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MULTILATERAL INVESTMENT FUND

PANAMA

**LATIN AMERICAN CINEMA FROM PANAMA, CENTRAL AMERICA,
AND THE CARIBBEAN**

(PN-T1237)

DONORS MEMORANDUM

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PROJECT SUMMARY

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The creative and cultural industries—the “orange economy”—have gained importance because of their contribution to economic growth, through the creation of value, the creation of jobs, and their catalyzing effect on innovation. According to UNESCO, the creative industries contribute to the social structure and cultural diversity, they improve daily life, strengthen communities, and help define a common identity.

Film production, as part of the audiovisual sector (television, movies, video games, and animation), is considered a catalyst for employment, innovation, development, and economic diversification worldwide.¹ Cinema involves other sectors, for example: 38% of expenditure on a film is executed in another creative and cultural industry, such as music (soundtrack), fashion (wardrobe) and design (set design).² For the most part, these correspond to small businesses, which are major generators of employment and economic dynamism, and they face the characteristic challenges of small businesses in terms of organization and alliance-building, formalization and security, technical and business professionalization, and financing needs. In recent years, Central America and the Caribbean have experienced a significant increase in the production and distribution of audiovisual products. Between 2013 and 2015, movie houses in the region have premiered 113 films by national directors, a figure that exceeds the number produced in the entire twentieth century. Despite this, neither Panamanian nor Latin American cinema has achieved the levels of exposure and markets needed to take advantage of the industry's versatility, build mass audiences, and improve production and innovation capabilities to become more profitable. There are few incentives, and adequate financing for production and access to specialized knowledge in filmmaking and entrepreneurship is often in short supply.

This project will strengthen the filmmaking chain in Panama and Central America, by generating new channels for screening and distribution with the help of new technologies and partnerships with innovative enterprises, firms, and key players. The IFF Panama Foundation³ will generate a model for providing business services, collecting promotional materials, and screening and marketing films. Copa Airlines will contribute with the pilot project “*Gemas Abordo*” (Gems Aboard), including advertising in its aircraft, videos, magazine, and social networks, and the use of entertainment platforms and technology in its aircraft for screening films as well as access to aggregated information and data on the audience. A pilot project will be developed, “movies on wheels,” in mass transit for access to the low-income population of Panama City and the interior of the country. Forums will be created for coproduction with investors in order to position Panama as a Regional Hub for filmmaking in Central America and the Caribbean.

The project is expected to generate a new business model⁴ specialized in Latin American cinema with screening channels in means of air and ground transportation and partnerships with digital platforms; screenings of Latin American cinema on the airline channel will grow from 300,000 to 4.5 million views; 60,000 people using public transit (low-income) will have access to entertainment or knowledge through cinema; 291 small creative businesses and film enterprises will strengthen their technical and entrepreneurial capacities; 300 children in public schools (vulnerable population) will improve their educational aptitudes; and more than 5,000 will be involved in cinema and STEAM pilots.

¹ Ernst & Young (2015). Cultural Times, The first global map of cultural and creative industries.

² Olsberg SPI (2017). How film drives the growth of the creative industries.

³ Fundación del Festival Internacional de Cine de Panamá (FIP). International Film Festival (IFF Panamá).

⁴ A business/entrepreneurial model, the purpose of which is to provide film curatorship services, representation, distribution, specialized screening in Latin American cinema in order to build business partnerships and/or provide services to small businesses and/or cinema professionals.

ANNEXES

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Proposed resolution

**INFORMATION AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF THE IDB LAB
PROJECT INFORMATION SYSTEM**

Annex IV	Integrity and Institutional Capacity Diagnostic Assessment of the partner executing agency (formerly the Diagnostic Needs Assessment of the Executing Agency), including due diligence and integrity analysis.
Annex V	Itemized Budget
Annex VI	Procurement and Contracting Plan (formerly Procurement Plan).
Annex VII	Preliminary list of milestones
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ABBREVIATIONS

COPA	Compañía Panameña de Aviación [Panamanian Airline]
CTI	IDB Competitiveness, Technology, and Innovation Division
DICINE	Film Bureau of the Ministry of Trade and Industry
FIP	IFF Panamá Foundation
GANEXA	Universidad de Arte GANEXA
IFF Panamá	Panama International Film Festival
KIC	IDB Knowledge, Innovation, and Communication Sector
UNESCO	United Nations Educational, Scientific and Cultural Organization
VOD	Video on Demand

PANAMA
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EXECUTIVE SUMMARY

Country and geographic location:	Panama		
Executing Agency:	International Film Festival of Panamá Foundation (FIP)		
Area of focus:	Inclusive Cities, Orange Economy		
Coordination with other donors/Bank operations:	Activities will be coordinated with and complementary to (i) the Program to Promote Competitiveness and Economic Diversification (PN-L1149); and (ii) Support for the Creative and Cultural Ecosystem of Panama (PN-T1197), of the Competitiveness, Technology, and Innovation Division (CTI); in addition, (iii) the project will help in part to implement the recommendations of the "Report and Action Plan for the Audiovisual Sector in Central America," IDB, March 2018. For purposes of learning and complementarity, there will be coordination with IDB Lab "Orange Economy" operations including those in Honduras (HO-T1322), Paraguay (PR-T1232), and Argentina (AR-T1209).		
Project beneficiaries:	The director beneficiaries of the project will be: (i) 291 filmmakers, professionals, and small businesses in the cinema/audiovisual chain of Panama, Central America, and the Caribbean (30% women); (ii) 300 young people, whose life skills and aptitudes will be enhanced, and more than 5,000 young people participating in the environment and technology pilot project. In addition, 60,000 public transit users will be exposed to Central American and Caribbean films.		
Financing:	Technical cooperation funding:	US\$1,000,000	41%
	Total IDB Lab contribution:	US\$1,000,000	
	Counterpart:	US\$1,440,000	59%
	Cofinancing:	-	
	Total project budget:	US\$2,440,000	100%
Execution and disbursement period:	36 months for execution and 42 months for disbursement.		
Special contractual conditions:	Conditions precedent to the first disbursement: (a) appointment of the project coordinator, and (b) letters of agreement/contract with Copa Airlines, Youth Cinema Project, and Fundación ProEd.		
Environment and social impact review:	This operation has been screened and classified in accordance with the requirements of the Bank's Environment and Safeguards Compliance Policy (Operational Policy OP-703) of 23 July 2019. As the impacts and risks are limited, it has been proposed as a category "C" operation.		
Unit responsible for disbursements	The Bank's Country Office in Panama (COF/CPN).		

