BRITISH COUNCIL

Connections Through Culture

Creative enterprise and inclusive growth in the Philippines

Foreword

The creative industries and their role as enablers of inclusive growth have often been viewed as a homogenous sector instead of a dynamic ecosystem of interdependent players. Thus, there is not a lot of evidence that examines the impact and potential of the creative industries from the point of view of enterprises. This is what the study aims to investigate.

This report seeks to provide a better understanding of how creative enterprises operate and the challenges that prevent them from realising their full potential. It touches on ways creative businesses are adapting to technological and social change, and the roles of government and civil society in providing enabling conditions for them to be more sustainable.

United Kingdom and Philippine researchers jointly explored the creative sector of the Philippines as an ecosystem, where artists and creative businesses, government agencies, creative hubs and other supporting organisations, like the British Council, meet, interact and collaborate. Through a series of interviews, focus group discussions and case studies, the researchers analysed the extent to which creative enterprises have a deliberate social mission, if having a social mission is a driver for sustainability, and what intended and unintended social impact creative enterprises may have.

The study offers examples of the cultural, social, environmental and economic impact of creative businesses. It provides a systematic framework for examining the relation between impact and inclusive growth. The case studies also reveal the various needs and challenges faced by creative enterprises, from capacity building and financial sustainability to measuring impact, and being more inclusive. On this basis, the researchers make a series of recommendations for skills building, business development and financing, market growth, policy development and creative production.

This is a particularly timely initiative, given the impact of Covid-19 on the arts and culture sector. We are proud to have supported this study, which will no doubt contribute to strengthening the creative industries in the Philippines and to broadening our knowledge of the sector around the world.

This study is part of a regional British Council programme on creative economy across Southeast Asia that aims to produce new, relevant research so we may better understand trends and impact of interventions in the region.

We hope you will find this report a rich and useful resource.

Pilar Aramayo-Prudencio
Country Director
British Council in the Philippines

Writers and researchers: Stephen Hignell, Dr Eduardo Morato, Philip Felipe, Ted Ambrosio Catalla, Chad Rickaby and Juliana Craig

Report design and illustrations: Kay Aranzanso
Commissioner: Malaya del Rosario

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Acronyms

ABS-CBN	Alto Broadcasting System - Chronicle Broadcasting Network
ACPI	Animation Council of the Philippines, Inc.
ANDE	Aspen Network of Development Entrepreneurs
AR	Augmented Reality
ASEAN	Association of Southeast Asian Nations
AVPN	Asian Venture Philanthropy Network
BIR	Bureau of Internal Revenue
BOC	Bureau of Customs
BOI	Board of Investments
BPO	Business Process Outsourcing
BSO	Business Support Organisation
CAG	Cebu Animation Guild
CAGR	Compounded Annual Growth Rate
CCCI	Cebu Chamber of Commerce and Industry
CCI/CI	Cultural and Creative Industries/ Creative Industries
CCP	Cultural Center of the Philippines
CDAP	Communication Design Association of the Philippines
CECP	Creative Economy Council of the Philippines
CFIF	Cebu Furniture Industries Foundation
CFIP	Chamber of Furniture Industries in the Philippines
CHED	Commission on Higher Education
CITEM	Center for International Trade Expositions and Missions
Covid-19	Coronavirus Disease
CPO	Creative Process Outsourcing
CSB	College of St. Benilde
CSDA	Cordillera School of Digital Arts
Cybercraft PH	Cybercraft Philippines
DCMS	Department for Digital, Culture, Media and Sport
DCOIPs	Digital and Creative Original Intellectual Properties
DCP	Design Center of the Philippines
DepEd	Department of Education
DFA	Department of Foreign Affairs
DICT	Department of Information and Communications Technology
DLS-CSB	De La Salle-College of Saint Benilde
DOST	Department of Science and Technology
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
DTI-BOI	Department of Trade and Industry – Board of Investments
ESGS	Electronic Sports and Gaming Summit
FDCP	Film Development Council of the Philippines
FGD	Focus Group Discussion
FSSI	Foundation for a Sustainable Society, Inc.
GDAP	Game Developers Association of the Philippines
GDP	Gross Domestic Product
GDH	Gifts, Décor and Houseware
GIIN	Global Impact Investing Network
IATF	Inter-Agency Task Force
IBPAP	Information Technology and Business Process Association of the Philippines
ICI	Interior Crafts of the Islands, Inc.
IP	Indigenous People
IPOPHL	Intellectual Property Office of the Philippines
IPP	Investment Priorities Plan
ISIP	Innovation for Social Impact Partnership
IT-BPM	Information Technology and Business Process Management
i3s	Inclusive Innovation Industrial Strategy
LGUs	Local Government Units
MAP	Multimedia Association of the Philippines
Manila FAME	Manila Furnishings and Apparel Manufacturers' Exchange
MISSI	Monthly Integrated Survey of Selected Industries
MMFF	Metro Manila Film Festival
MSMEs	Micro, Small and Medium Enterprises
NAPC	National Anti-Poverty Commission
NC	National Certification
NCCA	National Commission for Culture and the Arts
NCR	National Capital Region
NEDA	National Economic and Development Authority
NGO	Non-Government Organisation

NIC	National Innovation Council
NICP	National ICT Confederation of the Philippines
NYC	National Youth Commission
OFWs	Overseas Filipino Workers
OJTs	On-the-Job Training Programme or On-the-Job Trainees
OR	Official Receipts
PBSP	Philippine Business for Social Progress
PCW	Philippine Commission on Women
PPP	Public-Private Partnership
PSA	Philippine Statistics Authority
PTRI	Philippine Textile Research Institute
PWD	Persons with Disabilities
R&D	Research and Development
RA 11293	Republic Act 11293 or The Philippine Innovation Act
RA 1137	Republic Act 1137 or The Innovative Startup Act
SDA	School of Design and Arts
SDC-SCC	Social Development Committee — Subcommittee on Culture
SDGs	Sustainable Development Goals
SEC	Securities and Exchange Commission
SEPPs	Social Enterprises with the Poor as Primary Stakeholders
SMEs	Small and Medium Enterprises
SoFA	School of Fashion and Arts Design Institute
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TCA	Toon City Academy
TESDA	Technical Education and Skills Development Authority
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
US/USA	United States/ United States of America
VaPI	Value of Production Index
VEER	Veer Immersive Technologies
VoPI	Volume of Production Index
VR	Virtual Reality

Executive summary

The British Council in the Philippines commissioned Nordicity, in collaboration with Bayan Academy, to research creative enterprises in the Philippines and explore the opportunities for their contribution to social impact and inclusive growth.

The **introduction** of the report outlines the background and context of the project, as well as uniquely timed considerations given the onset of Covid-19 pandemic and associated limitations as a result of an ongoing economic recession.

The **methodology** comprised of key informant interviews, focused group discussions (FGDs) in Metro Manila, Baguio City and Cebu City, ten case studies and desk research and a literature review. The creative industries and creative enterprise in the Philippines are explored through a creative sector ecosystem, comprising artists and creative businesses, government, creative hubs, institutions and support bodies.

Industry themes for the animation, video games, design and film sectors include fragmentation and lack of coordination, challenged supply chains, lack of commercialisation, intellectual property and business skills. Through a series of ten case studies, valuable learnings can be made from the experiences of Filipino creative enterprises around their social impact areas, such as providing training, education and employment opportunities and empowerment for promoting a diversity of stories and culture from women, youth and people from underrepresented groups. These case studies provide unique insider perspectives into the distinctive strengths and challenges of creative enterprise in the Philippines and are a true testament to the diversity of talent within the sector. The case studies illustrate the strengths that the Philippine creative enterprise community can leverage as it continues to grow on the global stage.

Social enterprises in the creative industries have a unique role in social impact in the Philippines, contributing to inclusive growth. While social enterprise has long had an important role to play in the Philippines, a formal definition has yet to be established nationally and the country has an opportunity to lead this field in the Southeast Asia (SEA) region. This study adopts the definition of social enterprise as 'an organisation that is at least "jointly" missioned/environmentally driven (if not core) and not relying on more than 75 per cent of income to come from grants' as presented in the British Council's study, Reaching the Farthest First.[1]

A series of sustainability indicators for the creative sector are proposed, including economic, social, cultural and environmental indicators for enterprises. Alongside these, sector-wide and policy-level indicators are also proposed which can be prioritised in different ways and where 'scalability' and 'growth' are not assumed to be a priority measure but rather the prioritisation is set by the enterprises, policy-level stakeholders and wider sectors themselves.

Creative enterprises in the Philippines contribute towards inclusivity and social impact in a plethora of ways as evidenced through case studies, FGDs and interviews. A significant portion of the creative enterprises in the Philippines are motivated by social causes. While very few have established a deliberate social mission, eight of the ten case studies had achieved intended and unintended benefits. The motivations cited by creative enterprises for operating their businesses include having various forms of social and cultural impacts beyond generating a profit. Many creative enterprises have adopted a triple-bottom line (some knowingly and others unknowingly), in trying to achieve social and environmental benefits ranging from building a community, promoting social issues, causes and contributing towards advocacy and social justice. The research has found there is a likely relationship between an enterprise having a social mission and their sustainability or success.

Creative enterprises have varying degrees of social impact based on both the intended and unintended outcomes of a company. These impacts can be categorised into four general categories: (i) social impacts, (ii) environmental impacts, (iii) cultural impacts and (iv) economic impacts. While some companies seek to address each category in equal measure, it is more common for enterprises to focus their efforts on one or two areas of impact. The motivations for creative enterprises range from social causes, to environmental sustainability, creativity and financial growth or economic success. While these impacts are distinct, they are not mutually exclusive and indeed are each sought to varying degrees by social enterprises. Social enterprises can be distinguished from ordinary business enterprises by their resolve to carry out their social purpose and by their clear-cut social impact measurements which go beyond economic viability.

The themes and issues facing the creative sector, creative enterprises and their relation to social impact and inclusive growth are explored through the creative industries analysis framework. In terms of skills, while there is a wealth of skilled talent in the creative sector, there is a lack of capacity building and business skills and support. The sector faces a lack of access to markets, market development and commercialisation, alongside a lack of data and advocacy, lack of information, knowledge and coordination. For creation and production, the sector faces challenges in weak supply chains, lack of access to materials, lack of research and development (R&D) and innovation, lack of access to technology and internet and high speed broadband.

[1] British Council. Reaching the Farthest First: The State of Social Enterprise in the Philippines. www.britishcouncil.org/sites/default/files/the_state_of_social_enterprise_in_the_philippines_british_council_singlepage_web.pdf

Do creative enterprises have a deliberate social mission?

A significant portion of the creative enterprises in the Philippines are motivated by social causes.

While very few have established a deliberate social mission, eight of the ten case studies had achieved intended and unintended benefits. The motivations cited by creative enterprises for operating their businesses include having various forms of social and cultural impacts beyond generating a profit. Many creative enterprises have adopted a triple-bottom line (some knowingly and others unknowingly), in trying to achieve social and environmental benefits ranging from building a community, promoting social issues, causes and contributing towards advocacy and social justice.

Some creative enterprises have noted the value added to their business by having a social impact as a differentiator from their competition. Others have noted that their goods and services have a higher perceived value by their customers and thus are able to command a higher rate of pay. The increased value is often derived from the storytelling behind the good or service, expressing the social impact.

One FGD participant from Baguio City remarked that 'People buy because they appreciate if customers expose the why, the narrative behind the product'.

Each of the creative enterprises consulted with have varying degrees of a social mission. In some cases the social mission is direct and intentional, and in others it is indirect and as ancillary benefit. Below are some other observations derived from the case studies.

- Creative enterprises need to articulate performance indicators (measurable and quantifiable) of the enterprise, may it be financial, social, ecological or cultural, etc.
- The creative enterprises are positioned as businesses because first and foremost, they are enterprises. Their social mission is a direct result of their being a creative enterprise. This is primarily true for Emottoons, Toon City Academy (TCA), Xentrix and Cordillera School of Digital Arts (CSDA) where they have included in their vision and mission statements their concern to develop artists. Schools like SoFA Design Institute and De La Salle-College of St Benilde (DLS-CSB), School of Design and Arts (SDA) have an intrinsic social mission as learning organisations.
- Cybercraft and Veer Immersive Technologies (VEER) are startups that still need to clarify their social agenda. For Cybercraft, it is clearly indicated in its vision and mission the desire to recognise, promote and develop Filipino made original intellectual properties. However, it must determine how it actually wants to deliver on it. On the other hand, Veer has a very business-oriented framework, but develops products that are able to help solve social problems.
- Kenneth Cobonpue's enterprise is both a creative and social enterprise. It has a business model that allows its subcontractors (local artisans) to be well integrated into its value chain.
- Voyage Studios has a vision and mission that are geared towards sharing its creative product to the world. But the organisation has also become the facilitator of exchanging ideologies and a venue for freelancers and artists to fully express their crafts.

Does a social mission contribute towards sustainability or success?

The research has found there is a likely relationship between an enterprise having a social mission and its sustainability or success.

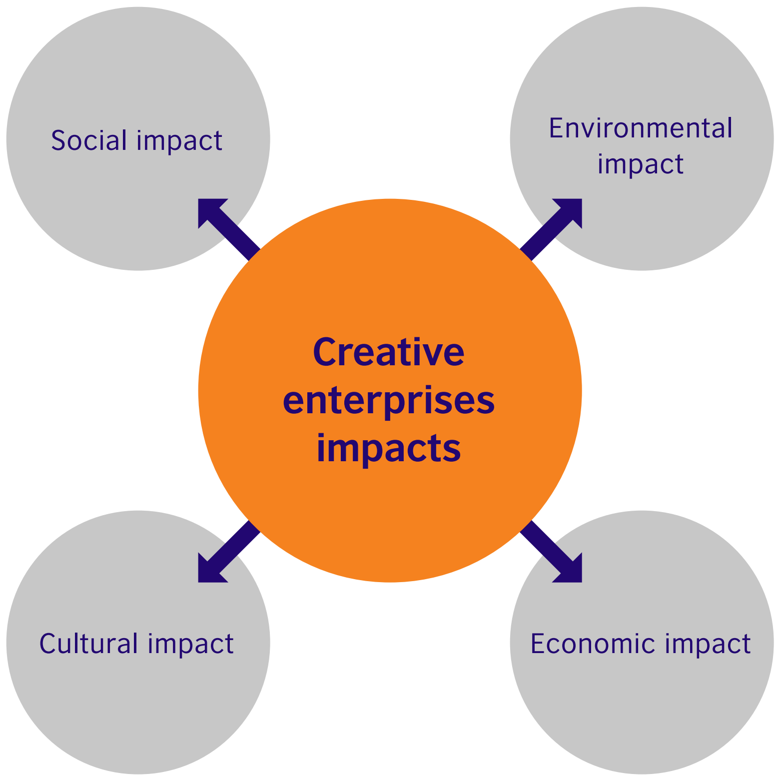
The numerous ways in which the creative enterprises examined contribute to sustainability and growth are explored in this section. From the sustainability assessed in the ten case studies, a key success factor is ensuring the leaders of the enterprise have needed entrepreneurial know-how to run their business and make it sustainable.

The creative enterprises have different appreciations or definitions for sustainability, which are generally surmised as a function of the financial performance of the enterprises and on how the different management areas of the enterprise are aligned with the overall sustainability model of the business. Accordingly, external forces affecting the enterprise may also impact sustainability.

Through interviews, focused group discussions and case studies, creative enterprises expressed a relationship between their sustainability and their social mandate. While many creative enterprises lacked a formal social mission, many were driven by social causes or based their business decisions on social and cultural factors. Indeed, creative enterprises often viewed their own enterprise interests as being intertwined with societal and environmental interests, observing that 'what's good for society is good for their business'.

Direct and indirect social impact from creative enterprises

Figure 1: The impacts of creative enterprises



Source: Nordicity

These impacts can be categorised into four general categories: (i) social impacts, (ii) environmental impacts, (iii) cultural impacts and (iv) economic impacts. While some companies seek to address each category in equal measure, it is more common for enterprises to focus their efforts on one or two areas of impact. The motivations for creative enterprises range from social causes, to environmental sustainability, creativity and financial growth or economic success.

While these impacts are distinct, they are not mutually exclusive and indeed are each sought to varying degrees by social enterprises.

Social enterprises can be distinguished from ordinary business enterprises by their resolve to carry out their social purpose and by their clear-cut social impact measurements which go beyond economic viability.

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The case studies revealed a need for capacity building on how to integrate the measurement of social mission as part of sustainability model of their enterprises.

- Many expressed that creative enterprises have created positive social impact, but these need to be measured, documented and reported on to gain a better understanding of their social mission.
- Case studies revealed a potential to scale up in production and expand their social impact, but financial sustainability remains a concern.
- Case studies revealed challenges other than finances to scaling impact. For example, although the School of Design and Arts (SDA) provides inspiration and opportunity for public school students to pursue arts or design courses, its potential may not be fulfilled as most of these students cannot afford an SDA education.
- Groups that the case studies are providing support to include the unemployed but skilled youth, students, artisans, people with disabilities (PWDs), families of Overseas Filipino Workers (OFWs), women, artists, etc. This shows the potential of creative enterprises to become inclusive.
- Creative enterprises can be more inclusive if they directly or indirectly help the marginalised sectors, providing mechanisms for them to become major part of their value chain and providing them opportunities to upscale their skills, etc.

Recommendations

Skills

1 Support sector sustainability, resilience and growth through capacity building (government and industry associations)

2 Collaborate with international leaders in skills, training and capacity building (government, associations and British Council)

3 Focus skills, training and knowledge transfer initiatives on business and enterprise skills (education and training providers)

4 Empower creative hubs to support skills development and facilitate local training the trainers (institutions, associations, creative hubs, British Council and other stakeholders)

5 Empower the education sector to provide a rich and rounded curriculum that addresses the nation's talent pipeline (government and policymakers, institutions, associations)

Business, revenue and finance

1 Create a suitable environment for private and public sector development, financing and investment

2 Make available funding sources more accessible and suitable to creative enterprises (government, associations, investors)

3 Explore adapting and introducing new funding mechanisms for the creative sector (government, investors)

4 Support creative enterprises in leveraging and exploiting their assets (investors, associations, institutions, British Council)

5 Mitigate challenges in investment and access to finance in the Philippines (investors, government, associations, institutions)

Market

1 Support market development for the Philippine creative industries[2] (government, associations, institutions, British Council)

2 Support the revival appreciation for Philippine heritage and culture[3] (government, associations, institutions, British Council)

3 Support the creative sector to better connect with consumers (institutions, enterprises, associations, British Council)

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[2] In-line with A Tally of Two Cities report
[3] In-line with A Tally of Two Cities report

Policy, data and information

1. Support the sector in coordinating efforts and establishing a stronger voice
2. Conduct monitoring and evaluation, data collection and economic impact analysis for advocacy and sector development (government, Philippine Statistics Authority (PSA), associations)
3. Foster ongoing research and analysis of the creative industries and inclusive growth (government – Department of Science and Technology (DOST), Department of Tourism (DOT), Department of Trade and Industry (DTI), institutions, associations)
4. Establish a national definition for social enterprise and inclusive growth in the Philippines (government – National Economic Development Authority (NEDA), DTI, PSA)
5. Foster industry networking, information sharing and collaboration (associations, councils)
6. Support industry advocacy and awareness on the value of the creative industries and inclusive growth in the Philippines (associations)
7. Join up the dots of existing strengths and stakeholders (DTI, private sector, associations and councils)
8. Build capacity and empower sector stakeholders to have a greater social impact and to leverage the sector as a crucial means of equitable development and inclusive growth (local governments, private sector, associations and councils)
9. Support creative enterprises and the creative sector in having a greater social impact (associations, institutions, councils)
10. Enhance the policy and regulatory environment to support growth (NEDA, DTI, DOT, PSA, Department of Education (DepEd), Commission on Higher Education (CHED))
11. Explore further opportunities for the Philippine creative industries and social enterprise with existing British Council programmes
12. Align, leverage and advance relevant policies (government, associations, institutions)
13. The sector requires continued, long-term support and recognition by government and institutions (government, institutions, British Council)

Creation and production

1. Improve the cultural and creative industries (CCI) and social impact value chain and sector ecosystem (local Philippine supply chain and connecting with the international supply chain)
2. Support creative enterprises in sustainability and having a positive environmental impact
3. Foster more design thinking and people-centred approaches
4. Foster more research and development, innovation
5. Collaborate with other sectors such as tourism and manufacturing
6. Invest and upgrade the technologies and platforms
7. Technical collaboration between academe and industries foreign and local, market-driven research, open innovation platforms, manufacturing engineering fellowships
8. Leverage business process outsourcing (BPO) model for high value tech-based design, digitisation, big data, manufacturing, materials
9. Empower regional and local inclusive innovation hubs as a cornerstone of inclusive innovation industrial strategy (i3s), at the heart of the economic transformation of the Philippines
10. Greater exchange with the United Kingdom's (UK) vibrant arts and cultures
11. Invest in provision of high-speed broadband internet bridging the breadth of the country
12. Adopt international standards and quality assurance

Introduction

The British Council in the Philippines commissioned Nordicity, in collaboration with Bayan Academy, to research creative enterprises in the Philippines and explore the opportunities for their contribution to social impact and inclusive growth. The research focused on the creative industries in Baguio City, Cebu City and Metro Manila (primarily Makati City) and their intersection with social impact and inclusive growth. The purpose of the research was to generate new and relevant evidence on the creative economy in Southeast Asia, to test and develop new research methodologies, to improve the baseline in order to understand sector trends and the impact of interventions and to explore strategic policy and partnership opportunities.

