sector associations, the chamber of commerce, or a trade or investment promotion organization. This can be due to the fact that the investment promotion organizations, trade promotion organizations, chamber of commerce and sector associations do not directly cater to the creative industry. However, the companies that are in contact with such institutions work closely with the ministries for which they procure services or seek approval to organize shows, for example. Some of the companies are also in contact with sector associations, because they are members of an association related to their creative industry, like the Film As-

27.- The ITC enterprise survey of the creative industries in Bhutan (2020).

sociation of Bhutan (FAB), for instance. Few of them are members of the Bhutan Chamber of Commerce and Industry (BCCI), which would make it easier for them to link up with this institution. The subsector associations have been primarily set up to represent sector/subsector interests in the policy arena and have contributed to various initiatives in the creative arts sector through interventions in identified targeted subsectors. However the approach has been at an activity and subsector level and resulted in fragmented work and was not aimed at the larger interest of bringing together the creative sector as a whole.

**There is a need for support in easing market access.** Firms in the creative industries need institutional support to increase exports, particularly in the area of marketing and market information access. Assistance is required in marketing strategy to access the wider market, both domestically and internationally (Figure 20). Specificities of the creative industries need to be taken into account by institutions to have a more customized approach. In addition, firms need to be supported in terms of raising awareness about laws and regulations. Clearer laws and regulations will support market access strategies implementation and facilitate market entry.

**Figure 20:** Areas in need of institutional support to improve exports



**Source:** Data from the 2020 Creative Industries' Enterprise Survey.

### Subsector-specific constraints

**Audiovisuals connection to the market is hampered by the lack of appropriate infrastructure.** There are few screens in the country, mainly located in Thimphu and Paro. Bhutanese films are highly popular in the cities as well as in the remote areas. However, the rural population do not have the same access to movies. The same goes for the rest of audiovisual production like music. There are challenges to having formal distribution channels. Music is mostly advertised through social media; formal distribution channels and sale marketplaces are absent. There are only a few bars and hotels that offer the opportunity for musicians to perform. Therefore, musicians do not directly earn income through sales – they make a living by participating in the few live shows organized by hotels. There is also the issue of piracy. Due to the absence of proper distribution channels, musicians upload

music to YouTube, which is downloaded and consumed illegally.

**Limited financial resources constrain development of the performing arts.** Religious festivals are supported and managed by the monastic body and the government. Few non-religious festivals are financially supported by international associations, royal funds and non-governmental organizations, and funds can be difficult to source.

**Creative writing, publishing in particular, needs more support in improving the business ecosystem and strengthening market linkages.** Writers need to go through cumbersome procedures and steps to get work printed and distributed. Many writers print in neighbouring countries due to the low cost, but then the issue of transportation and distribution occurs. Some authors are self-published and spent several thousand

dollars on each book and do most of the work, from editing to graphic design, layout, distribution and sales. A few publishing houses in Bhutan prefer to print textbooks, which are much more profitable than novels are. Bhutanese novels cost approximately \$5 each. Therefore, earned income does not outweigh expenses and is not sufficient compensation for writers.<sup>28</sup>

**Capacity to connect to the international market is limited in fashion design.** The number of fashion houses in Bhutan, especially in the capital, is increasing. The

fashion houses are sometimes owned by people from different backgrounds, but the majority of owners are wealthy. They manage to keep quality and rate high. However, their international market linkages are rather weak. As reported by the industry actors, for most entrepreneurs, the fashion business is not sustainable, as there is a lack of support from the public sector and, on the business ecosystem level, the challenge of cooperation remains critical. Fashion houses fail to share information with each other and work together to promote the Bhutanese fashion abroad.

### Constraints at national level

**Table 8: Constraints to competitiveness at the national environment level**

Trade capacity	Constraints	Need for action
Capacity to compete	<ul style="list-style-type: none"> <li>Strong regulations on form and content of creative industries</li> <li>Limited creativity and innovation</li> <li>Low level of enforcement of IP regulations</li> <li>Lack of reward and official recognition system for creativity and innovation</li> </ul>	
Capacity to connect	<ul style="list-style-type: none"> <li>Weaknesses in the CI supporting public organizations</li> <li>Few distribution channels and marketing</li> <li>Lack of access to information</li> <li>Weak national branding</li> </ul>	
Capacity to change	<ul style="list-style-type: none"> <li>Lack of statistics for the sector</li> <li>Informal economy</li> <li>Limitations in access to finance</li> <li>Few TVET courses in the creative industries</li> <li>No updates in curricula</li> </ul>	

### Overall constraints

Public institutions and regulatory bodies contribute significantly to the creative industries' performance in Bhutan. Progress has been evident over the years, yet some challenges remain at the institutional level requiring prompt action from policymakers.

**First, the availability of data and statistics on the creative industries is rather limited.** As the research has found, the Department of Revenue and Customs, Ministry of Finance (MoF) provides licences for entrepreneurs and processes registrations for the purpose of tax collection. However, the registration procedures do not require a description of activities; therefore, the businesses are categorized under other related activities. This makes it challenging to

obtain sector-specific data from MoF and leads to unavailability of disaggregated data.

**Creative industries have not been targeted by specific and dedicated policies.** In general, the creative industries in the country are not organized properly and included in the mainstream development sectors. They are generally categorized under cottage and small industries (CSI) and, therefore, mixed with other entrepreneurship activities. Several subsectors of the creative industries that are based on traditions and culture tend to be encouraged by the government more than the new emerging subsectors that have to do with modernity. The society well acknowledges subsectors such as arts, regarded as a decent profession, as there is an emphasis on culture and tradition preservation from the government. On the

28. – The New York Times, Gettleman, J. A New, Flourishing Literacy Scene in the Real Shangri-La (19 August 2018). Retrieved on 29 January 2020. Available from <https://www.nytimes.com/2018/08/19/books/bhutan-literary-festival-himalayas-shangri-la.html>.

contrary, there is a lack of awareness of other subsectors, their potential and economic value. It is difficult to access information about them and there is no proper education offering encouragement to select modern subsectors of the creative industries as a career path. Awareness-raising campaigns from the public sector are required in order to strengthen the image of the CI among the public and demonstrate their potential to generate employment.

**In addition, most economic activities in the creative industries are informal.** A lot of the activities in this sector are just beginning to evolve with the emergence of entrepreneurship. However, much of this growth is happening informally and not necessarily accounted for in the formal economy. There is a lack of understanding of the informal economy and, even in decision-making, the concept of informal and gig economy is not used in deliberating policies and inducing them into the formal economy. For instance, musicians in Bhutan do not have a formal way of registering for taxes and, in most situations, this income is not reported or reflected as personal income.

**One of the limitations identified is strong regulations on creative activity, both on form and content.** There are few laws, policies, rules and regulations that cover creative industries. While some subsectors are well framed, other subsectors of the creative industries have to refer to general rules and regulations like "rules and regulations on content" or "rules and regulations on publication", which is not specific to their activities. Regulations have the significant function of preserving culture, and promoting rich traditions and heritage. However, they might not allow innovation in the sector and limit creativity in non-traditional subsectors of the industry. To ensure that the non-traditional sides of the sector are framed by relevant regulations and that the traditional side of the sector is appropriately preserved, a review and update of the regulatory framework on the entire creative industries is required.

**From a regulatory perspective, what is missing appears to be an approach to understanding the unique nature of the creative sectors and their subsectors.** Although there are many rules and regulations to manage the sector's content and evolution, due to the lack of its proper classification and its governance in business as a CSI (no different from any other business sector), the discussion for its expansion and growth is taking a piecemeal approach, with the various interest groups vying for their agenda. The lack of a defined understanding of the creative sector has potentially placed barriers for the various subsector stake-

holders to come together and represent a collective position in the policy process as the creative industries.

**Intellectual property rights protection needs to be strengthened in Bhutan, as highlighted by industry stakeholders.** Most local artists are unaware of the intellectual property fundamentals and royalties that can be collected. There is a gap in communication between relevant public authorities and artists. Copyright protection is automatic, while firms have to register for trademarks and certification marks, but almost half of the surveyed companies said they did not have any intellectual property protection. These results confirm a lack of awareness in terms of protecting intellectual endeavours.

**The research and bilateral meetings with CI actors confirmed that the development of the creative industries is limited by the weak TVET ecosystem.** This issue is to be further discussed in the following section in connection with the skills gaps. However, it needs to be mentioned here that CI are barely covered by education institutions and, in most cases, curricula are outdated. The majority of the artists learn by doing, or by practising in the field. Consequently, their work lacks some of the fundamentals that impact overall quality. A few Bhutanese, who can afford to go abroad to get education, are leaving the country. However, upon return, they often find themselves conflicting with the traditional style and societal norms that limit their creativity and freedom of expression. There is a need to strengthen creative industries by supporting the TVET ecosystem and updating curricula to upgrade youth skills for meeting labour market demand.

### Subsector-specific constraints

**Regulations enforced to maintain cultural identity might be constraining creativity and innovation in creative writing.** This subsector is a basis for the audiovisuals and music subsectors – writers have to go through an assessment; in some cases, authentic content might be modified. In some other cases, actors might not be willing to communicate the message due to the regulations. For instance, the film by Dzongsar Jamyang Khyentse Rinpoche, Hema Hema: Sing Me a Song While I Wait (2016), was refused to be screened in Bhutan by the Bhutan Infocomm & Media Authority (BICMA) due to an inappropriate use of religious masks. However, the film was the nominee (audience choice award) at the Minneapolis St. Paul International Film Festival and received an award (platform prize, honourable mention) from the Toronto International Film Festival.



In addition, in creative writing, there is a challenge to adapt to modern style while also following traditional patterns. For example, there is an ongoing debate about writing in Dzongkha versus writing in English. Most literary actors argue about the importance of retaining cultural identity and developing literature in Dzongkha. Indeed, young Bhutanese writers see themselves as the guardians of their national culture, aiming to write about authentic lifestyle and traditions.

**The audiovisuals subsector is affected by a skills gap.** As seen previously, there are no professional lyrics writers, even though many are experienced. Making a living is not expected through the activity; writing is out of interest and/or to communicate a message. Similarly, film/TV scripts are done based on experience rather than professional expertise. Normally, these are actors, directors and producers who are the scriptwriters and choose themes based on their interests. In some cases, even immature writers manage to sell scripts, as there are no other options for filmmakers. The handful of people who learned

scriptwriting were educated abroad, as there are no filmmaking schools in Bhutan.

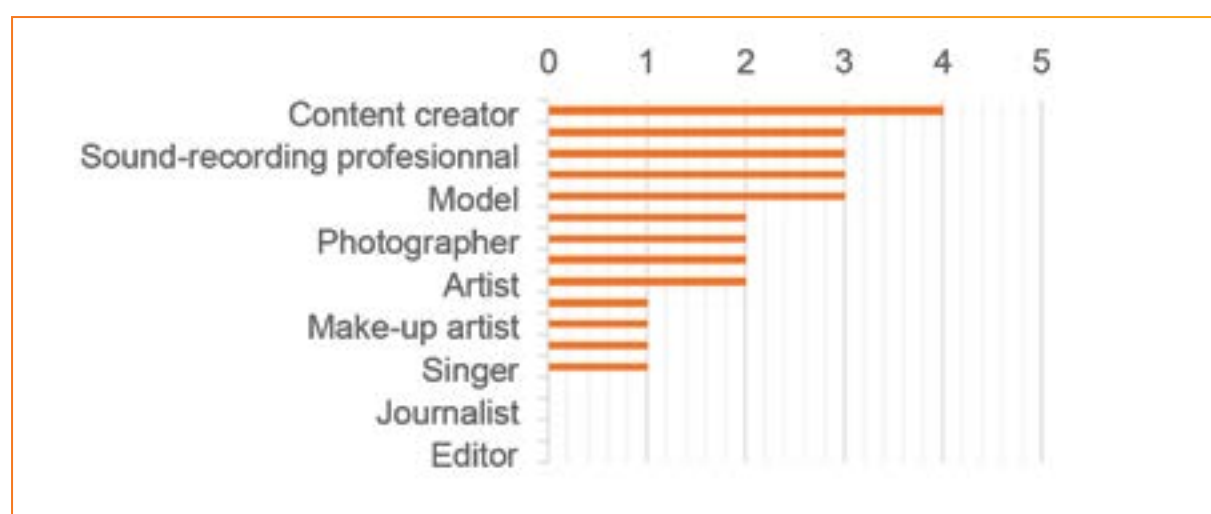
### Limitations in youth inclusion in the creative industries

#### Skill gap assessment

The ITC Creative Industries' Enterprise Survey in 2020 covered 40 firms in the sector and identified the main areas where the skills gaps are present. The below paragraphs introduce the survey's major findings related to the skills gaps assessment.

The most difficult profile to find according to respondents is a content creator. However, designers, sound recorders, tailors and models also appear to be rare in the job market (Figure 21). Few encounter difficulties in finding actors, photographers, technicians, artists, broadcasters, make-up artists, presenters and singers. On the contrary, results show that it is relatively easy to find reporters, journalists, hairstylists and editors.

**Figure 21: Difficulty to find occupational profiles**

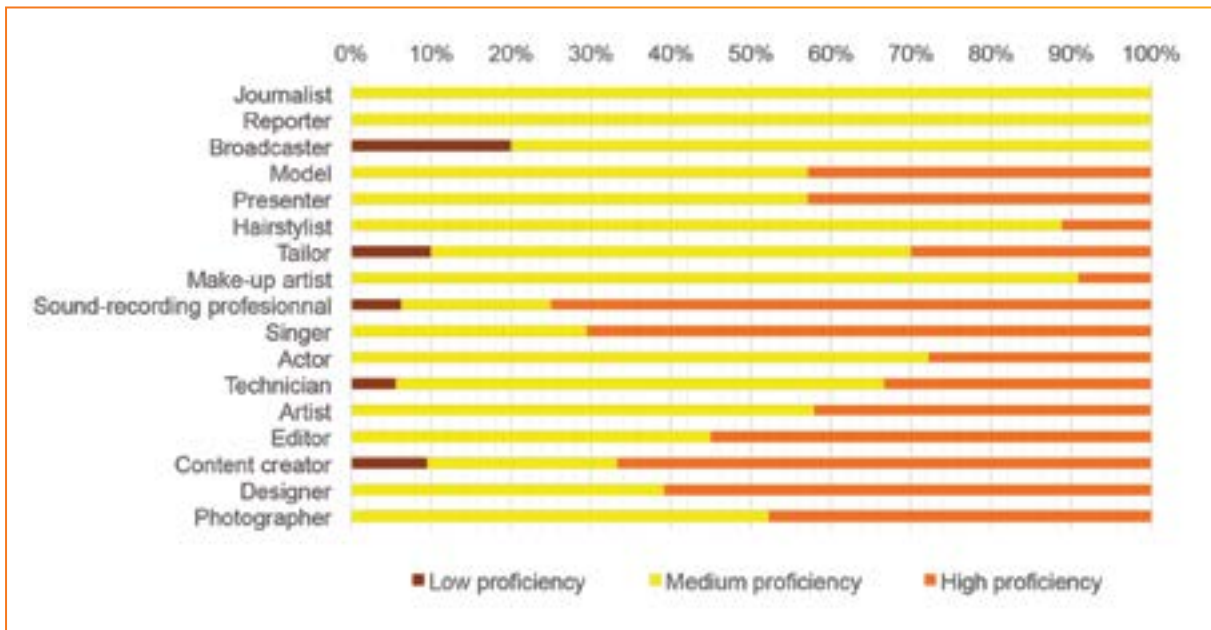


**Source:** Data from the 2020 Creative Industries' Enterprise Survey.

**The majority of the companies rate the staff proficiency profile between medium and high.** Only five occupations are considered to have a low proficiency. Among the less well-rated occupations are reporter, journalist and broadcaster, which have a high proficiency rating of zero (Figure 22). Profiles that are considered

between medium and high proficiency are the ones that get the best satisfaction from creative industries participants and it concerns the models, presenters, hairstylists, make-up artists, singers, actors, editors, designers and photographers.