I. THE PROBLEM

A. Context and description of the problem

- 1.1 Creative and cultural industries (CCI),⁵ also known as the “Orange Economy,” have gained importance worldwide because of their contribution to countries’ economic growth through the creation of value, productive chains, and jobs, and their catalytic effect on innovation. According to UNESCO, the creative industries contribute to the social structure and cultural diversity, they improve daily life, strengthen communities, and help define a common identity (UNESCO, 2017).
- 1.2 CCIs are also an important creator of jobs in some countries of the region, accounting for between 5% and 11% of total jobs in Canada, Colombia, Mexico, and Trinidad and Tobago.⁶ They also employ more young people than other sectors of the economy, and they are becoming increasingly international in their focus. In the case of Panama, promoting CCIs is considered one of the specific areas for helping to address the country’s main challenge in coming years, that of “maintaining the country’s growth, its high level of income, and doing so in a manner that is more inclusive than has been achieved to date.”⁷
- 1.3 Within the CCIs, film production is one of the activities of the audiovisual sector (TV, cinema, video games, and animation) and is considered a catalyst for employment, innovation, development, and economic diversification worldwide.⁸ Given the characteristics of the cinematographic production chain, cinema involves other sectors: for example, 38% of expenditure on a film takes place in another CCI, be it music (soundtrack), fashion (wardrobe) or design (set design).⁹ The spillover effect of filmmaking involves economic activities associated with small businesses and/or professionals—in makeup, wardrobe, carpentry, catering, rentals (locations, automobiles), casting agencies, etc.—which, while they drive the local economy through the jobs they create, as small businesses, they face constraints relating to organization, alliance-building, formality, and access to services, markets, and financing.
- 1.4 One of the most representative cases of film production and its impact is the case of the North American film industry, where the big movie studios have focused on mass-audience films, using technology and promotional models, and thereby becoming the largest industry of its kind in the world, and one of the largest sources of U.S. exports. According to a study on the world’s largest film industries, in 2016 the United States was the country with the most profitable industry (together with Canada), generating US\$11.4 billion, followed by China (US\$6.6 billion), the United Kingdom (US\$6.5 billion), Japan (US\$2 billion), and

⁵ Taken from the Report and Action Plan for the Audiovisual Sector in Central America, IDB 2018. The Orange Economy, by Felipe Buitrago and Iván Duque, introduced the topic in Latin America and the Caribbean in 2013, defining this sector as the set of goods and services based on talent, intellectual property, and cultural heritage, which generates economic value, employment, and social impact.

⁶ Ernst &Young estimated that CCIs in Latin America generate revenues of US\$124 billion (6% of the global market) and 1.9 million jobs, led by the audiovisual sector (TV) and advertising. See E&Y (2015). Cultural times: The first global map of cultural and creative industries, p. 7.

⁷ <https://publications.iadb.org/es/bideconomics-panama-desafios-para-consolidar-su-desarrollo>.

⁸ Ernst &Young (2015). Cultural times: The first global map of cultural and creative industries.

⁹ Olsberg SPI (2017) How film drives the growth of the creative industries.

India (the largest producer in terms of number of films) at \$1.9 billion. In this study, Mexico ranked tenth, with US\$800 million.

- 1.5 The Latin American film industry,¹⁰ in existence for more than 100 years, has had its moments of glory, especially the Mexican film industry (1936-1959), which dominated silver screens in Latin America and the Caribbean for more than two decades, taking advantage of the period of the second world war when Hollywood production declined. However, this growth was cut short by a combination of technological changes and inefficient management, in contrast to the U.S. industry, which enhanced its quality (technical and technological) and its marketing and promotion efforts, leading it to dominate the market worldwide.
- 1.6 In this context, in recent years, the history of Central American cinema has been characterized by technological changes that have facilitated efforts to address recent history, indigenous populations, women, and Central American reality in all its complexity. In recent years, all countries except Nicaragua have made more films than during the entire past century. At the beginning of the 21st century, not a single Central American film was being screened or featured at international festivals, and it is only since 2010 that Central Americans film producers have begun to make their mark.
- 1.7 Central America and the Caribbean have in recent years seen a sharp increase in the production and distribution of audiovisual products. Between 2013 and 2015, 113 films by national directors were shown in the region's movie houses, a number that exceeded total production for the 20th century. Between 2013 and 2015 alone, the number of national premieres rose by 78%, and national cinema revenues were up by 58%.¹¹
- 1.8 In the specific case of Panama, the film industry generated average annual revenues of US\$24.4 million, with an average of three national premieres and an audience share of 0.67%, according to figures from 2013-2015.¹² In 2012, the Panama International Film Festival (IFF)¹³ was launched as a private initiative with public and private funding and wide media exposure. Together with the Ícaro festival,¹⁴ it has become the main showcase for Central American cinema. While conditions in the cinematographic ecosystem are favorable in Panama, its films have not achieved the international recognition won by other countries in the region, making it necessary to boost the supply of products and services.
- 1.9 Leading film professionals and experts feel that now is the time for Latin American cinema. At the last Moscow Film Festival (the second oldest in the industry) in April 2018, renowned international experts and producers declared that the future of cinema is in Latin America. "That film industry is both spectacular and imbued with

¹⁰ In this document, Latin American cinema is defined as films produced by Latin American and Caribbean nationals, with Latin American and Caribbean storylines, actors, and actresses.