Background and context

By exploring the intersection of creative enterprise and social impact, the research seeks to support the British Council's corporate strategy and addresses the strategic global outcomes from the British Council's Strategy 25. It aims to (1) help the sectors catalyse arts and culture to respond effectively to local and global challenges, (2) promote cultural diversity and plurality of expression for celebration, protection and value, (3) facilitate more sustainable partnerships and networks and collaborations between the UK and other countries and (4) engage more people with UK arts and culture.

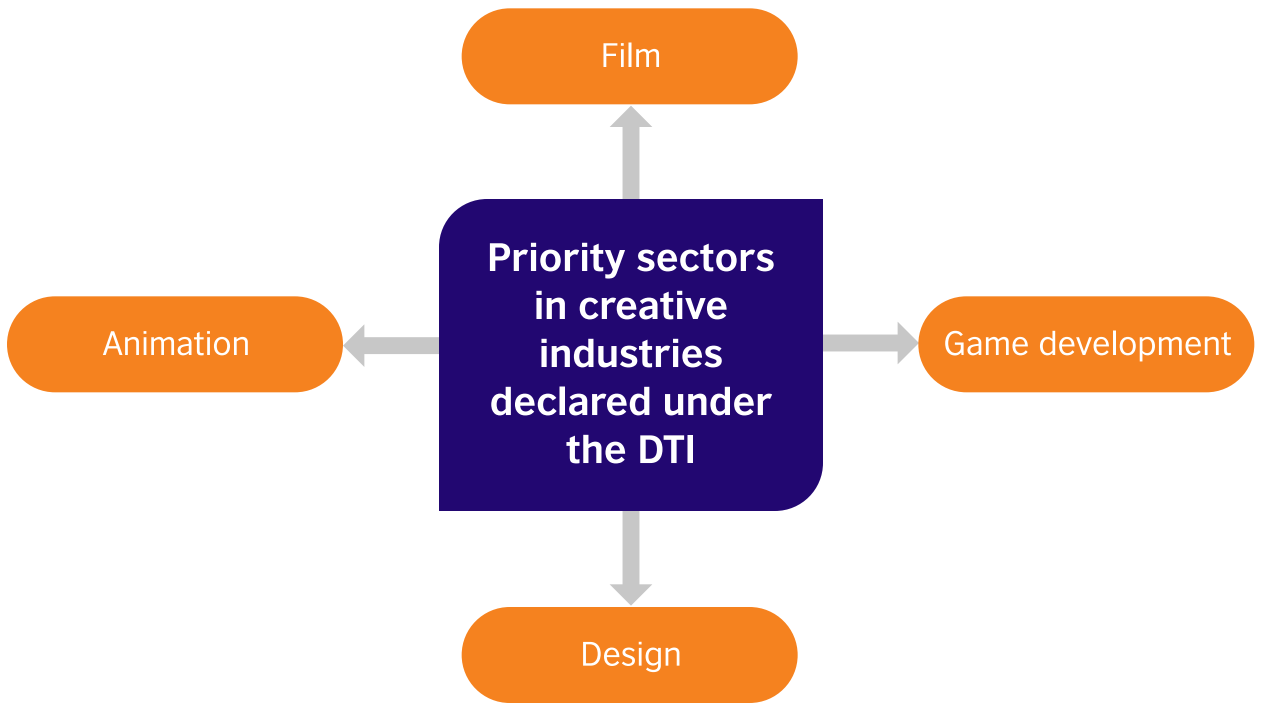
The research is in line with the NEDA's Midterm Update of the 2017-22 Philippine Development Plan including strategies on (1) promoting the Philippine creative economy and (2) creating platforms to further support Filipino creativity. DTI and the Creative Economy Council of the Philippines (CECP) are preparing a creative economy roadmap that can help provide strategies to propel the Philippines toward being the biggest creative economy in the Association of Southeast Asian Nations (ASEAN).

The Inter-Agency Task Force (IATF) Working Group published its 'We Heal as One' report in May 2020 as an anticipatory and forward planning document in response to Covid-19. It noted that in the short-term, there will be increased demand for economic assistance such as tax breaks, access to credit subsidies, debt relief and employment subsidy support, among others, especially from the micro, small and medium enterprises (MSMEs).

Along with other industries and sectors, MSMEs need to integrate work and other protocols (e.g. staggered hours, greater dispersion of workspaces for strict physical and social distancing, greater use of technology for interaction and e-commerce, etc.) to contain transmission of Covid-19 as businesses resume in the 'new normal'.

The research spans across the creative industries, primarily focusing on the four priority sectors declared by the Philippine government under DTI comprising film, animation, game development, and design (inclusive of craft, fashion and product and service design). The research also builds upon a wealth of research and programmes in the field of the creative industries and social enterprise in the Philippines, the British Council's creative hubs programmes and Crafting Futures programme, alongside other initiatives. This approach to the research has aimed to capture the creative industries within the context of existing definitions and previous work by DTI in the department's priorities for 2019, the British Council's programming, United Nations Educational, Scientific and Cultural Organization's (UNESCO) Framework for Cultural Statistics, the UK Department for Digital, Culture, Media and Sport (DCMS) and the 2010 Philippine Creative Industries Mapping study.

Figure 2: Priority sectors in creative industries declared under the DTI



This report provides an assessment of how creative enterprises can and do have a social impact and can be catalysts for inclusive growth for key stakeholders including national, provincial and local government, national and regional Southeast Asian and international policymakers, institutions, and the private and third sector. Building off of previous research, this study aims to explore how socially driven and aware creative enterprises in the Philippines are, what the social outcomes of their activities are, and what having a social mission can do for a creative enterprise, and indeed for the creative and cultural sector as a whole.

This study explores practical discussions and definitions around the notions of creative enterprise, social impact, sustainability and 'a successful enterprise' in the Philippines. It explores the ways in which creative enterprises deliver social impact, and their awareness of and commitment to social outcomes.

This report provides ten in-depth case studies that include an overview of the wider environment in which creative enterprises and social impact intersect, and a set of indicators by which to measure the success of creative enterprises and social impact.

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The research focuses considerably on enterprises producing digital content, in order to build off of natural strengths and prior research that highlights the digital sector's ability to scale and adapt while contributing to cultural impact and inclusive growth.[4] Indeed, nurturing entrepreneurial spirit and fostering a culture that values arts, science, technology and innovation will create that growth and scalability, taking advantage of the budding creativity in the Philippines.[5] Within this discussion, there is agreement that if more was invested in creative occupations, problem-solving and design-thinking would embed themselves into more sectors including technology, creating new economic opportunities at a larger scale than previously imagined.

The research focuses considerably on enterprises producing digital content, in order to build off of natural strengths and prior research that highlights the digital sector's ability to scale and adapt while contributing to cultural impact and inclusive growth.

In the context of Covid-19

Covid-19 has shaken the cultural and creative industries worldwide, affecting virtually every aspect of the sector.

The impact of Covid-19 has disrupted the creative industries severely, with interruptions ranging from sector activities, revenues and relations.

The creative industries are expected to be among the most affected by Covid-19. Both the creative workforce and underrepresented groups are deemed particularly at risk of these interruptions. The economic benefits of the creative industries are therefore at risk, but so too are their social impacts and cultural contributions.[6]

These issues have included inequalities within the cultural and creative industries' global value chain, weak social support for creative workers, lack of digital and other infrastructure to enable workers to work remotely and vague digital IP rights to name a few. At this juncture, there is a growing need to reconcile these issues with the popular belief that the cultural and creative industries are drivers for social good.

The longer-term impact is likely to see major big picture changes to the creative sector and its role in society. As a unique form of bringing people together, culture can play a bigger role in inclusive growth and development and be part of the dialogue around human values and global relations.

4 South African Cultural Observatory, 2017 (Richard Haines), Creativity is the potential currency in the fourth industrial revolution'

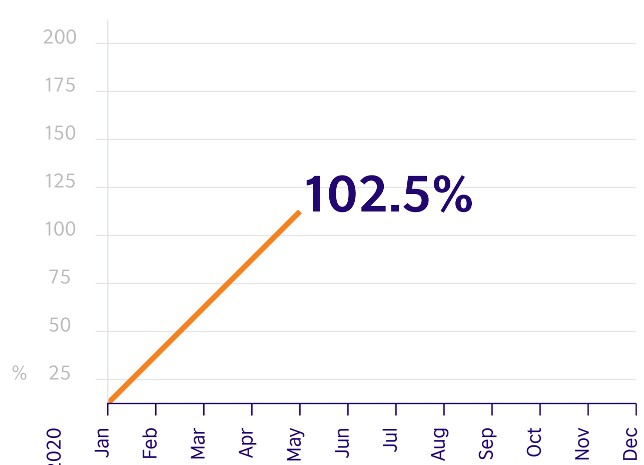
5 Philippine Development Plan 2017-2022 (NEDA), p. 95, 96

6 The Projected Economic Impact of Covid-19 on the UK creative industries. Oxford Economics. 15 June 2020.

At the same time, the Covid-19 crisis has exposed many issues within the digital and creative sectors, which have previously been seen as sectors that drive inclusive and sustainable growth.

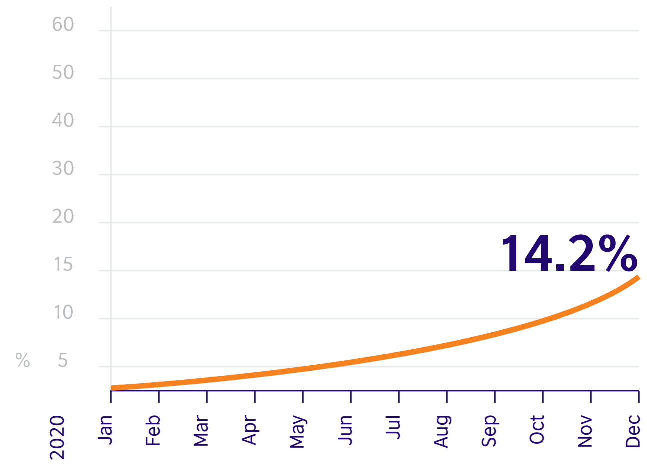
As sustainability grows on the human conscience, so too does individual creativity, artisanship, supply chains and sustainable resourcing. The way humans create, work, communicate and consume is changing alongside changing means of trade.

Figure 3: Digital transactions in Indonesia



Digital transactions in Indonesia rose by 102.5 per cent in the first four months of 2020

Figure 4: Global digital payments in 2020



Global digital payments will increase by 14.2 per cent in 2020 according to statistics

To date, there has been a significant increase in digital payments globally. In neighbouring Indonesia, for example, digital transactions rose by 102.5 per cent year-on-year in the first four months of 2020.[7] Online purchases of both digital and physical goods and services have increased, growth which is expected to continue exponentially. Statistics has estimated that, notwithstanding the possibility of a worldwide recession, global digital payments will increase by 14.2 per cent in 2020

The creative sector has been responding to the challenges of Covid-19 by adopting new ways of working digitally, rallying together for support and leveraging their strengths to act as catalysts for social good.

The last quarter of 2020 and into 2021 faces the challenge of recovery and the creative sector has a key role in driving an inclusive and sustainable recovery for societies the world over.

Creative enterprises, policy and decisionmakers have been addressing Covid-19 for the creative sector too.

The impact of Covid-19 was met with immediate crisis management in the short term, before evolving towards the recovery period in the medium-term, and next ultimately ushering in a new reality and a new future in the longer-term.

As such, the first half of 2020 has been a period of crisis management. This crisis has shepherded in structural changes rapidly within weeks that typically take decades or longer to arrive. Through the pandemic, virtually all cultural facilities and physical spaces had closed, halting forms of production, consumption and distribution – some temporarily, others permanently.

The economy has seen a prompt shift to virtual and remote working in the home environment. It has put stresses on resources and barriers in accessing people, equipment, premises and infrastructure (including digital connectivity). Artists, creatives and enterprises have shifted their activities to short-term day-to-day issues and called into question all forms of future planning. At the same time, considerations on work-life balance have brought in both challenges and opportunities.

As creative enterprises adapt and learn to work, impact and generate revenues in new ways, the recovery period requires significant investment, support and determination.

There have been numerous efforts to monitor, evaluate and address the impact of Covid-19 on the creative industries in the Philippines.

- A local version of the global ILOSTMYGIG campaign, a grassroots online data capture initiative, was developed called ILOSTMYGIG.PH. The crowdsourced website collected self-reported data from creative industry members on indicators such as total income lost, jobs lost, and other forms of impact on individuals and the sector as a whole. As of July 2020, freelancers in the creative sector reported a total of over 5,500 lost projects, affecting over 4,400 people, with a cumulative total lost income of over PHP268,000,000[8] (USD4.98 million).[9]

- Meanwhile, a group of artists joined up to launch the #CreativeAidPH initiative, in collaboration with Nayong Filipino Foundation Inc. (NFPI). In March 2020, the group surveyed 499 artists and cultural workers to identify the impact of Covid-19 on the sector. They reported losses in income due to cancellation of payments

[7] According to Bank Indonesia (BI), the central bank. Source: Oxford Business Group. Does cash have a future after Covid-19? (8 June 2020). www.oxfordbusinessgroup.com/news/does-cash-have-future-after-covid-19 (accessed 9 June 2020)

[8] www.ilostmygig.ph/ (accessed on 2 July 2020)

[9] Conversion rate for this amount and the succeeding PHP to USD equivalent figures was based on British Council's 2020 planning rate (£1=₱66.7) and 2019-20 year-end rate (£1=US$1.24). All USD equivalent figures were rounded off to two decimal points.

for canceled projects and loss of livelihood due to downtime from work or projects. The findings are expected to be compiled in a report for submission to the Arts and Culture Committee of the League of Corporate Foundations as an evidence base for support.

- To further bolster information on Covid-19 response in the Philippines, NEDA chaired the IATF Working Group and published a report entitled 'We Heal as One' in May 2020. The report called for support for the country's recovery in the form of public funding.

- Both in the Philippines and among its host countries internationally, the British Council has continued delivering programmes in areas it could during the pandemic while listening and responding to government and health authority guidance in the countries they're working in. Where it was not safe or practical to continue work as planned, initiatives changed course accordingly and they approached the global crisis by 'exploring how (they) can digitise (their) programmes and possibilities for connecting people online'. Further, support with an emphasis on micro, small and medium enterprises, alongside new ways of working, including harnessing digital technology to not only overcome challenges but to open new opportunities.[10]

[10] www.neda.gov.ph/wp-content/uploads/2020/05/We-Recover-As-One.pdf (accessed on 2 July 2020)

Artwork credit:
Ralph Eya, 'Anak Ka Ng', 2017
© Andrei Venal

Methodology

Nordicity, in collaboration with Bayan Academy, was commissioned by the British Council to undertake a research study on creative enterprises and inclusive growth in the Philippines. This research provides a sector profile and situational analysis of creative enterprises in the Philippines and a review of their interaction with and role in social impact and sustainable development.

Despite the creative industries being described as having a profound social impact and being an enabler of inclusive growth, little was known on how socially driven or aware creative enterprises were in the Philippines. As a result, the British Council sought to address the following three research questions in the commissioning of this study:

1. Do creative enterprises have a deliberate social mission or is social impact an indirect result of their activities?
2. What are the social outcomes – whether positive or negative, deliberate or non-deliberate - of their activities?
3. How does having a social mission contribute, if at all, to the 'success' or 'sustainability' of creative enterprises?

The research has generated new, engaging and relevant evidence on the creative economy in Southeast Asia, developed new methodologies and improved the baseline understanding of sector trends and the impact of interventions. The research provides transferable evidence on specific policy, programming and partnership activities. It also presents an opportunity to build new and sustainable strategic partnerships with the Philippines and UK experts, sharing evidence and approaches at the national, regional and international level.

The research provides a set of strategic recommendations for advancing the creative and social agenda and industry in the Philippines. Recommendations include contributing to policy development on national and city levels, informing university and higher education programming and feeding into British Council's creative economy and social enterprise programme areas, as well as the Developing Inclusive and Creative Economies (DICE) programme.

The research focuses on Metro Manila (Makati City), Baguio City and Cebu City. These cities were identified in previous research[11] as key cities in the creative economy and strategic for national development due to their size, pre-existing creative sector ecosystems, young population and connectivity.

To undertake this research, Nordicity and Bayan Academy conducted fieldwork in Metro Manila, Baguio City and Cebu City. The fieldwork included wide-ranging consultations with key stakeholders through key stakeholder interviews (key informant interviews) and FGDs, alongside the development of ten detailed value chain case studies and a literature review across the creative and social sectors.

Desk research and literature review

A literature review of secondary sources informed all phases of the research, including the approach to scoping and defining the sector, setting the policy context, designing the research tools (interview guides and roundtables) and informing the recommendations.

Focused group discussions

A series of three focused group discussions (FGDs) were conducted by Nordicity in Metro Manila, Baguio City and Cebu City in February and March 2020 with stakeholders from across the creative industries and social enterprise sectors in the Philippines.

Approximately 55 individuals[12] participated across the three FGDs, representing a mix of practitioners, institutions and policy/decision-makers.

Feedback was collected from each of the participants from all three FGDs as part of Nordicity's self-monitoring, summarised as:

1. Participants unanimously agreed they made new meetings and had valuable networking at the FGDs.
2. All three groups showed a vested interest in maintaining a network with fellow participants as an unintended benefit of the engagement.
3. The participants expressed a willingness to consolidate efforts in order to achieve a bigger impact.
4. Participants unanimously found value in the FGD.
5. Participants unanimously learned something or validated what they knew.

© Bayan Academy

Stephen Hignell of Nordicity facilitating the Metro Manila FGD

[11] Tom Fleming Creative Consultancy. The Philippine Creative Economy: Toward a Baseline & Programmeme (2017). AIM and TFCC. Creative Economy City Wide Mapping and Growth Opportunities research (2018), and British Council. Reaching the Farthest First (2017).

[12] Total number to be confirmed.

© Bayan Academy

IDr Wilhelmina Garcia of Junk Not Handicrafts sharing her insights

FGD 1: Metro Manila: 28 February 2020 at Gina Lopez Social Entrepreneurship Center of Bayan Academy

The first FGD was attended by 19 participants from various fields such as animation, game development, design and performing arts. There were also representatives from the private sector, international non-government organisations (INGOs) and the public sector. These organisations were able to share the challenges and opportunities they face in their respective fields as well as dynamics, sustainability and the positive social impact they made to the country and their beneficiaries.

FGD 2: Baguio City: 2 March 2020 at Calle Uno Coworking

A total of 22 individuals participated in the second FGD representing a mix of practitioners, institutions and policy and decision-makers.

FGD3: The third FGD was held on 4 March 2020 at ASPACE Crossroads

A total of 19 individuals[13] participated in the third FGD representing a mix of practitioners, institutions and policy/decision-makers.

© Ted Ambrosio Catalla

Participants from the Baguio City FGD

Key informant interviews (KIIs)

16 key informant interviews were undertaken with stakeholders from across the creative enterprise and social impact sectors in the Philippines. The interviews were in addition to the case study-led interviews, and were conducted using a semi-structured interview guide following a detailed research framework across the various stakeholder groups.

Further consultations were undertaken at the international Making Futures Philippines conference in Cebu City, March 2020, as organised by the British Council. Findings from the conference presentations, workshops and discussions have also informed the research.

Case study lead interviews and case study development

A series of ten in-depth case studies of creative enterprises in the Philippines were developed to provide an understanding of the creative sector's value chain and its intersection with social enterprise and social impact. A selection process of suitable case study leads was undertaken with the British Council and dependent upon availability.

