THE CASE FOR CREATIVE HUBS IN ARMENIA
Assessing the establishment of Creative Hubs in Armenia

REPORT
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1. Introduction

About this assignment

This objective of this assignment, part of the “Support to SME development in Armenia” (SMEDA)\(^1\), project was two-fold. Firstly to:

- Develop the concept Creative Hubs in Armenia – in the three regions with a specific focus for each hub; feed in examples of existing creative hubs (such as Baltic Creative in Liverpool UK; Todos and Mouraria Creative Hubs in Lisbon Portugal)
- Develop a concept for a Network of Creative Hubs in Armenia
- Develop a road map (short and long-term perspective) for implementing CHs and a network of those hubs in Armenia
- Suggest the most feasible/suitable city for transferring the CH idea into life and propose concrete actions for such a pilot initiative (should answer to the “Five Ws”) for starting the project both in general and, particularly, by SMEDA. Also, the CH expert shall provide suggestions regarding:
  - The place and the interior, and potentially with concrete examples
  - Potential stakeholders (investors, tenants, etc.)
  - Needed capacity building activities and creative aspects
  - Marketing activities

Secondly, connecting closely to this, to:

- Assess the status quo in CCI this sector and propose potential development perspectives – within the four pre-selected segments of CCI and beyond

The assignment was delivered during a field trip in May 2016, during which the Towns of Vanadzor and Gyumri were visited, with workshops in each, in addition to Yerevan where the site of a potential hub was explored.

\(^{1}\) SMEDA is co-funded by the European Union and the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by GIZ’s Private Sector Development in South Caucasus Programme. SMEDA is part of the EU4Business and EU4Innovation initiatives of the European Union (www.smeda.am).
2 What are Creative Hubs? What benefits do they bring?

There are almost as many definitions of creative hubs as there are hubs around the world. A simple one developed by the British Council is that they are “a physical or virtual place that brings enterprising people together who work in the creative and cultural industries.” However, this barely captures what a hub really is or the huge diversity that exists out there from bustling and continually noisy (in a good way) hubs like the GoDown centre in Nairobi, that provide training and opportunities to young people in the arts and technology from the poorest parts of a great city, to quiet and contemplative spaces like The Writers Room in New York, that offers 24 hours a day co-working spaces for aspiring authors.

At its heart the essence of any hub is the reality that creative people often work best and achieve more when they work together. As George Braque said of his relationship with Picasso, when the pair of them revolutionised visual art through the invention of Cubism in 1920s Paris, the pair of them worked so closely: “We were like mountain-climbers roped together.” Economists researching why creative people work can be more productive when working in clusters or close proximity – such as in the famous film post production cluster in Soho London or the digital cluster in Berlin – refer to this as the ‘agglomeration effect’. The transfer of knowledge, interchange of ideas and flow of information, people, skills and interaction of complex value chains which define the most successful creative places can create more jobs and encourage even more start-ups in a ‘virtuous circle’.

There is no single figure for the number of different creative hubs across the world. Research for the British Council discovered at least 800 hubs, ranging in size from a few people to ‘tribes’ of up to 3,000. Globally research from 2015 shows there are estimated to be at least 1.2 million people working in them – figures which are likely to be far exceeded today, given the growth of hubs.

Hubs can and do provide much more than just homes for creatives. They also often have wider role raising the profile of the sector, giving it a voice and visibility. As the British Council Say:\(^3\):

“Creative Dundee, a creative hub in Dundee, helped to gather thousands of people's opinions about what it would mean to become the UK City of Culture in 2017 via their WeDundee campaign, which fed directly into the bid; while in 2011, Cogite, a creative hub in Tunisia, was set up after the revolution to bring social entrepreneurs together in one place, in order to help design the country's transformation In Sub-Saharan Africa, general office spaces are very costly, whereby tenants required to provide anything up to a years' rent as deposit. The emergence of creative hubs across the continent are starting to bypass this, whereby the person running the hub takes on the relationship with the land lord, while the creatives are able to sign up to risk-free, affordable desk spaces in the hub - that do not require significant deposits. Creative hubs are playing a major role in the growth of the creative economy here, ensuring that creative minds are not stagnated by horrific costs.”

The most successful hubs reflect the unique identity and strengths of the place they develop in. Many successfully sit in a conceptual and delivery space between creativity, innovation, social improvement and the visitor economy ensuring that they have far wider economic, social and cultural impact on the cities and places they are based in. The way that the most successful hubs achieve this is usually through partnership – through connecting education, the public sector, private sector, tourism, retail and more.

