

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Promoting Digital Technologies for the LAC Creative Industries
▪ TC Number:	RG-T3974
▪ Team Leader/Members:	Grazzi, Matteo (IFD/CTI) Team Leader; Grant, Kayla Sharee (IFD/CTI) Alternate Team Leader; Acevedo Calle, Daniela (LEG/SGO); Cardenas Varon, Gina Stefany (IFD/CTI); Maria Alejandra Galeano (IFD/CTI); Martinez Lopez, Cynthia Guadalupe (IFD/CMF); Sierra Liranzo, Mayrett (IFD/CTI)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	05 Aug 2021.
▪ Beneficiary:	Honduras, Jamaica
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC Strategic Development Program for Institutions(INS)
▪ IDB Funding Requested:	US\$150,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	December 15, 2021
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	IFD/CTI-Competitiveness, Technology and Innovation Division
▪ Unit of Disbursement Responsibility:	IFD/CTI-Competitiveness, Technology and Innovation Division
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Gender equality; Institutional capacity and rule of law; Productivity and innovation

II. Objectives and Justification of the TC

- 2.1. The cultural and creative industries (CCIs) have been an important long-standing contributor to national and global economies. According to the EY (2015) study,¹ the CCIs generated US\$2,250 billion in revenues (3% of the world GDP) and 29.5 million jobs worldwide in 2015—employing about 1% of the world's active population. In LAC, the CCIs contributions in 2015 reached US\$124 billion in revenues (2.2% of the region GDP) and 1.9 million jobs. Because of its weight in value-added, exports, innovation, and employment, in 2019 the United Nations General Assembly declared 2021 as the International Year of the Creative Economy for Sustainable Development. This recognition could not have been timelier, especially for the region's creative entrepreneurs, who had to reinvent their business models to face the unprecedented challenges brought by the COVID-19 crisis.
- 2.2. The CCIs are important assets for both the Jamaican and the Honduran economy. According to UNESCO, Jamaica's CCIs are estimated to contribute 5.2% of the country's GDP, generating revenues of JMD \$2.2 billion annually, and accounting for

¹ EY (2015). [Cultural times: the first global map of cultural and creative industries.](#)

3% of total employment. In Honduras, CEPAL/OEI (2014)² data reveals that around 41.2 thousand people work in activities related to cultural sectors (representing 1.3% of jobs nationwide). Moreover, the country exported CCI goods and services valued at US\$34 million in 2012.³ However, the information available is very limited, preventing a reliable and comprehensive assessment of the CCIs' contributions in Honduras.

- 2.3. However, CCIs in the region are largely made up of micro, small and medium-sized companies and self-employed workers, many of which are informal. The pandemic, which heavily restricted the free movement of people,⁴ increased the vulnerability of creative entrepreneurs, especially women whose burden of care and other responsibilities grew.⁵ Furthermore, COVID-19 has accelerated the adoption of digital technology amongst consumers presenting creative entrepreneurs with a plethora of new digital tools and methods to increase their productivity and support the creativity and innovation process. Yet many are unable to effectively utilize digital technologies to innovate and compete in markets. There is a lack of knowledge on the available digital tools in the market and how to effectively adapt them for addressing challenges faced by CCIs (such as monetizing creative content) and for introducing innovation in processes, products, services, and marketing of CCI firms (for instance issuing non-fungible tokens for digital products such as art or music). These gaps require interventions that will sensitize and actively engage creatives in the development of digital innovations to not only recover from this unprecedented crisis but to take advantage of the new opportunities presented by digital technologies.
- 2.4. The IDB's Creative Tech Lab (CTL) seeks to close the aforementioned gaps and to support creative firms in realizing the full potential of digital technology for the creative industries. The CTL is a methodology for an open collaboration tool that brings together diverse individuals interested in designing the future of the creative industries. It exposes creative entrepreneurs to digital technologies available for generating and improving sustainable revenue flows. The CTL supports innovation and entrepreneurship ecosystems by: (i) getting the right people together (such as artists, technologists, entrepreneurs, investors, policymakers, influencers and civic leaders); in order to (ii) collaborate, experiment, and prototype innovative solutions; that (iii) solve problems faced by the creative industries; in order to (iv) grow creative enterprises (i.e. creating new, innovative outputs and improving productivity and growth amongst creative entrepreneurs and creative firms). Participants engage in hands on training, exploration, and development of innovative digital technology such as web-based applications, blockchain technology, artificial intelligence, and virtual reality. Implementing the CTL exposes creative artists to new technologies that will enhance the competitiveness of their creative business model through technological adoption. These shifts in perception can inspire the development of new creative outputs that drive revenue and growth opportunities.