Analysis

The analysis was conducted through a framework devised for the cultural and creative industries comprising infrastructure, skills, finance, market, data and information, and creation and production. A SWOT (strengths, weaknesses, opportunities, and threats) analysis was applied to conclusions and recommendations.

© Stephen Hignell

Dialogue among the Cebu City FGD participants

[13] To be confirmed

The creative industries and creative enterprise

The creative industries form a major component of the social and economic fabric of the Philippines.

The Philippines is in a relatively strong position in terms of global creativity. Based on the latest Global Innovation Report[14] by the World Intellectual Property Organisation, the country's Creative Output sub-index scored above Indonesia, Cambodia and Laos, but below Thailand, Malaysia and Vietnam.

Figure 5: The Philippines' creative output sub-index score in 2011 and 2019.

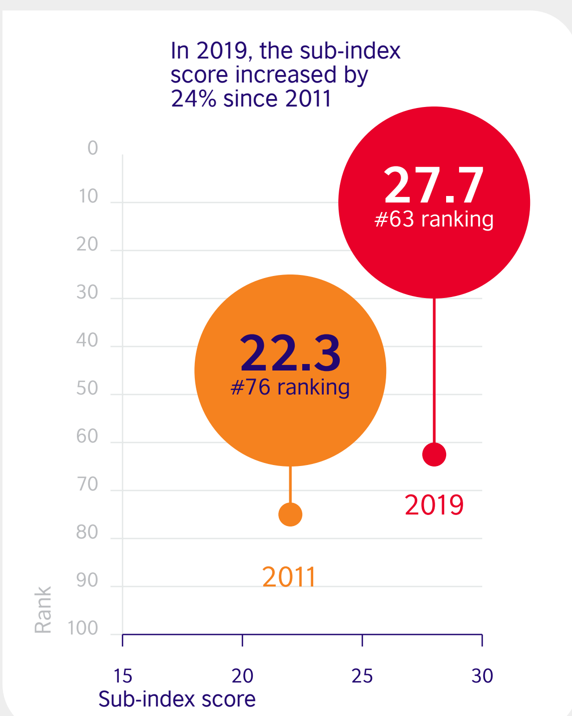
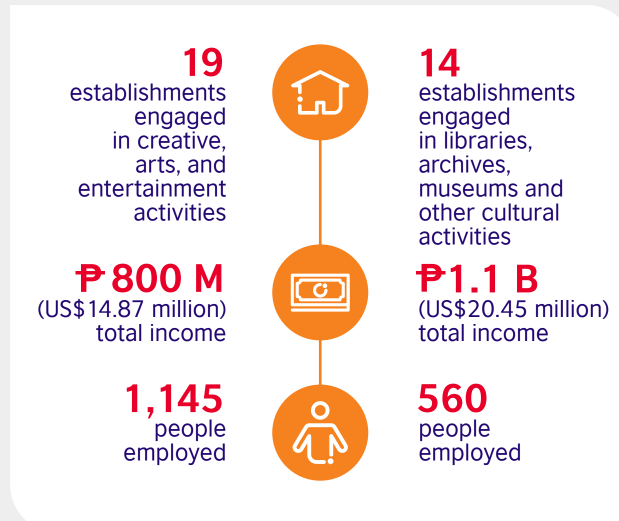


Figure 6: 2016 Philippine Statistics Authority estimation



The Philippines Creative Output sub-index scored 27.7 with a rank of 63 in 2019, increasing 24 per cent from a score of 22.3 and a ranking of 76 in 2011. Creative goods exports were considered a strength for the country. Among lower- and middle-income countries, creative goods and services, information and communications technology (ICT) and business model creation, and ICTs and organisational model creation were considered strengths.

In 2016, PSA estimated that 19 establishments engaged in creative, arts, and entertainment activities had a total income of PHP800 million (USD14.87 million) and employed 1,145 people. Meanwhile, 14 establishments engaged in libraries, archives, museums and other cultural activities employed 560 people and generated an income of PHP1.1 billion (USD20.45 million) for 2016.[15]

[14] For more information, please see www.globalinnovationindex.org/analysis-economy

[15] The most recent data available from the Philippine Statistics Authority. The lack of recent data was confirmed with NEDA and DTI. www.psa.gov.ph/content/2016-annual-survey-philippine-business-and-industry-aspbi-arts-entertainment-and-recreation

The selection of Metro Manila, Baguio City and Cebu City is based on a natural creative sector clustering and mirroring of government policies and previous research.

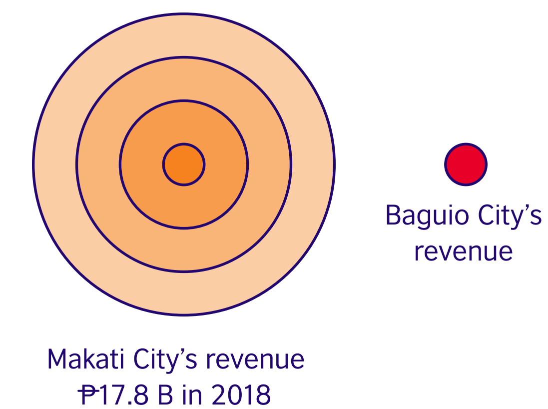
1 Metro Manila (Makati City)

Metro Manila (with a focus on Makati City) is a natural target of study in the Philippines as it is a central business district, one of the oldest districts of the 16 cities comprising Manila and is home to a significant amount of the creative enterprises in the Philippines. The 16 cities of Metro Manila include Manila, Quezon City, Caloocan, Las Piñas, Makati, Malabon, Mandaluyong, Marikina, Muntinlupa, Navotas, Parañaque, Pasay, Pasig, San Juan, Taguig, and Valenzuela, as well as the municipality of Pateros.

Hosting much of the country's most recognised brands, hotels, bars and restaurants, Makati City is also home to major historic and cultural sites. The city is unequivocally the country's advertising capital and has particular strengths in animation and games. Makati City is the main business and financial centre of the Philippines and generates a tax revenue of nearly four times that of Baguio City (PHP17.8 billion or USD330.91 million in 2018).

Makati City is home to a residential population of 582,602 and a bustling transient weekday population of 3,700,000. Despite Makati City's national prominence, it faces high rents and stiff competition from neighbouring cities in attracting key business including banks, tech companies, embassies, major developments and the Philippine Stock Exchange.

Figure 7: Makati City's tax revenue in comparison to that of Baguio City



Makati City generates a tax revenue of nearly four times that of Baguio City

2 Baguio City

Baguio City is the Philippines' first UNESCO Creative City, which was designated for Crafts and Folk Art in 2017.

It was selected as a target city because of the cluster of creative activity in the city, that has been mapped as part of its work in joining the Creative Cities Network. There is a motivation from government and the sector to advance it further. Celebrated as a melting pot in the Cordillera mountains 300 kilometers north of Manila, Baguio City is known for its indigenous cultures and is famed as a 'Summer Capital'. As a cultural tourism capital, the city attracts 1.3 million tourists annually and is home to two National Artists of the Philippines - Kidlat Tahimik and Ben Cabrera. With a landmass of more than twice the size of Makati City (58.1 sq km), it has a residential population of 345,366 and transient daytime working population of 725,366.

© Seph Aparente Folios

Baguio is home to two National Artists of the Philippines - Kidlat Tahimik and Ben Cabrera. Pictured here is Kidlat Tahimik at the Making Futures Philippines conference.

Figure 8: Comparison of residential and transient weekday populations between Makati City and Baguio City

	Makati City	Baguio City
Residential	582,602	345,366
Transient weekday	3,700,000	725,366

3 Cebu City

Cebu City is the country's oldest city with a population of 922,611. A port city in a highly urbanised international context, it is a major centre of commerce, trade and education in the Visayas.

Cebu City was designated a UNESCO Creative City of Design in 2019. As the country's second city to do this, Cebu has long been known as an international design centre dating back to its role as a global manufacturing and craft production centre since the 1980s-90s. The city has been mapped as part of the Creative Cities Network and there is a strong will from industry and government to further develop the sector. The city is home to internationally acclaimed designer Kenneth Cobonpue and the annual Sinulog festival of culture.

Practical discussions and definitions: Creative industries and creative enterprise

The creative sectors in the context of this study have focused on film, advertising, animation, game development and design industries. In the Philippines, these sectors have been mapped and analysed over the past decade in various studies by the Asian Institute of Management (AIM) and the Bayan Academy and others including the CECP, Tom Fleming Creative Consultancy and the National Commission for Culture and the Arts (NCCA).

Globally, the creative industries have been defined by UNESCO's Framework for Cultural Statistics to include cultural and natural heritage, performance and celebration, visual arts and crafts, books and press, audio-visual and interactive media, and design and creative services.

Creative enterprise and entrepreneurship

This study's approach to 'creative enterprises' and creative entrepreneurship considers creative enterprises as entities which seek to produce and commercialise creative outputs. Creative entrepreneurship is defined by Aageson Mangematin, Sapsed and Schüßler as the practice of setting up a business in one of the creative industries. The creative entrepreneur is concerned first and foremost with the creation and exploitation of creative and intellectual capital, whereas the social entrepreneur is primarily interested in pursuing innovative solutions to social problems. Some even suggest that wealth creation and cultural value should be specific returns expected from creative entrepreneurs.[16]

Indeed, through the British Council's DICE programme, creative enterprises have been characterised as the following:[17]

- Creative enterprise is the monetisation of creativity. This can be by individuals or micro-enterprises, by small and medium-sized enterprises (SMEs), or by large organisations. Creativity in its broadest sense is present throughout human activity – it is at the heart of the arts, culture, design and much of the digital industries, though here our primary focus will be on what are known as the creative industries.
- A creative entrepreneur is an individual who has set up a business or micro-enterprise within the creative industries. The main aim of a creative entrepreneur is the creation and exploitation of creative output and intellectual capital.
- Creative enterprises aim to commercialise or derive a livelihood from creative outputs.
- Business across the world is facing massive upheaval, which some are calling a 'fourth industrial revolution'. It is a revolution where the impact of digital technology, automation and artificial intelligence is shifting the paradigms of employment, commercial activity and innovation.
- The UK was the first country to adopt the idea of the creative industries, a notion which has since being used by United Nations Conference on Trade and Development (UNCTAD), UNESCO as well as many national jurisdictions. These industries were selected as being 'creative' because they had high levels of 'creative' jobs, within them.
- Creative enterprises have cultural impact as a second bottom line. When we think about business, we consider the 'bottom line' in assessing the fundamental sustainable economics of the business. When thinking about creative enterprises, there is an additional 'bottom line'of cultural impact.

[16] www.giarts.org/article/creative-social-enterprise-impact-investment

[17] Nordicity definitions developed as part of the British Council Pakistan DICE Fellowship 2019.

Table 1: Comparison of definitions for creative and cultural industries

DTI priorities	UNESCO Framework for Cultural Statistics	PH Cultural Statistics Framework from the NCCA	Philippine Creative Industries Mapping: Towards the Development of A National Strategy, Bayan Academy (2010)	UK DCMS	World Intellectual Property Organization (WIPO) Copyright	Nordicity Analysis
Film **Advertising** **Animation** **Game Development** **Design (inclusive of craft, fashion and product / service design)**	**Cultural and Natural Heritage** » Museums (also virtual) » Archeological and Historical Places » Cultural Landscapes » Natural Heritage **Performance and Celebration** » Performing Arts » Music » Festivals, Fairs and Feasts **Visual Arts and Crafts** » Fine Arts » Photography » Crafts **Books and Press** » Books » Newspaper and Magazine » Other printed matter » Library (also virtual) » Book Fairs **Audio-Visual and Interactive Media** » Film and Video » TV and Radio (also Internet live streaming) » Internet podcasting » Video Games (also Online) **Design and Creative Services** » Fashion Design » Graphic Design » Interior Design » Landscape Design » Architectural Services » Advertising Services	**Cultural and Natural Heritage** » Museums » Anthropological, Archaeological and Historical Places » Cultural Landscape » Natural Heritage » Built Cultural and Religious Structures » Moveable Heritage » Ancestral Domain » Archives » Language **Performance and Celebration** » Music » Theatre » Dance » Festivals and Feasts » Competitions on Cultural and Religious Events » Trade Fairs and Caravans » Literary Performances **Visual Arts and Artisan Products** » Painting » Sculpture » Visual Communication * Graphic Design * Architectural Design * Comics / Illustration » Industrial Design * Crafts * Jewellery and Accessories * Furniture * Product Design * Photography **Books and Press** » Books » Periodicals » Other printed materials » Library (virtual / physical) **Audio, Visual, Broadcast and Interactive Media** » Film and Video » TV and Radio » Internet Podcasting » Digital Media * Creative Applications * Local Animations * Hybrid Media * Video, Mobile and Web Games » Telephone / Voice Over Internet Protocol (VOIP) **Creative Services** » Fashion Design » Interior Design » Landscape Design » Jewelry and Accessories Design » Architectural Design » Advertising Services » Games Development » Comics Development Services » Cuisine » Culinary Arts » Food Processing and Preservation » Beverage Preparation » Traditional Food Packaging **Tourism** **Sports and Recreation**	**Heritage and the Arts** » Music » Dance » Theatre » Visual Arts and Photography » Cultural Sites » Traditional Goods and Crafts **Design and Architecture** » Architecture » Interior Design » Industrial Design » Packaging » Fashion » Jewelry » Furniture » Household Goods **Audio-visuals** » Film » TV » Radio **Printing and Publishing** » Print Media (Newspapers) » Books and Magazines » Dissertation and Articles **Creative Services** » Animation » Gaming » Advertising **Science and Technology (R&D in Manufacturing)** » Electronics and Communication » Food » Drug » Housing » Transport	**Advertising and marketing** **Architecture** **Crafts** **Design: product, graphic and fashion design** **Film, TV, video, radio and photography** **IT, software and computer services** **Publishing** **Museums, galleries and libraries** **Music, performing and visual arts**	**Core copyright industries** » Advertising Collecting societies » Film and video » Music » Performing arts » Publishing » Software » Television and radio » Visual and graphic art **Interdependent copyright industries** » Blank recording » material » Consumer electronics » Musical instruments » Paper » Photocopiers, » photographic equipment **Partial copyright industries** » Architecture » Clothing, footwear » Design » Fashion » Household goods » Toys	**Animation** **Video Games** **Design (incl. craft, fashion and product / services design)** **Film** **Wider Cultural Sector Festivals and events** » Music » Theatre and dance » Visual arts » Literature and publishing **Advertising (limited scope for this study due to parallel research)**

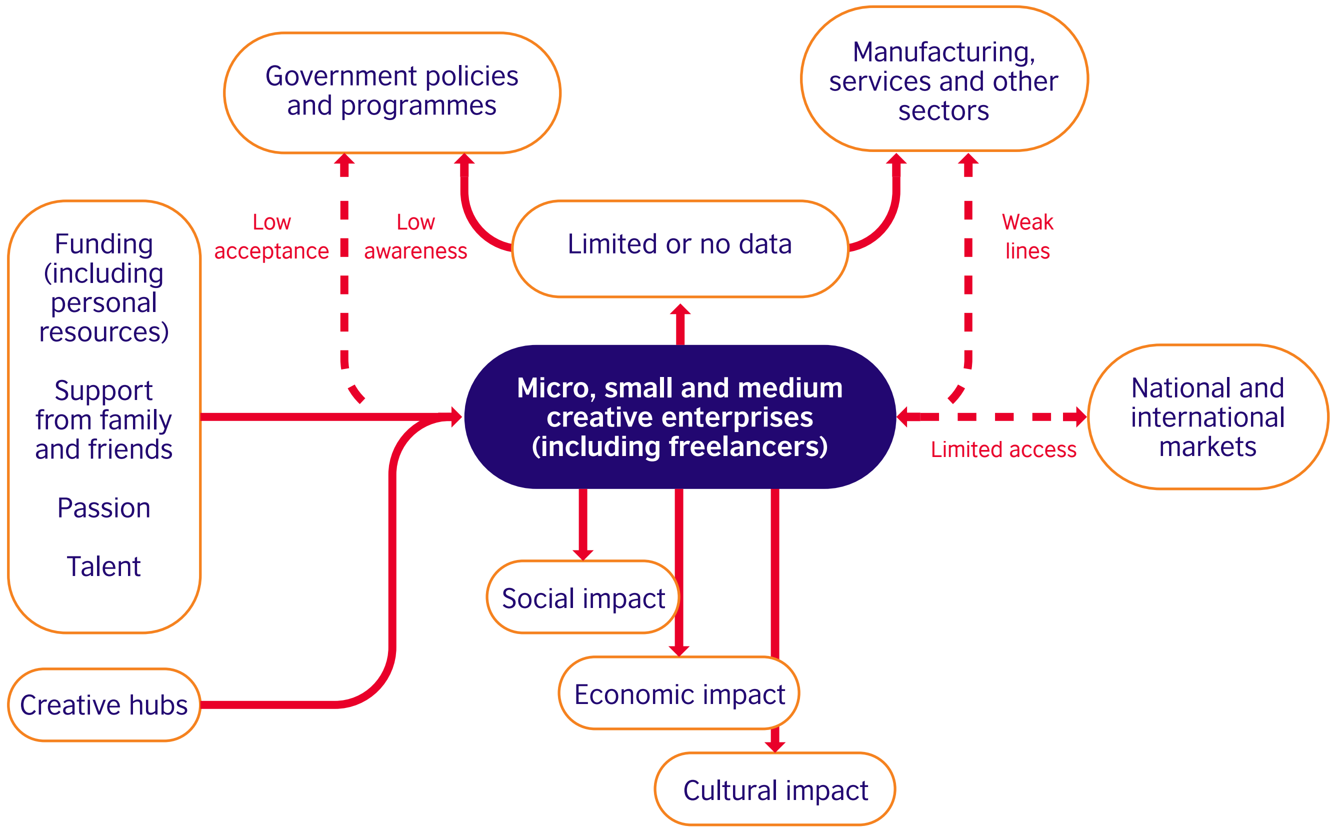
The creative sector ecosystem

The creative sector ecosystem in the Philippines is complex and interwoven with other sectors across the national economy. The sector comprises many individual artists, entrepreneurs, freelancers and micro-enterprises alongside a smaller number of small and medium enterprises located primarily among the metropolitan cities. The sector serves both consumer and business markets and operates both domestically and internationally.

The creative sector contributes to the economy in the form of gross domestic product (GDP), jobs, income and tax revenues, and to society through community and wellbeing impacts and to culture through artistic and intrinsic impacts.

The sector is supported by government policies and programmes on a macro-level, and through support from family, friends and community on a micro level. Support bodies and institutions include various government departments, industry associations and organisations, educational institutions and creative hubs among others. Along the sector supply chain are various manufacturing, services and other sectors which are often intertwined and occasionally interdependent.

Figure 9: The Philippine creative sector ecosystem



Source: Nordicity

Government and policies

The sector is supported and governed by a number of government bodies including the Department of Trade and Industries-Bureau of Investments (DTI-BOI), the Intellectual Property Office Philippines (IPOPHIL), NEDA, PSA and NCCA, among others.

The government is bringing in stimulus packages for SMEs as part of the 'Bayanihan Law' for Covid-19 recovery (e.g. Philippines Development Bank, Small Business Guarantee Fund).

Micro, small and medium creative enterprises

The creative industries in the Philippines are characterised by a large number of micro, small and medium sized enterprises and freelancers. Some of these enterprises are born out of informal work in the form of freelancing, moonlighting and through the gig economy.

Many suffer from practical business challenges such as financing, human resources development and management, and a generally limited knowledge of business processes that are necessary to run an enterprise. In the early stages, they are often driven largely by personal resources, and in some cases, are bootstrapped by their families' and friends' personal resources. Creative enterprises also often have limited knowledge of government policies and programmes, resulting in limited support for their business capacities.

Although there is some availability of enterprise support including grants, creative hubs, supply chain links (e.g. with manufacturing) and access to national and international markets, stakeholders have indicated it is currently under-accessed by creative enterprises.

However, many creative people are driven by their passion to nurture not only their own enterprise but the growth of their own industry. And despite internal challenges, many of these enterprises champion the country's rich cultural heritage through their work in design, film, animation, games and festivals among others. In addition to economic benefits, creative enterprises produce cultural and social impacts such as directly supporting young and unemployed people, students, artisans and people with disabilities.

While it is important to note the critical role freelance work plays in the creative economy, the focus of this study is on creative enterprises. As such, freelancers were included in the study as micro enterprises.

