

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Supporting LAC Creative Industries to Recover from the COVID-19 Pandemic
▪ TC Number:	RG-T3688
▪ Team Leader/Members:	Grazzi, Matteo (IFD/CTI) Team Leader; Sasso, Simone (IFD/CTI) Alternate Team Leader; Almeida Oleas, Natalia (LEG/SGO); Benavente, Jose Miguel (IFD/CTI); Kelly Castillo, Emily Leticia (IFD/CTI); Luzardo Gutierrez, Alejandra A. (KIC/ICD); Zaldivar Peralta, Trinidad (KIC/ICD); Peinado-Vara, Estrella Sasso, Simone (KIC/ICD) Alternate Team Leader; Benavente, Jose Miguel (IFD/CTI); Almeida Oleas, Natalia (LEG/SGO); Kelly Castillo, Emily Leticia (IFD/CTI); Luzardo Gutierrez, Alejandra A. (KIC/ICD); Zaldivar Peralta, Trinidad (KIC/ICD) ; Peinado-Vara, Estrella (MSM/CHO)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	08 May 2020.
▪ Beneficiary:	Innovation Agencies, Ministries of Culture, Academia and NGOs
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC Strategic Development Program for Institutions(INS)
▪ IDB Funding Requested:	US\$250,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	November 1st, 2020
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	IFD/CTI-Competitiveness, Technology and Innovation Division
▪ Unit of Disbursement Responsibility:	IFD-Institutions for Development Sector
▪ TC included in Country Strategy (y/n):	N/A
▪ TC included in CPD (y/n):	N/A
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Institutional capacity and rule of law; Productivity and innovation

II. Objectives and Justification of the TC

- 2.1 The cultural and creative industries (CCIs) are among the most affected sectors by the ongoing coronavirus COVID-19 pandemic.¹ Recent surveys conducted on creative firms and workers in the ongoing post-COVID context show grim trends. For example, in Chile, a survey on more than 15,000 artists, creatives and creative entrepreneurs reveals that 80% of them operate in informal labor conditions and 60% do not have

¹ We define the cultural and creative industries as the group of activities through which ideas are transformed into cultural and creative goods and services whose value is or could be protected by intellectual property rights (IPRs) (Benavente and Grazzi, 2017).

access to government funds.² A similar survey carried out in Mexico shows that approximately 4 out of 10 creative freelance workers have stopped generating income during the pandemic.³ In the Caribbean countries, most largest festivals have been cancelled and several outlets that act as major promotion platforms have been closed determining a sudden loss of revenues for several artists and creative firms.⁴ The impact of the crisis appears very unequal across different economic sectors: the venue-based industries (e.g., museums, performing arts, cinema, live music festivals, etc.) as well as those strongly linked to international tourism (e.g., gastronomy) are the most affected by social distancing measures. The current crisis poses a structural threat to these sectors, especially in the Latin American and Caribbean context, characterized by relatively high shares of freelancers and informal workers.

- 2.2 At the same time, this crisis may open new opportunities which appear more and more closely related to digital technologies. While several creative activities already use state-of-the-art technologies as inputs in their productive processes (such as, for example, the industry of videogames and animation), other activities are called to redesign their business models to the massive shift from physical to digital consumption of creative and cultural products that the spread of COVID-19 has generated. On the supply side, the massive digitalization of the economy can generate new value chain models where more decentralized, digitally mediated, creative production processes may facilitate the engagement of larger global communities. On the demand side, more digitalized creative products have the opportunity to reach even more global audiences than they currently do.
- 2.3 This situation calls for urgent public policies to accompany cultural and creative productions to recover from this unprecedented crisis and take advantage of the new opportunities that might surge in the new scenario. This may include policies to support creative firms to generate or adopt new business models which could take advantage of the massive shift from physical to digital consumption of creative and cultural products that the spread of COVID-19 has generated.
- 2.4 The design and implementation of effective economic recovery public policies requires a combination of factors. This includes solid evidence on the main impacts and obstacles that the new crisis has posed to the LAC creative MSMEs and workforces, strong institutional capacity, and finely tuned coordination mechanisms among the various actors involved in the promotion and implementation of the policies. Due to the novelty of the crisis, research available on the impacts and the bottlenecks that the crisis has brought about in the LAC creative economy is scarce and difficult to compare across LAC geographies. Similarly, virtually no studies have been carried out on the skills that the region needs to successfully generate or adopt new business models for the new post-COVID-19 scenarios. Furthermore, several countries in the region are characterized by multiple public institutions - sometimes with very different priorities, approaches and constituencies – that are simultaneously in charge of relevant aspects of the sector, making it difficult to design and implement effective policy instruments in these new challenging scenarios.