Hubs such as Birmingham Open Media BOM (Birmingham Open Media) are forging a new model of radical practice at the intersection of art, technology and science with measurable social impact. Their model, like that of many of the most successful hubs, is driven by values and by a philosophy that puts stakeholder’s

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2 https://www.masterworksfinart.com/blog/georges-braque-and-pablo-picasso/

first. Their big, open vision is one that ensures multiple-partners are engaged. The way it describes itself is an excellent example of the way that a Hub is a living and breathing thing that is not easy to define:

“BOM is a magnet for awesome. It’s an art gallery with life, a university with open doors, an accessible and welcoming hacker space, an innovative community centre, a school brimming with fun, a focussed and productive meetup space, and a communal studio full of jobs, opportunities, thrilling projects, interesting people, and workshops that put you onto new paths... never mind the indoor forest serving incredible food... It’s a well curated operation running on the best of currencies - huge amounts of passion, vision and good will - and provides a platform for those with enthusiasm and courage to blossom. BOM is truly a modern hybrid with the wealth of the internet and the warmth of real people. It’s a rich, self-regulating, organic, happy gut-full of goodness.”

BOM’s model is driven by socially engaged practice in art, hacktivism and open culture through live projects, commissions and research partnerships. However, its business model is underpinned by hard-edge reality – it has a restaurant that brings in high-end diners generating revenue, it also sub-lets space to commercial businesses which ensures that it can let out its facilities (which include a dark room and printing press) at affordable rates. It is also highly partnership driven, ranging from charities that deal with homeless people to the NHS and local universities and schools. It also has a network of fellows who use the building for research and further connect the organisation with important sectors and organisations.
3. The Case for creative hubs in Armenia

Following the recent revolution and the new government, Armenia is well set to continue its economic transition towards a more diverse industrial base. The country, like others in the region, is moving toward a more service-based and digitally-driven economy. This is vital to retain and attract well-educated talent; to enhance productivity and innovation capacity; and to build a business base which is more investment-ready and scalable. In such a small and land-locked country as Armenia, it is important to nurture value-adding activities such as those in digital and creative sectors – such is their capacity for generating new narratives which can in turn enhance the brand value and market position of ‘traditional’ sectors such as in manufacturing, food and drink and tourism.

However, this growth and diversification is from a relatively low and base, with the country facing a set of serious structural and cultural barriers to growth. The small domestic market and talent pool, issues of connectivity (digitally, by road and air), and a post-Soviet legacy in terms of approaches to entrepreneurship, trust and collaboration together hamper the vibrancy of the start-up sector. Internationally there has been nervousness around investment into Armenian businesses due to concerns around the effectiveness of the legal system. Additionally, and most significantly, Armenia lacks the facilitating and connecting role of specialist intermediary services (e.g. development agency models); and it to date lacks the convening and collaborative milieu of creative hubs to drive innovation and build a community of micro businesses and SMEs capable of building a sustainable knowledge and creative economy.

The case for Creative Hubs need to be seen against this overall context – what role would one or more hubs play in helping the creative sector grow? How would they contribute to the wider transformation of the economy? How would they contribute to the wider improvement of the urban environment?

Creative Hubs also need to be seen against the backdrop of other interventions in the economy. Recent years have seen an upturn in Armenia’s start-up ecosystem – as articulated in SMEDA’s ‘Surprising Armenian Start-ups’ report2 - with entrepreneurship gaining traction as a core skillset and a recognition that employment may come through the generation of new businesses rather than increasing the absorption capacity of existing ones. Platforms and communities such as Catalyst3 (the high tech and innovation start-up foundation led by the founders of SmartGateVC), demonstrate the demand for and potential of a fabric of accelerator platforms which champion Armenian entrepreneurial talent – in the country and across the diaspora. Emergent hubs and clusters such as Impact Hub Yerevan and Gyumri Technological Centre demonstrate demand for co-location and the benefits of building a community of complementary practice, often with a focus on delivering social as well as economic outcomes. Indeed, the overall picture is positive, with annual growth in the digital and technology sectors at 20-25% since 2005 and with 2016 was marked by 38.5% growth. Increasing numbers of foreign outsourcing companies are based in Armenia, R&D activities are on the rise (often supporting companies based in major global clusters such as Silicon Valley), and a new generation of entrepreneurs are generating start-ups with real energy and zeal.

SMEDA has successfully delivered several initiatives to support and grow the creative economy. In 2017 SMEDA carried out mapping and research into the strengths and weaknesses of the Creative Industries through a series of workshops and discussions. This work, led by Sound Diplomacy and Tom Fleming Creative Consultancy with support from Deem Communications looked at the strengths, weaknesses and need for further support in four growing sectors of Design, Film, Games & Software and Marketing & Advertising. It found that there are seven major challenges that businesses within these sectors face:

- **Skills gaps**: Challenges in finding people with the right skills
- **Access to markets**: especially in Europe
- **Legal and financial frameworks**: which make it hard to set up online businesses and gain investment
— **Knowledge exchange and transfer:** lack of professional networks and groups, Lack of synergies between ICT and wider creative communities