¹¹ <https://blogs.iadb.org/industrias-creativas/es/no-es-cuento-el-cine-empuja-la-economia/>.

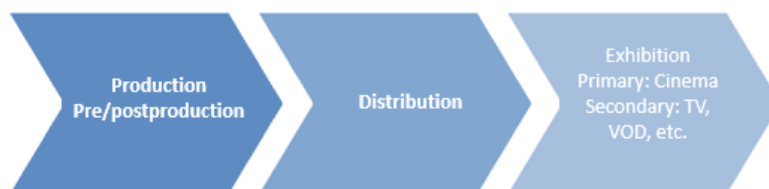
¹² EGEDA, Panorama Audiovisual Iberoamericano. 2014-2016 Series. Taken from the Report and Action Plan for the Audiovisual Sector in Central America, IDB 2018.

¹³ <https://www.iffpanama.org/>.

¹⁴ <http://www.festivalicaro.com/>.

spirit and feeling, and it is fundamentally created by Latin American producers who reaching audiences in the United States and around the world.”¹⁵

- 1.10 **Problem.** Small businesses and/or professionals, as well as services supporting the Latin American filmmaking chain in Panama, Central America, and the Caribbean, have not reached the levels of exposure and markets that would allow them to leverage the industry’s versatility, to build mass audiences, and to improve their production and innovation capacities in order to become more profitable and contribute more effectively to their countries’ economies.
- 1.11 While in countries such as Mexico, Argentina, Brazil, Chile, and Colombia, the quality and prestige of filmmaking is on the rise, Latin American cinema remains little known and has not necessarily succeeded in positioning itself vis-à-vis the mass audiences for Hollywood movies.
- 1.12 The filmmaking value chain consists of the following key links (according to the Report and Action Plan for the Audiovisual Sector, IDB 2018):



- 1.13 The production phase involves development, which starts with the idea and runs through actual filming and postproduction. The second phase, distribution, begins with the acquisition of intellectual property by an economic agent who undertakes domestic and/or international distribution. It is at this time that the film acquires its real economic value, if any. In the third and final stage—screening—the end consumer acquires the product in order to view it at the cinema or in digital format. This is the phase that has experienced the greatest disruption from new technologies, taking the traditional mechanism of initial consumption in movie houses and transferring it to video platforms, whether digital (Video-On-Demand (VOD)), DVD, or television.
- 1.14 The specific challenges facing Latin American filmmakers are even greater in Central America and the Caribbean, and can be summarized as follows:
- 1.15 A market dominated by Hollywood films and concentrated negotiating power within the chain. The global film value chain is strongly dominated by Hollywood: entertainment enterprises, distributors, and sales agents are all involved in the film business, and consequently the primary (cinemas, festivals) and secondary exhibition channels (TV platforms, airlines, VOD, etc.) promote Hollywood films, giving rise to asymmetries and barriers to access for Latin American producers. Films of U.S. origin have a market share of 86% in Central America, and 83% for

¹⁵ <https://www.efe.com/efe/america/cultura/nikita-mijalkov-latinoamerica-es-el-futuro-del-cine/20000009-3956182>.

Latin America as a whole.¹⁶ The existing distribution model, based on Hollywood films, limits market access for Latin American filmmakers, under inclusive conditions.

- 1.16 Limited exhibition channels and the lack of a commercial/marketing and audience-building strategy stymie efforts to develop Latin American cinema. There is very little promotion of Latin American cinema, and very few exhibition channels, generally movie houses which are also limited and do little to promote Latin American cinema. The existing institutional and regulatory frameworks do not necessarily promote a competitive environment for the industry, and while some pieces of legislation establish measures for showing films in movie theaters, these are not necessarily enforced. The Report and Action Plan IDB 2018 states that the distribution of audiovisual production is the most complex link in the production chain for industries that are at a seminal stage. One of the main barriers arises when production has not yet achieved the quality to compete in international markets and to win recognition on festival circuits.
- 1.17 Few/nonexistent adequate incentives/financing for film production. Film production relies on sponsorship or patronage, which may be handled by the producers or may involve prizes and awards at festivals and competitions. While the institutional framework is one of the limiting factors in many countries, in the case of Panama the existence of the Cinema Fund (administered by DICINE¹⁷) creates opportunities for financing, incentives, and exposure not only for Panamanian cinema but also for Central American and Caribbean films, as it incorporates coproductions. There is also the IBERMEDIA program,¹⁸ which holds competitions to support coproduction, training, and development for film projects, in which Central American countries compete with countries with a more developed film industry within Latin America, as well as with European countries such as Spain, Portugal, and Italy. However, in addition to the limited opportunities to compete for incentives and prizes, the Central America and Caribbean region has no financial or credit products suited to the needs of film production (whether feature-length or shorts). This shortcoming is due in part to the perception of risks and the lack of tangible assets associated with the industry.¹⁹
- 1.18 There is a limited supply of film professionals and little access to specialized cinematic knowledge and businesses related to cinema and set design. Stakeholders in the filmmaking chain in Panama, as well as studies performed by the IDB (as mentioned earlier in this document), recognize the need to develop cinematic capacities and skills, but they add another important factor, which is the entrepreneurial capacity of filmmakers. Within Central America and the Caribbean

¹⁶ EGEDA. (2016), Panorama Audiovisual Iberoamericano, p. 47. Taken from the Report and Action Plan for the Audiovisual Sector in Central America, IDB 2018.