² <http://observatorio.cultura.gob.cl/index.php/2020/04/25/resultados-catastro-de-estado-de-situacion-agentes-centros-y-organizaciones-culturales/>

³ <https://www.cultura.unam.mx/diagnosticocultural?fbclid=IwAR1oo0FPTVkjJTEwMwo2LHlak3cgift5emGeaANiniz1uNixmX408KVlac>

⁴ <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2425> and <https://unctad.org/meetings/en/Contribution/ditc-ted-04062020-OceansWebinar-OECS.pdf>

- 2.5 **Objective.** The general objective of this TC is to contribute to enhance the capacity of LAC policymakers to design, implement, monitor, and evaluate policies aimed at supporting the LAC cultural and creative industries to recover from the COVID-19 pandemic. This will be pursued through three specific objectives: (i) the generation of statistical information and analytical studies on the economic impact that the COVID-19 pandemic brought to LAC creative industries, the key obstacles that they are facing, and the new business models that they could develop or adopt to generate revenues in this new scenario; (ii) the strengthening of the LAC institutional capacity in designing and implementing economic recovery policies for the creative economy, through activities of knowledge generation and capacity building; and (iii) the development of creative economic recovery strategies in a few selected LAC countries.
- 2.6 **Strategic Alignment.** This TC is aligned with the strategic priorities of Productivity and Innovation, and Institutional Capacity and Rule of Law of the Second Update to the IDB Group Institutional Strategy (AB-3190-2). Specifically, the project operates in the area of emphasis of promoting technology and innovation, by supporting the development and deployment of public programs in the area. The TC is also aligned with the objective of contributing to public policies and institutions that are more effective, efficient, open and citizen-centered of the Ordinary Capital Strategic Development Program for Institutions (INS) (GN-2819-1). In fact, the TC will expand LAC institutional capacities in the area of the Creative Economy, allowing a more effective policy-design to recover from the COVID-19 pandemic.

III. Description of activities and budget

- 3.1 **Component I: Statistical information and analytical research (US\$110,000).** This component will promote the production of statistical information and analytical research to better understand the type and size of (i) the impact; and (ii) the obstacles that the pandemic has brought about in the LAC creative industries; as well as (iii) the business models emerging from this crisis; and (iv) the skills that are needed in LAC to successfully allow creative industries to implement them.⁵ The analytical research on the impact and the obstacles brought by the pandemic will rely both on existing data available in LAC national statistical offices as well as on primary data collected through ad-hoc on-line or phone surveys directed to ICC firms and workers. Taking advantage of the increasing availability of big data, the component will finance a set of studies investigating the demand of skills required to create or adopt the new business models, as well as the supply of skills provided by the countries' educational systems.
- 3.2 **Component II: Capacity building and institutional strengthening (US\$60,000).** This component will promote actions to strengthen the capacities of LAC policymakers in the fields of creative industries economic recovery. It will finance (i) the design and