Creative hubs

Creative hubs play a significant role in the creative sector ecosystem. Across Baguio City, Cebu City and Metro Manila, creative hubs are among the most visible places that bring creative people together, both physically and virtually. They provide space and opportunities to convene business support, networking, business development and community engagement, as defined by British Council and Hubkit. Creative hubs 'can be for-profit, non-profit, or social enterprises… and can range from an arts programme for teenagers, to a co-working space for startup entrepreneurs, to a makerspace with the tools to build a robot.'

Curator Dayang Yraola further provides an apt description in seeing the alternative as ‘cultural commons operat[ing] with the concept of work-life nexus (creative ecologies), non-economic motivations, social reciprocity and trust-based exchanges… [where] serving their co-artists is considered their gain.’

The British Council’s ‘Creative Hubs for Good’ report in 2020 found that creative hubs have contributed towards the development of the local creative economy by placemaking and promoting the valuing of Filipino design and creativity, family and community resilience and social inclusion, supporting creative communities and promoting environmental sustainability.

These creative hubs include ASpace (Greenbelt, Cebu City, etc.), Calle Uno (Baguio City), Anthill Fabric Gallery, Pineapple Lab, Husay Co., HUB:MakeLab, PURVEYR, Toon City Academy, MATIC, HoliCOW (Holistic Coalition of the Willing, Inc), Cebu Furniture Industries Foundation’s (CFIF), co.lab, CraftMNL and the Design Center of the Philippines (DCP).

Participants of the FGDs pointed to the value of creative hubs as places for production, exhibition and distribution as well as networking and community hubs. They remarked that ‘Hubs can be an exhibition space; as a place for selling; can use for training on weaving, metalcraft, visual arts, publishing, music etc.; people know where to go; can help connect from supplies to markets; easier to collaborate when there’s a single space or together in a workspace.’[18]

Defining creative hubs

‘A creative hub is a place which brings creative people together. It is a convenor, providing space and support for networking, sustainability, and community engagement within the creative, cultural and tech sectors.’

[18] www.giarts.org/article/creative-social-enterprise-impact-investment

Institutions, support bodies and support structures

The sector is supported by a strong and growing network of institutions including incubators and accelerators, research institutions, networks, grant makers and funding bodies, non government organisations (NGOs), international organisations and government stakeholders, private foundations, educational institutions and industry associations. As part of this dynamic mapping research, examples of key organisations are listed below, and other interested groups are encouraged to contact the research team and be a part of the map and process.

Figure 10: Ecosystem support for creative enterprises

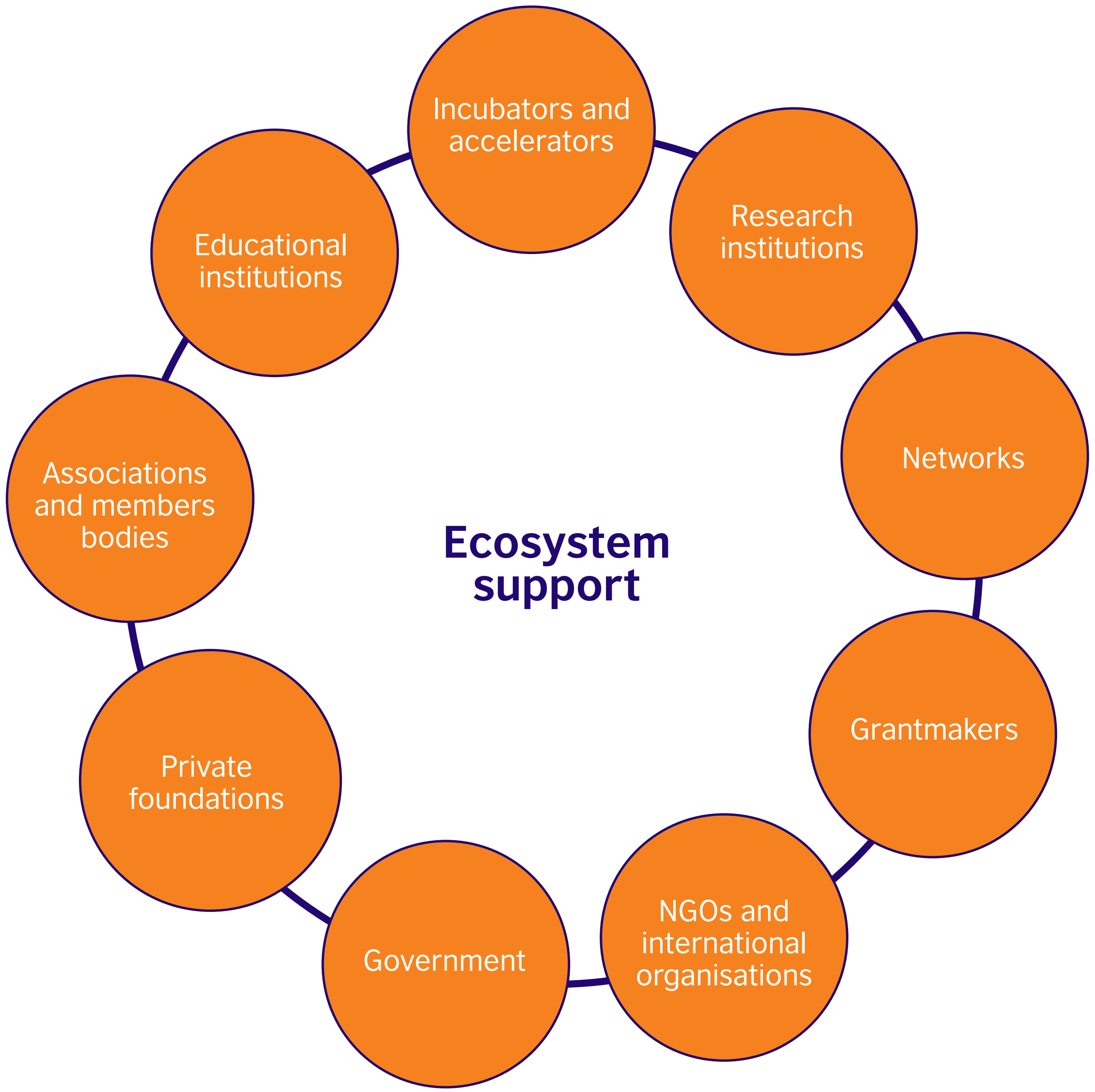


Table 2: Institutional stakeholders

Incubators and accelerators

- Asian SE Incubator
- Endeavour
- Gawad Kalinga
- Ideaspace
- IIZ Accelerator
- Impact Hub Manila
- LaunchGarag
- StartUp Village
- Villgro
- Xchange

Networks

- Aspen Network of Development Entrepreneurs (ANDE)
- Asean Women Entrepreneur Network
- Ashoka Philippines
- Asian Venture Philanthropy Network (AVPN)
- Global Impact Investing Network (GIIN)
- Philippines Social Enterprise Network
- Philippines Women Entrepreneur Network
- Women Organizing for Change in Agriculture and Natural Resource Management (WOCAN)

NGOs and international organisations

- Bayan Academy
- British Council
- Cebu Furniture Industries Foundation
- Cinemalaya Foundation
- Foundation for a Sustainable Society, Inc. (FSSI)
- Gawad Kalinga Community Development Foundation, Inc. (GK)
- Peace and Equity Foundation
- United Nations Development Programme (UNDP) / Innovation for Social Impact Partnership (ISIP)
- UNESCO

Associations, networks and members bodies

- Animation Council of the Philippines Inc. (ACPI)
- Cebu Animation Guild
- Cinemalaya Foundation
- Communication Design Association of the Philippines (CDAP)
- Community Crafts Association of the Philippines
- Creative Economy Council of the Philippines
- Davao Fashion Design Council
- Game Developers Association of the Philippines (GDAP)
- Multimedia Association of the Philippines (MAP)
- Philippine Women's College (and) Davao Fashion and Design Council
- Philippines Social Enterprise

Research institutions

- Asian Development Bank
- Ateneo Social Research Centre
- Bayan Academy
- British Council
- Institute for Social Entrepreneurship in Asia
- Investing in Women
- Lien Centre for Social Innovation
- Nordicity
- Palladium
- World Bank

Grantmakers

- Aboitiz Foundation
- Ayala Foundation
- BPI Foundation
- Foundation for a Sustainable Society, Inc. (FSSI)
- Investing in Women
- P&E Foundation
- Philippine Business for Social Progress (PBSP)

Government

- Design Center of the Philippines (DCP)
- Film Development Council of the Philippines (FDCP)
- Philippine Textile Research Institute (PTRI)
- National Commission for Culture and the Arts (NCCA)

Private foundries

- Ayala Foundation
- BPI Foundation
- Lopez Group Foundation
- Makati Museum
- QBO Philippines (JP Morgan Incubation Program)

Educational institutions

- Asian Institute of Management (AIM)
- College of Saint Benilde SDA
- Cordillera School of Digital Arts (CSDA)
- International Academy of Film and Television
- Miriam College (Henry Sy, Sr. Innovation Center)
- Philippine Textile Research Institute (PTRI)
- Philippine Women's College
- SoFA Design Institute
- University of the Philippines College of Fine Arts
- University of the Philippines Los Banos

Industry themes

The creative sector's potential economic, cultural and social contribution to the Philippines is immense.

The Philippines has a large and young population base with a corresponding large number of mobile users. It is well known for its creative talent, familiarity with western culture, and English language proficiency. The country is home to thousands of graphic artists, production specialists, freelancers, internationally acclaimed filmmakers and fashion designers.

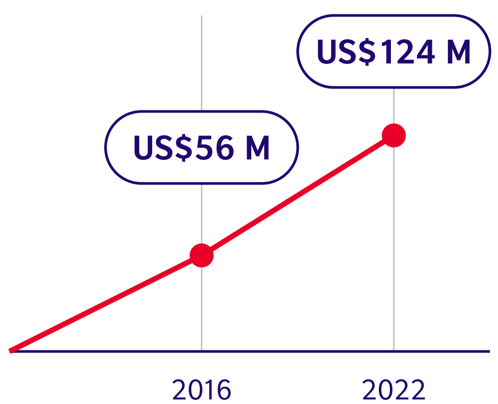


Figure 11: Revenue from animation and game development

Companies such as Walt Disney, Warner Brothers and many others take advantage of the local talent by contracting local companies and freelancers. For instance, revenues from animation and game development are expected to grow from USD56 million in 2016 to USD124 million in 2022. Meanwhile, full time employment is expected to more than double from 4,330 in 2016 to 9,100 in 2022.

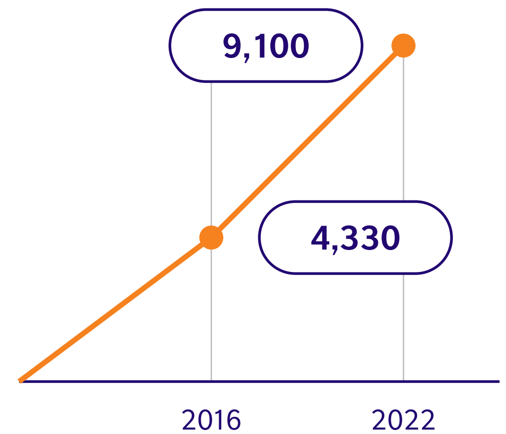


Figure 12: Number of full time employment in animation and game development

In fashion, the Philippines ranks #70 in global revenue ranking, which is expected to reach USD351 million by 2024.

Design for social impact has also become a growing trend. For instance, the Communication Design Association of the Philippines notes that design contributes to nation-building. Adobo Magazine holds design competition with themes revolving around environmental sustainability. In 2017, the Design Center of the Philippines collaborated with Inteligencia Colectiva to redesign food carts and stalls in Intramuros.

Across the cultural and creative industries, sector themes and issues were identified and analysed as they relate to creative enterprises in the context of social impact and inclusive growth. This section provides summary briefings for each of the creative sectors reviewed as part of this study, followed by a review of the key industry themes and issues.

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The Philippines is a global player in the cultural and creative industries, supplying creative services for the global market and competing with regional markets including South Korea, India, China, Malaysia and Singapore.[19] The country's animation and game development sector are international in scope with a focus on the US, European and Japanese markets. The Philippine design sector, and predominantly the furniture industry, also has a significant international role, focusing on the US and European markets. Meanwhile, the Philippines' film, advertising, music, and publishing sectors are largely focused on the domestic market.

The following section provides a summary briefing for context of the animation, video games, design and film sectors in the Philippines.

[19] Ms Del Prados. 8th TID. Presentation State of the Philippine Creative Industries

Table 3: The animation, video games, design and film sectors

Subsector

Animation

Characteristics

8 Industry partners

6 Partner associations

The sector emerged in the 1980s.

Some of the companies include Synergy ATA, Toon City, Top Peg, Top Draw, Snipple and Team App.

The sector comprises many small and medium companies.

The sector is represented by the Animation Council of the Philippines (ACPI) which has eight industry partners and six partner associations.

The sector is celebrated with an annual animation festival and competition (Animahenasyon). Founded in 2007, it has helped make the Philippines the preferred outsourcing destination of animation and content creation services in Asia.

Markets and growth

The sector is focused on the US, European, and Japanese markets.

The sector has projected revenues of USD145 million for 2020 if the industry goes beyond providing services and provide local content to international studios.

Services

The sector specialises in two-dimensional (2D) and three-dimensional (3D) animation. It includes pre and post production services such as lay-outing, in-betweening, clean-up, digital background through scanning and pre-composing, colour styling, special effects creation and digital ink and paint application to flash animation and web design, graphic art design, mobile applications, 3D gaming for both consoles and personal computers platforms, interactive games and e-learning modules that require animation and animation training.

The sector also provides graphic services to the gaming industry.

Issues

Industry seen as fragmented due to many small and medium scale players.

Lack of industry consolidation that can attract bigger contracts to benefit the whole industry.

Lack of government support through fiscal and non-fiscal incentives.

Lack of government support to facilitate the industry presence to the international market.

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Subsector

Video games

Characteristics

3,000 Professionals

The sector emerged largely since 2007. It comprises a workforce of 3,000 professionals.

The sector is represented by the Game Developers Association of the Philippines (GDAP) which has 25 core members, six partners, and 11 academic institutions.

Services

The sector focuses on game design (the basic concept of the elements of a game and how it is going to be played); game writing (the story, character dialogues, character backstories); level editing (the creation of specific segments of a game); audio engineering (music, sound effects and dubbing); animation; technical art and game art design; programming; quality testing; localisation or translation (if necessary); and production.

Markets and growth

The sector is focused on the US, European, and Japanese markets.

There is significant room for growth for the Philippines video games sector since it has only 0.02 per cent share of the global video games market. It is seen by the national government as a priority sector that will drive growth by 'high-value services as the country moves up the value chain'.

Issues

Lack of government initiatives that will give the video games sector equal opportunities and wider access to resources.

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Subsector

Design: Fashion

Characteristics

93,797

Workers

The wearing apparel sector had 93,797 workers working in 498 establishments in 2015.

The garments and textile industry employed close to 400,000 workers and an additional 700,000 people employed as home-workers and small subcontractors.

The sector includes notable designers participating in fashion weeks in Paris, London, Vancouver, among other major markets.

Services

The sector focuses on the production of wearables (e.g. apparel, footwear, accessories) for domestic and international markets.

Market and growth

The market demand of clothing in the Philippines has continued to rise over the past years and there is no sign of decline with almost USD12 billion in forecast volume for 2018.

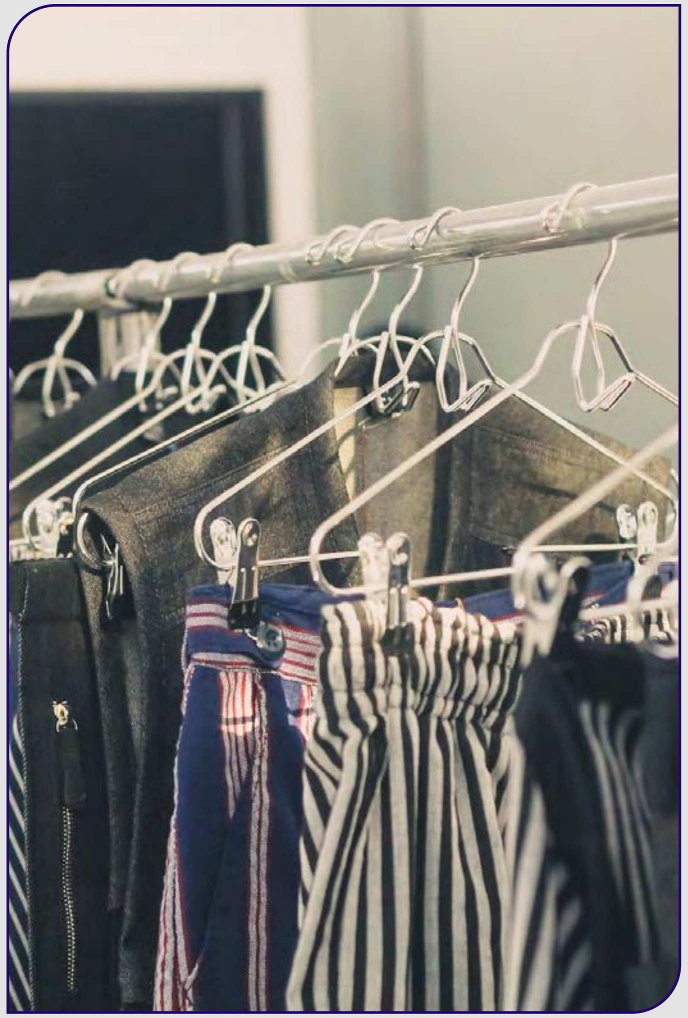
The household consumption expenditure for clothing and footwear was valued at PHP77.2 billion (USD1.44 billion) in 2018.

Issues

The fashion industry is fragmented and lacks a cohesive business support organisation (BSO) for all fashion sectors.

Lack of control over the fabric supply and other components of garment making.

No government policy or support that will aid its recovery in the time of Covid-19 and support the industry's growth and its member associations.



© Jerwyn Buenaventura

Subsector

Design:

Gifts, décor and houseware sector/Handicraft design

Characteristics

2,412

Enterprises

690,000-1,000,000

Estimated employees

The sector is comprised of an estimated 2,412 micro, small and medium handicraft enterprises. The majority of which are in the National Capital Region, the Cordillera region, Regions 5 and 12.

Estimates for sector employment range between 690,000 and 1,000,000 (many of which are based in rural locations).

The sector is estimated to be the second largest world producer of handicrafts, mainly baskets out of indigenous materials.

Services

The sector primarily produces handicrafts made of wood, clay, metal, *abacá* (known globally as Manila hemp), rattan, bamboo, coconut shells, leather and *buri*, a palm from which *buri*, raffia and buntal fibres are obtained.

Market and growth

In 2013, the Philippines exported USD50.9 million worth of décor, USD23 million giftware, and USD19 million for housewares.

The Philippines has lost the low-end market to international competition, notably from China, but has kept the high-end markets in the US, EU and Japan.

Issues

Scarcity and price increases of raw materials - these challenges can be dealt with through innovative design changes by exciting choices and using a combination of indigenous materials.

© Ninjadog Studios

Subsector
Design: Furniture

Characteristics

95%
SMEs

1.9 M
Workers

The sector has a heritage of nearly four centuries, with its foundations dating back to the 16th century.

An estimated 95 per cent of furniture companies are classified as SMEs. The major production areas are in Metro Manila, Pampanga and Cebu.

In 2013, the Philippine Furniture industry direct and indirect employment was approximately 1.9 million workers.

Services
The sector produces furniture that is known as among the world's best in terms of quality and design. The sector is sometimes regarded as the 'Milan of Asia'.

Market and growth
In 2014, the export of furniture and fixtures reached USD362 million according to the Philippine Statistics Authority.

The sector growth drivers include the increasing purchasing power of Filipinos, the rise in tourism-based enterprises (e.g. hotels, restaurants, etc.), and the real property sector's strong growth.

Issues
The industry still depends largely on handing down of skills from one generation to the next and on the job training.

Importation of raw materials such as rattan poles from Vietnam, Malaysia and Myanmar as well as lumber from Honduras or Brazil.


© Seph Aparente Folios

Subsector
Film

Characteristics

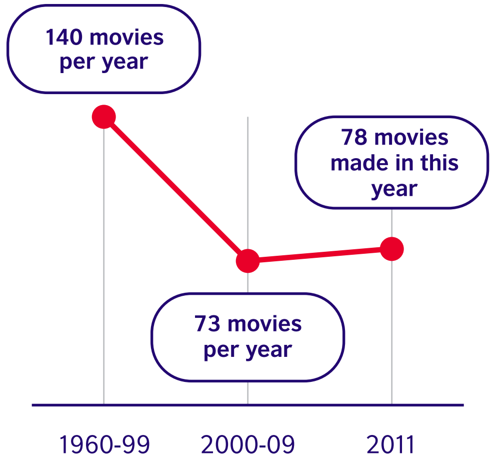


Figure 13: Number of average film production per year in the Philippines

The sector dates back to the first Filipino film productions in 1919. Philippine studios emerged from 1934, producing several pictures. From the late 1980s and into the 1990s, Filipino films were increasingly mass-produced.