— **Commercialisation and management capacity:** Lack of skills in managing companies and growing start-ups

— **Lack of visibility and connections to the wider economy:** the sector is not as well known or connected strongly other parts of the economy

— **Business environment and competition:** The challenges posed by Armenia’s relatively small internal markets

The report recommended a series of initiatives which would support the sectors to grow in the future. Overall it suggested that the creative industries should be recognised nationally at by the Government as part of its wider economic development initiatives through the establishment of an Armenian Creative Industries Development Agency. A fit-for-purpose legal and financial framework for creative industries needs to be developed, tested and maintained. That because of the relatively small size of Armenia’s internal market, support programmes are needed to boost export activities and the development of outsourcing capability. There also needs to be support for developing business management, leadership and entrepreneurship. Overall consideration should be given to developing an Armenian brand.

Since the report, two creative networks have grown supported by SMEDA. The Fashion and Design Chamber of Armenia was established by a group of designers to develop the industry in Armenia through capacity building, improving competitiveness and showcasing in international markets. It is working with individual designers on campaigns and PR including organising events and exhibitions. SMEDA supported a group of 12 young fashion designers to go Kiev for the Mercedes-Benz Fashion Days, where they were able to network, make new international contacts and learn more on how to make it on the international stage. An informal Filmmakers Club for producers and directors has begun meeting to grow the voice for this historically significant sector, helping the government draft a new film law. In 2018 with SMEDA’s help, they hosted a prestigious European Audiovisual Entrepreneurs (EAVE) Producers Workshop, which gave expert professional development for producers with early-stage projects.

A recent report on the creative industries in Armenia for the **EU-Eastern Partnership Culture and Creativity Programme**[^1] identified many challenges facing the growth of the sector and focussed on the wider role that Creative Hubs can play in helping tackling issues such as lack of visibility and connectivity, infrastructure gaps and sector weaknesses:

> “Creative hubs can make significant contributions to CCIs business development, community strengthening and urban renovation. Creative hubs can revitalise neighbourhoods and under-developed city quarters. It is a good investment to allow access to empty or non-used spaces and venues for CCIs. Free or low-costs rents and simplified procedures can support many new initiatives. Supporting teams and operations in the initial years and integrating them into wider city/region and sector development plans can provide an impetus towards their structural sustainability and take them to new heights. As new stakeholders, hubs can build on their achievements and social capital and become the basis for the development of potential Public-Private Partnerships (PPPs), which have yet to have a legal basis in some EaP countries.”

There are very exciting proposals for a major film and audiovisual cluster in Armenia. VISUAL CITY is proposed as an ecosystem for VFX and computer animation, co-locating local and incoming international firms in a 50,000 sqm development to the edge of Yerevan on the Ashtarak Highway. This proposal is currently seeking private investment to match public sector commitments (via the Government of Armenia). The proposed facilities include a central business centre / workspace offer; blue and green screen film studios; a sound centre; a data centre; and a significant training and development programme to upskill the workforce. This proposed cluster could be a game-changer for the capacity of the Armenian film and audiovisual sector and it should be welcomed.

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As the Creative Hub in Yerevan is developed thought should be given as to how the two hubs could connect through events and activities and through enabling businesses based at the Creative Hub in Yerevan to access the facilities, talent and markets provided through VISUAL CITY.

The figure below from our previous report for SMEDA “Supporting a Creative Start-up Ecosystem in Armenia - Headline opportunities, challenges and priorities” summarises the strengths and challenges facing the Creative economy in Armenia and the role of a hub as an intervention that would help tackle them.

Figure 1: The Strategic Opportunity Landscape for Supporting micro businesses and SMEs in Armenia – focusing on technology, creative and knowledge intensive businesses

**Strengths**
- A dynamic and evolving ecosystem of start-ups, with growing confidence that it is possible to build successful businesses in Armenia. The role of SME DGC vital as coordinator and connector.
- A large worldwide diaspora which generates access to skills, investment and markets.
- Strong technical and scientific education, widespread English language skills, growing entrepreneurship competencies.
- Strategic market position – bridging east and west.
- An emergent support and investment landscape, with accelerators, networks and advice premises more accessible and relevant.
- A distinctive cultural narrative and brand identity.
- Growth of Yerevan as a cluster for knowledge intensive sectors and emergent clusters in other cities – e.g. Gyumri.

**Challenges**
- Lack of tailored business support, investment and investment readiness, with gaps in provision and the lack of effective cross-sector networks.
- Lack of hubs with connect complementary uses and nurture the enabling conditions for innovation and growth – especially for the creative industries. Lack of connectivity between hubs.
- Lack of cross-sector innovation, e.g. between micro businesses in tech, creative, food and drink and tourism.
- Lack of a clear and distinctive brand narrative – for investment, talent attraction and market development.
- Big gaps between minority of leading edge businesses and majority of ‘hand to mouth’ businesses – most struggle with IP infringement, lack of formalisation, investment gaps, inflation, weak markets.