¹⁷ The US\$2 million Cinema Fund is administered by the Film Bureau (DICINE) of the Ministry of Trade and Industry.

¹⁸ <http://www.programaibermedia.com/es>. Ibermedia is a program that encourages coproduction of fictional and documentary films within our community, covering 21 countries: Argentina, Bolivia, Brazil, Colombia, Costa Rica, Cuba, Chile, Dominican Republic, Ecuador, Guatemala, Italy, Mexico, Nicaragua, Panama, Paraguay, Peru, Portugal, Puerto Rico, Spain, Uruguay, and Venezuela.

¹⁹ Creative cultural industries in Panama: diagnosis of the sector and economic importance, IDB 2017.

there are very few universities that offer professional instruction or degrees associated with the filmmaking.

II. THE PROPOSED INNOVATION

A. Project description

- 2.1 The project seeks to strengthen the film production chain as a social and economic tool in Panama, Central America, and the Caribbean, by creating a new business/entrepreneurial model in the region, strengthening the generation of new channels for screening/marketing, and building audiences with the help of new technologies, partnerships with innovative entrepreneurs, firms, and key stakeholders/links. This will be supported by: (i) the creation and formation of audiences/demand and new market/marketing channels; (ii) strengthening and development of specialized film and business-related technical capacities; and (iii) the development of technological projects for inclusion.
- 2.2 **I. Creation/formation of audiences and new channels for marketing and screening. IDB Lab: US\$369,825, counterpart: US\$1,027,567.** The objective of this component is to boost demand and create movie audiences as well as new market channels and screening models, while developing data management technologies, to define the commercial strategy for the screening of Latin American films on airline platforms (a pilot project building on a partnership with Copa Airlines) and mass transit channels in Panama, as well as partnerships with video-on-demand platforms, e.g. Sofá Digital / Filmmelier²⁰ and the online TV platform Quetzachapín²¹ of Guatemala. This will help address one of the biggest challenges facing cinema in Central America and the Caribbean.
- 2.3 The IFF Panama Foundation (FIP) will serve as a link with distributors, small businesses, and filmmakers, will provide services for negotiations, material selection, and coordination between directors and the media so that information on the films can be published. The project will support the design and testing of **a new business/entrepreneurial model** of the FIP specialized in Latin American cinema to provide the services mentioned above on a sustainable basis, as well as other services such as film curatorship, representation, distribution, and screening. There is currently no such model in Panama, Central America, and the Caribbean, because the existing distribution firms in the chain are more oriented toward promoting films of mass appeal (from the United States and elsewhere).
- 2.4 In order to boost demand and create audiences for films, the project includes campaigns to promote new screening channels. In the case of the airline pilot channel “Gemas Abordo,” FIP will charge Copa Airlines a fee for its services, and the airline will provide the communication and marketing strategy for the channel, including advertising on aircraft, videos, magazines, and social networks), access to information and use of entertainment platforms and technology in the aircraft for the screening of films. A study of audience demand and preferences from the pilot airline channel showing Latin American films will be supported by the data generated by the airline entertainment channel system, which will enable the

²⁰ <https://www.filmmelier.com/en/ww>.

²¹ <https://www.tvquetzachapin.tv/tv-online/>.

analysis and definition of the commercial strategy, as well as the adaptation and programming of film products in line with those preferences.

- 2.5 To stimulate demand for distribution-screening and marketing channels, the platform represented by the Panama International Film Festival (IFF Panamá) will be used to screen the films, with access to incentives and prizes, the exchange of knowledge, capacity-building, etc. New spaces such as **coproduction forums** for filmmakers from Panama, Central America, and the Caribbean will be established as tools for accessing markets, festivals, potential partners, investors, and industry experts. The emergence of coproduction forums for potential domestic and international investors will help to continue positioning Panama as a regional hub for cinema in Central America and the Caribbean. This will boost demand for film distribution and screening services under the new business model.
- 2.6 The expected outcomes from this component are: (i) a new business/entrepreneurship model specialized in Latin American cinema, with at least two screening channels functioning; (ii) 188 films shown on the various channels promoted by the project ("Gemas Abordo" on aircraft); (iii) nine marketing/promotion partnerships using digital screening channels for Latin American films from small creative/professional firms that reach up to 1,500 viewers; (iv) expansion of the *Su Mirada* fund; and (v) six commercial agreements resulting from regional coproduction forums for coinvestment or marketing of films from Panama, Central America, and the Caribbean. In addition, this component will generate an important knowledge product, namely an audience/market analysis for Latin American cinema shown via the airline channel, using technology including artificial intelligence for analyzing data and preferences, and proposing content, which may be used by the Latin American film industry to strengthen its communication and marketing strategies.
- 2.7 **II. Strengthening and development of specialized technical capacities in filmmaking and entrepreneurial and business skills, IDB Lab: US\$259,944; counterpart: US\$163,080.** The objective of this component is to enhance access to training for small creative businesses and complementary services for the film industry in Panama, Central America, and the Caribbean, in technical areas relating to film production, distribution, and marketing, as well as mechanisms for accelerating and developing their entrepreneurial/business capacities so they can compete more effectively in the Latin American film industry.
- 2.8 With respect to strengthening specialized technical capacities for film production/distribution/exhibition, the following activities will be pursued: (i) the **Locarno Industry Academy** will host a training workshop for small creative businesses and young professionals in Central America and the Caribbean who are starting out as part of an incipient industry in the region, training them in distribution, screening, marketing, and programming of films, and taking advantage of existing opportunities and programs at the Panama International Film Festival, which brings together experts from the global film industry, selected by the Locarno Film Festival; (ii) a new skills development program, taking advantage of partnerships in the industry, through Clínicas Plataforma GANEXA,²² specialized in cinema (in person and online), bringing together international experts and taking

²² Universidad de Arte GANEXA, <http://ganexa.edu.pa/>.