The National Statistical Coordination Board found that from 1960 to 1999, an average of 140 movies per year was produced. From 2000 to 2009, local film output fell to an average of 73 annually. In 2011, only 78 local films were made.

A recent development has been the rise of independent films, a few of which have been entered in film festivals. In 2010 and 2011, 45 and 44 indie films were produced respectively.

Services
The sector primarily produces films for the domestic market and a global diaspora of Filipino communities.

Market and growth
The Philippines has the highest level of theatre admission in Southeast Asia. But it has experienced a steep drop in movie-goers, from 131 million in 1996 to 63 million in 2004.

The Philippines film industry is seeing an influx of investments from real estate groups and telephone companies such as Globe Telecom and existing studios are tinkering with bigger budgets and new genres.

Streaming platforms (e.g. Netflix, iflix and HOOQ) are ramping up investments in content from the Philippines.

Issues
There are efforts to build connections to the international market through annual film conferences and week-long local film celebrations.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Animation sector summary briefing

The Philippines' animation sector has a strong tradition dating back to the 1980s. For over 30 years, the Philippines has been providing animation services to the world. Filipino animators were behind some of the world's best-loved cartoons and animated films such as Scooby-Doo, Tom and Jerry, The Addams Family, The Mask, The Jetsons, Dragon Ball Z, Finding Nemo and The Incredibles – produced by entertainment giants such as Walt Disney, Hanna Barbera, Marvel Comics, HBO, Cartoon Network and Japanese producers of Anime.[20]

Filipino animators rendered graphic services to the gaming industry in different platforms, such as Nintendo, Sega, Game Gear, Game Boy and Sony PlayStation. From a few named animation studios that branched out in the country in the 1980s, several other small and medium animation studios were established providing jobs to thousands of Filipino animation professionals. The industry branched out to direct service providers, local sub-contractors and non-commercial producers.

Philippine animation services produce 2D and 3D animation, including pre and post production services such as developing layouts, inbetweening, clean-ups, digital background through scanning and pre-composing, colour styling, special effects creation, and digital ink and paint application to flash animation and web design, graphic art design, mobile applications, 3D gaming for both consoles and personal computer (PC) platforms, interactive games and e-learning modules that require animation and animation training.

The industry was expected to grow at 13.9 per cent compounded annual growth rate (CAGR) from 2015-2022 to USD70.3 million in 2022 according to Board of Investments (BOI),[21] while ACPI Pres. Juan Miguel del Rosario projected the sector to grow 15-18 per cent by 2022.[22] In 2016, content demand was coming from television (TV) channels (29 per cent), advertising and public relations (27 per cent), and motion picture (16 per cent) – top three customers of Philippine companies.

Figure 14: Expected CAGR growth of the local animation sector in 2022

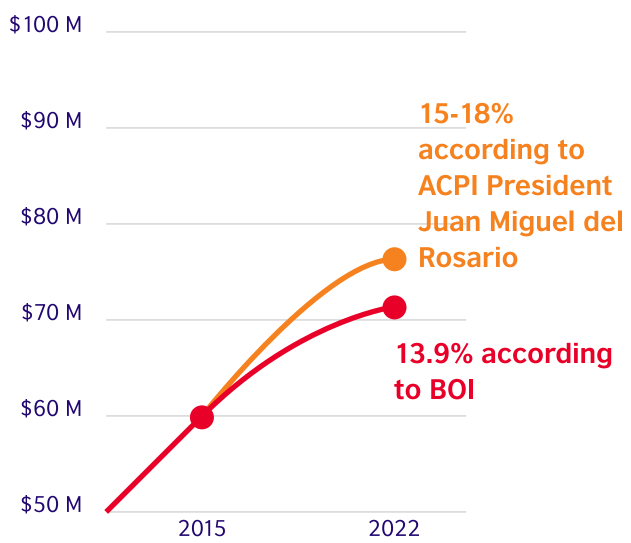
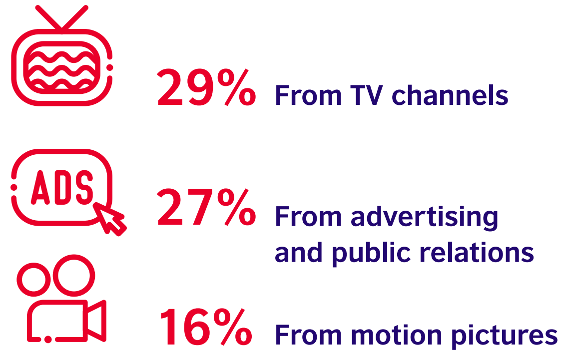


Figure 15: 2016 Top three customers of animation content in the Philippines



The Philippine animation sector focuses on the US, European and Japanese markets.

The sector is dominated by six major industry players – Synergy ATA, Toon City Academy, Top Peg, Top Draw, Snipple and Team App. These large companies, along with smaller production firms, accounted for 75 per cent of the industry.

In 2018, Schumacher identified the major challenges facing the Philippine animation industry, including a lack of large animation companies capable of fulfilling large international clients. Since most of the firms were small and medium in scale, the industry was seen as fragmented. While many small players undertook individual work, the collective capacity of the industry presents a potential opportunity for scaling. A sustainable form of industry consolidation would help attract bigger contracts to the benefit of the industry as a whole.[23]

The Philippine animation industry is seen as has a strong potential in the future, noting a highly talented Filipino creative workforce and the growing demand for Filipino content both domestically and globally. However, the need for partnerships and support from the public and private sectors are integral in order to move the creative economy in the right direction.

About the Animation Council of the Philippines (ACPI)

The Animation Council of the Philippines Inc. (ACPI) is an association of animation companies, animation schools and learning centres and technology providers. Its mission is to promote and market the Philippine animation industry within the Philippines and abroad.

ACPI continuously conducts workshops for Filipino animators and has partnered with educational institutions such as Technical Education and Skills Development Authority (TESDA), DepEd and CHED in developing the curriculum and training regulations, in coming up with the assessment tools for schools and other institutions alike.

Currently, ACPI has eight industry partners and six partner associations.

About Animahenasyon

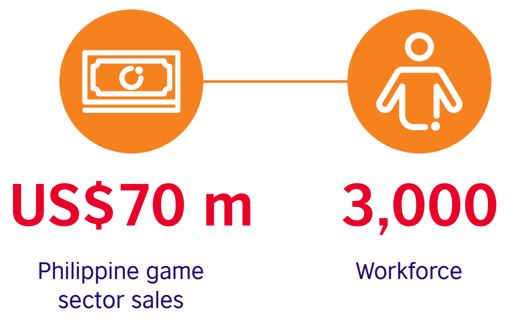
Animahenasyon is the annual animation festival and competition produced by ACPI. The festival features the animated works of veteran and novice Filipino animators. Animahenasyon was launched in 2007 making the Philippines the preferred outsourcing destination of animation and content creation services in Asia.

[20] www.animationcouncil.org/, Philippine Animation Industry Profile, 2017
[21] www.boi.gov.ph/
[22] Business World, "Animation industry sets growth at 15%-18% a year" February 20, 2019
[23] Henry J. Schumacher, "Animation and the Filipino," Business Mirror, April 2, 2018

Video games sector summary briefing

The Philippine video games sector[24] is a nascent and booming industry. Some of the most recent data available was from TESDA, reporting that in 2015 the Philippines' games sector had sales of USD70 million and a workforce of 3,000 professionals.[25] The mobile games market is growing significantly, and was expected by PSA to represent nearly one quarter of revenues by 2022.[26]

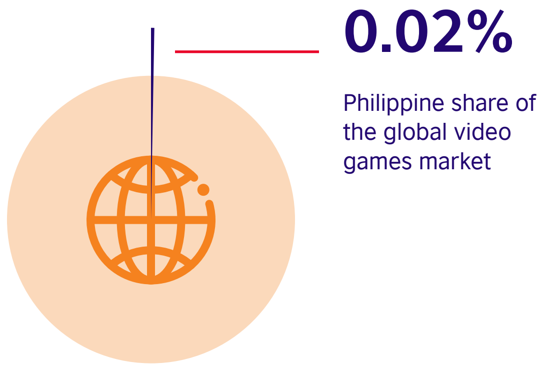
Figure 16: 2015 Philippine games sector sales according to TESDA



The sector focuses on the US, European and Japanese markets. With only a 0.02 per cent share of the global video games market, there is significant room for growth for the Philippines video games sector.

The video games sector is often classified within the information technology sector in the Philippines, although in reality it operates as its own sector. While accounting for the smallest segment of the Philippines Information Technology and Business Process Management (IT-BPM) sector, game development (and animation) is identified as a priority sector that will drive growthy by 'high-value services as the country moves up the value chain'.[27]

Figure 17: The video games sector focuses on the US, European and Japanese markets with only a 0.02 per cent share of the global video games market



The sector domestically focuses on game design (the basic concept of the elements of a game and how it is going to be played); game writing (the story, character dialogues, character backstories); level editing (the creation of specific segments of a game); audio engineering (music, sound effects and dubbing); animation; technical art and game art design; programming; quality testing; localisation or translation (if necessary); and production.

Drawing upon the nation's talent pool of students and creatives, opportunities exist for employment and entrepreneurship in the game development industry for graduates of computer science, programming, creative writing, graphic design and marketing programmes.

[24] Unless otherwise indicated, the source is from the Technical Education and Skills Development Authority (2019). Labour Market Intelligence Report Ibid

[25] Philippine Statistics Authority. (2012). Statistically Speaking: NOW SHOWING PANDAY NAG-SHAKE RATTLE AND ROLL. Retrieved from: www.outsourceaccelerator.com/articles/review-gdap-game-developers-association-of-the-philippines)

[26] The Philippine IT-BPM Sector Roadmap 2022. www.boi.gov.ph/wp-content/uploads/2018/03/Executive-Summary-Accelerate-PH-Future-Ready-Roadmap-2022_with-corrections.pdf)

[27] www.outsourceaccelerator.com/articles/review-gdap-game-developers-association-of-the-philippines/ accessed 24 February 2020

About the Game Developers Association of the Philippines (GDAP)

Established in 2007, GDAP aims to cultivate a vibrant, dynamic and profitable Filipino game development industry that not only contributes to the growth and economic interests of the country, but also encourages the development of both individuals and organisations involved in game development.

GDAP has 25 core members, six partners and 11 academic institutions.

GDAP is pushing for government initiatives that will give all parties involved equal opportunities and wider access to resources to continuously hone their craft.

GDAP is teaming up with various companies and events to expand their reach. Among the group's most recent collaborations is with the Electronic Sports and Gaming Summit (ESGS), one of the biggest gaming events in the Philippines and Southeast Asia. With different speakers and exhibitors from various companies, including Ubisoft, Unity 3D, Altitude Games and Squeaky Wheel Studios, Playstation, Bandai, and Namco, and participation from tech and gaming brands like Wacom, Redfox, Synergy88, Kooapps, Top Draw Animation and Stream Engine, GDAP, through ESGS, continues to work on promoting the craft and the industry among developers and gamers alike.

Design sector summary briefing

The national government sees the design sector as a priority and has placed supportive legislations, policies and programmes in place to foster its growth. The design sector and the furniture industry in particular, is international in scope and focuses on both the domestic and US and European markets.

The context of the global design economy

The future remains turbulent with growing social, economic, environmental and technological uncertainty. However, as the world rapidly changes, design can transform lives, communities and organisations for the better. Design and design skills can help respond to these unprecedented challenges, but can also lead to economic growth, innovation and entrepreneurship. The impact of design spans all industries, economics and societies, and redefines the future of work. An inherently creative activity – design – sits at the intersection of art, business and technology, which are critical inputs into the production of goods and services in both emerging and traditional sectors.

The definition of the design economy ranges. The UK's Design Council defines the design economy as 'the value created by those who use design in a wide variety of industries.

This includes designers in design industries (e.g. digital designs or animation), other roles in design industries (e.g. administration, finance and distribution on the basis they are supporting the main design function), as well as designers in other sectors of the economy, such as banks, consultancies, automotive, or aerospace economies.'

Design can no longer be viewed within the narrow lens of a creation of a product, or something that is added at the end of a process. Nor, should it be interpreted as a particular field or discipline, such as product design, visual communication design or design thinking. In a 2013 report by Robinson and Mark, 'Moving Up the Value Curve: Maximising the Contribution of the Design to the Government's Growth Agenda', design is defined as:

- A user-centred creative activity that focuses on defining new products, processes and services,
- A sector of specialised, professional economic activity undertaken by trained and qualified practitioners; and
- A tool for businesses and organisational growth and policy planning at the highest strategic level.

The Philippines and the design economy

With rapidly growing consumer markets overseas, the demand for professional design services is growing presenting a unique opportunity for the Philippines, a country rich with deeply rooted traditions in music, performing arts, craft and design film. When the Philippine government passed the Design Competitiveness Act in 2013, the law was considered to be ground-breaking. It was the first time the government recognised design as an economic and cultural driver of the country's creative economy. The main objective of the Design Act is to 'create integrated, forward-thinking and long-range direction and strategy for the design industry.'

Advancing design in the Philippines, the DCP is the country's leading agency committed to cultivating a culture that thrives on creativity, value creation and innovation. Since 1973, DCP has been a champion in the development, promotion and enhancement of design for all Philippine products. DCP is mandated to promote design as a creative tool for improving the quality and competitiveness and branding of Filipino products in the global market; a strategic tool of value creation for sustainable economic growth and development; and an innovative tool for enhancing the quality of human life. To formulate the 'right' policies to bolster the design economy, a mapping study is needed to understand the existing Philippine design economy.

Southeast Asia and the design economy

Throughout Southeast Asia, the design economy vastly differs from country to country, given the variance in recognition of the value of design. Oftentimes conflated with the creative industries, the recognition of design and design skills is increasing every day with a more holistic understanding. As a rapidly evolving region, Southeast Asia is increasingly transforming from an industrial economy to a creative one. Countries that acknowledge the potential of design and design skills have allocated resources to signify its growing importance within the economy.

About the Design Center of the Philippines (DCP)

The Design Center of the Philippines traces its roots back to 1973 when it was created through Presidential Decree 279. Its pioneering programmes on crafts development accompanied by research and development on different materials, institutionalisation of industrial design in schools, and support for quality and competitiveness of Philippine non-traditional export products have helped launch local design companies and individual designers into prominence in the Philippines and international markets.

In 2017, DCP has provided 9,580 design and technical services to 1,336 enterprises. It conducted 64 training sessions, seminars and workshops and trained 76 designers.

The mission of the Design Center of the Philippines is to promote the use and appreciation of good design, improve the quality, range and competitiveness of Philippine goods and services and to strengthen the Philippine design industry.

Graphic design itself is a significant subsector in the design industry and transcends all other sectors of the economy with representation from various organisations such as Graphic Artists Philippines (GAP). In addition, there are significant crossovers with the advertising, animation and games sectors.

Gifts, décor and houseware sector (GDH)/Handicraft design[28]

- The Philippines is world-renowned for quality, homegrown and handmade artisanship.
- Handicrafts has become a livelihood for many Filipinos especially now that many are exporting to Japan, US, Canada, Australia, Hong Kong, Singapore and other countries.
- The Philippines is the second largest world producer of handicrafts, mainly baskets out of indigenous materials.
- Typical materials used for handicrafts are wood, clay, metal, *abacá* (known globally as Manila hemp), rattan, bamboo, coconut shells, leather, and *buri*, a palm from which *buri*, raffia and buntal fibres are obtained. Fibres from other plants such as coconut husks, maguey, pineapple and banana are also used in producing handicrafts.
- Filipino artisans are experiencing scarcity and price increases of raw materials. These challenges can be dealt with through innovative design changes by exciting choices and using a combination of indigenous materials.

[28] Unless otherwise indicated, the source is from www.colosushandicraft.wordpress.com/2013/04/25/philippine-handicraft-industrytheir-benefits-and-importance/ accessed 1 March 2020

- The Philippines has lost the low-end market to China, the Philippines' main competitor but has kept the high-end markets in the US, EU and Japan.

- The GDH employs from 690,000 to around a million people, especially in the countryside.[29]

- There are around 2,412 handicraft enterprises. Most of which are micro, small, and medium enterprises and majority are located in the National Capital Region, the Cordillera region and regions 5 and 12.[30]

- In 2013, the Philippines exported USD50.9 million worth of décor, USD23 million giftware and USD19 million for housewares.[31]

Fashion design

- Filipino fashion and clothing are a reflection of the more than 300 years of Spanish occupation, the American colonisation, the World War II following the Japanese era and other significant events.

- With the growing population, rise on spending, and steady remittances from abroad, Philippines has become an attractive retail market.

- In 2009, the BOI reported that the garments and textile industry remain one of the top foreign exchange earners in the Philippines, garnering a total of USD848.744 million in exports in the first half of 2009. It is about 4.93 per cent of the total Philippine exports amounting to USD17.225 billion.

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- The garments and textile industry employed close to 400,000 workers, making it the largest employer in the manufacturing sector with 11 per cent of the national total. An additional 700,000 people are employed as home-workers and small subcontractors.

- According to 2015 Annual Survey of Philippine Business and Industry (ASPBI): Manufacturing Sector for Establishment with Total Employment 20 and Over, published on September 28, 2017, wearing apparel recorded the second highest number of workers with 93,797, working in 498 establishments.

- Value of Production Index (VaPI) for manufacturing exhibited an annual growth of 3.6 per cent, posting the same growth as in May 2016, according to the preliminary results of the Monthly Integrated Survey of Selected Industries (MISSI), with footwear and wearing apparel significantly contributed with 35.9 per cent. For volume of production index (VoPI) which continued to gain at a slower rate of 5.8 per cent in May 2017, compared with 7.4 per cent during same period last year, footwear and wearing apparel provided with 34.6 per cent.

- Filipino designers are excelling in the international fashion industry. Some notable designers are John Herrera, Monique Lhuillier and Mark Bumgarner.[32]

- The market demand of clothing in the Philippines has continued to rise over the past years and there is no sign of decline with almost USD12 billion in forecast volume for 2018. The household consumption expenditure for clothing and footwear was valued at PHP77.2 billion (USD1.44 billion) in 2018.

- Filipinos include shopping of clothing and apparel in their expenditures. With an average monthly income in the Philippines of PHP20,000.00 (USD371.81), five per cent were being spent on clothing. Furthermore, 68 per cent of Filipino cross-border online shoppers spent their money on fashion, such as clothing, footwear and accessories in 2018.[33]

Furniture design

- The furniture sector is considered a highly sustainable industry for the Philippines.

- 95 per cent of furniture companies are classified as SMEs. Major production areas are in Metro Manila, Pampanga, and Cebu.[34]

- Materials used include hard wood, buri, rattan, bamboo, metal and other indigenous products.[35]

- The sector has been adopting digital technology and innovations to varying degrees (e.g. 3D modelling).

- The Philippines has been referred to as among the world's best in terms of quality and design, sometimes regarded as 'Milan of Asia.'

[29] www.industry.gov.ph/boi-prepares-gdh-sector-globally-competitive/ accessed 2 March 2020
[30] Ibid
[31] ibid
[32] www.manilatimes.net/2018/06/08/weekly/the-lookbook/fashion-state-of-the-nation/405988/ accessed 1 March 2020
[33] www.statista.com/statistics/616460/philippines-clothing-market-demand/ accessed 1 March 2020
[34] www.industry.gov.ph/industry/furniture/
[35] Ibid

- In 2013, the Philippine furniture industry direct and indirect employment is at around 1.9 million workers, declining from 2.1 million in 2011.

- In 2010, the homestyle industry had a total of USD427 million in actual exports with a market share of 0.09 per cent and 7 per cent market growth.

The Philippines houses great sustainable resources, such as raw materials, workforce – skilled and professional.[36]

- The number of households in Philippines is projected to rise from 23.5 million in 2016 to 26.5 million by 2021, representing growth at a CAGR of 2.5 per cent during the period 2016-2021. The residential sector generated most of the demand for furniture products in the country.

- The Philippine government aims to be the global design hub for furniture products using sustainable materials by 2030. Through the efforts of the Chamber of Furniture Industries in the Philippines (CFIP) and the Cebu Furniture Industries Foundation (CFIF).