**Opportunities**
1. Develop tailored business support and investment readiness activities to maximise strengths in the creative and technology sectors. Improve the products on offer – to include innovation / R&D projects and flexible funds to target trends. Develop a strong sector baseline and build the conversation with entrepreneurs via regular events and commissions.
2. Establish pilot hubs to co-locate micro creative and tech businesses and encourage cross-sector collaboration to nurture a more innovative trajectory for talented entrepreneurs.
3. Develop a distinctive brand narrative for Armenian creative and knowledge economy which helps give identity and confidence to entrepreneurs, builds collaboration and market opportunities, and generates interest from mobile talent.
4 The role of Creative Hubs in Yerevan, Gyumri and Vanadzor

In our work we looked specifically what the role and benefits of a creative hub would be in the three largest Armenian Cities. Through workshops and site visits we were able to establish the different roles that a hub could play in the three contrasting locations of Yerevan, Gyumri and Vanadzor, as well as to examine how they could work together and where the priority should be developing a pilot.

Yerevan – what a hub could deliver

<table>
<thead>
<tr>
<th>Creative Industries benefits</th>
<th>Wider economic benefits</th>
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<tbody>
<tr>
<td>- Provide affordable co-working space for creative industries from across the spectrum</td>
<td>- Raises the profile of the sector to businesses in the wider economy.</td>
</tr>
<tr>
<td>- Generate agglomeration benefits from close-working e.g. skills and knowledge transfer, tacit learning</td>
<td>- Increase connectivity with ICT sector</td>
</tr>
<tr>
<td>- Connect with international networks through hub networks e.g. European Creative Hubs Network</td>
<td>- Increase tourism, raise profile and brand of Yerevan (and Armenia) with international tourists</td>
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<tr>
<td>- Provide ‘visibility’ to the sector, thereby raising its ability to advocate and increasing awareness in wider economy</td>
<td>- Help show the way the economy is transitioning to investors</td>
</tr>
<tr>
<td>- Provide training and education – through formal connections to education providers (e.g. Tumo or Yerevan State University)</td>
<td>- Build skills and aspiration in young people.</td>
</tr>
<tr>
<td>- Provide large scale production space for artists</td>
<td>- Boost the number of start-ups</td>
</tr>
<tr>
<td>- Provide a venue for performance</td>
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</tbody>
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Social and civic benefits

- Help in the physical and social regeneration of Yerevan
- Provide new opportunities for young people to progress into the creative industries
- Raise awareness of the potential of the creative sectors to provide employment
- Act as a focal point for advocacy for entrepreneurship and small business start-ups
Gyumri—what a hub could deliver

**Creative Industries benefits**
- Provide a focal point for creative activity in the city
- Act as avenue for small scale performance
- Connect with the Gyumri Technology Centre and boost links with ICT
- Connect with international networks through hub networks e.g. European Creative Hubs Network
- Provide ‘visibility’ to the sector, thereby raising its ability to advocate and increasing awareness in wider economy
- Provide training and education—through formal connections to education providers (e.g. Tumo or Yerevan State University)
- Link with the Yerevan Hub to provide access to new markets and wider exposure

**Wider economic benefits**
- Help develop the night-time economy
- Help encourage young people to stay and others to move back to the city
- Boost the city and region’s emerging knowledge economy
- Raises the profile of the sector to businesses in the wider economy.
- Boost number of start-ups in the region
- Increase connectivity with ICT sector
- Increase tourism, raise profile and brand of Yerevan (and Armenia) with international tourists
- Help show the way the economy is transitioning to investors
- Demonstrate

**Social and civic benefits**
- Help in the physical and social regeneration of Gyumri
- Provide new opportunities for young people to progress into the creative industries
- Encourage young people to stay and others to return
- Connect the region better to Yerevan through being part of a hub network
- Raise awareness of the potential of the creative sectors to provide employment
- Act as a focal point for advocacy for entrepreneurship and small business start-ups
Vanadzor – what a hub could deliver

Creative Industries benefits
- Provide a focal point for creative activity in the city
- Act as avenue for small scale performance
- Connect with the Vanadzor Technology Centre and boost links with ICT
- Connect with international networks through hub networks e.g. European Creative Hubs Network
- Provide ‘visibility’ to the sector, thereby raising its ability to advocate and increasing awareness in wider economy
- Provide training and education – through formal connections to education providers (e.g. Tumo or Yerevan State University)
- Link with the Yerevan Hub to provide access to new markets and wider exposure