- advantage of the University's infrastructure so as to strengthen the capacities of faculty, existing education programs, and the students themselves, in which the content will be associated with strengthening training programs already existing at the University;²³ (iii) Film Score Program,²⁴ run by the Danilo Perez Foundation working with music and television experts on issues such as the creation of cinematographic music, film development, and the "Documental Panama" program²⁵ targeting short-film directors and producers who are trained and make a pitch: prizes are awarded to the top five projects to receive funds for production and access to screening on national television, digital platforms, and the IFF Panamá channel on COPA; (iv) training in entrepreneurial skills and methods suited to the film industry, and the development of market meetings in a Caribbean Center initiative aimed at industry stakeholders in Panama, Central America, and the Dominican Republic, developed in partnership with the IFF Panamá Foundation, the City of Knowledge,²⁶ Festival Prisma,²⁷ and the Chamber of Commerce of Panama; and (v) a competition for producers from Central America and the Caribbean with recently completed screenplays to be part of the Producers Workshop with Cannes Marché du Film. The producers will work with film experts and the global film industry, and will be supported in the process of strengthening the project for greater success.
- 2.9 The expected outcomes of this component are: (i) 291 small creative businesses/professionals in the film industry in Panama strengthened with technical capacities for the film industry (production, distribution, and screening) and businesses served by the project; (ii) 210 persons with access to scholarships for technical training activities specialized in Latin American cinema and business; (iii) 18 small creative businesses/professionals from Central America and the Caribbean participating in technical training initiatives (production-distribution and screening) and specialized businesses related to Latin American cinema.
- 2.10 **III. Development of innovative technological projects for screening films and inclusion. IDB Lab: US\$259,944; counterpart: US\$163,080.** The objective of this component is to develop the technological pilot projects needed to facilitate access to cinema as entertainment and/or as a complementary tool for the education of young people in public schools, and/or people who use public transit, among others.
- 2.11 While filmmaking is technology-intensive in its creation and exposure, the project's implementation will explore the use of technologies in the context of pilot initiatives such as:
- a. **"Movies on wheels."** A technology²⁸ will be tested for bringing cinema to public transit users, within the city or the communities of Panama. The project

²³ GANEXA currently offers a degree in Cinematographic Arts, as well as programs related and complementary to film production such as Graphic Design, Fashion Design, and Photography.

²⁴ Film Scoring program: IFF Panamá and the Panama Jazz Festival have joined forces to launch the first film music education program (Film Scoring).

²⁵ Documental Panamá is the result of a partnership between TVN Media, Fundación Alberto Motta, IFF Panamá, and COPA Airlines.

²⁶ <https://ciudadelsaber.org/>.

²⁷ <https://www.festivalprisma.com/prisma-2018-2/>.

²⁸ For which a studio will be developed for more cost-efficient technologies.

is expected to provide an additional screening channel for films produced by young national moviemakers in short-film format. The intended audience is passengers on Mi Bus, Metro, and InfoPlazas, or others transit options identified in the design and technical analysis of the technological prototype.

- b. **New technologies in the audiovisual industry.** One of the initiatives supported by the project will be to introduce the potential for virtual reality (VR) as an audiovisual medium for telling stories and/or communicating topics of high social impact. To do so, there are plans to organize a practical workshop hosted by an expert, targeted at young Latin American filmmakers and artists, on this new technique, together with a curated VR installation that will be open to the public, directly conveying topics of great social impact.
 - c. **Cinema in the classroom,** powered by the Youth Cinema Project (YCP),²⁹ as the first pilot project in Latin America and the Caribbean that uses cinema as a complementary tool for education and the development of life skills for Panamanian children in public schools. This pilot project will be implemented in partnership with Fundación Pro-Ed.³⁰ Its implementation is expected in a public school, in a pilot project involving 300 children and 12 teachers.
 - d. **Cine y STEAM/Innovacion.** With a view to motivating students in the sciences, technology, engineering, and mathematics, the IFF Panamá Foundation will implement the **Dream Big Educator** program,³¹ which includes more than 30 options for multidisciplinary activities to introduce vulnerable school-age youth to the work of real engineers, and to inspire them to become agents of change. This pilot project will also be implemented in partnership with Fundación ProEd. Public schools are expected to be selected for a pilot covering 5,000 secondary school students.
- 2.12 The expected outcomes of this component are: (i) 188 films screened as part of “Movies on Wheels” in mass transit and digital platforms, as well as two pilot initiatives for strengthening education programs in public schools in Panama on topics relating to life skills, through the introduction of filmmaking technologies, STEAM, and others (Cinema in the classroom and Cine y STEAM/Innovacion); (ii) 12 teachers trained in new teaching techniques as part of the Youth Cinema Project, in a public school in Panama; (iii) 2,500 young public school students participating in the Cine y STEAM/Innovacion initiative, using engineering/technology to find sustainable solutions to development challenges; (iv) 2,100 persons with access to virtual reality and augmented reality projects that address high impact social topics through the itinerant screenings developed by the project.
- 2.13 **Complementarity of stakeholders and the cinema chain/ecosystem approach.** All the film products generated in the technology pilot projects will be

²⁹ Youth Cinema Project (YCP), an organization created by the actor Edward James Olmos. Instruction through the production of films aimed at strengthening leadership, resilience, and the search for opportunities—life skills and appreciation of cinema. <https://youthcinemaproject.org/>.

³⁰ Fundación ProEd, an NGO founded in 2007 and recognized by UNESCO with the Hamdan Bin Rashid Al Maktoum prize for the teacher training program “Maestros Apoyando Maestros”. <http://www.fundacionproed.org/>.

³¹ <https://dreambigfilm.com/education/>.