⁵ The ongoing COVID-19 crisis has accelerated the digitalization of several industries – many of which are not part of the creative economy- and has highlighted the urgent need to reskill workers to meet the post-pandemic needs. The research will be coordinated with and benefit from other IDB ongoing research efforts that are studying or investigating how to address the potential that digital skills and on-line practices can have on economic development and employment creation. For instance, it will be coordinated with the ongoing TCs *Strengthening of Digital Competences for tele-education in the context of COVID-19* (RG-T3683) and *Facing COVID: Education/Learning Continuity and Digital Transformation* (RG-T3678), providing valuable insights to develop policy recommendations on what digital skills and related virtual education schemes that are most needed in LAC CCIIs. Furthermore, other ongoing projects (e.g., the TC *Strengthening Skills and Technical Knowledge for Workers in LAC Towards a Transition to a Low Emission and Resilient Economy* (RG-T3649)) may provide to this TC valuable insights on the state-of-art methodologies to measure sectoral skill gaps in the region.

delivery of a training program to foster the capacity to formulate and implement post-COVID-19 economic recovery policies at national level and in key economic sectors, and (ii) the development of brief operational inputs on policy instruments for creative economic recovery.⁶ The training program will be targeted to LAC policymakers working in the areas of cultural and creative industries and economic development.⁷

3.3 Component III: Creative economic recovery strategies promotion (US\$80,000).

This component will support the development of creative economic recovery strategies to guide governments in this field. This will include: (i) the organization of policy dialogue events between relevant public institutions; and (ii) the definition of creative economic recovery strategies and plans to guide governments in the short, medium and long term. The results of the studies of Component I will be used in Component III to design effective creative economic recovery strategies and plans which will pay particular attention to the informal sector, which has been dramatically hit by the crisis. The countries of intervention will be selected on the basis of the following criteria: (i) expressed interest by the country's government, agencies and ministries that are responsible for implementing policies and regulations in the area of creative economy; (ii) presence of on-going or past IDB Group projects which are supporting or have supported the promotion of the creative economy in the country, and (iii) intensity of the COVID-19 negative economic impact on the country's CCIs.

3.4 Communication and Dissemination. The dissemination strategy of the project consists of different activities, depending on the target audience. First, the main results of the studies financed by the TC will be presented to relevant regional policymakers within the policy dialogue activities financed by Component 3. In this way, the chances that the results of the knowledge products of this TC will be used to guide new policies will be maximized. Second, the results of the analytical research activities will be presented in a relevant conferences and policy events (e.g., MIC Sur 2021, etc.). Finally, periodic posts on the CTI Blog will present the main results of the projects to the public at large.

3.5 Budget. The total budget for this technical cooperation is US\$250,000, to be financed with resources of the Ordinary Capital Strategic Development Program for Institutions (INS).

Indicative Budget (US\$)

Component	Description	Output	IDB/Fund Funding	Total Funding
Component I	Statistical information and analytical research	Ad-hoc on-line or phone surveys directed to ICC firms and workers to assess the impact of the pandemic in the LAC creative industries and the obstacles that firms and workers are facing.	\$25,000	\$110,000

⁶ The operational inputs discuss specific and practical aspects related to policy instruments, including the necessary features to be effective in the LAC context. These documents will constitute key learning inputs for regional policymakers.

⁷ Access to the training programme will be given to at least one policymaker from each LAC country whose government, ministries or agencies express formal interest in this technical cooperation.

		Study on the impact of COVID-19 on LAC creative industries using data from national accounts	\$10,000	
		Study on the business models emerging from this crisis	\$15,000	
		Studies on skills needed to successfully allow LAC creative industries to develop or implement new business models	\$60,000	
Component II	Capacity building and institutional strengthening	Training program to foster the capacity to formulate and implement post-COVID-19 economic recovery policies	\$30,000	\$60,000
		Brief operational inputs on policy instruments for creative economic recovery	\$30,000	
Component III	Creative economic recovery strategies promotion	Virtual policy dialogue between relevant public institutions and other private actors on policy reforms to face the new post-COVID 19 scenarios	\$5,000	\$80,000
		Definition of creative economic recovery strategies and plans	\$75,000	
Total			\$250,000	\$250,000