Wider economic benefits
- Help develop the night-time economy
- Help encourage young people to stay and others to move back to the city
- Boost the city and region’s emerging knowledge economy
- Raises the profile of the sector to businesses in the wider economy.
- Boost number of start-ups in the region
- Increase connectivity with ICT sector
- Increase tourism, raise profile and brand of Yerevan (and Armenia) with international tourists
- Help show the way the economy is transitioning to investors
- Demonstrate

Social and civic benefits
- Help in the physical and social regeneration of Vanadzor – especially if an old industrial setting is chosen for the hub
- Provide new opportunities for young people to progress into the creative industries
- Encourage young people to stay and others to return
- Connect the region better to Yerevan through being part of a hub network
- Raise awareness of the potential of the creative sectors to provide employment
- Act as a focal point for advocacy for entrepreneurship and small business start-ups

4.1 Recommendations for establishing a pilot hub

Based on our assessment of the three the starting point should be the development of a hub in Yerevan. While there is a clear need and role for hubs in Gyumri and Vanadzor, there is not yet in place a viable network or delivery organisation. Our hope would be that the experience from Yerevan is rapidly taken across to the other two places and that even before the pilot is up and running in Yerevan fully that they both have in place their own Hub delivery plans. We believe that the success of the Hub in Yerevan will partly be driven by how well it connects to the regions in Armenia and that it would be much strengthened if there was an internal network of hubs that enabled young creative talent to thrive wherever it is based. Encouraging more entrepreneurial start-ups and retaining talent is vital in Gyumri and Vanadzor and hubs would play a vital role. With A hub in Yerevan acting as a demonstrator pilot project, it would help make the case strongly for more hubs.
5. Establishing a pilot creative hub in Yerevan

5.1 Initial planning and Hub development

The Fashion and Design Chamber of Armenia, which was established in 2017 to support the growth of design and fashion in Armenia have begun the process of establishing a creative hub. Since being established the Chamber have been very active. Activities have included taking young designers to international fashion weeks. In June 2018 they organised highly successful ‘Fashion Forum Yerevan 2018’. This event at Tumo, featured international speakers on a range of topics from sustainability to trend spotting. Run by Elen Manukyan and Vahan Khachatryan with support from the Business club for Impact, they are in the process of turning their exiting office and showroom located in central Yerevan into a small scale creative hub with co-working space. This will initially be let to a group of designers and photographers.

During our mission in Yerevan we met with the Chamber on three occasions to work with them to develop their vision for a Yerevan Creative hub. The original concept we discussed for a Creative hub is worth sharing as it provides an ambitious, open and overarching vision and set of goals. It will:

- Give a sense of belonging
- Bring together creative mind
- Have a number of joint projects/networks
- Showcase innovative products at international expos and fairs
- Provide grassroots opportunities for start-ups
- Raise awareness of the creative industries with the government and public
- Push the ‘Made in Armenia’ brand
- Be a One Stop shop with different services under one roof
- Attract and host tourists
- Organize cultural event (e.g. exhibitions, festivals, art fairs, performances, concerts)
- Run coaching/mentorship programmes, workshops, training, seminars and forums
- Host an art library
- Cooperate with similar hubs in other countries

Crucially the hub as described above is not just about fashion and design but is conceptualised from the start as interdisciplinary creative space which would deliver a wide range of benefits.
Equally at this early stage we discussed how any hub if it is to succeed needs to be a partnership-driven proposition. In this stage of planning we considered the following as the key partners:

- Fashion and Design Chamber
- Business Club for Impact
- International organisations
- Yerevan City municipality
- Ministry of culture
- Ministry of Education
- Universities
- Public libraries
- Ministry of Economy
- Press
- NGOs
- Donors

This diverse list shows that from the start the hub will need the support of a broad range of public, private, NGO and educational partners.

5.2 What would the Yerevan Pilot Creative Hub Deliver?

If the Yerevan creative Hub is delivered as a multi-partner, cross-sector initiative it can expect to deliver the following outcomes:

— **New start-up companies**: as well as workspace through offering mentoring and support for start-ups from across the creative industries the Hub would support the growth of more start-up businesses.

— **Jobs**: Evidence shows that Hubs like creative clusters help generate additional jobs through the benefits that businesses get from working alongside each other as well as from specific programmes of support that the Hub would offer.

— **New Products and Services**: The Hub would prioritise the development of new innovative products and services, showcasing ‘Made in Armenia’ to local and international audiences. It would develop relationships with potential sources of funding including crowd funding and provide training, support and mentoring.

— **Attract investment, both public and commercial**: The Hub would be a focus for new public and commercial investment. While the Hub itself would be a not-for-profit organisation, it could offer commercial space to cross subsidise it activities. It would also encourage more investment into start-ups, innovation, new products and services. It would leverage in more investment into the surrounding Kond district.