- promoted by the IFF Panamá Foundation through its existing screening channels in the festival, and they will be part of the range of products and services offered under the new, inclusive business model to be developed by the project. The proposed project will take advantage of the opportunities and favorable context existing in Panama, given the existence of (i) the Panama International Film Festival (IFF Panamá which has established itself as the most important platform in Central America and the Caribbean for the promotion, screening, and development of skills for the Central American and Caribbean cinema ecosystem; (ii) the benefits of the Panamanian ecosystem for cinema support (public and private), such as the existence of a regulated Cinema Law in the context of which, among other forms of support for the industry, a Cinema Fund has been established with competition platforms open not only to Panama but to the region as a whole; (iii) the strategic partnership with COPA Airlines for the marketing/screening channel pilot project on airlines, which will subsequently be scaled up to other airlines and festivals; (iv) the interest of Youth Cinema Project and the Fundación Pro-Ed in launching a pilot project to use cinema for training public school students in values and life skills.
- 2.14 The project's chain approach targets Central American and Caribbean filmmakers, who use the Panama International Film Festival as a platform for accessing resources, specialized training, and marketing and screening opportunities. The festival has film screening segments that involve (i) theaters and movie houses, (ii) an education program and workshops, (iii) free screenings (educational films, open-air screenings, neighborhood screenings), (iv) special screenings (pre-festival, press and industry, *Primera Mirada* ["First Look"] competition,³² etc.) with an audience in 2018 that amounted to some 36,921 individuals.
- 2.15 **Gender.** The project will pursue strategies and activities that will contribute to the inclusion and/or promotion of gender equity, starting with information/diagnostic assessment of the cinema chain in the region. During monitoring and evaluation, information will be compiled on defined indicators in a disaggregated manner. Consistent with its mission, the IFF Panamá Foundation has designed products that specifically aim to strengthen female filmmakers. An example of actions to be supported by the project is the extension of the *Su Mirada* / "Her Vision" fund³³ to female directors in the Central American and Caribbean region starting in 2020. "Her Vision" is another initiative promoted within the framework of the Panama International Film Festival, and is targeted exclusively at women filmmakers and directors, providing specialized training in cinema arts and an award: a screening at the Panama International Film Festival. In 2019, for the first time, a group of Panamanian women filmmakers won a prize in the *Primera Mirada* Fund Competition, which is also announced as part of the IFF Panamá and took part in the Cannes International Film Festival.
- 2.16 In essence, cinema both embodies and contains technology. **Innovation** initially arises through new ways of making/seeing films and reaches audiences through the creation and cultivation of a new business/entrepreneurial model in Central America and the Caribbean, in order to provide services associated with representation, film curatorship, distribution/marketing, and screening of

³² Primera Mirada <https://www.iffpanama.org/es/primera-mirada>.

³³ Su Mirada <https://www.iffpanama.org/es/fondo-su-mirada>.

audiovisual products To this end, technological pilot projects will be developed along with partnerships with innovative firms and organizations and relevant support services within the chain that will allow the implementation of new screening/market channels so that the pilot projects can use cinema as a tool for strengthening the life skills of public school students.

B. Outcomes, measurement, and monitoring

- 2.17 The main expected outcomes include the following: (i) 4.5 million viewings³⁴ by people with access to Latin American cinema in airplanes—greater exposure and positioning in the market for Latin American cinema; (ii) 60,000 viewings by public transit users in Panama with access to Panamanian cinema in mass transit—greater exposure and positioning in the market for Latin American cinema; (iii) 300 public school students in Panama will have improved their life skills thanks to the “Cinema in Classrooms” program; and (iv) 1,500 viewers of digital platforms with which there are commercial/promotional partnerships for viewing films programmed by IFF Panamá.
- 2.18 **Sustainable Development Goals (SDG).** The project will contribute to the following Sustainable Development Goals: SDG-8, economic growth and decent jobs that can be generated in the audiovisual sector to which the cinema chain belongs; SDG-4, improving education through opportunities and pilot projects for strengthening the training of boys and girls; and SDG-5, guarantee gender equity by providing equal access and products aimed at strengthening the capacities of female filmmakers.
- 2.19 **Monitoring and evaluation.** The project has an evaluation plan which includes resources for developing a project monitoring mechanism/system that will receive input from the IFF Panamá Foundation information systems and will incorporate the information generated by technology providers for delivering films to the new screening channels. As part of the IDB Lab project supervision model, resources will be used for evaluating project outcomes, in the event that IDB Lab determines needs for learning, sustainability, and scaling. The platform represented by the Panama International Film Festival will be used to disseminate the outcomes, lessons learned, services, and products.
- 2.20 Certain questions of learning of interest to the program are related to the thematic area of Inclusive Cities. Specifically, with respect to the Orange Economy, the following questions have been posed: (i) how to promote productivity, innovation, and competitiveness in the private sector, considering key lessons linked to business productivity and entrepreneurial development: (ii) what kinds of programs promote creativity, capitalize on cultural heritage, and generate economic activity? (iii) is it possible to generate business models specialized in Latin American cinema, in the form of an enterprise that will ensure the screening and marketing of Latin American films with greater equity for small businesses and professionals in the industry? (iv) is it possible to generate innovation that, through technologies, can test models for bringing cinema to low-income groups and students? (v) can empirical evidence be provided to consider cinema as a tool for communication, education, etc. through technological pilot projects that can strengthen the life skills of students and raise their awareness of social issues?

³⁴ Number of persons who view at least one complete Latin American film programmed by FIP.