² CEPAL (2014). [Cultura y Desarrollo Económico en Iberoamérica](#).

³ Rodríguez, L. (2018). [Economía Creativa en América Latina y el Caribe: mediciones y desafíos](#). Technical Note: IDB.

⁴ COVID-19 restrictions varied across countries, but many included reducing public movement through avenues such as no movement days, curfews, and limited number of people able to gather in a venue.

⁵ Unpaid household and caring responsibilities greatly reduce women's economic empowerment. Females tend to perform majority of unpaid household duties devoting almost twice the number of hours than males thereby limiting their time dedicated to improving economic prospects or to investing in education. See <https://www.cepal.org/en/events/burden-unpaid-care-work-caribbean-women-time-covid-19>

- 2.5. The CTL has been piloted in Jamaica (2019),⁶ Haiti (2020),⁷ and Trinidad and Tobago (2021).⁸ The CTL has been an effective mechanism for the matchmaking of technologists (in the local ecosystem and in the diaspora) to creative entrepreneurs to address key challenges that affect their vulnerability. A key lesson learned from the pilot implementations is the need to support firms in moving from the ideation stage to the stage of getting their products in the market. Other needs that have been expressed include mentorship and financial support in testing and further developing prototypes and building a viable business model that can generate revenue.
- 2.6. The general objective of this non-reimbursable technical cooperation is to strengthen the regional entrepreneurial and innovation ecosystem for supporting the development of innovative digital technological solutions for the creative industries. As such, the proposed TC will support an update of the CTL methodology to address these lessons learned as well as build the capacity of Latin American and Caribbean public and private institutions in order to expand its reach and impact by supporting innovation and entrepreneurship in countries that have expressed a demand for utilizing and implementing this tool to foster the competitiveness of the local CCIs. The key outcomes include: (i) successful case studies signaling the adoption of digital technologies in the creative industries (targeted entrepreneurs are equipped with cutting edge, ICT-based tools that support the creation of profitable business models); and (ii) increased capacity of entrepreneurship support institutions to support CCI firms through the CTL 2.0 methodology.
- 2.7. **Beneficiaries.**⁹ The design of the CTL 2.0 methodology will directly benefit ecosystem players (primarily entrepreneurship support institutions such as incubators and accelerators) with a methodology specifically designed to support the needs of CCI entrepreneurs and firms. The beneficiary countries which have submitted letters of non-objection include Jamaica and Honduras. Jamaica's innovation and entrepreneurship ecosystem has the capacity to leverage this methodology given that: (i) the first pilot of the CTL was implemented in Jamaica thus indicating the demand for the methodology; and (ii) the IDB is supporting a US\$25 million

⁶ For the first time in the Caribbean, the IDB piloted the CTL in Jamaica where developers (i.e. coders and web designers) teamed up with creative artists (in this case, musicians) to partake in an engaging four-session design sprint aimed at addressing musicians' compensation and monetization of intellectual property

⁷ In Haiti, 227 applications were received to the CTL. The 2020 CTL pilot in Haiti, involved approximately 100 hours of online information sessions (regarding design thinking, data science, augmented reality, etc.) and prototype building days. It included partners such as Facebook, Google, local Government, and the American Chamber of Commerce (which financed a 3-month incubation for the 4 finalist teams). The prototypes created and tested by the teams included: (i) VILAJ – where creators can co-create on the blockchain. And other educational online platforms; (ii) AUTODIDACTE – an online education platform using 3D modeling; (iii) SPEKTAK - a platform for Haitian and Caribbean audiovisual content which could potentially explore blockchain application; and (iv) TOLO NETWORK – an online gaming education platform for kids. See <https://convocatorias.iadb.org/en/creative-tech-lab-haiti/creative-tech-lab-haiti>

⁸ In T&T, The 2021 CTL in T&T was led by the Cariri and the IDB Lab and included partners such as LoopTT, Facebook, and Cariri's Idea Advisory Services (IAS) program. The challenge aimed to connect creatives and developers online and stimulate innovation and creativity that would lead to the co-creation of innovative online carnival experiences that support the digital economy of Trinidad and Tobago. The prototypes created and tested by the teams included the following: (i) cARnival – an augmented reality experience and mobile crypto wallet; (ii) Capture Carnival – a one stop shop to capture carnival experiences, rewards, and user insights through a mobile app; (iii) Artist-ID – an app and platform for promoting events and for connecting artist, promoters, fans, sponsors and anyone in the carnival ecosystem; and (iv) TTPhoenix Carnival – a VR application for experiencing carnival in the virtual realm <https://ctitt.banjht.com/#project-list>