— **Talent development and retention**: Losing talent overseas has been a long-standing challenge for Armenia. The hub would provide opportunities and pathways that will encourage talented creative entrepreneurs to base themselves in Armenia. Through programmes of formal and informal training it would provide a spectrum of talent support.

— **Informal education**: While Tumo’s creative curriculum supplements formal education primarily for under eighteens, the Hub would provide informal education opportunities for young people starting their careers. It could offer courses for under 18s – perhaps in partnership with Tumo – but together with Universities it could develop a curriculum that teaches the skills that sometimes lacking in terms of management capability and commercialisation.
— **Regeneration:** The Hub would provide a focus for the regeneration of its surrounding neighbourhood. As well as providing employment, through its programmes and events it would directly address environmental and social issues.

— **Value chain growth:** With its cross-sector approach the Hub will help develop value chains and fill in the gaps currently missing in Armenia. E.G. in Fashion it will help develop the photographers, PR and marketing support services, specialist fashion press

— **International Networking and exchange:** Through connecting with hubs in other countries as well as networks of hubs like the European Creative Hubs Network, the Hub would provide access to new markets and exposure to potential foreign investment.

### 5.3 Developing the Hub business model

The business model for the hub would be based on a mixed-revenue model. It would develop out from deep understanding of the needs of the hubs users and beneficiaries and providing the services and support which they require to succeed. It will be flexible and grow over time, alongside the businesses it is supporting. Every hub has a different business model, reflecting differences in location, size, purpose, economic environment. Nova Iskra in Belgrade, Serbia is a grassroots and multi-faceted creative workspace with a hybrid business model that is relevant to the Yerevan Creative Hub.

This model shows that the hub generated revenue from both its social engagement as well as its role as a creative workspace. It also shows that sustainability is ultimately based on staying close to its creative community, creating jobs and providing workspace. It also generated revenue through its digital presence through its education platform – it is important to realise that Hubs need to look beyond their physical footprint for revenue generation. In the case of Yerevan, the fashion and Design Chamber have plans for an APP which will include an e-commerce platform. This is the type of concept which help generate income in the future for the hub.

For the Yerevan Creative Hub, the elements that would generate income from the start include:

— **Workspace:** From ‘pay as you play’ hot desks (where you don’t have a contract but pay by the day) to longer term rent to start-up and growing businesses, to artist’s studios and fabrication spaces the Hub would generate income from charging for workspace. While the rents would be modest, reflecting the reality of income and the market, the success of the Impact Hub in Yerevan show that the market is there. The Hub could also develop some space for purely commercial rent to non-creative businesses or international firms attracted to the space by its milieu. This is a model effectively developed by the creative factory Rotterdam among others.

— **Café and bar:** The Hub could run a café and bar space which could generate a surplus of income to support other activities.

— **Events:** the hub would generate income from events, such as performance and live music, as well as business expos and showcases.

— **Social projects:** The Hub could develop social projects (e.g. in environmental improvement in the area, training and skills for young people) attracting funding from NGOs, to deliver programmes which target specific economic and social goals.

— **International collaborations:** The Hub would generate income from delivering projects with international collaborators from other hubs and networks.

— **Capacity building, training and support:** The hub could generate income through delivering training and support initiatives.
5.4 Examples the Yerevan Creative Hub could learn from

There are many examples of Hubs whose business model the Yerevan Creative Hub could learn from in addition to Nova Iskra. We recommend in developing the business model that the following are good examples from which the Hub could take elements.

Hotel and accommodation models. The Creative hub in Yerevan has the potential to offer accommodation to creatives, artists and those interested in alternative accommodation. Two models that show how this works are:

Walled off hotel: Developed by British artist Banksy – this art hotel in Bethlehem is a museum, gallery and working hotel. One of its revenue streams is selling ‘souvenirs and art works’ on-site and on its website. It also has an art supply shop as well as regular income from the bar and rooms. It offers accommodation ranging from luxury to a bunk room.

Key Lessons:
- Art and culture can be a real tourist draw alongside the historic and eccentric
- Accommodation appealing to different markets creates a broader revenue stream

Green Rooms: a social enterprise that offers discounted accommodation to artists and those in the creative Industries visiting London. It also hires events space and runs a restaurant and bar.

Key Lessons:
- A model that differentiates between creatives and non-creatives can ensure that the original mission is achieved while allowing for visiting artists to be supported

Making models. The Hub could develop a community-focussed making and manufacturing model that would generate additional revenue as well as supporting the retention and development of traditional skills. This takes the concept of the maker-space and develops it into a cooperative business. One example of this in practice is:

Granby Workshop: was set up by a collective of architects, Assemble, as part of the community-led efforts to rebuild Granby, a Liverpool neighbourhood that was nearly made derelict by decades of poorly-planned regeneration initiatives. The business model is to manufacture ceramics for sale, combine craft techniques with an experimental sensibility to develop new architectural materials and finishes. The business remains strongly community orientated – operating from its premises on Granby St, participating in the monthly community market, and continuing to contribute to ongoing local renovations.