The BOI of the Philippines agreed to provide an incentive of PHP9.13 million (USD169,733.13) furniture export project in Mandaue City, which is expected to boost the country's positioning as a global hub for furniture.[37]

- In 1983, the Center for International Trade Expositions and Missions (CITEM) launched Manila FAME (Furnishings and Apparel Manufacturers' Exchange) International. The show is the longest running trade event on housewares, furnishings, gift items, holiday decor and fashion accessories in the Asia-Pacific Region.

Film sector summary briefing

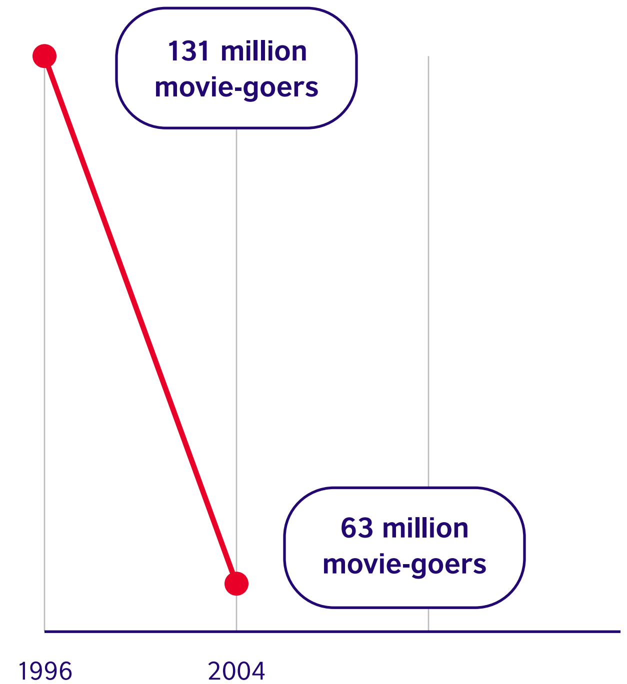
The Philippines has a long history and heritage in filmmaking dating back to the dawn of the moving picture era. The first films were shown in the Philippines in 1897 by two Swiss businessmen and by 1919 Filipinos started producing films. The first Philippine studios emerged from 1934, producing several pictures in a structure similar to that of Hollywood studios. From the late 1980s and into the 1990s, Filipino films were increasingly mass-produced and faced criticism for their story lines. As Hollywood dominated local Filipino screens, there had been a significant decline in the Philippine industry at the turn of the century and only a handful of notable Philippine movies were produced each year. Today, the Philippines' thriving film sector is largely domestic in nature and serves a booming global diaspora community.

The rise of digital media and the growth in independent filmmakers entering the field with local short films won at various international festivals. One example is '*Anino*' (Shadow) by Raymond Red which won the Palme d'Or award in 2000 at the Cannes Film Festival.[38] In 2010 and 2011, 45 and 44 indie films were produced respectively. Action Films which dominated the film industry before the current millennium had declined and formulaic romantic comedies became mainstream. In 2008, the first full-length animated Filipino film, *Urduja*, premiered on screen. Another animated feature, '*Dayo: Sa Mundo ng Elementalia*', was entered in the 2008 Metro Manila Film Festival.[39]

The National Statistical Coordination Board found that from 1960 to 1999, the Philippines produced an average of 140 movies each year. From 2000 to 2009, local film output fell to an average of 73 annually with only 11 per cent of the market, the report said. In 2011, only 78 local films were made.[40]

The Philippines has the highest level of theatre admission in Southeast Asia. But it has experienced a steep drop in movie-goers, from 131 million in 1996 to 63 million in 2004.[41]

Figure 18: Number of movie-goers in the Philippines in 1996 and 2004



Revenue data from Box Office Mojo shows that total gross from movies has declined from USD169 million in 2013 to USD150 million in 2019 at about -0.23 per cent per year.[42] On the other hand, online sale of tickets for movies is projected to reach USD62 million in 2024 and is expected an annual growth rate of 14.3 per cent.[43]

Future of Philippine film industry

The Film Development Council of the Philippines (FDCP) continues efforts in building connections to the international market through annual film conferences and week-long local film celebrations.

Streaming platforms are ramping up investments in content from the Philippines. These platforms include Netflix, iflix and HOOQ, among others.

The Philippine film industry is seeing an influx of investments from real estate groups and telephone companies such as Globe Telecom and existing studios are tinkering with bigger budgets and new genres.[44]

The industry continues efforts to submit official entries in international film festivals.

Opening days for new local films has been moved from Wednesdays to Fridays.[45]

36 www.boi.gov.ph/wp-content/uploads/2018/03/Furniture-Industry-Roadmap.pdf accessed 1 March 2020
37 www.prnewswire.com/news-releases/the-philippines-furniture-market-is-expected-to-grow-at-a-cagr-of-15-during-2016-2021-ken-research-652669763.html accessed 1 March 2020
38 www.reelrundown.com/film-industry/filipino-movies
39 Ibid
40 www.entertainment.inquirer.net/30455/philippine-film-industry-in-decline
41 www.topnews.in/light/cannes-entry-puts-spotlight-philippine-indie-films-210484
42 www.boxofficemojo.com/year/2013/?area=PH
43 www.statista.com/outlook/274/123/cinema-tickets/philippines
44 www.screendaily.com/features/philippines-film-industry-plots-international-course/5131968.article
45 https://www.esquiremag.ph/culture/movies-and-tv/fdcp-initiatives-philippine-cinema-a00287-20190315

Notable associations and organisations on the Philippine film industry

Film Development Council of the Philippines
The Film Development Council of the Philippines (FDCP) is the government-backed lead agency for film in the Philippines ensuring that the economic, cultural and educational aspects of film are effectively represented at home and abroad. The FDCP aims recognise Filipino film artistry and promote the country and its home-grown talents globally.

National Film Archive of the Philippines
The National Film Archives of the Philippines established under the FDCP is in charge of housing the history of Philippine Cinema, and the preservation, retrieval, and restoration of film negatives, prints and other film related material and promotes these to provide a wider appreciation of the cinema history by making them available to the public.

Pista ng Pelikulang Pilipino
The Pista ng Pelikulang Pilipino (PPP) is a week-long celebration of Philippine cinema organised by the Film Development Council of the Philippines where new quality genre Filipino films are screened for one week in all regular cinemas nationwide.

Film Academy of the Philippines
The Film Academy of the Philippines was established in 1981 mandated by Executive Order No. 640-A. It is an umbrella organisation overseeing the welfare of Philippine film guilds through different projects and opportunities that would showcase the expertise and talents of its guild members. It also aids in staging and managing the annual Metro Manila Film Festival.

Metro Manila Film Festival
The Metro Manila Film Festival (MMFF) established in 1975 is an annual film festival held in Metro Manila that runs from 25 December through New Year's Day and into the first week of January the following year. It purely showcases Filipino films approved by the MMFF jurors.

Cinemalaya Philippine Independent Film Festival
Established in 2005, Cinemalaya continues to discover, encourage and support the cinematic works of upcoming and veteran Filipino filmmakers who boldly articulate and freely interpret the Philippine experience with fresh insight and artistic integrity. The Cinemalaya Philippine Independent Film Festival continues to sail on its 16th year with its digital edition. Because of the Covid-19 pandemic, the country's biggest independent film festival was screened on Vimeo. This digital edition featured ten Short Films selected out of 244 entries submitted that vied for the Best Film award.

Summary case studies: Learning from Filipino creative enterprises

Ten in-depth case studies of creative enterprises in the Philippines were developed to provide an understanding of the creative sector's value chain and its intersection with social enterprise and social impact.

A selection process of suitable case study leads was undertaken with the British Council and dependent upon availability, resulting in:

- Three case studies covering the animation sector, one from digital media, one from game development, one from film, one from design and three from educational and sector institutions.
- Overall, the case study interviews were conducted with seven men and four women.
- Baguio City was represented in one case study, while Cebu City was represented in two case studies. Makati City was represented in three case studies and the rest of Metro Manila was represented in four case studies.
- The case study leads varied in years of operation, ranging from under one year to 48 years of operation. Three leads had fewer than five years of operation, four had between ten and 20 years of operation, two had between 25 and 27 years of operation and one had 48 years of operation.
- In terms of registration, cases that have education and training as their primary focus, are not-for-profit (CSDA, SoFA, and CSB-SDA) and are registered with government agencies such as DepEd, CHED and TESDA.
- The other cases, which are business enterprises are registered with the Securities and Exchange Commission (SEC), BOI and DTI.
- All but three enterprises are affiliated with sectoral organisations.

It is advised that the cases be read together in full alongside the results of other findings from different methodologies employed in this research. Though summary tables are prepared to highlight different elements of the cases, the context and details are found in the cases themselves.

Each case study contains the following based on the case study guide: 'about the enterprise', market overview, social mission, value chain (if applicable), about the sector (if applicable), issues, challenges and future activities.

Table 4: Case studies

Company / organisation	Creative sector	Creative sector	Social result areas
Emottoons Studio	Animation	Emottoons: Developing the best talents for the animation industry in Cebu	Employing non-college/non-degree but skilled youth animators and illustrators.
Toon City Animation (Morph Animation, Inc.)	Animation	Toon City Animation: Building an inclusive animation industry	Training youth, women and PWDs, providing higher level of creativity to skilled artists/ freelancers in Metro Manila and provinces.
Xentrix Toons	Animation	Xentrix Toons: Youth empowerment in the course of business expansion	Empowering disadvantaged youth, including women to pursue a career in animation.
Cordillera School of Digital Arts	Academics/ Animation	Cordillera School of Digital Arts: Carving a niche in the creative sector	Educating youth, women, persons with disabilities and children of overseas Filipino workers on animation and providing them with opportunity to work in an animation studio.
Cybercraft Philippines	Digital media	Cybercraft Philippines: Cross-sectoral hub for startups producing Filipino digital and creative original intellectual properties	Promoting cultural heritage through the development of Filipino digital and creative original intellectual properties (DCOIP).
Veer Immersive Technologies	Game development	Veer Immersive Technologies: Creating entertainment and business solutions using immersive technologies	Advocating augmented reality (AR) and virtual reality (VR) to students, providing unique experiences to the elderly, children and cancer patients.

(Continuation) Table 4: Case studies

Company / Organisation	Creative sector	Creative sector	Social result areas
Kenneth Cobonpue (Interior Crafts of the Islands, Inc. or ICI)	Design	KENNETHCOBONPUE: Growing the brand beyond furniture	Providing local employment and other opportunities for Cebu-based artisans.
De La Salle-College of Saint Benilde, School Of Design and Arts	Academics/ Multi- sector	De La Salle-College of St. Benilde, School Of Design and Arts: A learner - centred education for the creatives	Formal education and training for different individuals of all varieties.
SoFA Design Institute	Academics/ Design	SoFA Design Institute: An educational and cultural organisation promoting design leadership	Promoting design leadership to new breed of designers and creatives.
Voyage Studios	Film	Voyage Studios: Fighting to live to tell the Filipino tale	Promoting Filipino stories, addressing the plight of filmmakers and artists.

Emottoons: Developing the best talents for the animation industry in Cebu

Philmore 'Emot' Emodia, founder of Emottoons, started his small enterprise specialising in 2D animation services outsourcing in 2009 to pursue his passion as an animator in his teens. After years of working full time in a local studio in Cebu City, he started teaching at a local school with the goal of developing more young animation talents that were needed to develop Cebu's animation industry. Emot took on some of his students as on-the-job trainees for his projects and later saved enough capital to hire full-time staff and register as a business. He worked with the Department of Education to train senior high school students of animation and was among the organisers of the Cebu Animation Guild (CAG), which continued to conduct workshops on animation.

Emottoons has always acknowledged that animators are relatively young and still learning business etiquette. As of February 2020, Emottoons employed 13 full-time staff with a number of On-the-Job Trainees (OJTs) from local schools and TESDA being trained in groups. There are challenges faced in the supply chain, including through staffing and resourcing which applies barriers to the ability for long-term strategic planning.

Emot kept Emottoons small, home-based and slowly growing at its own pace, despite offers of financial resources and more lucrative jobs overseas, since he did not want to deviate from this focus and goal. He continued to serve as a CAG trainer in Animate Saturdays where the Department of Trade and Industry and the Chamber of Industries in Cebu provided support. He hoped that increased talents could encourage more studios to become established for a more robust animation industry in Cebu.

Emottoons' dream is to produce its own animation film, a full cartoon movie, or make its work a part of a full-length cartoon film. Emot continually reminded his team that they needed to be 'on top of the game' and not remain complacent in their work. He encouraged undergraduates to continue pursuing a college degree. As an employer, Emot stated he would like his students and staff to become better than himself in the future.

Figure 19: Full-time staff in Emottoons as of 2020

Toon City Animation: Building an inclusive animation industry

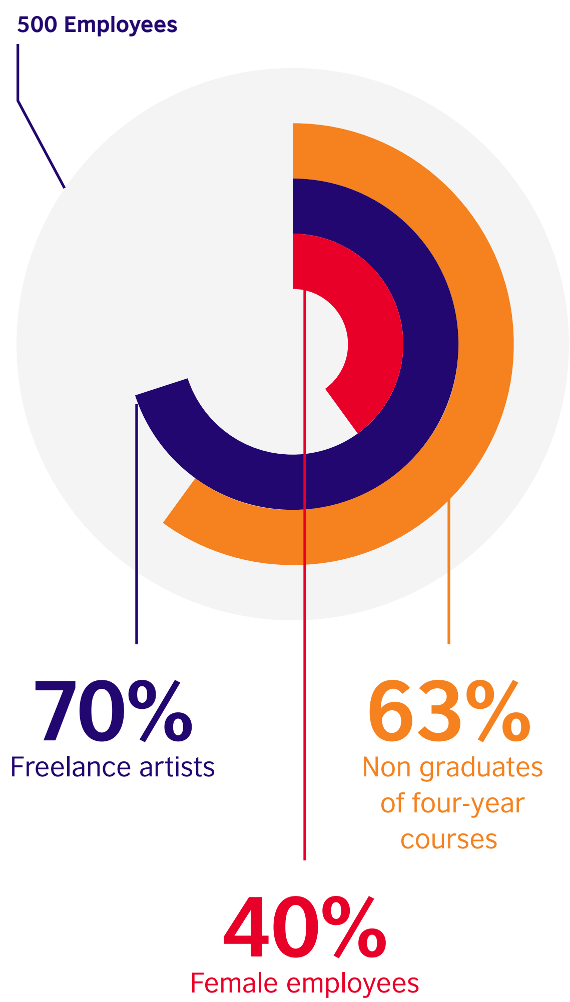
Toon City Animation, the 22nd best animation studio in the world, is home to some of the best artists. The studio has been behind over 100 titles of films and TV shows and proves to the global stage that the Filipino artist is unparalleled and worthy of recognition. Such unique Filipino treasures demand to be saved and kept in this side of the world by ensuring that the level of skill and quality of work are continuously honed and developed. But Toon City, a well-known service provider, is still faced with the challenge of maintaining delivery and quality outputs to its clients.

Toon City, together with its content development arm, Toon City Academy, slates a bold roadmap to instill various digital centres all over the country through a highly-collaborative public-private partnership (PPP) as a means to achieving this vision. By doing so, training and employment for these artists are made more inclusive and accessible, and will exponentially grow businesses, local economies, the animation industry, and even the creative industry as a whole.

63 per cent of Toon City's current 500 employees are not graduates of four-year courses. 70 per cent of its workforce are freelance artists. 40 per cent are female employees who, according to President and CEO Miguel Del Rosario, are excelling in specific production stages such as painting, monitoring, and project management. Before Miguel's leadership, the average age of employees was 43, and now it has dropped to 26 years of age. Toon City has been inclusive of PWDs as it currently employs individuals who are deaf, mute, and live with Asperger's syndrome.

Toon City calls on and rallies colleagues and stakeholders, to take part in such a commitment in order to continuously move up the ladder from being the 22nd to becoming the 1st.

Figure 20: Toon City's current employee profile



Xentrix Toons: Youth empowerment in the course of business expansion

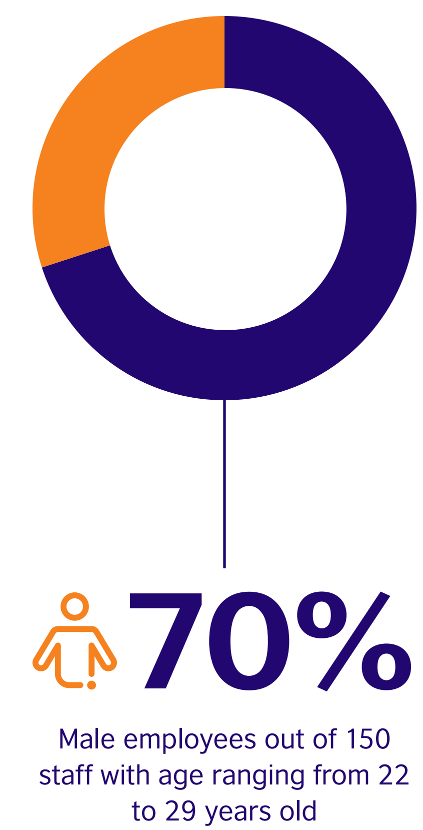
Xentrix Toons was founded in 2016 and provides animation production services for its clients, who handle all pre-and-post production work. The company has quickly grown over the past three years due to its successful in-house animation training programme, which has graduated seven groups totaling around 140 interns, and allows the company to continuously train and hire manpower to work on and deliver products to its clients from around the world. The company has just under 150 employees, with staff age ranging from 22 to 29 years old, of which 70 per cent are male.

Xentrix Toons' main market used to be made up exclusively of European and American clients, and this has expanded in recent years to include Asian companies. Xentrix Toons has also seen a rise in content creation for various multimedia platforms. They have responded to this increased competition by differentiating itself through co-production and the creation of original intellectual properties. This has also enabled the company to increase its social and cultural impact, while support would enable it to maximise its social impact potential as a social enterprise.

Xentrix Toons acknowledges that it has limited reach, thus has limited impact. Given its high potential to have a greater impact, it is increasing the numbers of skilled and employed youth, and continues to partner with educational institutions and other organisations to expand and share its in-house training programme for animators. The organisation also acknowledges that additional investment and manpower would be necessary for the expansion of Xentrix Toons client portfolio.

The company aims to move beyond its core competency of 2D animation towards game development and 3D animation. It plans to create its own original IP, as well as engaging in co-production projects as more than just an outsources firm.

Figure 21: Xentrix Toon's current employee profile



Cordillera School of Digital Arts (CSDA): Carving a niche in the creative sector

The Cordillera School of Digital Arts (CSDA) is one of the few digital animation schools located outside of Metro Manila. It was established in 2007 with a social mission to develop globally competitive graduates in digital animation, equipped with the skills to have a professional career in the creative industry.

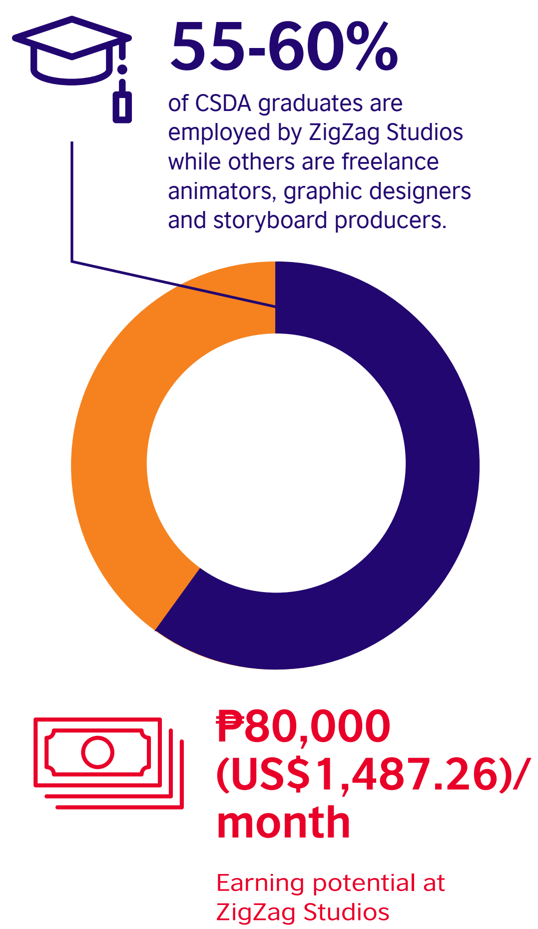
Alongside CSDA, a digital animation studio called ZigZag Studios was established to provide an immediate workplace for graduates of the school. CSDA has had more than 300 graduates since its establishment, and the majority are already employed. Between 55-60 per cent of CSDA graduates are employed by ZigZag Studios, while others are freelance animators, graphic designers and storyboard producers. CDSA continues to expand its linkages abroad to be able to link its students with ZigZag Studios projects. At ZigZag Studios, the earning potential reaches as high as PHP80,000 (USD1,487.26) a month.