Figure 22: Proficiency level of occupational profiles

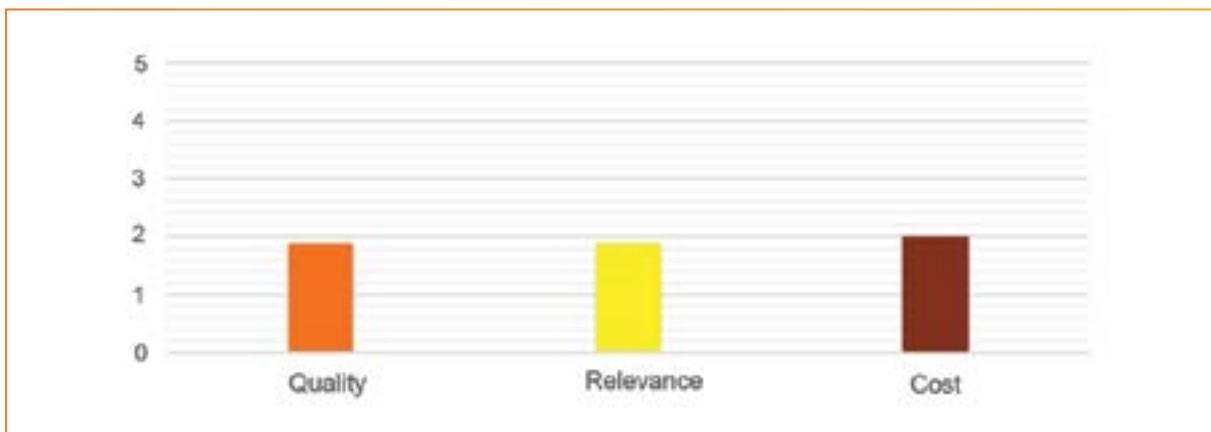


Source: Data from the 2020 Creative Industries' Enterprise Survey.

In most cases, education and training institutions do not meet the needs of companies. The poor ratings reported in Figure 23 show that the firms are unsatisfied with the quality, relevance and cost of the trainings.

This is mainly because there are hardly any national education/training institutions or providers in the relevant sector, rather than due to poor services from existing training institutions.

Figure 23: Education/training institutions rating (5 – the highest rating)



Source: Data from the 2020 Creative Industries' Enterprise Survey.

The main challenge faced with education is the absence of courses or schools on the relevant topics for creative industries, requiring firms to train abroad. Figure 24 shows that, for most companies, no training is available nationally and they need to train abroad. Firms also

mention that there is no training on the required topics or the training content is incomplete. This explains why the creative industries are not satisfied with the education, training institutions or providers relevant to the sector.

**Figure 24:** Challenges related to education/training institutions

**Source:** Data from the 2020 Creative Industries' Enterprise Survey.

**Table 9:** TVET institution distribution in the creative industries according to subsector

Category	Subsector	Institution	Description	Fees	No of graduates	City
Arts	Performing arts	Royal Academy of Performing Arts (RAPA)	<ul style="list-style-type: none"> <li>Bhutanese Government body under the Ministry of Home and Cultural Affairs (MoHCA) (1954)</li> <li>Religious and secular folk music and dance</li> </ul>			Thimphu
		Gokab Dance Studio	<ul style="list-style-type: none"> <li>Dance classes and competitions</li> <li>Provides opportunities to participate in international competitions</li> </ul>			Thimphu
	Visual arts	Yonphula Centenary College (YCC)	<ul style="list-style-type: none"> <li>A new constituent college (2017) of the Royal University of Bhutan</li> <li>Postgraduate programmes in Arts, Sciences, Creation and Innovation</li> </ul>			Trashigang
Audiovisuals						
Creative writing		College of Language and Culture Studies (CLCS)	<ul style="list-style-type: none"> <li>A college of the Royal University of Bhutan</li> <li>Diploma and undergraduate programmes in Language and Culture, Language and Literature, Language and Communication</li> </ul>			Trongsa
Design	Arts and crafts	National Institute for Zorig Chusum (IZC)	<ul style="list-style-type: none"> <li>Traditional art and crafts (1971)</li> </ul>			Thimphu

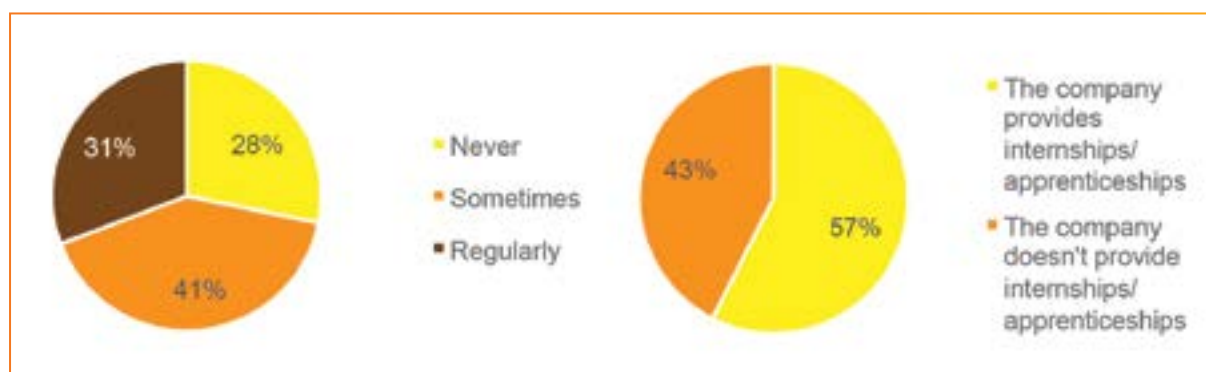
Category	Subsector	Institution	Description	Fees	No of graduates	City
Design	ICT	Choki Traditional Art School (CTAS)	<ul style="list-style-type: none"> <li>Private traditional art school (1999)</li> </ul>			Thimphu
		Sherubtse College	<ul style="list-style-type: none"> <li>One of the oldest (1968) colleges of the Royal University of Bhutan</li> <li>Bachelor in Computer Applications, IT, and Science; a Postgraduate Certificate in Teaching Information Systems</li> </ul>			Trashigang
		Royal Institute of Management (RIM)	<ul style="list-style-type: none"> <li>Management courses (1986)</li> </ul>			Phuntsholing
		Gyalpozhing College of Information Technology (GCIT)	<ul style="list-style-type: none"> <li>A new constituent college (2017) of the Royal University of Bhutan</li> <li>Offers an undergraduate programme in Bachelor of Computer Applications, BSc in Computer Science and Bachelor of Science in IT</li> </ul>			Mongar
		College of Science and Technology (CST)	<ul style="list-style-type: none"> <li>A part of the Royal University of Bhutan</li> <li>Undergraduate programmes in Civil Engineering, Electrical Engineering, Electronics &amp; Communications, Engineering and IT, Architecture</li> </ul>			Phuntsholing
		Bhutan Institute of Information Technology and Management	<ul style="list-style-type: none"> <li>International language, IT and management training</li> </ul>	From Nu 2 500 to Nu 3 000 per month for IT and management	In 2019, 170 students and 130 in service trainees completed course	Paro Thimphu
		Rigsum Institute of Technical Education and Management Studies (RIIT)	<ul style="list-style-type: none"> <li>A private institute (1998)</li> <li>Modern management and IT</li> </ul>	Nu 10 500 for an IT course for three months		Thimphu
		Druk Institute of Management & Technology (DIMIT)	<ul style="list-style-type: none"> <li>A private institute (2017)</li> <li>IT</li> </ul>			Phuntsholing



Category	Subsector	Institution	Description	Fees	No of graduates	City
Design	ICT	iBEST STUDIOS	<ul style="list-style-type: none"> <li>A newly established private institute</li> <li>Entrepreneurship, management, multimedia, media, technical and engineering</li> </ul>			Thimphu
	Fashion	Fashion Institute of Technology (FIT)	<ul style="list-style-type: none"> <li>Fibre, fabrics and fashion industry (2018)</li> </ul>	Nu 95 000 for one year	9 (2019)	Thimphu
		Royal Textile Academy of Bhutan (RTAB)	<ul style="list-style-type: none"> <li>Traditional weaving, the art of yarn dyeing, design and colour combinations, business and bookkeeping skills</li> </ul>			Thimphu
		Druk Tshemzo Training Institute (DTTI)	<ul style="list-style-type: none"> <li>A private training institute (2014)</li> <li>Tailoring and embroidery</li> </ul>			Thimphu
Music		Kilu Music School	<ul style="list-style-type: none"> <li>A government-certified classical music institute. Runs as a non-profit institution (2005)</li> </ul>			Thimphu

**On-the-job training and internships in the creative industries are common.** An important portion of companies provides some on-the-job training (41%) to employees and more than half of the companies provide internships or apprenticeships to employees (Figure 25). The majority of the creative industries surveyed (85%) planned to recruit more people in the future.

**Figure 25: Provision of on-the-job training and of internships or apprenticeships**



**Source:** Data from the 2020 Creative Industries' Enterprise Survey.

Access to the labour market for women and youth is challenging due to the skills gap. There is a significant mismatch of the labour market's demand and available skilled workforce. Even though the number of youth that enter the labour market annually is high, their skills do not meet employers' needs. The root cause of the problem is to be found in the weak TVET ecosystem. In addition, access to decent employment is more challenging for women than for men. The situation has been improved in this sense; however, women still need empowerment to acquire more high-level positions in trade-related industries. The government acknowledges the issues and identifies upskilling youth as a priority. The 12th Five Year Plan, in its National Key Results Areas (NKRA), aims to support skills development (NKRA 2), quality education and skills (NKRA 7), and productive and gainful employment (NKRA 11). In addition, NKRA 10 pursues closing the gender gaps in employment.<sup>29</sup>

29.- The Royal Government of Bhutan, Ministry of the Economic Affairs, Department of Trade (2020), Diagnostic Trade Integration Strategy Update.

### Entrepreneurship support gaps

Entrepreneurship is still in its initial stage of development in Bhutan. The government identified support of entrepreneurship as a priority area that has potential to address critical issues such as youth unemployment.

Youth comprise a large segment of the Bhutanese population severely affected by unemployment. By 2018, 50% of the population was younger than 27, and the unemployment rate reached 15.7%, which is a sharp

increase from 10.7% marked in 2015. Considering the growing number of the job seekers entering the labour market each year, the Bhutanese Government recognized the critical role of entrepreneurship in employment generation, especially for youth. Bhutan Vision (2020), Economic Development Policy (2016) and Five Year Plan (2018–2023) identify youth unemployment as one of the country's main concerns. Supportive policies are being adopted in order to increase private sector involvement, issue fiscal incentives and protect intellectual property.

**Table 10: Entrepreneurship support organizations and programmes**

Organization/ programme	Activity focus	Location
Thimphu TechPark (TTP)	<ul style="list-style-type: none"> <li>• Incubation hub with the data centre</li> <li>• Provides furnished workspace</li> </ul>	Thimphu
iHub: Private incubation centre	<ul style="list-style-type: none"> <li>• Incubation centre</li> <li>• Offers entrepreneurship training and mentoring</li> <li>• Supports start-ups in product development, market access, business planning, accounting, legal and registration topics</li> <li>• Provides workspace with lower rent on flexible terms</li> </ul>	Thimphu
Entrepreneurship Promotion Centre (EPC) Ministry of Labour and Human Resources (MoLHR)	<ul style="list-style-type: none"> <li>• Entrepreneurship promotion centre</li> <li>• Promotes creativity, innovation and entrepreneurial culture through trainings, entrepreneurship programme in technical vocational education and training (TVET), colleges and schools</li> <li>• Initiates business incubation centres, supports new start-ups for job creation</li> <li>• Conducts the Student Business Seedling Program with a three-month Business Acceleration Program, Entrepreneurship Awareness Program, a Training of Trainer (TOT) on New Business Creation, the Global Entrepreneurship Week (GEW), the Start-up Innovation Tech Week, and the Start-up Weekend</li> </ul>	Thimphu
Start-up Center/ Ministry of Economic Affairs (MOEA)	<ul style="list-style-type: none"> <li>• Start-up centre</li> <li>• Provides working space</li> <li>• Offers programmes such as mentoring, training, marketing, product design and development, linkages to financial institutions, product development through prototyping and other business development services</li> </ul>	Thimphu
Business Acceleration Programme – BizAP/Druk Holding and Investments (DHI)	<ul style="list-style-type: none"> <li>• Business Acceleration Programme powered by Druk Holding and Investments (DHI)</li> <li>• Provides training, funding, mentorship and advisory services to support entrepreneurship</li> </ul>	Thimphu

Progress has been evident over the years, yet challenges remain that require the immediate action of policymakers.

There is a lack of awareness of entrepreneurship culture among youth. It is not considered a serious career path. One of the root causes of this is the absence of appropriate education. In Bhutan, youth get famil-

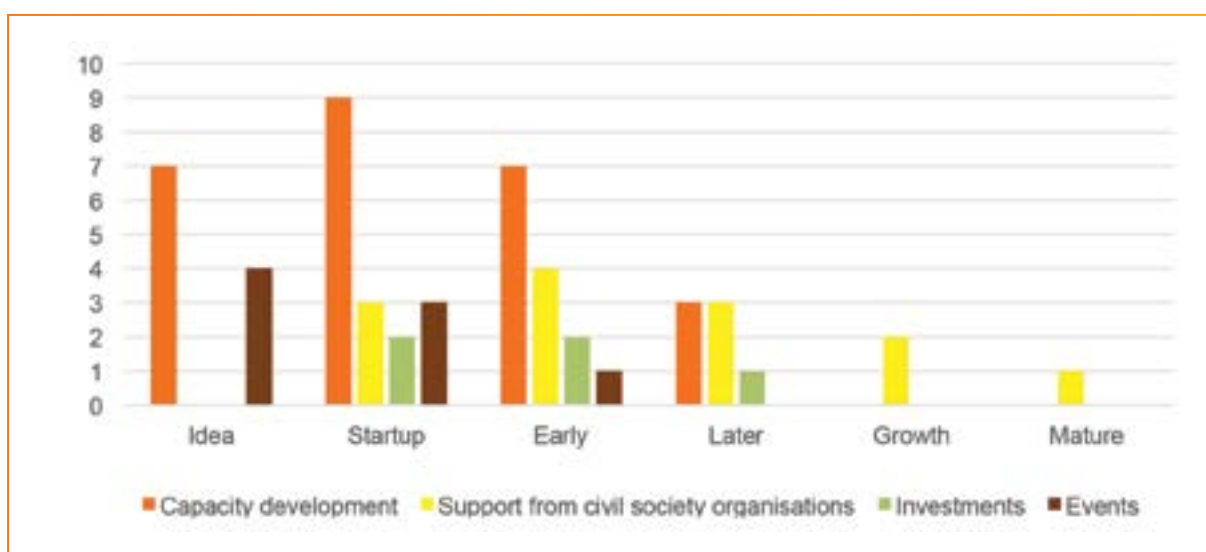
iar with entrepreneurship at a later stage, at a tertiary education level. The activity is generally viewed as the capacity to establish a company. The mindset of thinking creatively and innovatively is often missing. Introducing entrepreneurship at an early stage needs to be implemented in order to contribute to

strengthening the entrepreneurship mindset and encourage selecting it as a career.