⁹ Additional countries may become beneficiaries of the TC upon submission of non-objection letters.

investment loan entitled “Boosting Innovation, Growth and Entrepreneurship Ecosystems” ([4860/OC-JA](#)) which is promoting sustainable and robust growth among startups and MSMEs, including financing the strengthening of incubators and accelerators in the ecosystem.¹⁰ In Honduras, the intersection between creative economy, technology and entrepreneurship has been the focus of several IDB Group’s projects currently in execution, such as, for example, Naranja Republik, TEC4DEV and the technical cooperation “Strengthening of the Capacities to Support the Orange Economy” ([ATN/OC-17521-HO](#)). The activities of this project will consolidate this line of work, contributing to the development of both the creative and digital entrepreneurship ecosystem of the country.

- 2.8. **Strategic Alignment.** This TC is consistent with the Second Update to the Institutional Strategy (UIS) 2020-2023 (AB-3190-2) as it is strategically aligned with the development challenge of productivity and innovation as it relates to encouraging the use of digital technology to spur innovative solutions and enhance productivity in the creative industries and specifically addresses the special needs of small and vulnerable countries in fostering development through the private sector. The TC is also aligned with the cross-cutting themes of: (i) institutional capacity and the rule of law as it seeks to build the capacity of selected institutions to implement and replicate the CTL methodology in their respective countries; and (ii) gender equality as it pertains to supporting women with digital technologies. With regard to the IDB’s Corporate Results Framework 2020-2023 (GN-2727-12), enterprises will be provided with technical assistance to develop prototypes utilizing innovative digital technology. The project is aligned with the priorities defined in the Innovation, Science and Technology Sector Framework Document (GN-2791-8) as it relates to economies being able to take full advantage of the potential of the digital economy through digital technologies. The TC supports the Jamaica Country Strategy (GN-2868) in the strategic area of increasing private sector productivity and growth by supporting entrepreneurs and firms in the CCI with digital technological uptake that can improve their innovation. It is also aligned with the following cross-cutting issues of the IDB Group Country Strategy with Honduras 2019-2022 (GN-2944): (i) women’s empowerment and diversity; and (ii) innovation and use of new technologies to achieve greater relevance and efficiency in interventions. Finally, this TC is aligned with the following objectives of the Ordinary Capital Strategic Development Program for Institutions (GN-2819-1): (i) contribute to public policies and institutions that are more effective, efficient, open, and citizen-centered; (ii) improve service delivery to citizens; and (iii) reduce constraints for business growth and productivity.

III. Description of activities/components and budget

- 3.1 **Component 1: Development and Testing of the Creative Tech Lab 2.0 (US\$100,000).** This component will develop and test an extension of the CTL methodology (entitled CTL 2.0). The component will finance a consultancy to develop the following outputs: (i) an analytical review of global best practices of incubation and acceleration support mechanisms that support the development of cultural and

¹⁰ Kinston Creative is a non-profit organization focused on using Art and Culture to achieve social and economic transformation. Its incubator program, CreaTech, is a 36-month partnership between Kingston Creative and the IDB is to increase market access for Jamaican creative entrepreneurs by providing global market access, new digital platforms, technologies, training and capacity-building to add economic and social value to cultural assets through the development of new business models.

creative start-ups, differentiated by sub-sectors of activity; (ii) the design of an extension of the CTL 2.0 methodology (toolkit),¹¹ with the incubation and acceleration phase incorporated into it (these phases focus on getting products to markets); (iii) a pilot of the updated CTL methodology which benefits at least two beneficiary countries (Honduras and Jamaica).

- 3.2 **Component 2: Capacity Building and Institutional Strengthening (US\$20,000).** This component will support the expansion and reach of the CTL methodology by building capacities in selected public and private entrepreneurship support institutions across the LAC region. Specifically, it will finance the design and delivery of a gender sensitized training of trainers' program that will equip the institution in implementing the CTL 2.0 methodology thus expanding the reach of the program. The training will be implemented in a hybrid form, complementing on-line sessions with in-person local meetups (if the health conditions of the countries will allow it) The output under this component includes the implementation of the training workshop to at least three selected institutions that will be selected based on the following: (i) registration in the beneficiary country; (ii) letter of commitment indicating the institution's commitment to dedicating resources for the implementation of the CTL.
- 3.3 **Component 3: Communication and Dissemination (US\$30,000).** This component will promote the dissemination of the results of the project. Financed outputs will include: (i) the production of video tutorials to facilitate the replication of the CTL; (ii) a communication campaign aimed at increasing awareness on the importance of developing digital solutions for the development of LAC's CCI's. Primarily utilizing social media, the communication campaign will include articles and media posts that showcase the digital technological solutions developed by firms that participated in the CTL. It will include dissemination of the toolkit developed under Component 1 and the financing of translation services for developed products.
- 3.4 The total cost of this TC will be USD\$150,000.00 to be funded by OC Strategic Development Program for Institutions (INS).