III. ALIGNMENT WITH THE IDB GROUP, SCALABILITY, AND PROJECT RISKS

A. Alignment with the IDB Group

- 3.1 Although the project is not aligned with the current IDB Country Strategy with Panama 2015-2019, in the study conducted by the Bank,³⁵ a comprehensive document containing a diagnostic assessment and opportunities for Panama's inclusive and sustainable development in 2019, the project contributes in terms of generating inclusive growth, improving competitiveness and education/skills in the various sectors and is aligned 100% with the recommendation/opportunity to promote the launch of the creative and cultural industries by developing the creative offering and the formation of talent.
- 3.2 With sectors of the Bank, particularly the Competitiveness, Technology, and Innovation Division (CTI), the Program to Promote Competitiveness and Economic Diversification (PN-L1149) seeks to promote the sustainable economic growth of Panama by driving the development of emerging sectors to create new sources of growth, including the cultural and creative industries (CCIs); and Support for the Creative and Cultural Ecosystem of Panama (PN-T1197), which addresses support for the development of the medium-term strategy of Panama's new Ministry of Culture, which will absorb the Film Bureau (DICINE), for which this project will contribute experiences and important lessons, among other things.
- 3.3 With respect to the complementarity of IDB Lab projects, the project represents an opportunity for a platform to support efforts to market and distribute projects in Honduras (HO-T1322), Paraguay (document PR-1232), Argentina (AR-T1209), and the Caribbean. This proposal incorporates the main lessons learned (see paragraph 3.6) and will work in coordination with cinema industry groups that are being supported by IDB Lab's creative industries projects.

B. Scalability

- 3.4 The initial route for scaling up the project relies on the Panama International Film Festival, which will achieve greater international recognition and participation by Central America, Latin America, and the Caribbean, in general, and this will help to promote its own model for marketing and screening in the world film market.
- 3.5 The pilot project for youth education with the Youth Cinema Project, in partnership with Fundación ProEd, opens the prospect of replicability at the national level in other schools, through the Ministry of Education, and the various cinema-oriented support funds that exist in Panama, including the DICINE Fund. The current partnership between ProEd and the Ministry is helping to share outcomes and lessons with a view to the potential scaling of the model.
- 3.6 The inclusive business model, specialized in Latin American film for the provision of services for film screening/marketing channels on airlines ("*Gemas abordo*" and "*Cine sobre ruedas*"), in addition to other digital channels, if they are successful, could be expanded to other airlines and ecosystems in Latin America. The project will coordinate exchanges with IDB Lab projects working with creative industries and other initiatives and international film festivals, in search of commercial

³⁵ <https://publications.iadb.org/es/bideconomics-panama-desafios-para-consolidar-su-desarrollo>.

partnerships and the supply of services, including other stakeholders in Latin American cinema chains.

- 3.7 **Lessons learned.** Building upon the lessons learned from IDB Lab projects with creative industries to date, the proposal largely addresses the main challenges to cinema development and takes advantage of private sector opportunities and innovations, focusing on key bottlenecks in the chain such as (i) the need for greater exposure of Latin American cinema, new marketing and screening channels at the international level, and the promotion and creation of audiences and markets; (ii) strengthening the capacities of filmmakers and complementary industries and their entrepreneurial abilities and skills for doing business; (iii) the proposal is based on a chain/ecosystem approach that builds partnerships and coordination among key stakeholders to leverage the versatility of the chain and make possible collective resources, specialized knowledge, technological pilot projects for inclusion to bring cinema and education to low-income populations, public schools, a study of the potential sources of adequate financing for the sector, etc.

C. Project and institutional risks

- 3.8 The following have been identified as the main project risks (drawing upon lessons learned by IDB Lab in this area): (i) the cinema market, saturated by the Hollywood industry, may not be interested in Latin American filmmakers; (ii) major players in the chain (with highly concentrated negotiating power) will raise the costs of entry to the market for the new channel; (iii) stakeholders offering supplementary services in the cinema chain may not emerge and may not offer the quality of services required; (iv) there may be no interest on the part of the private and/or public sectors in generating financing products tailored to the needs of the industry. The mitigating factors for these risks focus on the capacity of IFF Panamá to continue generating engagement and support among public and private stakeholders.
- 3.9 As mitigation measures, the project will take into account: (i) audience/demand studies and the formulation and implementation of communication, education, and marketing strategies for the screening channels generated; (ii) efforts to make the cinema-specialized, inclusive business model sustainable; (iii) promoting partnerships within the Latin American region for the development of capabilities, including incentives from the public sector, and support for sustainability by key cinema figures in the private sector; (iv) alignment with the two CTI programs in Panama and with IDB Lab projects to generate synergies with respect to the regulatory framework and the business environment for promoting film; (v) contributing to the analysis of potential financial products tailored to the particular needs of the industry.

IV. INSTRUMENT AND PROPOSED BUDGET

- 4.1 The project has a total cost of US\$2,440,000, of which US\$1 million (41%) will be contributed by IDB Lab, and US\$1,440,000 (59%) will represent the counterpart contribution. The instrument to be used is a nonreimbursable technical-cooperation operation, as this is a pilot project for establishing film screening channels that will have an impact on films produced in Panama, Central America, and the Caribbean.

Components	IDB Lab US\$	Counterpart IFF <i>Panamá + Copa Airlines</i>	Total US\$	Percentage
Component 1: Audience and market creation	369,825	1,027,567	1,397,392.5	57.3%
Component 2: Specialized technical and business capacities	129,950	68,982.5	199,482.5	8.2%
Component 3: Technological projects for inclusion	259,944	163,080	423,024	17.3%
Project management and administration (execution unit)	190,800	170,370	361,170	14.8%
Evaluations/Audits/ Contingencies	49,481*	10,000	59,481	2.4%
Grand Total	1,000,000	1,440,000	2,440,000	100%
% of Financing	41%	59%	100%	

Project investment categories will be: (1) technical assistance, which will include the three technical components; (2) project management and administration; and (3) evaluations, audits and contingencies.