Training and coaching opportunities for entrepreneurs are not sufficient at the different stages of development (Figure 26). In most cases, the entrepreneurship ecosystem provides support to early stage entrepreneurs. However, more training is required to strengthen businesses and take them to the next level. Another issue connected to capacity building is standardization of the courses, quality and content. In some

cases, entrepreneurs are trained on the same topic by several institutions; the content is mainly general and lacks sector-specific expertise (especially in the creative industries). Coaching on market access, certifications and international standards is also insufficient. Coordination and organization of structured support programmes is required in order to systematically deliver necessary support on demand. Communication needs to be exchanged between the business support institutions to avoid repetition and be more specific.

**Figure 26: Entrepreneurship support actors by business development stage and type of support**



**Source:** International Trade Centre (ITC), Entrepreneurship ecosystem in Bhutan (2019).

Young entrepreneurs in Bhutan are affected by the lack of funds. There are few investments and targeted packages to acquire funds for the initial stage of business development. Support for more mature entrepreneurs also is missing. A large number of start-ups still rely financially on family and friends. In addition to availability of investors and funds, there is an issue of financial literacy among young entrepreneurs. They have limited understanding of the credit market, including the loan application process and interest rates, etc. Capacity building in this regard is also essential.<sup>30</sup>

In spite of the existence of some civil societies that support entrepreneurship in the country, there are only a few that specifically target the creative industries. Organizations are located in the capital, which limits public engagement with them outside of the main district. Furthermore, almost all the organizations focus on start-ups and provide capacity-building support to

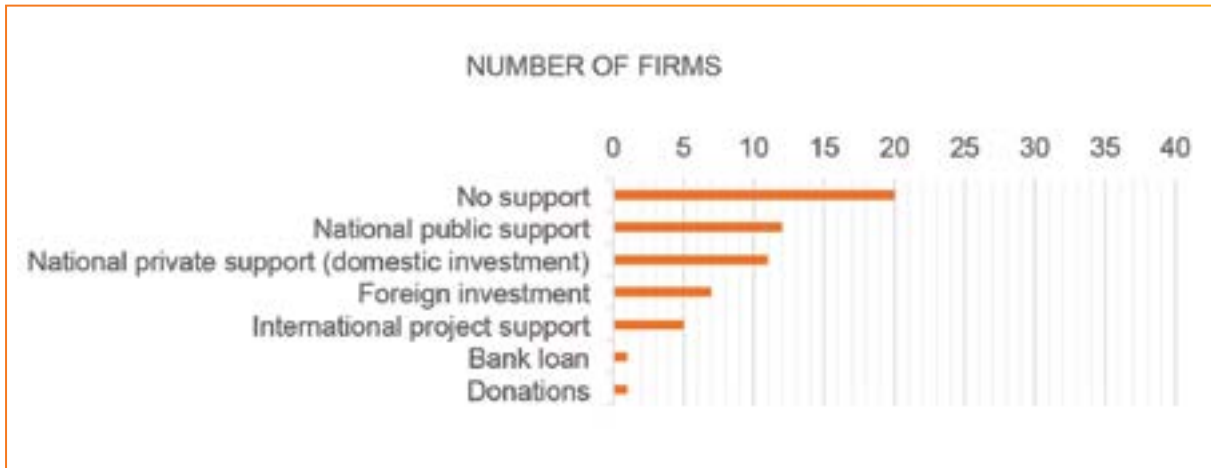
them. There is a lack of investment on the next level of business development (Figure 27), which might be the reason that CSI find it challenging to expand their production and build linkages to the international market. Whether support provided by civil societies is sustainable or not is still under question. The majority of Bhutanese civil societies receive foreign funds that can be exploited at some point. There is an urgent need to find a more sustainable source of income to continue the sector growth.

The ITC Creative Industries' Enterprise Survey (2020) has identified that the majority of firms in the creative industries do not have access to business support services. Figure 27 shows that most of the creative industries (35%) do not receive any support services. This is mainly because they have not been engaged in exports or imports. Some companies state that they have access to national public (21%) and private (19%) support. Few of them have access to foreign investment

30.– International Trade Centre (ITC), Entrepreneurship ecosystem in Bhutan (2019).

and international project support, while only one company had access to a bank loan and another one to donation. For the firms that indicated that they have access to other business support, it indicates that they have tried to explore other means of support in the previous years. However, this does not necessarily mean that they have been successful.

**Figure 27: Business support services**



**Source:** Data from the 2020 Creative Industries' Enterprise Survey.

*Based on creativity and innovation, the creative industries requires a strong entrepreneurship ecosystem to exploit its economic potential and develop. Despite its recent progress, entrepreneurship is still rather weak in Bhutan. There is a shortage of business incubation and accelerator hubs, in addition to a lack of awareness about entrepreneurial activity. As identified by the government, entrepreneurship is a priority focus to leverage the country's economic potential and generate youth employment opportunities. Further advocacy and action is required in the policymaking area to provide a supportive regulatory framework and ease access to finance for entrepreneurs. Private sector involvement in the process also has a crucial role in supporting building business linkages. A coordinating body is needed to drive ecosystem growth that needs better organization and adaptability to young entrepreneurs' needs.*

### Impact of COVID-19 on the creative industries in Bhutan

A structured survey was developed by the ITC SME Competitiveness Survey team to better understand the impact of the pandemic on the creative industries in Bhutan. In September 2020, 34 firms operating in the sector were surveyed; the paragraphs below summarize the main findings.

The pandemic has had the most impact on the sales of CI firms, to both businesses and consumers, with most firms reporting lower sales. Half of the surveyed

companies had to temporary shut down and one-third of them reported difficulties with customers that were unable to pay the bills. A quarter of the surveyed firms had to run their business despite the absence of some of their employees. They also expressed difficulties importing inputs from abroad as well as accessing inputs domestically. A few companies mentioned a reduced investment as well as a reduced logistics services. None of the companies increased sales during the pandemic (Figure 28)

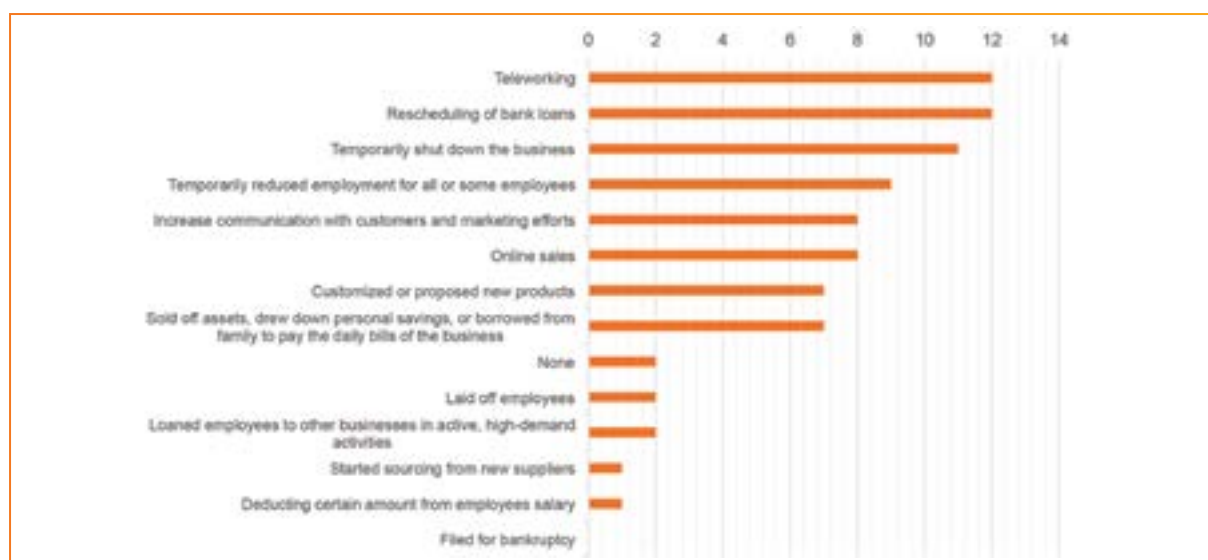


**Figure 28:** Impact of the COVID-19 pandemic on the creative industries

**Source:** ITC Survey on the Impact of the COVID-19 Pandemic on the Creative Industries in Bhutan.

To cope with the crisis, the firms adopted the following measure: teleworking, rescheduling of bank loans and temporarily shut down. One-quarter of the firms temporarily reduced employment for all or some employees. Only one creative industries firm deducted a portion of employees' salary and few of the surveyed respondents laid off employees. However, none of them filed for bankruptcy. Less than one-quarter of the firms sold off assets, drew down personal savings, or borrowed from family to pay the daily bills

of the business. As a strategy, some surveyed firms also increased communication with customers, made effort in marketing and sold online. They also innovated by customizing or creating new products. A few surveyed respondents loaned employees to other businesses in active, high-demand activities. Only one firm started sourcing from new suppliers while some firms did not adopt any new strategy (Figure 29).

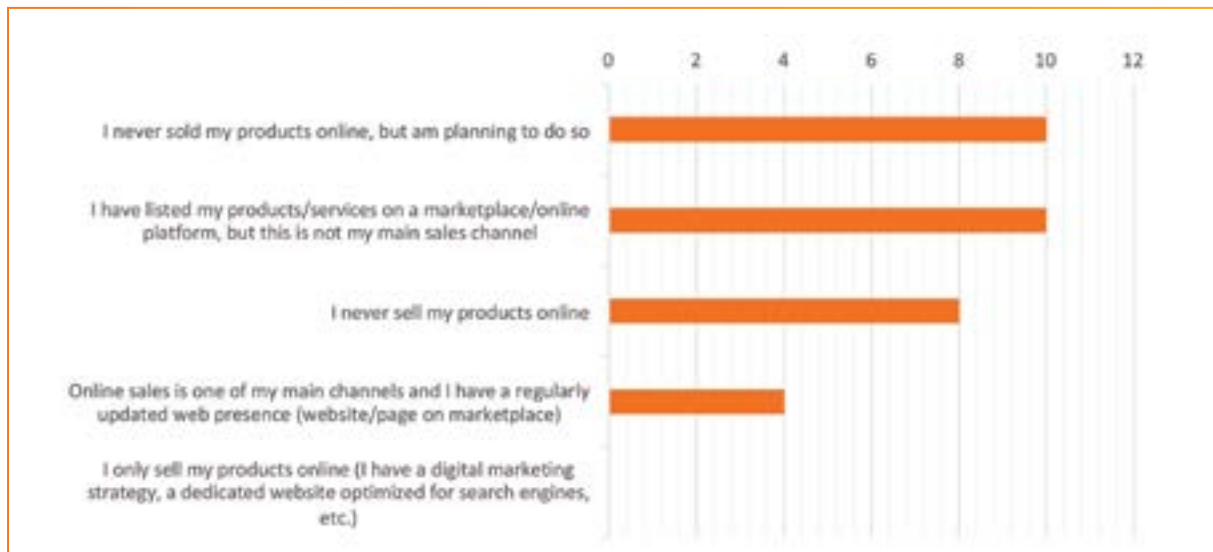
**Figure 29:** Adopted strategies to cope with the COVID-19 crisis

**Source:** ITC Survey on the Impact of the COVID-19 Pandemic on the Creative Industries in Bhutan.

Only a few of the surveyed respondents use online sales as one of the main channels. Almost one-third of the firms chose online sales as a 2<sup>nd</sup> channel. However, less than one-third of the surveyed respondents never

sold their products online, but they are planning to do so. None of them use an online presence as their exclusive strategy to sell their products (Figure 30).

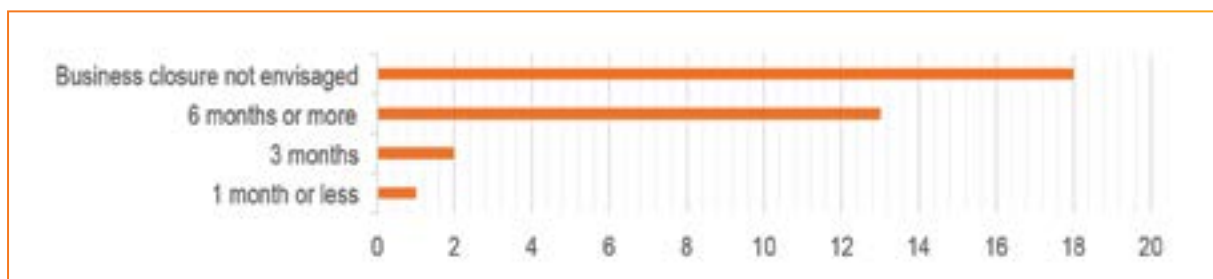
Figure 30: Online sales presence



Source: ITC Survey on the Impact of the COVID-19 Pandemic on the Creative Industries in Bhutan.

Although most firms do not envisage shutdowns, a risk of permanent shutdown still concerns one-third of the surveyed firms in a period of six months or more. The largest segment of the surveyed companies do not envisage a business closure at this point. Very few of them consider closing their business in three months, while only one surveyed company predicts closure in one month or less (Figure 31).

Figure 31: Risk of permanent shutdown



Source: ITC Survey on the Impact of the COVID-19 Pandemic on the Creative Industries in Bhutan.

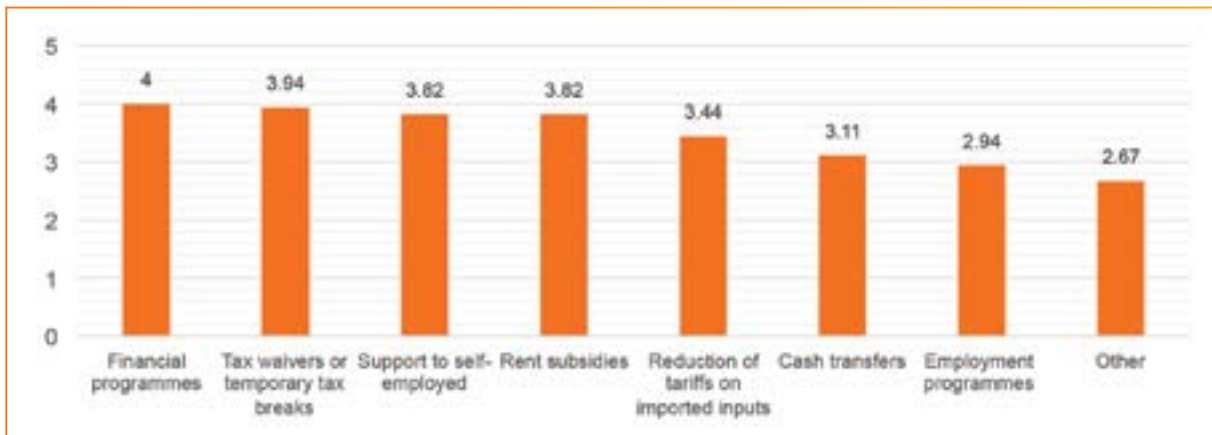
Financial programmes (such as low-interest credit line or credit guarantees) followed by tax waivers or temporary tax breaks (including on machinery and equipment) are the most helpful government measures according to the surveyed respondents. Support to the self-employed and rent subsidies are also seen as relevant measures to cope with the crisis. The surveyed respondents also rated well the reduction of tariffs on imported inputs, followed by cash transfers and employment programmes (i.e. temporary unemployment programmes or social security waivers) (Figure 32). Other government supports are still considered relatively helpful and include the following according

to respondents:

- Adoption of innovative creations/ventures wherever possible by government agencies;
- MoLHR to develop skilling and employment incentives;
- RRCO to implement a tax waiver and to import equipment and machinery without taxes;
- Better transition of imports coming into the country;
- Online promotion of all activities;
- Ease to carry out online sales such as reduced shipping rates, access to worldwide shipping and easy cash transaction such as PayPal services;

- Government should generate work and out-source jobs to the private sector by involving them in government measures (e.g. information dissemination, creating apps, and making masks and face shields);
- Digitize the work process and improve the government's service delivery to businesses and citizens, which will ultimately benefit the country as the economy picks up;
- Loans without collateral;
- Brainstorm meeting between government and SMEs;
- Economic stimulation plan as soon as possible.