The social mission of CSDA is aligned with that of TESDA, the Philippines' focal agency for providing scholarships to those who were not able to finish any formal education. CSDA therefore partnered with TESDA, along with small organisations, for the provision of scholarships to out-of-school youth.

To supplement the irregularity of scholarships, CSDA developed its curriculum to provide a regular paying programme on digital animation. The primary concern of Mr. Raul Boncan Jr., President of CSDA, is that with the growing opportunities in digital animation worldwide, the Philippines may miss the mark if there is no solid support for the industry.

While digital animation contributes to the country's revenue, it still lacks recognition in the creative sector as a creative force. Policymakers in government and the private sector can realise the goal of the Creative Economy Roadmap 2030 by giving schools and studios tax breaks, incentives, soft loans and more scholarships for talented Filipinos. Doing so will make it possible to reach the Philippines' goal of increasing the economic contribution of the digital animation industry. Strong government support for digital animation can boost the sector's capacity, widen the client-base and employ more skilled Filipino animators.

Figure 22: CSDA graduates employed by ZigZag Studios



Cybercraft Philippines: Cross-sectoral hub for startups producing Filipino digital and creative original intellectual properties

Cybercraft Philippines was founded in December 2019 as an association of 15 companies from the digital creatives industry that bring together subsectors such as film, video game development and animation. The 15 companies are Kino Arts, Tictoc Games, Buko Studios, Veer Immersive Technologies, Inc., Drix Studios, ShapeCloud PH, ShapeCloud 3Dpsy, Ops8, BlackOps, Anden Arts, Norman Goss Training Services, Titam Enterprises, Studio Enero, Keybol Games and Most Played Games.

The association acts as enabler of Filipino startups focusing on digital and creative original intellectual properties (DCOIPs) in contrast to the emphasis on outsourcing processes prevalent throughout the industry. Although the breadth and scope of the industry has meant that issues, markets, and support structures vary among subsectors, the association plans to encourage the creation and strengthening of digital creative startups through activities geared towards the digitally-inclined creative youth, such as training programmes and events that promote the DCOIPs of member companies.

The breadth and diversity of Cybercraft's scope means that the association's planned activities tangentially intersect with other causes beyond its main emphasis on cultural appreciation and heritage preservation. Half of Cybertcraft's board are women, and youth engagement is directly addressed by the association's plans, mostly due to its planned inclusion of streaming as a subsector.

Cybercraft's social mission is fundamentally tied to its advocacy of promoting cultural heritage through the development of DCOIPs, in contrast to the outsourcing model prevalent throughout the industry. The development of a successful DCOIP would allow local creatives to effectively generate more income as owners and creators while showcasing products based on the Filipino experience. However, Cybercraft Philippines President Ranulf Goss noted that simply having a social mission does ensure the sustainability of creative enterprises and that there is no inherent monetary value in having a social mission without a fundamental shift in the market towards social good. In this sense, creative enterprises are not yet inherently social, as indicated by the current market emphasis on outsourcing. Consequently, Cybercraft's advocacy of cultural heritage awareness and preservation would effectively point the industry towards enabling the reinforcement of traditional Filipino culture while shaping contemporary culture.

As a startup, the company is confronted with funding issues. Its main challenge is ensuring profitability on its initial projects while enduring its infancy and systems are developed. There is also a need to market products and services' uniqueness, which is even more important to reduce vulnerability in the wake of Covid-19.

Cybercraft plans to advocate for policies that create a more conducive business environment for innovative startups. While creative enterprises are not inherently social, the development of startups focusing on DCOIPs can have great indirect social impact, not only as a source of livelihood, but also as a medium for reinforcing and shaping the Filipino cultural landscape.

Veer Immersive Technologies: Creating entertainment and business solutions using immersive technologies

Veer Immersive Technologies is disrupting training and education using virtual reality and augmented reality (VR/AR) technologies. In less than five years of operation, they have already created products that serve long-term positive impact to clients, starting in aviation training and subsequently expanding to other industries. This has helped in fulfilling the business' vision to help companies connect to people in meaningful ways using immersive technologies.

Veer's measurement of success is simply to develop as many products using the technology and apply it to as many industries as possible. Full realisation of their vision means addressing internal challenges like financial sustainability; and awaiting the market's recognition of the technology's value-adding benefits to enterprise solutions to adopt into their business activities.

While Veer Technologies operates in a traditional business framework with no intended direct social impact, their social mission is expressed through the team's continuous active involvement as volunteer-members in their online community group.

With over 4,000+ members on Facebook, VR Philippines serves as an avenue to share their passions and knowledge in VR to other people who are exploring that space. The online community group is composed of different talents – from content creators and innovators to enthusiasts who want to learn about the technology and who hope to establish their own startup. Outside the workplace, team members organise various events to enable different social groups – college students, elderly, children battling illnesses – to learn and experience immersive technology.

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In less than five years of operation, they have already created products that serve long-term positive impact to clients.

As the world awaits its post-Covid-19 future, many startups and MSMEs like Veer Technologies are now searching for ways to bounce back from the abrupt economic and social disturbance caused by the pandemic. Veer Technologies is looking deeper into its own networks for other opportunities to promote immersive technology.

KENNETHCOBONPUE: Growing the brand beyond furniture

Kenneth Cobonpue developed his passion for design and creating things at a very young age. Coming from a family of furniture artisans, he pursued industrial design studies, receiving training in Italy and Germany. This made him comfortable to work with traditional artisan groups and modern machines. When Cobonpue returned to manage the family business, he established his own brand and continued to work with Cebu artisans. It was challenging for his brand to be accepted in the upscale market, which was his primary target. His challenges were rooted in changing existing market perceptions of the Philippine brand as poor quality and cheap.

Breakthroughs and opportunities arose for Cobonpue upon receiving government support and together with a group of Filipino designers called Movement 8, he participated in major furniture fairs in Spain, Italy, etc. where his pieces stood out. These opportunities propelled his brand to his success today, demonstrating masterful ways of integrating nature, traditional craft and innovative technologies, which earned Cobonpue prestigious international design awards. His design passion continues to this day – whether training young designers in his shop, or through schools and designers' groups he helps to organise. He continued to volunteer his services for free to national government projects (i.e. in airports and parks) as his contribution to build the value of the Philippine brand.

A total of 280 personnel work for the company with about 64 per cent involved in production and operations and 36 per cent in the marketing and administrative support units. The company also works with nine subcontractors for furniture parts (e.g. metal framing, weaving of rattan, upholstery, ceramic components, etc.). These contractors are largely backyard producers of furniture that have worked for companies in Cebu's creative industry for decades.

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As a creative and social enterprise model, KENNETHCOBONPUE has also its share of challenges particularly in working with its subcontractors. For example, the diminishing number of skilled workers in the industry where many are in their 50s and where young people are not filling those roles, has been a challenge. Subcontractors also lack the tools and experience to produce quality outputs. Thus, the company has helped subcontractors to purchase their equipment, provide additional training and supply raw materials. Subcontractors typically operate in an informal setup, yet the government now mandates big companies to require official receipts (ORs) from their subcontractors for payments. This requirement of the government has been challenging for subcontractors who lack capital to comply.

All things considered, Cobonpue expressed his amazement that the local market had been experiencing an uptrend which is beneficial for the local furniture industry. Filipino buyers are increasing appreciation of design and of local brands, opening avenues for future growth.

De La Salle-College of St. Benilde, School of Design and Arts: A learner- centred education for the creatives

The School of Design and Arts (SDA) of De La Salle-College of Saint Benilde was established in 1995 and is one of the largest schools of the college. SDA offers a wide scope of degree programmes in specialised creative disciplines that meet the demands of today's information-driven world. It is for creative minds, providing a venue that stimulates students to think outside of the box, shift perspectives, and innovate ideas.

SDA is socially conscious about its students being part of the country's cultural capital for nation-building. To prepare and help sustain an SDA young creative as they carve their own niche in the real world, they are exposed to the concepts of flexibility, resilience, innovation and creativity while still in college, regardless of the courses they are pursuing.

SDA's courses are being treated both as an artistic endeavour and as a practical occupation for young people to eventually earn a living with. SDA faces some realities and challenges that impact on how the school is being managed and run: from the internal and external bureaucracy that influences the technology they use for teaching, to the kind of ingenuity that its teachers and students develop, among others.

SDA targets individuals who are drawn to SDA's innovative learner-centred educational system. They have introduced some innovations in their teaching approach: having practitioner faculty members, modular class and ensuring that their students are trained to become multi-skilled graduates.

SDA's social mission is aligned with De La Salle-College of St Benilde's, which places emphasis on the concept of inclusion. For one, SDA's social mission is mainly sustained financially by the revenue earned from school tuition fees and donations from alumni, donors and other philanthropic individuals and institutions.

With its access to some government agencies, SDA is able to contribute to the re-fashioning and creation of viable programmes in education with regard to the culture and the arts. These programmes in turn serve as support to the educational institutions in the country who deal with the creative industries. From an academic perspective, policymakers and decision-makers, whose role it is to uplift the plight of the creatives industry, should see the value of the individual behind every art or design endeavour. SDA believes that creative industries, including the arts, are not just an income source, but a way to convey what is important in finding solutions to social challenges worldwide.

SDA has introduced some innovations in their teaching approach: having practitioner faculty members, modular class, and ensuring that their students are trained to become multi-skilled graduates.


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SoFA Design Institute: An educational and cultural organisation that promotes design leadership

SoFA Design Institute considers itself as the first specialised design college in the Philippines. It aims to develop passionate visionaries who will shape and lead the world of design through its SoFA method of promoting design leadership.

SoFA enables an educational infrastructure that melds Philippine educational approaches and international perspectives vis-à-vis local design and creatives industries. To realise this, SoFA has identified systems, practices and values that were appropriate for the pedagogy to which the school adheres. It has also aimed to ensure that students are empowered individually as it places more focus on individual skills and capabilities rather than collective success. Structurally, SoFA has also made a conscious effort to limit its class size to maximise student-teacher interaction and individual learning.

The Philippine economy has become more dependent on global forces and SoFA is positioning itself to be what it hopes as the strongest, organically developed design school in the Philippines and Southeast Asia. SoFA is perceived as a place that offers students the training for leadership with respect to design thinking and design leadership. Aside from being an educational institution, SoFA would also like to be considered as a cultural organisation, since designers are also considered as arbiters of culture.

The partnerships and collaborations that SoFA has created, with other organisations and practitioners in the field respectively, have allowed SoFA to be in contact with communities and pursue its social mission. At the very least, SoFA ensures that the work that their design students create does not contradict their values and at best the designs support those very fundamental human values. SoFA considers design as a way of life such that there is a possibility that it can bring change in society. There is a disconnect between the community and designers on what designers do—especially the value of design—not only on the part of the government but within Filipino culture as a whole. This is one of the reasons why SoFA continues to illustrate that Philippine culture design can bring so many positive benefits, and is just as valuable as other professions for equitable and fulfilling employment.

There is a need for the Philippine government to invest in resources needed to help evolve a creative infrastructure that will be productive. These include ensuring the value of design as a profession is seen as valuable and improving the educational infrastructure especially for the design curriculum. Making fundamental changes in the creatives industry seems to be very challenging given the political, social and power relationships in society. However, changes can be done at the edges within the creative economy. The Philippine government has to make time, space and money available to the people who can make those contributions.

Voyage Studios: Fighting to live to tell the Filipino tale

Voyage Studios is one of the country's leading independent content creating, film production studios. The studio utilises its linkages within the industry to create world-class, award-winning films and documentaries. This mindset for cooperation and collaborative work has allowed them to provide the best services, which in turn has helped build their brand and reputation within local and international communities.

The company is headed by Director Baby Ruth Villarama who is well entrenched within the industry's associations. This network enables her to implement projects and policies that are beneficial to all filmmakers and service providers alike. Voyage's leadership believes that filmmaking is a platform for effectively conveying not only stories, but also ideas, beliefs and social commentaries that can be shared widely. This art form is already appreciated in globally and there is room for the Philippines to meet this growing demand.

There are many promising talented creatives, but opportunities are difficult to find. Thus, with the support of the National Commission on Culture and Arts, Voyage and its proponents have been reaching out to creatives to ensure they have a future in the industry. Giving special attention to those outside of Metro Manila, the initiative can access very specific advocacies through the content they facilitate the distribution for.

Although many factors have been playing a role in the slow growth and development of the local independent film industry, Voyage has been conducting its operations with small, incremental changes that are geared toward achieving several long-term goals which benefit the entire industry.

For every project, there is an average of around 20 to 30 creatives, artists, production crew and deployed personnel. Their services are provided from the development and pre-production stage up to its release and distribution to movie houses. While this number may vary depending on the magnitude of the project, a consistent number is regularly employed since there are no low seasons for Voyage's projects and its other film-related activities.

Figure 23: Creatives, artists, production crew and deployed personnel per project on average by Voyage Studios

In one project:

20-30 Creatives, artists, production crew and deployed personnel per project on average

> 'Through film, Filipinos will be able to tell their version of a story and that same story will have a chance to live on far beyond their creator's lifetime.'
>
> Chuck Gutierrez
> Voyage Studios

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Social enterprise, impact and inclusive growth

The sections below highlight definitions of key terms such as social enterprise (both as it relates to Philippine-based definitions as well as international ones), social impact and inclusive, sustainable growth.

Following that, the intersection between creative enterprises and social impact illustrates key mechanisms through which creative enterprises are successful in achieving these intended outcomes, using ten case studies to demonstrate specific examples.

Practical discussions and definitions

This section provides an assessment of practical discussions and definitions for social enterprise, social impact and inclusive and sustainable growth.

Social enterprise

While much work has been done to define and assess social enterprise and impact both in the Philippines and globally, to date there does not exist a standardised definition or approach domestically or internationally. As of 2020, the Philippine Congress has been reviewing the matter in the form of a *Poverty Reduction through Social Enterprise* bill calling for tax exemptions, social government procurement policies, funding, special credit windows with lenders, programme support for market development and education, capacity building and the development of a Social Enterprise Council.

Bayan Academy Founder Dr Eduardo Morato defines social enterprise as a private sector entity that commits a majority of its net financial proceeds to go back to the community. Social enterprises act as a forum for self-help and a mechanism for attaining dignity, endeavouring to uplift the quality of people's lives. In short, social enterprises exist not just for profits, but for social goals.[46]

[46] Morato, 199

In 1994, when the Asian Institute of Management published the first ever text and case book on Social Entrepreneurship and Enterprise Development, the author prefaced the work by lauding 'social entrepreneurs who dedicate their lives to create wealth for others and not for themselves. The social entrepreneur strives to assist the economically disadvantaged of society by establishing social enterprises. These enterprises are differentiated from business firms since they exist not just for profits but for social goals as well that go beyond enlarging the corporate coffers. They exist for a community of worker-owners that collaborate and cooperate rather than compete with each other. Their motivation to attain prosperity is matched by their commitment to equity.'[47]

The British Council, in its report entitled Reaching the Farthest First, adopted a tripartite criteria approach to classifying social enterprise, including (i) whether the organisation has social impact as a core mission, (ii) where less than three quarters of the organisation's income was derived from grants, and (iii) -- remove period inside the parentheses.[48]

Put differently, social enterprises can be distinguished from ordinary business enterprises by their resolve to carry out their social purpose and by their clear-cut social impact measurements which go beyond economic viability. This means that social enterprises would place as much, or even higher weight on their social impact bottom lines than on their financial bottom lines. An assessment of local and international approaches was undertaken to inform the scope and definition of social enterprise in the Philippine context for this study.

Nordicity has posited several definitions of the concept of a 'social enterprise' for the purposes of defining in the context of this study. There is a link between 'creative hubs, makerspaces and co-working spaces' and social enterprises that will be explored through this research.

Defining social enterprise

This study has considered approaches and definitions of social enterprise from the history of the Philippines, the Southeast Asia region and globally, and settled on the localised definition adopted in Reaching the Farthest First report by the British Council in the Philippines.

This definition is the most recent and wide-ranging in its approach of those in the literature review. It doesn't require a social mission to be a 'priority' but can be more subjective as 'jointly' mission driven.

This study has adopted the definition for a social enterprise applied in the Reaching the Farthest First report: 'an organisation that is at least 'jointly' missioned/environmentally driven (if not core) and not relying on more than 75 per cent of income to come from grants.' More broadly, our literature review of definitions and approaches to social enterprise are listed on the next pages.

[47] Chapter One of Dr. Eduardo A. Morato, Jr.'s book entitled – Social Entrepreneurship and Enterprise Development (Text and Cases), 2019.

[48] British Council. Reaching the Farthest First: The State of Social Enterprise in the Philippines. www.britishcouncil.org/sites/default/files/the_state_of_social_enterprise_in_the_philippines_british_council_singlepage_web.pdf

Table 5: Global approaches to defining social enterprise

Source	Definition of social enterprise
Dr Eduardo Morato, Bayan Academy	Bayan Academy defines social enterprises as a forum for self-help and a mechanism for attaining dignity. It endeavours to uplift the quality of lives of its members and their families. They exist not just for profits but for social goals. (Morato, 1994).
Social Enterprises and the Poor: Transforming Wealth, Marie Lisa M. Dacanay	Social Enterprises with the Poor as Primary Stakeholders (SEPPS) is a 'social mission-driven wealth creating organisation that has a double or triple bottom line (social, financial, environmental), explicitly has as a principle objective poverty reduction/alleviation or improving the quality of life of specific segments of the poor, and has a distributive enterprise philosophy.'
British Council	Social enterprises are businesses which trade in order to address social and environmental problems. They generate income like other businesses, but reinvest all or most of their profits into their social mission.
Grantmakers in the Arts	The social entrepreneur creates an enterprise that is both mission driven and market focused, with the mission being just as important as the return. The mission and vision of the institution help to determine the return and define how problems will be solved and how opportunities will be taken advantage of through the enterprise. Creative enterprises must stay focused on the market as well in order to remain financially viable. For the most part, the impact investing community seems primarily interested in the altruistic form of entrepreneurship that focuses on the benefits that society may reap. Entrepreneurship in this case becomes a social endeavour when it transforms social capital in a way that affects society positively.
Scottish Government	The Scottish Government defines the 'third sector' which includes charities, social enterprises and voluntary groups, delivers essential services, helps to improve people's wellbeing and contributes to economic growth. It plays a vital role in supporting communities at a local level. More specifically, social enterprises are businesses with a social responsibility who reinvest profits into their community, locally or across the world. The Scottish Government supports social enterprise by investing in its ecosystems of support, in order to make Scotland a fairer and more equal place.
Social Enterprise UK	Social Enterprise UK defines social enterprises as businesses that: • have a clear social and/or environmental mission set out in their governing documents • generate the majority of their income through trade • reinvest the majority of their profits

(Continuation) Table 5: Global approaches to defining social enterprise

Source	Definition of social enterprise
	• are autonomous of the state • are majority controlled in the interests of the social mission • are accountable and transparent
British Council DICE Fellowship Pakistan, by Nordicity	A social enterprise is any business that aims to have a positive social change and can range from a theatre and performing arts company or a mobile application developer to a graphic designer or a film production company. A social entrepreneur is an individual who has set up a business or micro-enterprise to develop, support and implement solutions to social, cultural or environmental issues. The main aim of a social enterprise is to generate a positive 'return to society'. Social enterprises can seek to generate profits, but their main aim is to deliver positive social impacts. Often, social enterprises devote their profits to reinvesting in the community or into the social enterprise itself. This enterprising approach makes social enterprises more sustainable than non-profit organisations that rely on subsidies and grants.
Social Enterprise Alliance (United States of America or USA)	The Social Enterprise Alliance defines a 'social enterprise' as 'an organisation or venture that advances its primary social or environmental mission using business methods.'
Rodney Trapp, George H. Heyman, Jr., Center for Philanthropy and Fundraising, New York University School of Professional Studies	'The social entrepreneur creates an enterprise that is both mission driven and market focused, with the mission being just as important as the return. The mission and vision of the institution help to determine the return and define how problems will be solved and how opportunities will be taken advantage of through the enterprise. Creative enterprises must stay focused on the market as well in order to remain financially viable. For the most part, the impact investing community seems primarily interested in the altruistic form of entrepreneurship that focuses on the benefits that society may reap. Entrepreneurship in this case becomes a social endeavour when it transforms social capital in a way that affects society positively.'