Key Lessons:
- Finding a niche, in this case architectural ceramics, made the business far more valuable than had it just made ceramics. It opened up an under-served market.

Food and Drink: Selling food and drink provides valuable income to many hubs and provides a great way to connect to the wider community and visitors who just want to experience the hub. It also provides another type of space for informal working. One example from the UK shows that establishing the café can be a way of engaging the community from the start:
**Pilcrow Pub**: established in Manchester in 2016. Drinkers can look forward to a rotating selection of seasonal Cloudwater beers, alongside a house brew made in a barrel assembled by volunteers at the White Rose Cooperage in Wetherby, West Yorkshire. From the beer pumps to the tiles that decorate the bar, everything inside the building has been hand-made by members of the public using traditional crafts methods taught by local artists, designers and makers in a series of free workshops throughout 2016.

**Key Lessons:**
- Working with local people to transform the pub ensured that from the start it was part of the community as well as providing valuable skills.

**Creating a Creative Quarter**: Developing the feel of a Creative Quarter or district would be one way of extending the reach and impact of the Hub as well as providing additional sources of income. This example from Finland shows how connecting up activity can raise the profile of a sector and lead to international exposure:

**Helsinki Design District**: “Design District Helsinki is a neighbourhood and a state of mind. It is 25 streets and 200 spots on a map from shops to galleries and from design studios to design hotels. It is creativity, uniqueness, experiences, design and Finnish urban culture.”

As a quarter it mixes consumption and production – underpinned by a design museum and Helsinki Design Week which attract large numbers of visitors. What really sets the district apart is that it offers the types of experience that contemporary visitors and consumers are looking for such as workspaces that also function as galleries or cafes, so that people can have a glass of wine while they browse. It also encourages the night time economy by late opening as well as having a range of special days including Cleaning Day – when residents sell their unwanted possessions in the street.

**Key Lessons:**
- Understanding that modern consumers want experiences rather than just traditional retail or cultural pursuits is central to the success of the Design District.
- Positioning the Yerevan creative Hub as part of a wider design district would give it additional bandwidth and presence.

**Social Projects**: Yerevan Creative Hub could generate additional revenue and increase its impact through the development of a range of social projects. This example from Kenya, shows how social and economic purpose can be linked in a way that delivers value for the hub and the wider community:
The GoDown: The GoDown in Nairobi, Kenya, is an art centre that also plays a leading role in delivering economic and social programmes. Established in a car repair warehouse the centre has contributed significantly to the growth, recognition and visibility of local artist by fostering and facilitating collaborations and encounters between artists from different disciplines and different parts of the world. The GoDown Arts Centre’s creative entrepreneurship course is for artists and creative entrepreneurs across all creative arts disciplines. Through it artists hone their business and life skills in an inspiring learning environment, among peers and facilitators with whom they exchange experiences, challenges and insights. Together, they begin to build a community of like-minded, empowered individuals who beyond the course form networks of support that not only advance their individual careers but the wider creative sector as well.

Since 2012, 150 artists and creative entrepreneurs have successfully completed the first Semester of the course, (which has in total four semesters). In March 2014 a cohort of Semester 2 artists successfully graduated.

Using the Lifecycle model derived from psychologist Howard Gardner, the students reflect on the trajectory of their own life journeys as creatives, and as entrepreneurs, looking at ways in which they can identify and plug skills and knowledge gaps in their own practice, as well as open outwards to embrace new innovations and technologies, and networks.

Other programmes include the East African Arts Summit which takes place every two years the conference tackles macro-issues that affect the creative sector across the region including policy, education & training, marketing, arts administration and the Creative Economy.

The GoDown is also remarkable for the way it attracts philanthropy and crowd Funding. It is planning a new building which it expects to be funded in large part through small donations given through Kenya’s pioneering mobile money transfer ‘mPesa’ system

Key lessons:
- The GoDown’s reputation is partly earned because it is not afraid to take leadership on issues.
- It connects its role to supporting artists to the economic and social renewal of the city alongside believing that as a hub it has an important role to play in helping tackle systemic challenges

5.5 Getting the Pilot Hub established – the Action plan

To move from the current outline vision to establishing an operational Hub (whether in the school building or elsewhere) will entail a process similar to establishing a new creative business. The model the Hub should pursue is one of rapid prototyping – creating a continual feedback loop between the development of new projects and services and hub users. It should not wait for a product or service to be fully finished but launch them in a beta phase and use the feedback to develop and refine. It should approach all it does in a spirit of co-design and co-creation with a broad range of stakeholders.