**Figure 32:** Rating of government measures to cope with the COVID-19 crisis (5 – most helpful)



**Source:** ITC Survey on the Impact of the COVID-19 Pandemic on the Creative Industries in Bhutan.

Although only a small portion of companies in the creative industries plan to shut down due to the pandemic, it is essential that firms adopt appropriate strategies to secure their sales and increase their resilience. This is particularly essential in times of uncertainty and possible upcoming lockdowns or other government mitigation measures. The strategy will take into consideration this aspect by focusing on improved financial support to the creative industries as well as building capacities of firms to engage in e-commerce and innovative sales channels. This will ensure that they maintain steady sales channels with their current and possible new clients.







# THE WAY FORWARD

Bhutanese creativity is a diamond in the rough that holds important potential to develop the country and radiate its international image. Creative industries can significantly contribute to the country's economy while meeting the specific needs of other sectors through their creations. Creative industries generate employment and foster the inclusion of young people, who drive innovation and creation. They also provide a platform that encourages the empowerment of women, who are actively involved in the creative industries subsectors, particularly in design. In addition, creative industries increase the entire country's visibility by connecting to sectors such as tourism, and providing a visual association of the country with its arts and visual identity.

Bhutan possesses a rich and unique creative tradition on which the country can capitalize to develop its comparative advantage. Through the centuries, the country has developed its own creativity to depict Buddhism and Bhutanese history. Therefore, Bhutanese culture and tradition build on unique arts and crafts. This tradition is reflected in most Bhutanese creations and lends the creative industries a rare singularity.

However, there is a gap between tradition and modernity when it comes to creativity in Bhutan. It was during the reign of the 3<sup>rd</sup> king that Bhutan adapted to modernity by opening its doors to tourism in 1974, and bringing in the first television channels and internet in 1999. Therefore, firms began to adopt modern structures only recently and are still learning the modern angle of the creative industries. Moreover, most of them are in their early development stages and facing various constraints, which challenges them to grow to their best potential. This native stage of the creative industries in Bhutan also translates into an overall lack of policy focus, enabling regulatory framework, and institutional and educational support.

The present strategy aims to overcome these challenges by endowing the country with its first creative industries blueprint that aims to address the very specific needs of this sector, while ultimately opening it to international markets. This strategy seeks to first build local capacities

and increase the size, maturity and quality of Bhutanese creations through the local market, in order to eventually build the required competitiveness to succeed on the international markets and increase export-readiness of Bhutanese firms.

The strategy will help accompany the sector in its transition to modernity while building on the rich Bhutanese tradition. It will focus on establishing a favourable policy and regulatory framework as well as reinforcing institutional and educational support in order to spark firms' creativity and access key markets while being sustainable, aligned with GNH values and symbiotic with the local population.

Through targeted and achievable objectives within a specific time-frame, the strategy will seek to provide a solid foundation for the growth of the creative industries. It will span a period of five years and will focus market orientation efforts on specific subsectors, while improving the business environment to support the full range of creative industries.

## Priority subsectors

With limited resources available for sector support, prioritization helps to focus efforts under the strategy where they can have the greatest impact. As seen previously, creative industries entail a multitude of subsectors with very different problematics and market focuses. For the strategy's market orientations to remain specific and achievable, they need to focus efforts on specific subsectors.

The priority subsector selection exercise demanded focus on a number of quantitative and qualitative analytical parameters. It also required attention to the specific political, developmental and diplomatic contexts in the country as well as the region. In Bhutan, this was achieved through a mix of research and a targeted consultation with the sector's public and private stakeholders.

ITC's initial analysis was the starting point in a decision-making process and needed to be complemented with further stakeholder consultations.



The participants thus defined additional indicators that were used to select the subsectors. Figure 33 shows a visual representation of the ranking criteria according to the number of votes.

**Figure 33:** Sector selection criteria prioritization exercise results



Quantitative and qualitative data involved in the analysis included:

- Subsector size and maturity;
- Export potential;
- Employment potential;
- Foreign direct investment (FDI) potential.

In addition to the quantitative indicators, additional indicators assessed whether the products meet certain policy and socioeconomic objectives. These factors included:

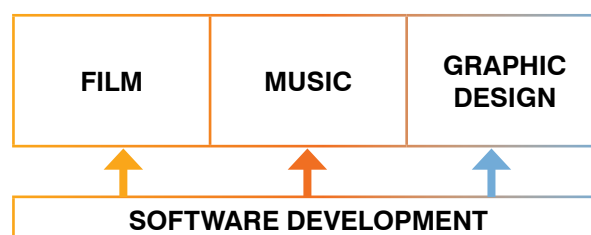
- Policy focus;
- Entrepreneurship opportunities;
- Presence of backward and forward linkages with other economic sectors;
- Social inclusion and accessibility;
- Presence of a school in Bhutan;
- Technology transfer potential.

Among the variety of subsectors present in the creative industries, music, films and graphic design were chosen, along with software development, which will serve as a supporting function to the three priority subsectors.

Subsectors not selected in this strategy are not, however, implied to not be priorities. Comprehensive approaches to improving export prospects through work on the business environment, TVET, policy and regulatory frameworks will ensure that the scope of this strategy goes beyond the priority subsectors.

The scope of the strategy is presented below.

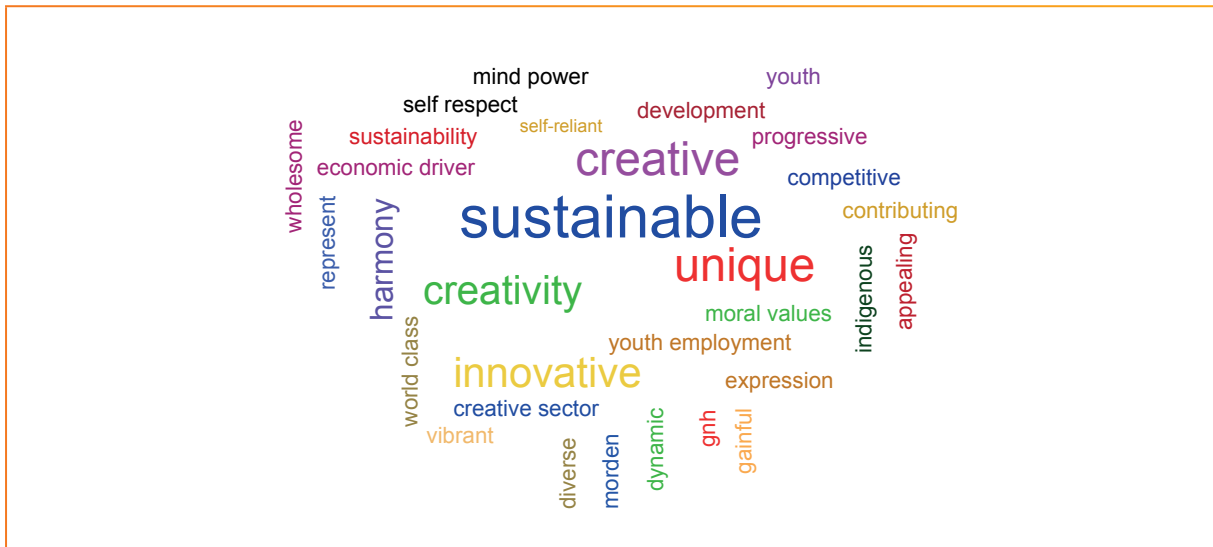
**Figure 34:** Priority subsectors in creative industries



### The vision

The vision provides the foundation and justification for setting priorities in the sector and enabling progress and changes in the sector. Among the strategic thinking tools that were collectively used in order to define the common vision, a keyword exercise was carried out with sector stakeholders. Figure 35 presents the keywords identified by stakeholders before composing the vision. This ideation exercise was a first step to becoming aware of the essential concepts that had to frame the future of the creative industries in Bhutan. Word size reflects the number of times participants have entered them in the tool. The resulting word cloud below shows that the most prominent are innovative, unique, creative and sustainable. While these first four words have an obvious link with the creative industries, it's interesting to mention the word harmony, which also came up frequently and directly reflects the specific heritage of the Buddhist kingdom.

Figure 35: Vision key words



The following delineates this strategy’s proposed vision and strategic approach to develop the creative industries sector. The vision statement was agreed on by all stakeholders in the creative industries in Bhutan:

*A progressive and sustainable creative sector fostered by innovation and guided by the principles of gross national happiness.*

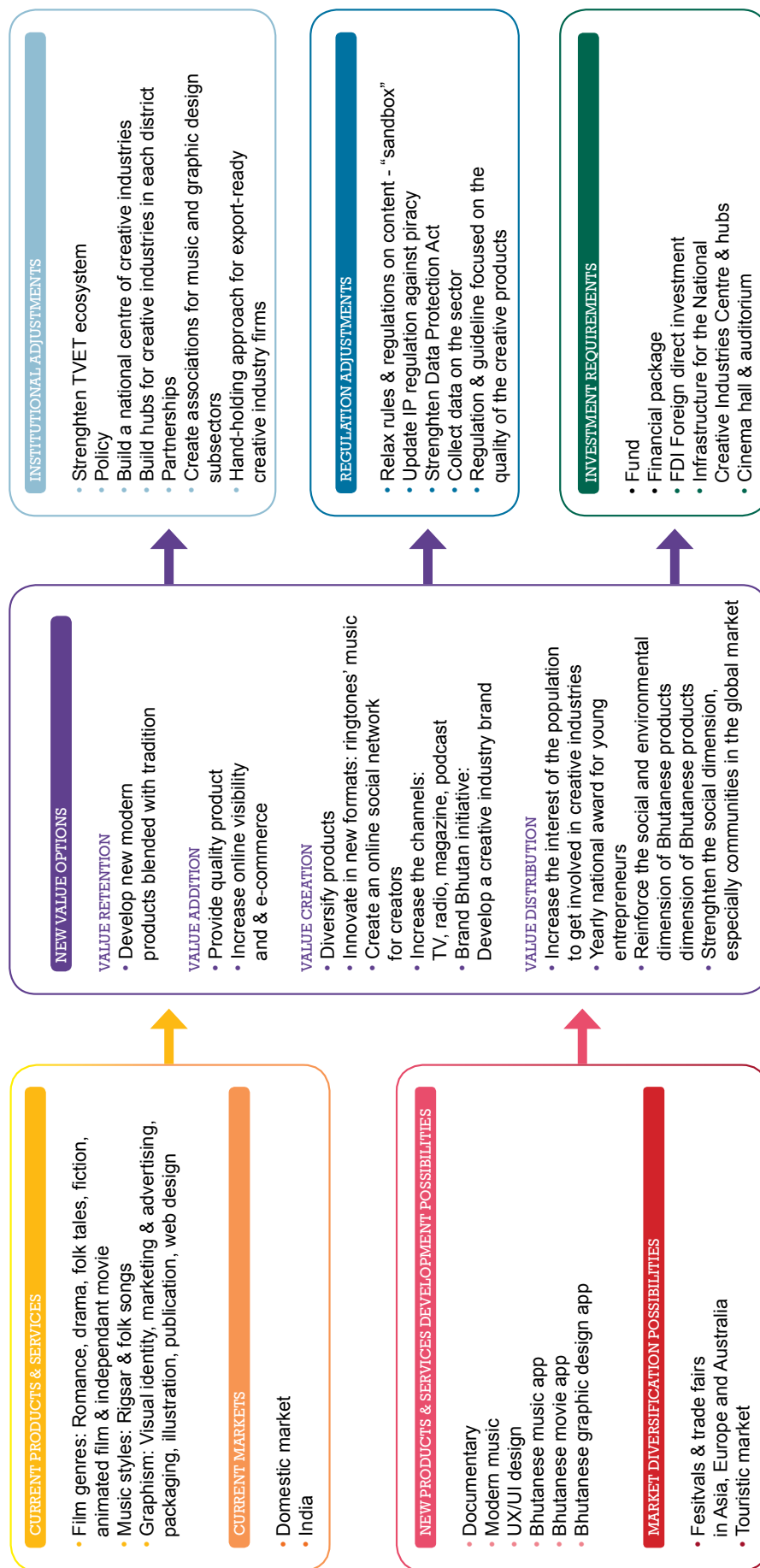
**The strategic objectives**

The plan of action (PoA) will respond to this vision by addressing the sector’s constraints and leveraging opportunities in a comprehensive manner. The PoA will be structured around the following strategic objectives, agreed with all sector stakeholders.

<p><b>1. Establish a favourable policy and regulatory framework to support sector development</b></p> <p>1.1. Enhance support of the creative industries at the institutional level through policies</p> <p>1.2. Adopt a common definition of creative industries and improve data on the sector</p> <p>1.3. Adjust the legal and regulatory frameworks to support CI</p>	<p><b>2. Increase the involvement of the Bhutanese population in creative industries through education and entrepreneurship</b></p> <p>2.1. Strengthen the TVET system to broaden the sector</p> <p>2.2. Promote creative industries as a career and entrepreneurship path to the Bhutanese population</p>	<p><b>3. Spark creativity to increase influence and access to domestic and international markets</b></p> <p>3.1. Scale up and diversify creative production</p> <p>3.2. Enable creativity to be spread locally to make it available to the domestic market</p> <p>3.3. Promote the creative industries abroad and increase international market presence</p>
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The following chapters will elaborate on the different adjustments required to realize these strategic objectives and the strategy’s vision. They are structured around the following key topics: the market perspective, the proposed new value options for sector development, institutional adjustments required to support these changes, regulatory amendments needed and investment needs. Figure 36 presents an overview of these adjustments.

Figure 36: Summary of the proposed changes for the future



## Market perspective

When looking into products and services opportunities, the creative industries' target markets need to be analysed separately, since the three subsectors, music, films and graphic design, have different dynamics. However, although these subsectors are distinct, they present strong synergies for development.

## Existing products and services to existing markets

Since all creative industries' subsectors are mostly geared towards the domestic market, market intensification will come from an increased reach to the entire national population, including in the regions. Strengthening the final products in the domestic market is a necessary condition for considering exports at a later stage. This also encourages local producers to increase the relationship with trade partners and build new ones, within and outside the country.

One of the key means to increase presence on the domestic market is the development of TVET programmes

to increase product quality. The creation of a school for filmmakers, actors and modern musicians as well as an update for the existing trainings in the graphic design subsector will ensure higher professionalism and quality of existing products and services.