Indicative Results Matrix

Indicators	Unit of Measure	Baseline		2020	2021	2022	EOP	
		Value	Year				Value	Year
Component I: Statistical information and analytical research								
Outputs								
Technical notes created	Notes (#)	0	2020	0	1	2	3	2021
Dataset produced (on impact of COVID-19 on ICC and skill supply and demand)	Datasets (#)	0	2020	0	1	1	2	2021
Outcome: Knowledge and indicators for evidence-based policy making produced								
Number of downloads of documents	Downloads (#)	0	2020	0	0	300	300	2022
Component II. Capacity building and institutional strengthening								
Outputs								
Training products developed	Products (#)	0	2020	0	0	1	1	2022
Brief operational inputs on policy instruments for creative economic recovery	Products (#)	0	2020	0	2	0	2	2022
Outcome: Creative Economy policy capacity improved								

Number of policymakers and practitioners trained	Trainees (#)	0	2020	0	20	40	40	2022
Component III. Creative economic recovery strategies promotion								
Outputs								
Policy dialogue events organized	Events (#)	0	2020	0	1	1	2	2022
Strategies designed	Notes (#)	0	2020	0	0	3	3	2022
Outcome: Creative Economy Policies in LAC strengthened								
Number of citations in policy documents in LAC countries	Citations (#)	0	2020	0	0	5	5	2022

IV. Executing agency and execution structure

- 4.1 The IDB through the Division of Competitiveness, Technology, and Innovation (IFD/CTI), in collaboration with the Creativity and Culture Unit (ICD/UCC)) will be responsible for the direction, supervision and coordination of this TC.
- 4.2 The activities of this Research & Dissemination TC consist of the productions of statistical information, research studies and capacity building programs throughout the region. Therefore, the Bank, considering its expertise in the field and recognized role in promoting the LAC creative economy, will lead the execution of this TC, in order to facilitate the coordination among participant countries and guaranteeing the quality of the resulting products. Before starting any activity in a beneficiary country, the no-objection letter from the liaison entity in that country will be requested.
- 4.3 The Bank will select and contract all consulting services (firms and individuals) according to current procurement policies and procedures. The monitoring and evaluation of the TC will be carried out by IFD/CTI with the support of CTI specialists in the country offices of participating countries. All activities to be executed under this TC have been included in the Procurement Plan (see Annex IV) and will be contracted in accordance with Bank policies as follows: (a) AM-650 for Individual consultants; (b) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature and; (c) GN-2303-28 for logistics and other related services.

V. Project risks and issues

- 5.1 There are no major risks associated with the implementation of this TC. Due to ongoing COVID-19 crisis, the training program and policy dialogue activities will be carried out on-line. However, the success of the activities included in Component I and II will depend, respectively, on the actual availability of big data (creative skills demand data) in LAC countries (Component I) and the actual capacity of identified partners to execute the training program in the current crisis (Component II). To mitigate the risk of Component I, the budget available will allow to collect alternative primary data on skill demand via the implementation of an on-line survey for creative firms. To mitigate the risk of Component II, the project team partners will be selected on the basis of their experience in the field, institutional capacity and previous work with the IDB, as well as the capacity to develop on-line training tools.

VI. Exceptions to Bank policy

- 6.1 No exceptions to Bank policy are envisioned.

VII. Environmental and Social Strategy

- 7.1 Based on the Environment and Safeguards Compliance Policy (OP-703), the classification for this operation is "C". See [Safeguards Policy Filter Report](#) and [Safeguards Screening Form](#).

Required Annexes:

[Results Matrix - RG-T3688](#)

[Terms of Reference - RG-T3688](#)

[Procurement Plan - RG-T3688](#)