Indicative Budget

Activity/Component	Description	IDB/Fund Funding	Counterpart Funding	Total Funding
Development and Testing of the Creative Tech Lab 2.0	Updating and piloting of the CTL 2.0	\$100,000.00	0.00	US\$100,000.00
Capacity Building and Institutional Strengthening	Design and implementation of a training of trainers program	\$20,000.00	0.00	US\$20,000.00
Communication and Dissemination	Development of video tutorials and	\$30,000.00	0.00	US\$30,000.00

¹¹ The CTL methodology and guidelines (toolkit) has been drafted but has not yet been published. <http://open-music.org/artist-workshop-toolkit/>

	communication campaign			
TOTAL		\$150,000.00	0.00	\$150,000.00

IV. Executing agency and execution structure

- 4.1 The execution of this TC will be carried out by the Bank through the Competitiveness and Innovation Division (IFD/CTI). The Bank has demonstrated its ability to coordinate and motivate actions across diverse stakeholders at both the national and regional levels. In addition, and in line with Annex II of the Procedures for the Processing of Technical Cooperation Operations and Related Matters (OP-619-4), this TC responds to a request from a beneficiary to have the Bank execute (see Annex) and thus be responsible for the contracting of consultancies. The IDB will engage directly with the lead institutions¹² in Honduras and Jamaica to ensure they gain the practical experience of supporting technology adoption and institutional capacity building projects. All knowledge products derived from this Technical Cooperation will be the Bank's intellectual property. Knowledge products will be published through the Bank's web page and other means accounted for in the indicative Budget.
- 4.2 The execution and disbursement period will be 24 months and the UDR will be IFD. All activities to be executed under this TC have been included in the Procurement Plan (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. All knowledge products derived from this Technical Cooperation will be the Bank's intellectual property.

V. Major issues

- 5.1 A risk to the project is the identification and participation of persons with advanced digital skills willing to collaborate and develop prototypes. In the 2019 pilot in Jamaica, this was mitigated by hiring a company to support the selected technologists with the development of prototypes. In the 2020 pilot in Haiti, this was circumvented by bringing partners from Google and Facebook as well as talented persons from the Haitian diaspora to provide free virtual training to the CTL cohorts. The project team will also dialogue with other partners and stakeholder to discuss potential avenues for building digital talent amongst creative persons.
- 5.2 The COVID-19 pandemic poses a challenge to in-person gatherings in certain countries. Nevertheless, as per the lessons learned from the 2020 and 2021 execution of the CTL, the methodology is able to be fully implemented virtually.
- 5.3 Also, government staff turnover in institutions relevant for the project, and changes in government priorities are additional risks to consider. They will be mitigated by: (i) implementing inter-institutional coordination strategies at the early stages of the project; (ii) urging and strengthening intra/inter-institutional cooperation and dialogue;

¹² The lead institutions include the Bank's liaison entities (Honduras' Ministry of Finance and Jamaica's Ministry of Finance and the Public Service including the Planning Institution of Jamaica (PIOJ) as well as selected entities that will receive capacity building under Component 2.

and (iii) conducting periodic follow-up meetings with consultants and/or consulting firms hired by the TC, and with officials of relevant institutions involved, to assess implementation status, difficulties encountered, and, if necessary, adopt alternative strategies to fulfill the project objectives.

- 5.4 To ensure sustainability and future replication of the program, the institutional capacity building effort includes training on how institutions can collaborate to access the resources needed to implement the CTL methodology. The methodology itself promotes cost effective measures for stimulating collaborative efforts with as minimal resources as possible.

VI. Exceptions to Bank policy

- 6.1 There are no exceptions to Bank policy.

VII. Environmental and Social Strategy

- 7.1. This TC will not finance feasibility or pre-feasibility studies of investment projects nor associated environmental and social studies; therefore, it does not have applicable requirements from the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Request from the Client - RG-T3974](#)

[Results Matrix - RG-T3974](#)

[Terms of Reference - RG-T3974](#)

[Procurement Plan - RG-T3974](#)