Extending creative works to the entire country requires the creation of new platforms distributed throughout the regions. Facilities for broadcasting films, studios and a concert auditorium to practice music, and infrastructure for elaborating and printing graphic works in each district will ensure that creative works are fairly distributed throughout the country.

The creation of a dedicated creative industries' fund will help market reach and growth in Bhutan and in the existing markets abroad, particularly in India. Expanding production in the creative industries subsectors requires tedious and expensive steps. In order to allow the smooth running of this process and to ensure a quality and competitive product, financial support is necessary, as outlined in Table 11.

**Table 11: Intensification of current products' trade**

Target market	Description of the product and target group	Rationale	Implementation	Time-frame (Short, medium or long term)
<b>Films</b>				
Domestic market	<ul style="list-style-type: none"> <li>Product: Romance, drama, folk tales, fiction</li> <li>Target group: The entire Bhutanese population</li> </ul>	<ul style="list-style-type: none"> <li>Expand the audience</li> </ul>	<ul style="list-style-type: none"> <li>Increase the number of movie theatres and studios in all Bhutanese districts (dzongkhag)</li> <li>TVET programme for filmmakers and actors to improve skills and technique and develop different and new styles</li> <li>CI fund</li> </ul>	MT/LT
	<ul style="list-style-type: none"> <li>Product: Animated movie</li> <li>Target group:               <ul style="list-style-type: none"> <li>Mostly the young generation</li> <li>Also the whole Bhutanese population when the animated movies convey a public announcement or an educational message</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Convey messages to a mass audience (immediate public notification/ awareness to influence the youths)</li> <li>Expand the audience</li> </ul>	<ul style="list-style-type: none"> <li>TVET programme for motion pictures</li> <li>CI fund</li> </ul>	MT



Target market	Description of the product and target group	Rationale	Implementation	Time-frame (Short, medium or long term)
India	<ul style="list-style-type: none"> <li>Product: Romance, drama, folk tales, fiction</li> <li>Target group: Bhutanese community living abroad and Indians who speak a similar language as the one spoken in Eastern Bhutan (Charchop)</li> </ul>	<ul style="list-style-type: none"> <li>Expand the audience to the Indian market</li> </ul>	<ul style="list-style-type: none"> <li>Promote Bhutanese movies in India</li> <li>More partnerships between India and Bhutan related to movies</li> <li>In order to be screened and to compete, films must meet international standards</li> <li>Update IP against piracy</li> <li>CI fund</li> </ul>	MT
<b>Music</b>				
Domestic market	<ul style="list-style-type: none"> <li>Product: Folk songs: chungdra, boedra, zhey, zhem, yoedra, tsangmo, alo, khorey, ausa</li> <li>Target group: <ul style="list-style-type: none"> <li>Bhutanese population older than 30 years</li> <li>Mostly popular among the old generations</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Expand the audience</li> <li>Keep traditional music alive</li> <li>Convey a religious message</li> <li>Practice of debate (through keeping Lozey alive)</li> </ul>	<ul style="list-style-type: none"> <li>Traditional music should be showcased often through music programmes for its preservation and promotion</li> <li>Increase the number of concert halls in all Bhutanese districts (dzongkhag)</li> </ul>	ST/MT
	<ul style="list-style-type: none"> <li>Product: Rigсар</li> <li>Target group: <ul style="list-style-type: none"> <li>The entire population</li> <li>Particularly the young generation</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Expand the audience</li> <li>Modernization of Bhutanese music</li> <li>Use of modern instruments and equipment</li> </ul>	<ul style="list-style-type: none"> <li>TVET programme for modern music</li> <li>Increase the number of concert halls in all Bhutanese districts (dzongkhag)</li> <li>Increase the number of recording studios equipped with modern instruments</li> </ul>	MT/LT
<b>Graphic design</b>				
Domestic market	<ul style="list-style-type: none"> <li>Product: Visual identity, marketing and advertising, packaging, illustration</li> <li>Target group: <ul style="list-style-type: none"> <li>Bhutanese population younger than 65 years old</li> <li>Small to large businesses</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Make the visuals appealing</li> <li>Improve visual communication</li> <li>Increase customer base</li> </ul>	<ul style="list-style-type: none"> <li>Communicating about the country's graphic designers and their specific graphic fields</li> <li>Update existing trainings</li> <li>Expand the areas for visual exhibition</li> </ul>	MT

Target market	Description of the product and target group	Rationale	Implementation	Time-frame (Short, medium or long term)
Domestic market	<ul style="list-style-type: none"> <li>Product: Web design</li> <li>Target group:               <ul style="list-style-type: none"> <li>o Bhutanese population younger than 65 years old</li> <li>o Small to large businesses</li> <li>o Government</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Increase online interaction</li> <li>• Increase customer base</li> <li>• Increase firms' credibility through online websites</li> </ul>	<ul style="list-style-type: none"> <li>• Update existing trainings to obtain the current skills and trends</li> <li>• CI fund</li> </ul>	MT
	<ul style="list-style-type: none"> <li>Product: Publications</li> <li>Target group:               <ul style="list-style-type: none"> <li>o Bhutanese population younger than 65 years old: older than 65 years old, the majority of the population is illiterate</li> <li>o Large business</li> <li>o Government</li> <li>o International organizations</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Print and publication within the country</li> <li>• Increase customer base</li> <li>• Employment for youths</li> </ul>	<ul style="list-style-type: none"> <li>• Update existing trainings in order to be more skilled</li> <li>• Publication equipment</li> <li>• CI fund</li> </ul>	MT

### Existing products and services to new markets

In terms of market diversification for the three key subsectors, there is scope to tap into Asian, Australian and European countries. The various festivals in Asia, Australia and Europe offer an opportunity for filmmakers and musicians to be displayed abroad. An online presence in the graphic design and music subsectors also opens the door to new markets for all culture enthusiasts around the world.

However, market diversification will require heavy investment in promotion. Most of these countries are not aware of Bhutan's creative advances. Building knowledge about new Bhutanese creations will be essential. More than with existing markets, branding of products and services for new markets will be required. Potential new markets for existing films, songs and graphics are summarized in Table 12.



Table 12: Market diversification possibilities

Target market	Description of the service and target group	Rationale	Implementation	Time-frame (Short, medium or long term)
<b>Films</b>				
Movie festival in Asia	<ul style="list-style-type: none"> <li>Product: Independent movie</li> <li>Target group:               <ul style="list-style-type: none"> <li>Bhutanese community living abroad</li> <li>Asian middle class and culture enthusiast population</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Export films on the international market</li> <li>Increase interest in Bhutanese culture</li> <li>Increase the audience</li> </ul>	<ul style="list-style-type: none"> <li>Promote knowledge and awareness about Bhutanese films</li> <li>Highlight the distinctive cultural aspects</li> <li>In order to be screened and compete, films must meet international standards</li> <li>Participate in Asian film festivals such as: Bangkok ASEAN Film Festival,<sup>31</sup> Seoul International Women's Film Festival (SIWFF),<sup>32</sup> Tokyo International Film Festival (TIFF)<sup>33</sup></li> <li>CI fund</li> </ul>	MT
Movie festival in Europe	<ul style="list-style-type: none"> <li>Product: Independent movie</li> <li>Target group:               <ul style="list-style-type: none"> <li>Bhutanese community living abroad</li> <li>European middle/upper class and culture enthusiast population</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Export films on the international market</li> <li>Interest in Bhutanese movies</li> <li>Increase the audience</li> </ul>	<ul style="list-style-type: none"> <li>Promote knowledge and awareness about Bhutanese films</li> <li>In order to be screened and compete, films must meet international standards</li> <li>Participate in European film festivals for independent movies, such as: Vienna Independent Film Festival,<sup>34</sup> Brussels Independent Film Festival,<sup>35</sup> Berlin Independent Film Festival,<sup>36</sup> Geneva International Film Festival<sup>37</sup></li> <li>CI Fund</li> </ul>	MT
Movie festival in Australia	<ul style="list-style-type: none"> <li>Product: Independent movie</li> <li>Target group:               <ul style="list-style-type: none"> <li>Bhutanese community living abroad</li> <li>Australian middle/upper class and Bhutanese community living abroad</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Export films on the international market</li> <li>Interest in Bhutanese movies</li> <li>Increase the audience</li> </ul>	<ul style="list-style-type: none"> <li>Promote knowledge and awareness about Bhutanese films</li> <li>In order to be screened and compete, films must meet international standards</li> <li>Participate in Australian film festivals, such as: Brisbane International Film Festival,<sup>38</sup> Canberra International Film Festival,<sup>39</sup> Revelation Perth International Film Festival<sup>40</sup></li> <li>CI fund</li> </ul>	MT

31.– <https://www.baff.go.th>.32.– <http://www.siwff.or.kr/eng/>.33.– <https://2020.tiff-jp.net/en/>.34.– <http://www.vienna-film-festival.com>.35.– <https://www.brusselsfilmfestival.org>.36.– <http://www.berlinfest.com>.37.– <https://www.giff.ch>.38.– <https://biff.com.au>.39.– <https://ciff.com.au>.40.– <https://www.revelationfilmfest.org>.

Target market	Description of the service and target group	Rationale	Implementation	Time-frame (Short, medium or long term)
<b>Music</b>				
Music festival in Asia	<ul style="list-style-type: none"> <li>Product: Folk songs and Rigsar</li> <li>Target group:               <ul style="list-style-type: none"> <li>Bhutanese community living abroad</li> <li>Asian middle class and culture enthusiast population</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Export music on the international market</li> <li>Interest in Bhutanese music</li> <li>Very distinctive music style</li> </ul>	<ul style="list-style-type: none"> <li>Promote knowledge and awareness about Bhutanese music</li> <li>Increase Bhutanese music in Asia by participating in international music festivals such as: Wonderfruit<sup>41</sup> in Thailand, Fuji Rock Festival<sup>42</sup> in Japan, Wanderland Festival<sup>43</sup> in the Philippines</li> </ul>	LT
Music festival in Europe	<ul style="list-style-type: none"> <li>Product: Folk songs and Rigsar</li> <li>Target group:               <ul style="list-style-type: none"> <li>Bhutanese community living abroad</li> <li>European middle/upper class and culture enthusiast population</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Export music on the international market</li> <li>Interest in Bhutanese culture</li> <li>Very distinctive music style</li> </ul>	<ul style="list-style-type: none"> <li>Promote knowledge and awareness about Bhutanese music</li> <li>Participate in European music festivals such as: Paléo Festival<sup>44</sup> in the Swiss Confederation, World Village Festival<sup>45</sup> in Helsinki</li> </ul>	LT
Music festival in Australia	<ul style="list-style-type: none"> <li>Product: Folk songs and Rigsar</li> <li>Target group:               <ul style="list-style-type: none"> <li>Bhutanese community living abroad</li> <li>Australian middle/upper class</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Export music on the international market</li> <li>Interest in Bhutanese culture</li> <li>Very distinctive music style</li> </ul>	<ul style="list-style-type: none"> <li>Promote knowledge and awareness about Bhutanese music</li> <li>Participate in Australian music festivals such as: WOMADelaide World's Festival,<sup>46</sup> Australian International Music Festival,<sup>47</sup> Canberra International Music Festival<sup>48</sup></li> </ul>	LT
<b>Graphic design</b>				
Graphic trade fairs in Asia	<ul style="list-style-type: none"> <li>Product: Visual identity, marketing and advertising, packaging, illustration, web design, publication</li> <li>Target group:               <ul style="list-style-type: none"> <li>Bhutanese community living abroad and culture enthusiasts</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Export graphic design on the international market</li> <li>Interest in Bhutanese culture</li> <li>Unique</li> </ul>	<ul style="list-style-type: none"> <li>Promote knowledge and awareness about Bhutanese graphic design</li> <li>Highlight cultural elements for the visuals in order to make them stand out from other countries' graphics</li> <li>Participate in exhibitions such as in the following places:               <ul style="list-style-type: none"> <li>Bangkok International Trade and Exhibition Centre<sup>49</sup></li> <li>Jakarta International Expo<sup>50</sup></li> </ul> </li> </ul>	MT

41.– <https://wonderfruit.co/#>.42.– <https://www.fujirockfestival.com>.43.– <https://wanderlandfestival.com>.44.– <https://yeah.paleo.ch/fr/node/12941>.45.– <https://www.maailmakylassa.fi/en/>.46.– <https://www.womadelaide.com.au>.47.– <http://aimf.com.au>.48.– <https://cimf.org.au>.49.– <http://www.bitec.co.th/default-en.html>.50.– <https://www.jiexpo.com>.



Target market	Description of the service and target group	Rationale	Implementation	Time-frame (Short, medium or long term)
Graphic trade fairs in Australia	<ul style="list-style-type: none"> <li>Product: Visual identity, marketing and advertising, packaging, illustration, web design, publication</li> <li>Target group: <ul style="list-style-type: none"> <li>Bhutanese community living abroad and culture enthusiasts</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Export graphic design on the international market</li> <li>Interest in Bhutanese culture</li> <li>Unique</li> </ul>	<ul style="list-style-type: none"> <li>Promote knowledge and awareness about Bhutanese graphic design</li> <li>Highlight cultural elements for the visuals in order to make them stand out from other countries' graphics</li> <li>Participate in trade fairs such as: PacPrint<sup>51</sup> in Melbourne, PrintEx<sup>52</sup> in Sydney</li> </ul>	MT
Graphic trade fairs in Europe	<ul style="list-style-type: none"> <li>Product: Visual identity, marketing and advertising, packaging, illustration, web design, publication</li> <li>Target group: <ul style="list-style-type: none"> <li>Bhutanese community living abroad and culture enthusiasts</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Export graphic design on the international market through trade fairs (at the National Exhibition Centre (NEC<sup>53</sup> in the UK, for example)</li> <li>Interest in Bhutanese culture</li> <li>Unique</li> </ul>	<ul style="list-style-type: none"> <li>Promote knowledge and awareness about Bhutanese graphic design</li> <li>Highlight cultural elements for the visuals in order to make them stand out from other countries' graphics</li> <li>Participate in European trade fairs such as: Biennale de la ville de Chaumont<sup>54</sup> in the French Republic, Paris Expo Porte de Versailles,<sup>55</sup> Fiera Milano Rho<sup>56</sup></li> </ul>	MT
Touristic market	<ul style="list-style-type: none"> <li>Product: Visual identity, marketing and advertising, packaging, illustration, web design, publication</li> <li>Target group: <ul style="list-style-type: none"> <li>Businesses aiming at the tourism sector (restaurants, hotels, shops, fashion designers, etc.)</li> <li>Expats</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Interest in Bhutanese culture</li> <li>Unique</li> </ul>	<ul style="list-style-type: none"> <li>Promote knowledge and awareness about Bhutanese graphic design</li> <li>Highlight cultural elements for the visuals in order to make them stand out from other countries' graphics</li> </ul>	ST

51.– <http://www.pacprint.com.au>.52.– <https://www.labelandprintpackagingexpo.com.au>.53.– <https://www.thenec.co.uk>.54.– <http://www.centrenationaldugraphisme.fr/le-signe>.55.– <https://www.viparis.com/en/site/paris-expo-porte-de-versailles>.56.– <http://www.fierarhopero.com/index.asp?LNG=ENG>

### New services and product development possibilities in the film, music and graphic design subsectors

Bhutan has broad potential for new product development in the film, music and graphic design subsectors, as many of the firms are in the early stage of development. It presents them with opportunities to explore new areas and take advantage of new markets. As a new value proposition, Bhutan should consider alternatives that can complement each other and be launched at different stages of the industry's development:

- **Documentary:** So far, most documentaries are made by foreigners and a Bhutanese perspective in the documentaries as a new value proposition will reflect a reality seen and interpreted by Bhutanese filmmakers while highlighting various cultural and societal aspects. It could make this new product very unique. Promoting a documentary and its export potential can generate a growing interest in this genre.

