

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ 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); KELLY CASTILLO, EMILY LETICIA (IFD/CTI); ZALDIVAR PERALTA, TRINIDAD (KIC/ICD); LUZARDO GUTIERREZ, ALEJANDRA A. (KIC/ICD); RUY SANCHEZ DE ORELLANA, ANDREA (KIC/ICD); ALMEIDA OLEAS, NATALIA (LEG/SGO)
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	08 May 2020
▪ Beneficiary:	Innovation Agencies, Ministries of Culture, Academia and NGOs
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$250,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ 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):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation ; Institutional capacity and rule of law

II. Objective and Justification

- 2.1 The general objective of this TC is 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.
- 2.2 The cultural and creative industries (CCIs) are among the most affected sectors by the ongoing coronavirus COVID-19 pandemic. Even if parts of the CCIs strongly benefit from public support (e.g. public museums, theatres, or libraries) and several of them count on large multinational companies with relative strong and sustainable revenues (e.g., large TV networks and creative content platforms), the backbone of the creative economy is made up of Micro, Small & Medium Enterprises (MSMEs) and professional freelancers. The current crisis poses a structural threat to these actors, especially in

the Latin American and Caribbean context, characterized by relatively high shares of freelancers and informal workers.

- 2.3 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.
- 2.4 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.
- 2.5 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 area of intervention of “Quality Institutions and Policies” of the Ordinary Capital Strategic Development Program for Institutions (INS). 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 Outputs

- 3.1 **Component I: Statistical information and analytical research.** This component will promote the production of 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.
- 3.2 **Component II: Capacity building and institutional strengthening.** 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 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.
- 3.3 **Component III: Creative economic recovery strategies promotion.** This component will support, in a few selected LAC countries, the development of creative economic recovery strategies to guide governments in this field. This will include: (i) the organization of a policy dialogue event between relevant public institutions; and (ii) the definition of country-level creative economic recovery strategies and plans to guide governments in the short, medium and long term.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Statistical information and analytical research	US\$110,000.00	US\$0.00	US\$110,000.00
Capacity building and institutional strengthening	US\$60,000.00	US\$0.00	US\$60,000.00
Creative economic recovery strategies promotion	US\$80,000.00	US\$0.00	US\$80,000.00
Total	US\$250,000.00	US\$0.00	US\$250,000.00

V. Executing Agency and Execution Structure

- 5.1 The IDB through IFD/CTI in collaboration with KIC/ICD will be responsible for the direction, supervision and coordination of this TC.
- 5.2 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.
- 5.3 The activities of this 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.

VI. Project Risks and Issues

- 6.1 There are no major risks associated with the implementation of this TC. 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 programme 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.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "C".