The amount relating to evaluations and audit may be used by IDB Lab for purposes of supervision, without requiring a request from the executing agency.

V. EXECUTING AGENCY AND IMPLEMENTATION STRUCTURE

A. Description of the executing agency

- 5.1 The IFF Panamá Foundation (FIP) was established in 2012 with a view to educating, developing, and promoting Latin American cinema, especially in Central America and the Caribbean, through innovative education plans and partnerships with other NGOs, private firms, and the Panamanian government. IFF Panamá seeks to build audiences that will promote Latin American production in order to create jobs, contribute to the economy, and strengthen the sense of national identity to unify the region.
- 5.2 Its projects include: the Panama International Film Festival, its primary program and platform. In addition to its film screening activities and its education efforts for children, young people, and filmmakers, etc., it sponsors competitions such as *Primera Mirada* (for Central American and Caribbean films) and *Su Mirada* (for female filmmakers),³⁶ Locarno Industry Academy (training for distributors, sales agents, and programmers in Central America), the *Premio Eipreschi* award, and collaboration with the Goethe Institute of Germany in a workshop for documentary filmmakers from Mexico and Central America. Other projects undertaken in the context of the festival (and subsequently) include Film Scoring with the Danilo Perez Foundation, IFF Panamá in the barrios, the agreement with GANEXA for the development of courses and workshops for university students interested in a career in cinema, and COPA Airlines (for creation of the IFF Panamá channel on entertainment screens in the company's aircraft).
- 5.3 The Panama International Film Festival (IFF Panamá) engages some 36,000 participants every year in its various events and programs, from countries including the Dominican Republic, Costa Rica, Guatemala, Nicaragua, Honduras,

³⁶ Primera Mirada and Su Mirada have sponsorship from the IDB and the private sector. The festival has been strongly supported by the private sector (COPA Airlines, MasterCard) and by the public sector (Ministry of Trade and Industry, the Government of Panama City, the Ministry of Environment, the Tourism Authority, and the National Cultural Institute).

El Salvador, Argentina, Peru, the United States, Puerto Rico, Trinidad and Tobago, and Jamaica.

- 5.4 The FIP manages both public and private resources to put on the Panama International Film Festival. Those funds are audited each year and include a structure for monitoring and accountability, supported by an audit firm contracted to provide support and advice on these issues.
- 5.5 **Integrity review.** In accordance with Bank policies (document OP-474-1), an integrity review was conducted in the context of the diagnostic assessment of integrity and institutional capacity, covering the directors and senior managers of the FIP, and no irregularities were found.

B. Implementation structure and mechanism

- 5.6 The partner executing agency is the IFF Panamá Foundation, which is duly registered in Panama and has staff specialized in Latin American cinema and in monitoring cinema projects, together with an established project execution and supervision structure. For purposes of implementation, a project execution unit will be established, comprising a project coordinator and a project technical and administrative assistant. This unit will receive accounting support from IFF Panamá and will be overseen by and report to IFF Panamá's General and Operations Management.
- 5.7 The foundation will coordinate and sign agreements and will seek strategic partnerships with: **(A) Fundacion ProEd**, an NGO established in 2007 and recognized by UNESCO with the Hamdan Bin Rashid Al Maktoum award for the teacher training program "*Maestros Apoyando Maestros*" ("Teachers Helping Teachers"). It is an educational organization created by Dr. Debbie Psychoyos that supports the advancement of education by providing opportunities for teachers to pursue ongoing professional development. Its current programs include: (i) "Teachers Helping Teachers," (ii) a Diploma program in Innovative Strategies for Teachers, coordinated with the Ministry of Education; (iii) and a Leadership Academy for Teachers. **(B) Youth Cinema Project (YCP)**, an organization created by the actor Edward James Olmos. It offers instruction through the production of films aimed at strengthening leadership, resilience, and the search for opportunities/life skills and an appreciation of film. The partnership will be geared toward piloting the Youth Cinema Project teaching methodology in the public schools where ProEd works in partnership with the Ministry of Education. **(C) COPA Airlines**, for the pilot project amply described throughout this document. **(D) the GANEXA Art School**, for strengthening the filmmaking curriculum and developing specialized cinema courses for delivery both by digital means and in the classroom through the "Cinema Clinics." Similarly, the IFF Panamá Foundation will forge strategic marketing and screening partnerships with digital platforms and innovative enterprises such as Sofá Digital/Filmmelior and the Quetzachapín online TV platform of Guatemala, as well as others described above under component 1.

VI. FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 6.1 **Disbursement by results and fiduciary arrangements.** The partner executing agency will agree to the standard IDB Lab arrangements relating to disbursement

by results, procurement policies, and financial management³⁷ applicable to the private sector, as specified in the “Guide for Management by Milestones and Financial Supervision for Technical Cooperation Operations of IDB Lab and the SEP,” consistent with the provisions of document OP-273-12, Financial Management Guidelines for IDB-financed Projects. IDB Lab reserves a certain amount of funding for audit purposes (or ex post reviews), which may be used as project supervision needs dictate.

- 6.2 The foregoing is consistent with the outcome of the diagnostic assessment of integrity and institutional capacity: the FIP manages the public and private funds to which it has access for development of the Panama International Film Festival. Those funds are audited annually and have a monitoring and accountability structure supported by an audit firm contracted to provide support and advice on these matters, and to prepare the institution’s audited financial statements.

VII. INTELLECTUAL PROPERTY

- 7.1 The Bank will be the holder and owner of any and all intellectual property rights, including, but not limited to copyright, with respect to all deliverables that will be produced, namely: specialized technical assistance products, studies of trends, studies of alternative financing instruments for the sector, studies on ways of recording and using intellectual property in the sector, or other similar studies relevant to the project.

³⁷ Link to the [Financial Management Guidelines for IDB-financed Projects](#).