#### Time-frame: ST

- **Modern music:** Music in Bhutan can be applied beyond the traditional approach without harming the tradition. New genres can emerge and live in parallel and harmony with traditional music. It will require the implementation of modern music courses, new studios where traditional instruments coexist with modern equipment and new platforms to perform. Creation of local competition and a music festival would give the opportunity for musicians to practice, progress and showcase their work.

#### Time-frame: MT

- **UX/UI design:** UX design refers to the term user experience, while UI stands for user interface. UX design creates easy, relevant and all-round pleasant experiences for the user and UI design transfers the brand's strengths and visual assets to a product's interface, making sure the design is consistent, coherent and aesthetically pleasing. UX/UI designs are the latest trends in graphic design: it's an efficient, attractive and competitive design. Both elements are crucial to an online product and work closely together. The use of these approaches would allow Bhutanese graphic designers to increase their graphic skills and sharpen their aesthetics while remaining aligned with their own visuals

in order to better serve their country's customers (including in the film and music subsectors) and compete on an international level.

#### Time-frame: MT

- **Application for filmmakers:** Advertisement in Bhutan is limited to national television and very few billboards. The creation of an app to announce when a film will release, which new films are screened and where would strengthen the advertisement for the movies. A streaming option can be considered. This will also give the possibility for the Bhutanese population to rate and comment on the movies seen. Therefore, this app can also help to understand the audience better. The app could be free with a payment option for streaming.

#### Time-frame: MT

- **Application for musicians:** The creation of a Bhutanese music app to inform about musical events and to showcase and stream musical work. Bhutanese can enjoy their local music while supporting their local market. Musicians can be paid through subscription. Free app and payment option for streaming.

#### Time-frame: MT

- **Application for graphic designers:** The creation of a Bhutanese graphic design app where graphic designers can post their artwork/portfolio and register their firm's name. The Bhutanese population would have the possibility to rate the graphic work, interact by giving their opinion and have access to a list of graphic designers with different styles in the country.

#### Time-frame: MT

### New value options for the creative industries

The value chain provides a framework to identify opportunities for strategic planning. Encouraging Bhutanese production and local consumption, strengthening existing products, creating new value chains and maximizing sectors' contribution to the country's development are part of the framework, as detailed in Table 13.

**Table 13: Value chain adjustments in the creative industries**

Value retention: Possibilities for building on local value		
Adjustment	How to implement	Time-frame
<ul style="list-style-type: none"> <li>Modern products blended with tradition</li> </ul>	<ul style="list-style-type: none"> <li>Highlight the Bhutanese identity while contemporizing more products and services. For example: Using traditional instruments to create contemporary Bhutanese music. Incorporate modern genres while having a traditional context or contemporizing the old Bhutanese folk tales in a movie/ animated picture.</li> </ul>	ST
Value addition: Capitalize on existing competitive advantages or entering higher value-added products		
Adjustment	How to implement	Time-frame
<ul style="list-style-type: none"> <li>High-quality product</li> </ul>	<ul style="list-style-type: none"> <li>Establish quality standards specific to each subsector, based on detailed criteria, particularly for technical criteria in films, music and graphic design. Standards help achieve objectives such as: Satisfying the customer's quality requirements, ensuring that the products and services are safe, complying with regulations, meeting environmental objectives if they are specified, and ensuring that internal processes are defined and controlled. Use of quality standards is voluntary, but may be expected by certain groups of stakeholders. Additionally, some organizations or government agencies may require suppliers and partners to use a specific standard as a condition of doing business. Finally, this will enhance the quality of Bhutanese audio, visual and graphic productions, which could attract key stakeholders on the international market.</li> <li>Provide quality trainings in the creative industries fields.</li> <li>Raise awareness about the importance of quality and sensitize the industry to new technical requirements and standards.</li> </ul>	MT
<ul style="list-style-type: none"> <li>Online visibility and e-commerce</li> </ul>	<ul style="list-style-type: none"> <li>Encourage usage of digital marketing to increase visibility and optimize online presence.</li> <li>Engage in e-commerce.</li> </ul>	MT
Value creation: Potential to increase capacity and output and enter new value chains		
Adjustment	How to implement	Time-frame
<ul style="list-style-type: none"> <li>Product diversification</li> </ul>	<ul style="list-style-type: none"> <li>Increase the supply to local market by diversifying the products with innovative creations, mixtures of styles, and breaking down genres to create new ones.</li> <li>Innovating in new formats: For example, Bhutanese songs as ringtones for mobile phones. Through copyright, this use of music is a promising source of income for stakeholders in the music industry.</li> </ul>	MT
<ul style="list-style-type: none"> <li>Online platform for creators</li> </ul>	<ul style="list-style-type: none"> <li>Develop synergies through an online social network that brings together all of the country's stakeholders, even the ones from remote areas. Use models like the Swiss creativeALPS.<sup>57</sup></li> <li>This platform aims to federate Bhutan's creative industries and make them visible in order to revive the sector.</li> <li>Local dialects and oral options for illiterate people must be considered to reach as many people as possible.</li> <li>Easy access to the software/user friendly.</li> </ul>	MT

57.– <https://www.creativealps.org>

Value creation: Potential to increase capacity and output and enter new value chains		
Adjustment	How to implement	Time-frame
<ul style="list-style-type: none"> <li>Increase awareness about creative industries' products to connect to new value chains</li> </ul>	<ul style="list-style-type: none"> <li>Increase the channels within the country to showcase the multiple creative works such as creation of new TV channels, radio stations, magazines and podcasts.</li> </ul>	MT
<ul style="list-style-type: none"> <li>Brand Bhutan initiative</li> </ul>	<ul style="list-style-type: none"> <li>Develop a creative industry brand and marketing strategy for regional and international markets with the support of marketing agencies/institutions under the umbrella of the Brand Bhutan initiative. Ensure appropriate IP protection for the newly established brand.</li> </ul>	MT
Value distribution: Economic and social development opportunities		
Adjustment	How to implement	Time-frame
<ul style="list-style-type: none"> <li>Increase the interest of the population to get involved in creative industries</li> </ul>	<ul style="list-style-type: none"> <li>National campaign: Raising awareness about a career in the creative industries and encouraging youth and women involvement.</li> <li>Acknowledging innovation and creation among young entrepreneurs through yearly competitions.</li> <li>Create regional hubs of creativity to ensure distribution of creative industries all over the country.</li> </ul>	LT
<ul style="list-style-type: none"> <li>Young entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>Acknowledge innovation and creation among young entrepreneurs by creating a yearly national award for entrepreneurs in the creative industries sector.</li> </ul>	LT
<ul style="list-style-type: none"> <li>Reinforce the social and environmental dimension of Bhutanese products</li> </ul>	<ul style="list-style-type: none"> <li>Align Bhutanese products to the standard "Global Social Compliance Programme (GSCP) – self-assessment – Social Criteria"<sup>58</sup> that focuses on social and environmental values throughout the supply chain in order to have a more efficient and sustainable sector.</li> </ul>	LT
<ul style="list-style-type: none"> <li>Strengthen the social dimension, especially communities in the global market</li> </ul>	<ul style="list-style-type: none"> <li>Align Bhutanese products to the standard "UN Global Compact"<sup>59</sup> that aims to create a sustainable and inclusive global economy that delivers lasting benefits to people, communities and markets.</li> </ul>	LT

### Institutional adjustments

Due to insufficient institutional coordination and support to creative industries, there is a need to fill the gap and initiate sector coordination through existing institutions as well as new, dedicated bodies. **One of the major conditions to grow creative industries is to build skills through new training opportunities for movies and modern music and update graphic design training**, as it is the condition that can allow the creative industries to be competitive, to flourish and to stand out on the international scene.

**There is also a need to create a favourable policy to support sector development.** Enhancing support of the creative industries at the institutional level will require the creation of a unit that will monitor the sec-

tor development process. It will also organize meetings to understand the sector's issues from both private and public perspectives and determine how to overcome them. This will particularly be key to implement and monitor the present strategy.

**Establishing a vibrant creative scene is essential to stimulate innovation.** Some very interesting centres already exist, such as the Startup Center, iHub or TechPark centre. However, they are located only in the capital and none of them cover the entire scope of the creative industries. Therefore, there is a need for a specialized centre that would be well connected to other hubs in each district (dzongkhags) and that would cover all aspects of the creative industry and should facilitate the work and connect creative firms with each other.

58.– <https://www.theconsumergoodsforum.com/social-sustainability/sustainable-supply-chain-initiative/>.

59.– <https://www.unglobalcompact.org>.



Enhance and develop new partnerships with foreign institutes in particular in the music, film and graphic design subsectors in order to share knowledge and learn new skills, approaches and styles. This will enable to contemporize the products and target new markets.

The creation of an association for music and one for graphic design would allow people interested in these sectors and creative workers to have a place specific to their discipline where they could find resources and support, and exchange and promote local creative works.

Select a few export-ready creative industries' firms with a high export potential and accompany them through a hand-holding approach that would help them to reach and maintain a high level of quality, and understand and analyse the market as well as assist in business development and client prospection. This aims to concretize a first international contract. Eventually, these companies can coach other creative industries companies that wish to enter the foreign market.

Table 14 shows the institutional adjustments that will need to be implemented.



Table 14: Institutional adjustments required

Institutional adjustment	Purpose
Strengthen the TVET system for CI	<p>Skill and capacity building: Enhance training opportunities and open new professional training in relevant sector with certification in Bhutan.</p> <ul style="list-style-type: none"> <li>• TVET programme for filmmakers and actors;</li> <li>• TVET programme for modern music;</li> <li>• Updating graphic design training.</li> </ul> <p>In order to be in line with the best practices of international schools:</p> <ul style="list-style-type: none"> <li>• Collaborate with foreign TVET institutions to allow student exchange programmes abroad;</li> <li>• Update curricula regularly in the subsectors of film, music and graphic design.</li> </ul> <p>Apprenticeships and internships: Promote partnerships between TVET institutions and private sector to increase the use and formalizations of apprenticeships and internships.</p>
Align policy support	<p>Enhance the creative industries through policies and their governance:</p> <ul style="list-style-type: none"> <li>• Establish a creative industries strategy managing unit in MOEA and a sector committee on creative industries (see chapter on “Implementation framework” for more details).</li> <li>• Organize public–private meeting for policymakers to have a better understanding of the gap, need and potential of the creative industries and to include the sector in the national strategic development plans.</li> <li>• Include creative actors in the public procurement system.</li> </ul>
Collect data on the sector	<p>Statistics will ensure a better understanding of the contribution of the creative industries:</p> <ul style="list-style-type: none"> <li>• Develop an official register of creative industries, including its subsectors</li> <li>• Develop methodologies for accurate measurement of the sector’s output</li> <li>• Develop annual report</li> </ul>
Creation of a national centre for creative industries	<p>In order to showcase and distribute creative work, a vibrant creative scene needs to be created. Therefore, there should be:</p> <ul style="list-style-type: none"> <li>• Facilities: rental studios, recording and post-production studio (for music and movies);</li> <li>• Documentation centre: books, magazines, newspapers, music and movies. It should be a reference centre for the public and a place where creative people can find inspiration;</li> <li>• Shared materials: scanners and printers, etc.</li> </ul> <p>For this place to be vibrant, there must be public areas, such as:</p> <ul style="list-style-type: none"> <li>• A café for creators, industrial designers and those who have nothing to do with creation;</li> <li>• A permanent and/or temporary exhibition hall;</li> <li>• A conference hall: for talks, movie projection and music shows.</li> </ul> <p>For this place to be dynamic, it is necessary to organize events, such as:</p> <ul style="list-style-type: none"> <li>• Exhibitions;</li> <li>• Music festivals;</li> <li>• Dance shows;</li> <li>• Graphic fairs;</li> <li>• Talks, debates and conferences;</li> <li>• Movie projection.</li> </ul>
Creation of hubs for creative industries	<p>Establish hubs in most of the districts (dzongkhags), starting with Paro, Punakha, Haa and Trashigang. Those hubs would be well connected to and coordinated with the centre in Thimphu in order to encourage and develop the creative industries in the entire country.</p>

Institutional adjustment	Purpose
New institutional partnerships	A well-established partnership with credible firms for music, film and graphic design in order to inspire Bhutanese creators, share knowledge, learn new skills and style, contemporize the products and target new markets.
Stronger associations	Strengthen the creative community coordination: Create strong associations for the music and graphic design subsectors to regulate and promote local creative works.
“Grandfathering” initiative for selected CI firms	Select a few export-ready firms with a high export potential and accompany them until they obtain a contract in the international market. Subsequently, train these companies to be mentors for other creative industries firms wishing to engage in export.

### Regulatory amendments

Intellectual property regulations update and easing restrictions for CI under certain conditions are the major action areas needed to ensure the subsectors’ proper operation and to secure the reputation of products and service providers. Key adjustments to be carried out are summarized in Table 15.

**Table 15: Regulation adjustments required**

Regulation adjustment	Purpose
Rules and regulations on content – BICMA	Review and update regulations closely involving the CI stakeholders and make amendments as needed to allow additional freedom for creativity and innovation considering the modern industry development trends, while maintaining a preservation of Bhutanese traditions. In addition, build a creative safe zone (“sandbox”) under certain conditions where the rules and regulations on content are more flexible, especially for creative industries that develop modern products. This can ensure a broader variety of creative products/services in the market, competitiveness and new export markets.
Update IP regulation against piracy	Reinforce anti-theft measures to avoid piracy, especially for the film and music sectors: strengthening the Copyright Act is much needed while raising awareness of the existence and importance of IP on a creative work.
Strengthen Data Protection Act	BICMA developed the Act of Bhutan <sup>60</sup> that protects almost all uses of electronic information. However, “the Act gives Bhutan a minimal data privacy law, but its coverage regarding privacy does remain extremely limited”. <sup>61</sup> Updating data protection provisions will help companies wishing to engage in online sales and e-commerce, especially abroad.
Regulation and guideline on the quality of films, music and graphic design	Improve the quality of creative goods and services by establishing quality standards, guidelines, regulations and requirements for certification of music, film and graphic design products.

60.– Information, Communications and Media Act of Bhutan 2018. Available from [http://www.bicma.gov.bt/bicmanew/data/publications/act/BICM\\_Act\\_2018\\_English.pdf](http://www.bicma.gov.bt/bicmanew/data/publications/act/BICM_Act_2018_English.pdf).

61.– Marianne Lesigne, Research World, 23 July 2019. Available from <https://www.researchworld.com/data-protection-in-the-apac-region-an-update/>.

## Investment requirements

Investment in Bhutan mainly concerns financial support such as funds and FDI. In order to implement new projects and produce new goods and services, creative firms have to bear significant costs in areas such as research and development before they can collect their first revenues. Financial support will enable companies to fulfil their initial project under good conditions. It is also a springboard for their future in the profession, as it will allow them to be more

competitive and ultimately optimize their chances of reaching the international market.

Another key area of investment is to build new creative spaces such as a national creative industries centre in the capital and hubs in different districts, as well as cinema halls and auditoriums in order to build a vibrant creative scene all over the country. Investments should be initiated in areas outlined in Table 16.