The minimum stages it needs to go through are:

- Further research: The need for a hub is established and the benefit and outputs it could deliver are clear. What is now needed is more detailed work on the needs and motivations of the creatives that will use the building to understand where the most value will be added, what the financial parameters are in terms of charging for space. This research should also include investigating the
potential to deliver programmes of social improvement for NGOs/Government and what needs to be in place to secure them.

— **Partner engagement process:** Partly through the establishment of the Management Board, this will see the development of a detailed partnership strategy, which will understand how the Hub can deliver value to a range of partners and what might be expected in return. This will include representatives from education, trade organisations and networks, the Government, International NGOs, international networks and more. As the Hub comes to life it will do so with the support and connections of a wide-range of partners who will not increase its band-with but potentially provide income and support in-kind.

— **Develop the launch business model:** This needs to include practical and legal considerations to ensure that the Hub has the right structures in place. It needs to include a capital project plan, starting with an assessment/survey of the proposed building and developing into a phased renovation and opening strategy. Although the Hub’s planned aesthetic means that an unfinished/rough/industrial look is preferable the building (if it is the school) will require some works to ensure it is weather-proof. The business model should include a detailed revenue analysis based on a mixed-revenue model, with the understanding that this this will change and grow as the Hub develops.

— **Community engagement process:** The success of Creative Dundee in Scotland, which galvanised a whole town around creative and community projects using primarily online tools, is a good example of the way that Hubs need to get the community onside before they launch. Creative Dundee developed a social media strategy utilising all the then popular digital tools including Facebook, Twitter, Vimeo, Flickr, Mailchimp. It used digital means to engage parts of the community that hadn’t previously been interested in culture and creativity. It turned itself into a mass movement which gave it the momentum and support to advocate effectively at a local and national level. The Yerevan Creative Hub should develop a community engagement plan which builds on the work of Fashion and Design Chamber to reach out widely to the local community as well as more broadly. It will need all the support it can get.
6. Conclusions and recommendations

This report has examined what hubs deliver, how they could benefit the creative industries in Armenia, where a pilot hub should be tested and how that Pilot could be established. Its recommendations are as follows:

1. Developing a creative hub could be step-change that Armenian Creative Industries require as they continue to grow and thrive. The structural challenges and complex barriers that creative business face in the country, ranging from the relative smallness of the internal market, weaknesses around Intellectual Property rights and enforcement through to generic business issues, mean that establishing a highly visible, creative Hub would be a significant marker for the city and Country at this time of real change of its commitment to transitioning to a new and better economy.

2. A pilot creative hub should be established first in Yerevan. There is already momentum in the Fashion and Design chamber (who are already establishing a mini hub in their offices) and together with the Business Club for Impact they are already building a vision as is laid out in this report. However, Gyumri and Vanadzor would benefit hugely from hubs and there is a clear case for each. We believe that alongside the establishment of a hub in Yerevan, Hub feasibility committees should be founded in Gyumri and Vanadzor to start drawing up their plans. These committees would dig deeper into the case for a hub and establish the types of space and offer that would be required, alongside identifying sites and the partnership that would be needed to develop the hub. With the Hub in Yerevan leading the way these two hubs would be more viable and have more purpose if connected into a network and internationally.

3. For the Yerevan Creative Hub to succeed it must be a partnership project between the public and private sectors. To deliver the long list of potential outputs and benefits it will deliver – from job creation through to social improvement – will require it to working alongside national and regional government, NGOs, Universities, private business from the wider economy and more. This is why we highlight the establishment of a partnership strategy alongside the building of a broad-based management committee as a priority.

4. In terms of funding and business model the Hub will require access to start-up funds to cover the cost of capital works and to see its business model bed in. As it will base its business model closely around the needs and requirements of creative entrepreneurs as well as its wider role in the community, we believe that in the long term it will have a sustainable model based on a mixed-revenue income model. A not for profit it will bring in revenue from its commercial and social activities. As it draws up its business model it will be able to specify outputs against which it could receive more specific funding. E.G. number of business supported, number of new start-ups, training sessions delivered and more.

5. That the Yerevan Creative Hub should consider itself as a ‘lean start-up’ and see itself ‘in business’ from the moment it establishes a wider board, trailing and testing ideas and services from day one. It should establish a community engagement strategy and ensure that it reaches out widely to those that could benefit from it and help it.

6. The Yerevan Creative Hub should connect up from now with international networks, such as the European Creative Hubs Network which has hundreds of hubs and has members from across wider Europe. This would help greatly with peer learning but also in terms of developing important international connections which will be valuable for members.

7. That the Yerevan Creative Hub be seen as the start of a wider policy of integrating Culture and creativity into the life of Yerevan. That the potential it has to be a dynamic creative space, encouraging new forms of innovation and ways of working across sectors, is something that will have spillover benefits for the City and Country as it transitions to a higher skilled, more productive economy and tackles societal challenges.