**Table 16: Investment requirements**

Need for investment	Purpose
CI fund	Establishment of a CI fund to support innovative, high-growth projects in the film, music and graphic design sectors. Select the most effective projects in terms of creation, innovation, employment and international development and determine the needs of selected companies in the sector.
Financial packages	Provide access to financial packages at different levels of entrepreneurship to help enter the market and grow.
Foreign direct investment (FDI)	Developing the interest of foreign investors by highlighting the unique identity of those creative products. Encourage FDI in Bhutanese films, music and graphic designs in financial support as well as in technical material/infrastructure to support Bhutanese production and post-production in these areas.
National creative industries centre and hubs	Building a vibrant creative scene would have the advantage of: <ul style="list-style-type: none"> <li>• Having a well-equipped place especially dedicated to the creative industries;</li> <li>• Bringing together and strengthening the creative community;</li> <li>• Facilitating interactions between creators, investors and the public.</li> </ul> This would require investment in infrastructure such as: <ul style="list-style-type: none"> <li>• A creative industries centre located in Thimphu;</li> <li>• Hubs in most of the districts to extend the scope to the whole country and reinforce the national market.</li> </ul>
Cinema hall and auditorium	Building more cinema and concert halls in each district of Bhutan to showcase and distribute the creative work throughout the country.







# PLAN OF ACTION

To achieve the vision and strategic objectives discussed, a robust, actionable and realistic strategic PoA is required. This is provided in the section below, and constitutes the heart of this strategy.

The PoA is structured along the three strategic objectives and the operational objectives described above. For each activity, the PoA outlines the following implementation modalities:

- Priority: Determines the level of priority of the activity (5 = highest);
- Period: The desired time-frame of the activity;
- Reform or project: Determines the nature of the activity;
- Target: Determines the quantitative targets each activity needs to achieve to be considered complete (for monitoring purposes);
- Leading institutions: An accountable lead institution per activity (the institution can also have a technical role or can solely have an oversight and coordination role);
- Supporting partners: Any institution that should be involved at any stage of the activity's implementation





Strategic objective	Operational objective	Activity	Priority	Period					Reform or project	Targets	Leading implementing partners	Supporting implementing partners
				2021	2022	2023	2024	2025				
1. Establish a favourable policy and regulatory framework to support sector development	1.1. Enhance support of the creative industries at the institutional level through policies	<p>1.1.1. Establish creative industries managing unit under the Policy and Planning Division (PPD) of the MOEA with the co-management of the Department of Trade (DoT) of the Ministry of Economic Affairs that will manage and coordinate creative industries development in the country, and monitor the strategy's implementation.</p> <p>In connection with the managing unit, create a creative industries sector committee that will meet at least once per quarter, monitoring sector development and strategy implementation and steering the overall direction and priority initiatives. The committee could build on the public-private core team that followed the strategy design process.</p>	3.5						<ul style="list-style-type: none"> <li>CI managing unit in place and staffed</li> <li>Creative industries sector committee officially set up</li> </ul>	PPD, MOEA DoT, MOEA NFC	DoIM, MoIC DoIM, MoIC Department of Intellectual Property (DoIP), MOEA DCSI, MOEA Private sector	
		<p>1.1.2. Organize sensitization seminars for policymakers and public agencies to promote economic value of creative industries and to include them in the national strategic development plans such as the 21<sup>st</sup> Century Economic Roadmap and the Diagnostic Trade Integration Study Update (DTISU) team.</p>	4.3						<ul style="list-style-type: none"> <li>One seminar conducted per year in the first three years</li> <li>CI included in all relevant development policies</li> </ul>	PPD, MOEA	DCSI, MOEA DoIP, MOEA National Film Commission of Bhutan Media Council of Bhutan Film Association of Bhutan BICMA	

Strategic objective	Operational objective	Activity	Priority	Period					Reform or project	Targets	Leading implementing partners	Supporting implementing partners
				2021	2022	2023	2024	2025				
1. Establish a favourable policy and regulatory framework to support sector development	1.1. Enhance support of the creative industries at the institutional level through policies	1.1.3. Increase the participation of Bhutanese CI firms in government procurement by. <sup>62</sup> <ul style="list-style-type: none"> <li>Raising awareness and training government officials about the importance of further including creative firms in the procurement process.</li> <li>Adjusting the tender process and requirements to facilitate compliance of local CI firms.</li> <li>Providing capacity building for CI firms on the broader scale on how to participate in tenders, process applications and prepare documentation, etc.</li> </ul>	3.6						Project/ reform	DCSI, MOEA	PPD, MOEA DoIM, MoIC DoIM, MoIC	
		1.1.4. Strengthen the IP law breaches investigation function in collaboration with international partners such as WIPO.	4.1						Project	DoIP, MOEA	DCSI, MOEA DoT, MOEA WIPO	
		1.2.1. Officially agree on a definition of the creative industries and its subsectors across Bhutan's key government institutions.	3.9							Project	DoIM, MoIC, PPD, MOEA	DCSI, MOEA DoIP, MOEA
1.2. Adopt a common definition of creative industries and improve data on the sector	1.2.2. Develop an official register of the creative industries, including its subsectors, based on the official definition, by adding new specific categories for firm registration and requiring firms to report on their business activities in order to ensure the register distinguishes between "active" and "dormant" firms.		4.5						Project	DoIP, MOEA	DCSI, MOEA PPD, MOEA DoIM, MoIC	

62.– At the moment, procurement processes involve private sector exclusively for Industrial Development Grant Scheme (IDGS), Innovative Voucher Scheme (IVS) and Essential Service Scheme (ESS).



Strategic objective	Operational objective	Activity	Priority	Period					Reform or project	Targets	Leading implementing partners	Supporting implementing partners	
				2021	2022	2023	2024	2025					
1. Establish a favourable policy and regulatory framework to support sector development	1.2. Adopt a common definition of creative industries and improve data on the sector	1.2.3. Improve statistics on the sector by adopting new methodologies for accurate measurement of the economic output and GDP contribution of the sector. Use international practices to select the most relevant approach for Bhutan.	4.1						Project	<ul style="list-style-type: none"> <li>New measurement methodology in place</li> </ul>	PPD, MOEA, MoF	DoIP, MOEA DCSI, MOEA	
		1.2.4. Improve data collection and analysis of the sector by ensuring a regular yearly update of the register and various existing databases such as the creative industries database being developed by the DoIP.	4.5						Project	<ul style="list-style-type: none"> <li>Data collection and aggregation mechanism in place</li> </ul>	DoIP, MOEA	DCSI, MOEA PPD, MOEA DoIM, MoIC	
		1.2.5. Develop an annual statistical report on the sector to highlight the sector's activities and contribution based on the yearly data collection.	4						Project	<ul style="list-style-type: none"> <li>Yearly statistical report prepared</li> </ul>	PPD, MOEA	DoIP, MOEA DCSI, MOEA DoIM, MOEA	
		1.3. Adjust the legal and regulatory frameworks to support CI	1.3.1. Build on the existing Film Development Fund and enlarge its scope to cover other subsectors of the CI to facilitate entrepreneurial activities in the creative industries: Selection of the most effective projects in terms of creation, innovation, employment and international development and determine the needs of selected companies in the sector.	4.2						Project	<ul style="list-style-type: none"> <li>CI fund established</li> <li>Crowdsourcing platform established to support the fund</li> </ul>	PPD, MOEA	DCSI, MOEA DoIP, MOEA, GNHC
			Provide lower interest rates for loans for the CI firms; Invest in the firms that are already set up to support their further growth. Establish crowd sourcing as an additional contribution to the CI fund to tap into the private sector and the international civil society. The crowdfunding would also be a communication tool for creative industries of Bhutan.										

Strategic objective	Operational objective	Activity	Priority	Period					Reform or project	Targets	Leading implementing partners	Supporting implementing partners	
				2021	2022	2023	2024	2025					
1. Establish a favourable policy and regulatory framework to support sector development	1.3. Adjust the legal and regulatory frameworks to support CI	<p>1.3.2. Review and update regulations closely involving the CI sector committee and make amendments as needed to allow additional freedom for creativity and innovation considering modern industry development trends, while maintaining a preservation of the Bhutanese traditions. Add exemptions and "creative sandboxes" for firms working in areas not connected to traditional arts to be exempt from these regulations as needed.</p> <p>4.2</p> <p>1.3.3. Reinforce implementation of copyright Act in order to avoid piracy:</p> <ul style="list-style-type: none"> <li>• Revise the copyright Act to make sure it is up to date with the current context;</li> <li>• Develop the copyright policy to support copyright act enforcement;</li> <li>• Strengthen guidelines on how to register intellectual property and how to report the violation of IP</li> </ul> <p>4.5</p> <p>1.3.4. Strengthen the current data protection regulation to ensure data protection of CI firms wishing to engage in e-commerce internationally.</p> <p>4.2</p>											
										<ul style="list-style-type: none"> <li>• Content regulation rules updated</li> <li>• "Sandboxes" created for defined subsectors</li> </ul>	PPD, MOEA	DolP, MOEA Media Council of Bhutan National Film Commission BICMA Department of Culture (DoC)	
										Reform	<ul style="list-style-type: none"> <li>• Copyright Act reviewed</li> <li>• Copyright policy developed</li> <li>• Step-by-step guidelines available online</li> </ul>	DolP	Private sector, WIPO
										Reform	<ul style="list-style-type: none"> <li>• Data protection regulation and enforcement revised</li> </ul>	MoIC, MOEA	DiTT, DolP, MOEA



Strategic objective	Operational objective	Activity	Priority	Period					Reform or project	Targets	Leading implementing partners	Supporting implementing partners
				2021	2022	2023	2024	2025				
2. Increase the involvement of the Bhutanese population in creative industries through education and entrepreneurship	2.1. Strengthen the TVET system to broaden the sector	2.1.5. Promote partnerships between TVET institutions and private sector to increase the use and formalizations of apprenticeships and internships.	4.6					Project	<ul style="list-style-type: none"> <li>At least three partnerships developed by subsector</li> </ul>	Private sector, NFC, private TVET institutes	DTE, MoLHR DCSI, MOEA DoIM, MoIC DoIM, MoIC	
		2.1.6. Collaborate with selected foreign TVET institutions to allow student exchange programmes abroad and invite international experts to Bhutanese schools for seminars for students.	4.7					Project	<ul style="list-style-type: none"> <li>At least three foreign partnerships developed by subsector</li> </ul>	NFC, private TVET institutes	DoIM, MoIC, DTE, MoLHR, private sector DoIM, MoIC	
		2.2.1. Raise awareness about a career in the creative industries and encourage student and women involvement. Organize employment forums and campaigns to showcase the sector and its potential, and invite successful artists and creative firms to showcase their path. Advertise newly established TVET short- and long-term trainings.	4.5					Project	<ul style="list-style-type: none"> <li>Awareness-raising campaign developed</li> </ul>	DoIM, MoIC DTE, MoLHR DCSI, MOEA	Private sector	
	2.2. Promote creative industries as a career and entrepreneurship path to the Bhutanese population	2.2.2. Provide short-term entrepreneurship courses particularly focusing on: <ul style="list-style-type: none"> <li>Business management (business and financial plans, accounting and administration);</li> <li>Pitching an idea and getting investors involved;</li> <li>Engaging in international trade (export methods, quality requirements, defining target markets and analysing trade information);</li> <li>Online sales and e-commerce.</li> </ul>								DCSI, MoLHR Entrepreneurship and Self-Employment Division, MoLHR	DoIP, MoLHR DoT, MOEA DoIM, MoIC	
			2.2.3. Building on existing incubators and accelerators such as the Startup Center, Entrepreneurship and Self-Employment Division (ESED), the Thimphu TechPark (TTP), iHub or BizAP, and develop CI-specific acceleration services focusing on specific needs of industries such as music, film and graphic design.	4.3					Project	<ul style="list-style-type: none"> <li>New CI-specific services developed in at least three accelerators</li> </ul>	DoIM, MoIC DCSI, MOEA	GNHC, private sector, ITC



Strategic objective	Operational objective	Activity	Priority	Period					Reform or project	Targets	Leading implementing partners	Supporting implementing partners
				2021	2022	2023	2024	2025				
2. Increase the involvement of the Bhutanese population in creative industries through education and entrepreneurship	2.2. Promote creative industries as a career and entrepreneurship path to the Bhutanese population	2.2.4. Provide access to financial packages at different levels of the entrepreneurship to help enter the market and grow.	4.4					Project	<ul style="list-style-type: none"> <li>New financial packages available to late-stage entrepreneurs in CI</li> </ul>	MoF	DCSI, MOEA DoIM, MoIC	
		2.2.5. Attract angel investors, venture capitalists and other types of innovative national and international investments into CI start-ups in Bhutan through an investor-targeting campaign in order to expand production and increase innovation in the sector.	4.6					Project	<ul style="list-style-type: none"> <li>Investor-targeting campaigns carried out yearly</li> </ul>	DCSI, MOEA	Private sector	
		2.2.6. Acknowledge innovation and creation among young entrepreneurs by creating a yearly national award for entrepreneurs in the CI sector. - Establish national-level competition for CIs like a hackathon or idea competition to help establish a sense of competition and help monitor and evaluate growth with all the other activities supporting the CI sector.	4.5					Project	<ul style="list-style-type: none"> <li>Yearly national award for CI sector in place</li> <li>National competition in place</li> </ul>	DCSI, MOEA DoIM, MoIC	BCC/BAEyul	
3. Spark creativity to increase influence and access to domestic and international markets	3.1. Scale up and diversify creative production	3.1.1. Improve the quality of creative goods and services through: <ul style="list-style-type: none"> <li>Establish quality standards, guidelines, regulations and requirements for certification of music, film and graphic design products;</li> <li>Provide quality trainings for creative firms;</li> <li>Promote individual certification through massive online open courses (MOOCs) or other online resources;</li> <li>Promote standards through radio, press and television discussions in order to raise awareness about the importance of quality and sensitize the industry to the new technical requirements and standards.</li> </ul>	4.3					Project	<ul style="list-style-type: none"> <li>New national quality standards in place for CI</li> <li>Quality training available for firms</li> <li>Online training links available to firms and subsidies on the fee-based ones</li> </ul>	National Film Commission Media Council of Bhutan BICMA, NFC	DoIM, private sector DoIM, MoIC	



Strategic objective	Operational objective	Activity	Priority	Period					Reform or project	Targets	Leading implementing partners	Supporting implementing partners
				2025	2024	2023	2022	2021				
3. Spark creativity to increase influence and access to domestic and international markets	3.1. Scale up and diversify creative production	<p>3.1.6. Encourage creative actors to join/form associations by organizing an awareness raising campaign for the firms about the benefits to be part of the associations, particularly focusing on:</p> <ul style="list-style-type: none"> <li>Information about the sector and latest trends globally;</li> <li>Joint marketing;</li> <li>Economies of scale and access to finance and supplies;</li> <li>A direct voice of advocacy to the public sector to represent interests.</li> <li>Particularly focus creation of new associations in the subsectors of music and graphic design.</li> </ul> <p>4.2</p>						Project	<ul style="list-style-type: none"> <li>At least two new associations formed over the period of the strategy</li> </ul>	National Film Commission DoIP, MOEA DoIM, MoIC	DoIM, MoIC Private sector	
	3.2. Enable creativity to be spread locally to make it available to the domestic market	<p>3.2.1. Raise awareness about the creative industries throughout the country to enhance consumption of local creative goods and services through campaigns and music and films festivals.</p> <p>4.4</p> <p>3.2.2. Increase the reach of the national market by encouraging consumption of locally developed creative products and services through appropriate facilities and infrastructure:</p> <ul style="list-style-type: none"> <li>Rental studios, recording and post-production studio for music and movies;</li> <li>Documentation centres: books, magazines, newspapers, music, movies;</li> <li>Facilities for cinemas and concert auditoriums to practice music;</li> <li>Infrastructure for elaborating and printing graphic works in each district will ensure that creative works are fairly distributed throughout the country.</li> </ul> <p>4.6</p>						Project	<ul style="list-style-type: none"> <li>Yearly communication campaign through festivals in place</li> <li>At least one new facility per dzongkhag</li> </ul>	DoIM, MoIC DCSI, MOEA	DoIP, MOEA Private sector DoIM, MoIC	

Strategic objective	Operational objective	Activity	Priority	Period					Reform or project	Targets	Leading implementing partners	Supporting implementing partners
				2021	2022	2023	2024	2025				
3. Spark creativity to increase influence and access to domestic and international markets	3.2. Enable creativity to be spread locally to make it available to the domestic market	3.2.3. Encourage interaction between creators, with the creative industry and the public through regular events and festivals: exhibition, music festivals, film festivals, dance shows, graphic fairs, talks, debates, conferences and movie projection, etc.	4.6						Project	<ul style="list-style-type: none"> <li>Ensure presence of creators during exhibitions of creative content</li> </ul>	DoIM, MoIC DCSI, MOEA, NFC, BCCI	Private sector
		3.2.4. Create an online social network for creative industries firms made by a Bhutanese software designer. This software will allow stakeholders to interact and increase generation of new ideas and creation.	4.4						Project	<ul style="list-style-type: none"> <li>Online creative network in place</li> </ul>	BCCI	DoIM, MoIC, Private sector
		3.2.5 Create apps for the film, music and graphic design subsectors made by Bhutanese software designers, following these newly developed platform examples: <a href="http://www.booknese.com">www.booknese.com</a> , <a href="http://www.movies.bt">www.movies.bt</a> and <a href="http://www.beskopbhutan.com">www.beskopbhutan.com</a> . <ul style="list-style-type: none"> <li>A Bhutanese movie app can announce which films will be released and where you can see them. A streaming option can be considered.</li> <li>A Bhutanese music app to inform about musical events, and to showcase and stream musical work.</li> <li>A Bhutanese graphic design app where graphic designers can post their artwork/portfolio and register their firm's name. The Bhutanese population would have the possibility to rate the graphic works, interact by giving their opinion and have access to a list of graphic designers with different style in the country.</li> </ul>	4					Project	<ul style="list-style-type: none"> <li>Three new apps created by Bhutanese software designers</li> </ul>	BCCI	Private sector, DoIM, MoIC DoIP, MOEA DCSI, MOEA	



Strategic objective	Operational objective	Activity	Priority	Period					Reform or project	Targets	Leading implementing partners	Supporting implementing partners
				2021	2022	2023	2024	2025				
3. Spark creativity to increase influence and access to domestic and international markets	3.3. Promote the creative industries abroad and increase international market presence	3.3.1. Provide access to basic resources (internet, electricity and office space, etc.) to creative actors and encourage usage of digital marketing to increase visibility. Use creativity hubs to make these basic resources available.	4.5						Project	<ul style="list-style-type: none"> <li>Informatics centres available in creativity centres</li> </ul>	DCSI, MOEA	DoIM, MoIC, Private sector
		3.3.2. Support creative actors to build and optimize online presence and engage in e-commerce: <ul style="list-style-type: none"> <li>Provide capacity building for the firms on the topics of e-commerce, online payments, data protection, security and other legal considerations;</li> <li>Provide necessary IT support to on-board CI firms to the e-commerce platforms;</li> <li>Partner with the regional online marketplaces to support on-boarding the CI firms to the marketplaces.</li> </ul>	4.3					Project	<ul style="list-style-type: none"> <li>Capacity building on e-commerce available to firms yearly</li> <li>IT backstopping available to firms</li> <li>Partnerships developed with regional marketplaces</li> </ul>	DCSI, MOEA DoT, MOEA	DoIM, MoIC DoIP, MOEA	
		3.3.3. Create a marketing platform developed by a Bhutanese software designer for local creative industries actors to promote their products online and in the region.	4.7						Project	<ul style="list-style-type: none"> <li>Local marketing platform in place by a Bhutanese software designer</li> </ul>	Private sector DoT, MOEA	DoIM, MoIC DCSI, MOEA
		3.3.4. Integrate export support within incubators and accelerators for start-ups and SMEs, particularly focusing on the CI. (In connection with activity 2.2.3.)	4.3						Project	<ul style="list-style-type: none"> <li>New CI-specific services focusing on export developed in at least three accelerators</li> </ul>	DCSI, MOEA DoT, MOEA	BCCI BAEyul

Strategic objective	Operational objective	Activity	Priority	Period					Reform or project	Targets	Leading implementing partners	Supporting implementing partners
				2021	2022	2023	2024	2025				
3. Spark creativity to increase influence and access to domestic and international markets	3.3. Promote the creative industries abroad and increase international market presence	3.3.5. Develop a CI brand and marketing strategy for regional and international markets with the support of marketing agencies/institutions under the umbrella of the Brand Bhutan initiative. Ensure appropriate IP protection for the newly established brand.	4.6						Project	<ul style="list-style-type: none"> <li>CI brand in place in connection with Brand Bhutan</li> </ul>	DoT, MOEA DoIM, MoIC	DCSI, MOEA DoIP, MOEA Private sector DoIM, MoIC
		3.3.6. Participate in creative trade fairs and festivals in Asia, Europe and Australia to showcase creative work. Selection through competition or remuneration may be required.	4.4						Project	<ul style="list-style-type: none"> <li>Yearly participation in trade fairs of selected Bhutanese CI firms</li> </ul>	DoIM, MoIC MOEA, NFC	Private sector DoT, MOEA
		3.3.7. Develop partnerships with renowned international firms for music, film and graphic design in order to share knowledge, inspire Bhutanese creators, learn new skills and style, contemporize the products and target new markets.	4.7						Project	<ul style="list-style-type: none"> <li>At least five new partnerships in place</li> </ul>	DoIM, MoIC Private sector, NFC	DoT, MOEA DoIM, MoIC
		3.3.8. Select a few (up to five) export-ready CI firms with a high export potential and accompany them through a hand-holding approach at every step required to get first international contracts (quality compliance, market information understanding and analysis, product branding and client prospection, etc.). The objective is to concretize a first contract for each assisted firm. Subsequently, train these companies to be mentors for other CI firms wishing to engage in export. Invite them into incubators and accelerators to present their experience.	4.4					Project	<ul style="list-style-type: none"> <li>Five firms supported to reach first deals with foreign buyers</li> <li>Mentoring programme carried out by these firms to other export-ready firms</li> </ul>	DoIM, MoIC DCSI, MOEA DoT, MOEA, NFC	Private sector DoIM, MoIC	







# IMPLEMENTATION FRAMEWORK

The objective of the Creative Industries Export Strategy of Bhutan is to establish a clear framework to guide the development of this nascent industry so that it supports the modernization of creativity and other sectors in Bhutan while preserving tradition and increasing the country's visibility abroad. Achieving this ambitious objective will depend on the industry's ability to implement the activities defined in this strategy. As a primary intervention in order to structure the sector's development, it is recommended that the following interventions be implemented with priority:

- 2.1.2. Open specialized schools in modern music, film production and graphic design. Build on the current project of the VAST Arts Academy, especially in the fields of film and design.
- 2.1.6. Collaborate with selected foreign TVET institutions to allow student exchange programmes abroad and invite international experts to Bhutanese schools for seminars for students.
- 2.2.2. Provide short-term entrepreneurship courses.
- 3.3.3. Create a marketing platform developed by a Bhutanese software designer for local creative industries actors to promote their products online and in the region.
- 3.3.7. Develop partnerships with renowned international firms for music, film and graphic design in order to share knowledge, inspire Bhutanese creators, learn new skills and style, contemporize products and target new markets.

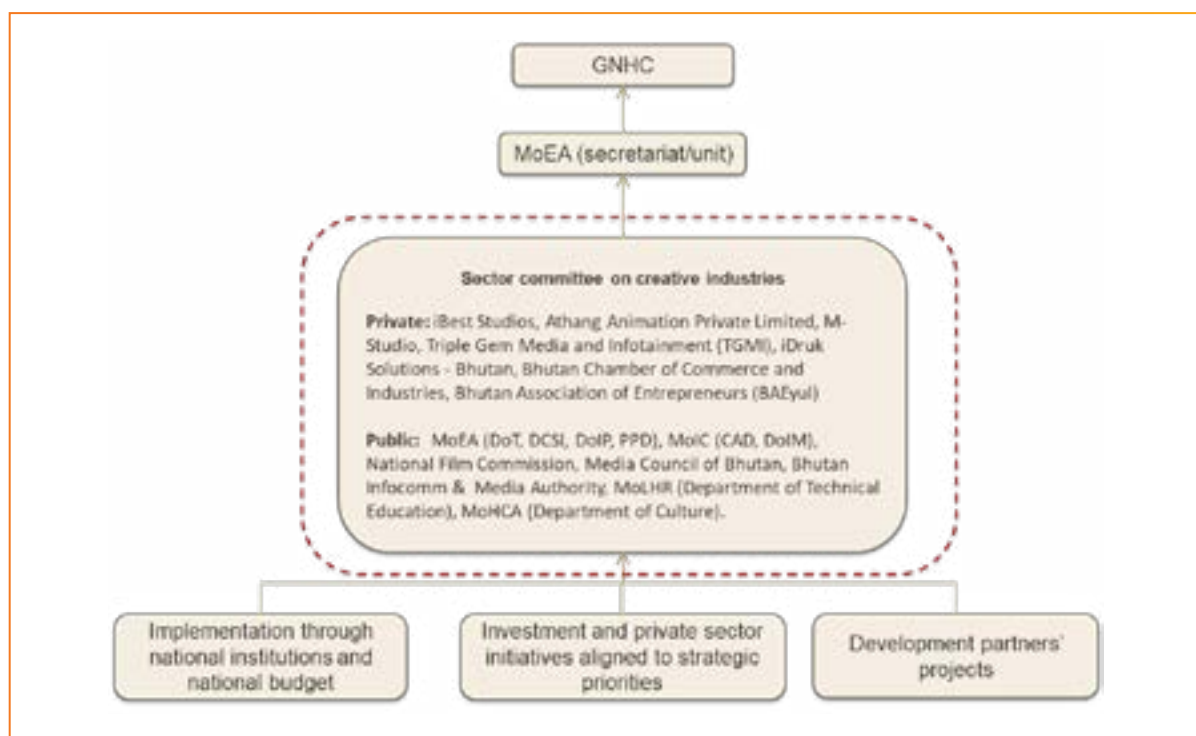
These immediate quick-win activities are necessary to successfully initiate the strategy's implementation and to enable rapid industry growth.

## Managing for results

It is the translation of these priorities into implementable projects that will achieve the substantial increase in export earnings and export competitiveness envisaged under the strategy. This achievement will be driven by reforming the regulatory framework, optimizing institutional support to firms and strengthening private sector capacity to respond to market opportunities and challenges. The allocation of human, financial and technical resources is required to efficiently coordinate, implement and monitor the overall implementation.

Success in executing activities will depend on stakeholders' ability to plan and coordinate actions in a tactical manner. Diverse activities must be synchronized across public and private sector institutions to create sustainable results. This requires the fostering of an adequate environment and creating an appropriate framework for successful implementation.

Key to achieving targets will be coordination of activities, progress monitoring and mobilization of resources for implementation. Industry representatives recommended that a public-private creative industries sector committee be rapidly established, operationalized and empowered. The sector committee is to be responsible for overall coordination, provision of policy guidance and the monitoring of industry development in relation to the strategy.

**Figure 37:** Institutional framework for creative industries development

### Creative industries sector committee

A creative industries sector committee will be established by the MOEA to give the industry the capacity to steer its development strategically. The sector committee on creative industries is composed of the following members:<sup>63</sup>

1. Department of Trade, MOEA
2. Department of Cottage and Small Industry, MOEA
3. Department of Intellectual Property, MOEA
4. Policy and Planning Division, MOEA
5. Creative Arts Division, DoIM, MoIC
6. National Film Commission
7. Media Council of Bhutan
8. Bhutan Infocomm & Media Authority
9. Bhutan Chamber of Commerce and Industry
10. Bhutan Association of Entrepreneurs (BAEyul)
11. Department of Technical Education, MoLHR
12. Department of Culture, Ministry of Home and Cultural Affairs (MoHCA)
13. iBEST STUDIOS
14. Athang Animation Private Limited
15. M-Studio
16. Triple Gem Media and Infotainment (TGMI)
17. iDruk Solutions, Bhutan

### The sector committee is empowered to meet quarterly and implement the following functions:

- i. Create a shared understanding of key market challenges and opportunities facing the sector;
- ii. Set goals and targets that, if achieved, will strengthen the sector's competitive position and enhance Bhutan's overall capacity to meet the changing demands of markets;
- iii. Propose key policy changes to be undertaken and promote these policy changes among national decision makers;
- iv. Support the coordination, implementation and monitoring of activities in the sector by the government, private sector, institutions or international organizations to ensure alignment to goals and targets, and, as required, contribute to resource identification and alignment.

63.– The sector committee may invite additional participants to meetings as required, such as the Voluntary Artists' Studio, Thimphu (VAST) or others.



### Key success factors for effective implementation

The presence of the sector committee to oversee the strategy's implementation is a key success factor, but it is not sufficient to effectively fulfil its assigned functions.

#### Private sector support and participation in implementation

The private sector clearly expressed its willingness to contribute, directly or in partnership with public institutions, to the strategy's implementation. Their implementation efforts can range from providing business intelligence to institutions to contributing to project design, promotion, branding and policy advocacy, etc. The private sector's practical knowledge of business operations is essential to ensuring that the strategy remains aligned to market trends and opportunities.

#### Proactive networking and communication

The key implementing institutions mentioned in the PoA need to be informed of the strategy's content and the implications for their 2021–2025 programming. This networking and communication is essential to build further ownership and provide institutions with the opportunity to confirm the activities that they can implement in the short to long term. It will be important for MOEA and members of the sector committee to reach out to relevant institutions nationally to create awareness and support for creative industries' development.

### Resources for implementation

The sector committee, in collaboration with the MOEA, will need to leverage additional support for efficient implementation of this strategy. Effective planning and resource mobilization is indispensable in supporting strategy implementation. Resource mobilization should be carefully planned and organized.

As the creative industries was also identified as a priority under the 21<sup>st</sup> Century Economic Roadmap, the Royal Government of Bhutan should define annual budget allocations and support to drive industry growth. This commitment will demonstrate clear engagement to strengthening the sector and will encourage private partners to support development. In addition to national budget support, resource identification will require the Bhutan Investment Promotion Agency to effectively target foreign investors in line with the strategy's priorities, such as the creation of regional creative hubs or cultural spaces. Investment flows to Bhutan should also be considered as a valuable driver of strategy implementation and overall industry development.

The various implementation modalities detailed will determine the success of strategy implementation. However, high-level support from the Royal Government of Bhutan, in collaboration with strong championship by the private sector, will be the real driver of successful strategy implementation.









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