Social impact

Across all definitions of social enterprises above, a consistent part relates to social or community benefit, or 'social impact.' While this term is an increasingly commonly used term, it remains amorphous and hard to define with an all-encompassing definition. According to an impact investing organisation Good Finance, it is the 'effect on people and communities that happens as a result of an action or inaction, an activity, project, programme or policy.'[49] A more simple definition comes from the US-based Wharton School of Business, who define it simply as 'the effect an organisation's actions have on the wellbeing of the community.'[50]

Inclusive and sustainable growth

While social impact is often used at the organisation level, the term 'inclusive growth' has been used widely in the international development arena and has been interpreted differently by different agencies. The United Nations Development Programme (UNDP) has defined inclusive growth as participation and benefit-sharing by all by ensuring the participation of everyone in the growth process and sharing the benefits of growth equally (Organisation for Economic Co-operation and Development (OECD) Secretariat, 2014). According to the British Council, inclusive growth means 'working with and for all levels of society in order to reconcile the divide between economic growth, and rising poverty and inequality.'

Within the broader academy of inclusive growth though, there are several organisations developing more concrete means for assessing inclusive growth.

At the core these focus on shifting away from quantity towards quality and from exclusion to inclusion. Examples include:

- The European Commission, which has worked on the issue of inclusive growth for a decade, has outlined a roadmap for new indicators that includes up-to-date measures on environmental protection and quality of life, distribution between income, health, education, and environmental quality, overall sustainability and social issues.
- The OECD has launched a Better Life Index, which provides an interactive tool for users to identify countries that align with their preferred indicators of well-being.
- The New Economics Foundation provides a similar platform for its Happy Planet Index.

Speaking specifically to sustainable development, it is most often defined as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs.'[51] While development has been commonly measured in terms of GDP, sustainable development practitioners often suggest GDP is simply a means and not an end. That is, 'the ultimate goal remains one of raising the quality of life of the average person.... And quality of life means more than just consumption.'[52]

49 www.goodfinance.org.uk/latest/post/blog/social-impact-what-it-how-do-i-measure-it#:~:text=Social%20impact%20is%20a%20term,1%2C710%2C000%2C000%20search%20results%20on%20Google.&text=And%20how%20can%20you%20make,%2C%20project%2C%20programme%20or%20policy.

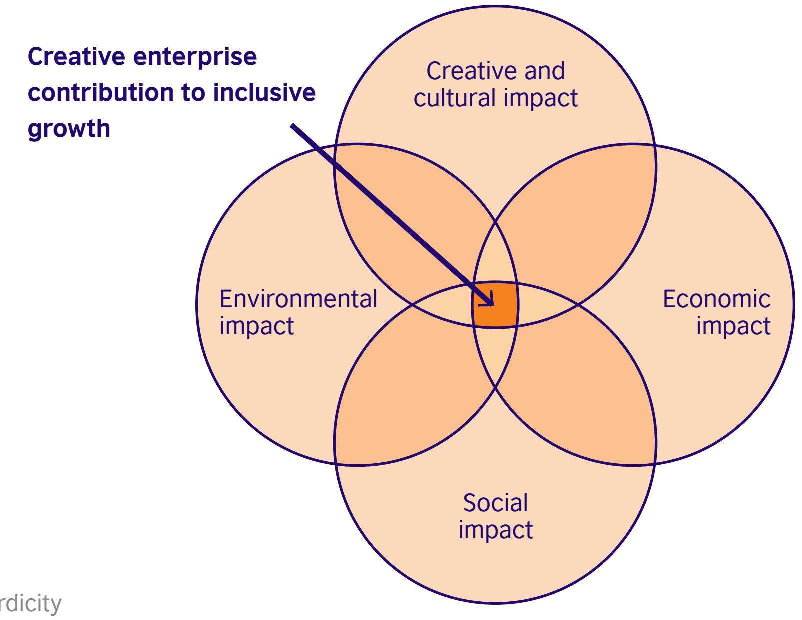
50 www.kwhs.wharton.upenn.edu/term/social-impact/

51 www.sustain.ucla.edu/about-us/what-is-sustainability/

52 See Banerjee & Duflo (2019), p. 205.

The intersection between creative enterprises and social impact

Figure 24: The intersection between creative enterprises and their impacts



Source: Nordicity

The intersection between social enterprise and creative enterprise is the ambition to have an impact –social or cultural. In many cases these two converge. Creative entrepreneurs and social entrepreneurs share the same social ambitions and often contribute towards the UN Sustainable Development Goals (SDGs), many with knowledge and intent, and others unknowingly.

While a creative enterprise has a unique role in supporting inclusive growth, it can be particularly compelling in developing economies, as those within the population shifting from rural to urban are often young and have an aptitude for technology and creation. Indeed, this mix of social and creative ecosystems transcends cultures and countries, facilitating cultural diplomacy, exchange and commerce across different peoples from around the world. Rodney Trapp of the New York University School of Professional Studies notes that '**artists are serving as social innovators in developed nations throughout the Global North as well as playing an important role in retaining the vital support system of millions at the bottom of the pyramid in emerging nations in the Global South.'**[53]

While much work has been done globally to explore the approach and definitions for creative enterprise, social impact, sustainability and industry success across the world, this report is the first time these areas have been analysed together in this way in the Philippines and indeed for much of the SEA region.

[53] Trapp, Rodney. The Creative Social Enterprise: An Impact Investment. Grantmakers in the Arts (July 2015). www.giarts.org/article/creative-social-enterprise-impact-investment

The metrics: Proposed indicators of sustainability in the creative sector

As part of the interim report, an excerpt from Dr Eduardo A. Morato, Jr.' s The Triple Bottom Lines and Triple Strategic Innovations of Social Enterprises (2019) illustrated the three bottom lines that social entrepreneurs pursue to achieve their social missions through enterprising organisations in very creative and innovative ways. Social enterprises strive to attain a good balance in the pursuit of their three bottom lines: the PESO bottom line, the PEOPLE bottom line and the PLANET bottom line. These translate into enterprise viability, social impact and environmental conscientiousness.

The Peso metrics solely focus on the sustainability of the social enterprise itself and the relevance of its avowed social mission.

Table 6: The economic and financial enterprise viability metrics (Peso metrics)

Financial returns	**Profitability**	**Return on sales, return on assets or investments and return on equity**
	Liquidity	Current ratio and acid test ratio
	Activity	Asset turnover, inventory turnover, collection of receivables and cash flow sufficiency and continuity
	Solvency	Total debt to equity ratio, assets to equity ratio and long-term debt to equity ratio
	Market competitiveness	Sales volume generated, market share derived, market reach attained and market range of products and services offered to the different segments of the market
Market returns	Value-added of all the goods and services produced and sold by the enterprise and can be expressed in terms of economic rates of return	Economic returns include the economic returns for social enterprises are particularly concerned about how 'inclusive' the value added to the economy is, meaning, what economic benefits accrue to the poorer, more marginalised and more vulnerable segments of society.

Table 7: The social impact metrics (People metrics)

Beneficiaries	**Net take home pay**
	Better quality of life
	Tangible and intangible benefits reserved
Customers	Meet quality, quantity, delivery and price expectations
Employees	Decent pay
	Safe and secure workplace
	Achievement of hierarchy of needs

Table 8: The environmental metrics (Planet metrics)

Quality of soil, air and water
No negative impact on sustainability
Natural resources made more productive without causing long term deterioration

Dr Morato posits that the three PLANET metrics also revolve around three parameters. First is to monitor and evaluate the environmental impact of the social enterprise through the quality levels of major environmental indicators which the social enterprise might affect: quality of air, quality of water, quality of soil and bio-diversity (quality of life of animals and plants). There are technical standards set by the government and international organisations on what constitute quality. Within the quality standards are the quantity expectations (e.g. water table level, oxygen content, degree of soil erosion, preservation of all endemic species, number of trees).

Second is to assess the negative consequences on the environment that the social enterprise might cause to be less sustainable. This includes the waste and the pollution contributed by the social enterprise, the diminution of natural resources and the unnecessary utilisation of environmental largesse. The waste, pollution, diminution and poor utilisation of resources have their own economic and social consequences that can also be quantified and monetised. Sometimes, there are high economic values generated but far higher social costs incurred. The mining industry, for one, may generate a lot of income for the government and private corporations but may wreak havoc on agricultural lands, rivers, seas and the health of the people working or living in the area. The former (economic benefits) can be ranged against the latter (social costs).

Third is to account for how much the social enterprise has contributed to enhance and improve the productivity and long-term sustainability of the natural resources. Some social enterprises may be actively involved in repopulating the fish in the seas, the forest cover in the mountains and the farms in the agricultural plains in order to increase the long term benefits of water, upland and lowland resources. Ensuring that wastes and rejects are recycled would also drive productivity up and assure sustainability.

Artwork credit:
Archie Oclos, 'Suong, Sulong', 2017

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The cultural and creative metrics

Creative enterprises deliver creative outputs and impacts. They also deploy creativity throughout their activities and processes through methods such as design thinking, human centred design and people-led ways of working and adopting creativity in problem solving. Metrics for capturing these cultural impacts include:

- Artistic and cultural acclaim and recognition
- Community building
- Creation and promotion of intellectual property rights
- Cross-cultural understanding, cultural cohesion
- Cultural appreciation and heritage preservation
- Cultural capital
- Cultural innovation
- Cultural relations and soft power
- Identity building
- International and cultural relations
- Intrinsic, artistic value
- Placemaking
- Valuing culture and appreciation

The intersection of creative enterprises and social impact in the Philippines, meanwhile, would include the economic, social and environmental impacts, with the express inclusion of cultural impacts – ultimately contributing towards wider sectoral impacts and enabling impacts.

Impact metrics for creative enterprises

Proposed indicators for creative enterprises with a social impact are categorised below in the fields of economic, social, cultural and environmental impacts on an enterprise level, a sector-wide level and on a policy (or enabling) level. Given the nature of all enterprises, be they social enterprises or otherwise, a number of the indicators are standard across all businesses, while other indicators are tailored for the creative sector and for social impact. Achieving these business successes first, the enterprises will be enabled to better achieve their social mission and cultural contribution.

The indicators can be prioritised in different ways, and 'scalability' and 'growth' are not assumed to be a priority measure. These metrics should be based on the aims and ambitions of the enterprise itself, or of any programme that is working with them.

The following table is a combination of the findings from the interviews, focused group discussions and case studies alongside secondary research, with analytical insight from Dr Morato.

Table 9: Sustainability indicators for the creative sector

Enterprise-level				Sector-wide level	Policy-level
Economic	**Social**	**Cultural**	**Environmental**		
Revenue growth	Increased number of creative spaces or hubs	New or original works and events (including Intellectual property rights)	Quality of soil, air and water	Improved social mobility	Supportive policies and programmes
Job creation	Growing community participation	Celebration of heritage	No negative impact on sustainability	Increased social equity	Linkages to markets
Available human resources	Integration of social issues	Quality of the works	Reduced consumption of energy and water	Inclusive growth	Access to venues and fairs
Competency in business practices	Equal opportunities for employment	Increased appreciation and valuing of culture	Volume of waste disposal, reduction of waste disposal, volume of recycling and reusing	Highly skilled and well compensated labour force	Investments

(Continuation) Table 9: Sustainability indicators for the creative sector

Enterprise-level				Sector-wide level	Policy-level
Economic	Social	Cultural	Environmental		
Stronger branding	Strong participation of women or gender parity	Reflecting people and society	Reduced carbon footprint	Manufacturing capacity	Training and education
Lower production costs	Net take home pay	Placemaking (when and where cultural activities occur)	Reduced reliance on or impact of travel, transport and shipping	Network of support	Technology (e.g. connectivity)
Inclusive growth	Better quality of life	Number of cultural workers and creatives employed	Investments in environmental sustainability	Stronger links to service and other sectors	Increased incubators and accelerators
	Meeting the customer expectations of quality, quantity, distribution and price	International collaboration and engagement	Presence of an environmental policy	Marginalised groups represented	Sector leadership
	Fair or decent pay for employees	Press and media coverage	Self-reporting on environmental impact	International recognition	Advocacy
	Safe and secure workplace for employees	Awards, reviews and accolades	E-waste	Increase in GDP	Inclusivity, diversity and equity
	Volunteering	Innovation of the works	Consumption of energy (and sustainability of energy consumed)	Increase in employment	Design thinking and problem solving
	Health and wellbeing	Preservation of culture		Increase in tax revenues	Contribution to soft power and government relations
	Diversity and inclusion				Tourism and cross-cultural cohesion and understanding

Contributing to inclusive and sustainable growth and social impact

Creative enterprises in the Philippines contribute towards inclusivity and social impact in a plethora of ways as described throughout this report. This research has found a number of examples of the social contributions to inclusive and sustainable growth.

Creative enterprises can serve as a platform to showcase some of the best creative products from the Philippines. Enterprises in the country are aware of their role in promoting Philippine culture. Given the diversity of Philippine cultures, which includes those of indigenous peoples (IPs) and Muslim Filipinos, there is a need to acknowledge them as a source of inspiration for these products. The creative sector can gain a lot when it collaborates with indigenous communities. However, there is also a need for sensitivity and truly inclusive and people-led approaches to collaborating, such as recognising community intellectual property to avoid issues of cultural appropriation or even misappropriation for commercial purposes (NEDA).

'Creativity for social impact' has become a growing trend within the industry and NEDA supports initiatives that encourage and incentivise design innovations for the social good. It is also pushing for Filipino designers to take inspiration from the diversity of cultural expressions within the Philippines as they promote their products beyond the country's borders.

Indeed, the opportunities for creative enterprises to play a role in the social impact sphere are still nascent. Many creative enterprises have yet to reach the benefits of the growing social enterprise sector (e.g., in the form of grants and impact investment), and have the opportunity to follow in the footsteps of other sectors further along in this field such as energy and education, as highlighted by Rodney Trapp in his 2015 article 'The Creative Social Enterprise' on giarts.org.

Social impact investment in the creative industries

'The majority of financial asset owners and managers that invest for social impact do not consider the creative industries a target sector for these types of investments.'

Jarji and Jackson 2012; Lyons and Kickul 201;, Rodney Trapp in his article 'The Creative Social Enterprise' on giarts.org 2015

Do creative enterprises have a deliberate social mission?

A significant portion of the creative enterprises in the Philippines are motivated by social causes. While very few have established a deliberate social mission, eight of the ten case studies had achieved intended and unintended benefits. The motivations cited by creative enterprises for operating their businesses include having various forms of social and cultural impacts beyond generating a profit. Many creative enterprises have adopted a triple-bottom line (some knowingly and others unknowingly), in trying to achieve social and environmental benefits ranging from building a community, promoting social issues, causes and contributing towards advocacy and social justice.

Some creative enterprises have noted the value added to their business by having a social impact as a differentiator from their competition. Others have noted that their goods and services have a higher perceived value by their customers and are thus are able to command a higher rate of pay. The increased value is often derived from the storytelling behind the good or service, expressing the social impact. One FGD participant from Baguio City remarked that 'People buy because they appreciate if customers expose the why, the narrative behind the product'.

Each of the creative enterprises consulted with have varying degrees of a social mission. In some cases the social mission is direct and intentional and in others it is indirect and as ancillary benefit. Here are some other observations derived from the case studies:

- Creative enterprises need to articulate in terms performance indicators (measurable and quantifiable) of the enterprise, may it be financial, social, ecological or cultural, etc.
- The creative enterprises are positioned as businesses because first and foremost, they are enterprises. Their social mission is a direct result of their being a creative enterprise. This is primarily true for Emottoons, Toon City, Xentrix and CSDA where they have included in their vision and mission statements their concern to develop artists. Schools like SoFA Design Institute and DLS-CSB SDA have an intrinsic social mission as learning organisations.
- Cybercraft and Veer are startups that still need to clarify their social agenda. For Cybercraft, it is clearly indicated in its vision and mission its desire to recognise, promote and develop Filipino made original intellectual properties. However, it must determine how it actually wants to deliver on it. Veer, on the other hand, has a very business-oriented framework, but develops products that are able to help solve social problems.
- Kenneth Cobonpue's enterprise is both a creative and social enterprise. It has a business model that allows its subcontractors (local artisans) to be well integrated into its value chain.
- Voyage Studios has a vision and mission that are geared towards sharing its creative product to the world but the organisation has also become the facilitator of exchanging ideologies and a venue for freelancers and artists to fully express their crafts.

Does a social mission contribute towards sustainability or success?

The research has found there is a likely relationship between an enterprise having a social mission and their sustainability or success. The numerous ways in which the creative enterprises examined contribute to sustainability and growth are explored in this section. From the sustainability assessed in the ten case studies, a key success factor is ensuring the leaders of the enterprise have needed entrepreneurial know-how to run their business and make it sustainable. The creative enterprises examined have different appreciations or definitions for sustainability, which are generally surmised as a function of the financial performance of the enterprises and on how the different management areas of the enterprise are aligned with the overall sustainability model of the business. Accordingly, external forces affecting the enterprise may also affect sustainability.

Through the interviews, focused group discussions and case studies, creative enterprises expressed a relationship between their sustainability and their social mandate. While many creative enterprises lacked a formal social mission, many were driven by social causes or based their business decisions on social and cultural factors. Indeed, creative enterprises often viewed their own enterprise interests as being intertwined with societal and environmental interests, observing that 'what's good for society is good for their business'.

The social mission of five case study leads were expressed in the following ways:

- Veer Immersive Technologies defined its success as being able to develop as many products using the technology and applying it to as many industries as possible.
- Cybercraft's advocacy of cultural heritage awareness and preservation seeks to enable the reinforcement of traditional Filipino culture while shaping the contemporary cultural landscape.
- Voyage Studios prioritises its cultural and creative impacts. Its profits are sourced solely from the income generated by their services and production activities where they can produce around two to four movies every year aside from initiating local film festivals and other related events. Since their product is a creative output, its impact cannot be fully measured through any quantitative means. The output in this case is considered for the actual impact on the audiences who are able to see it.
- SoFA Design Institute views sustainability is a discourse rooted within the mandate of the enterprise. DLS-CSB SDA's social mission is mainly sustained financially by the income they get from the school tuition fees and donations from their alumni, donors and other philanthropic individuals and institutions. In this case, the role of creativity, innovation and technology plays an important part in the sustainability of the enterprise.
- For Cybercraft, Veer Immersive, Voyage Studios and Emottoons, their advocacy work was seen as a way to propagate their mission of creating awareness of their enterprise.

Direct and indirect social impact from creative enterprises

Creative enterprises have varying degrees of social impact based on both the intended and unintended outcomes of a company. These impacts can be categorised into four general categories: (i) social impacts, (ii) environmental impacts, (iii) cultural impacts, and (iv) economic impacts. While some companies seek to address each category in equal measure, it is more common for enterprises to focus their efforts on one or two areas of impact. The motivations for creative enterprises range from social causes, to environmental sustainability, creativity, and financial growth or economic success. While these impacts are distinct, they are not mutually exclusive, and indeed are each sought to varying degrees by social enterprises.

Figure 26 provides an example of the impacts of the ten case study leads in the fields of social impact, cultural impact, environmental impact and economic impact. Creative enterprises in the Philippines can be viewed through this lens to assess their areas of impact by deploying the proposed sustainability indicators in Table 4 (page 65). The application of these metrics have been estimated based on the case studies, as this was supplementary and not included as part of the methodology or analysis.

Social enterprises can be distinguished from ordinary business enterprises by their resolve to carry out their social purpose and by their clear-cut social impact measurements which go beyond economic viability. The case studies revealed a need for capacity building on how to integrate the measurement of social mission as part of the sustainability model of their enterprises.

Many expressed that creative enterprise has created positive social impact, but these need to be measured, documented and reported on to gain a better understanding of their social mission.

- Case studies revealed a potential to scale up in production and expand their social impact, but financial sustainability remains a concern.
- Case studies revealed challenges other than finances to scaling impact. For example, although DLS-CSB SDA provides inspiration and opportunity for public school students to pursue arts or design courses, its potential may not be fulfilled as most of these students cannot afford an SDA education.
- Groups that the case studies are providing support to include the unemployed but skilled youth, students, artisans, PWDs, families of OFWs, women, artists, etc. This shows the potential of creative enterprises to become inclusive.
- Creative enterprises can be more inclusive if they directly or indirectly help the marginalised sectors, providing mechanisms for them to become major part of their value chain and providing them opportunities to upscale their skills, etc.

Figure 25: Example impact indicators for the case study leads

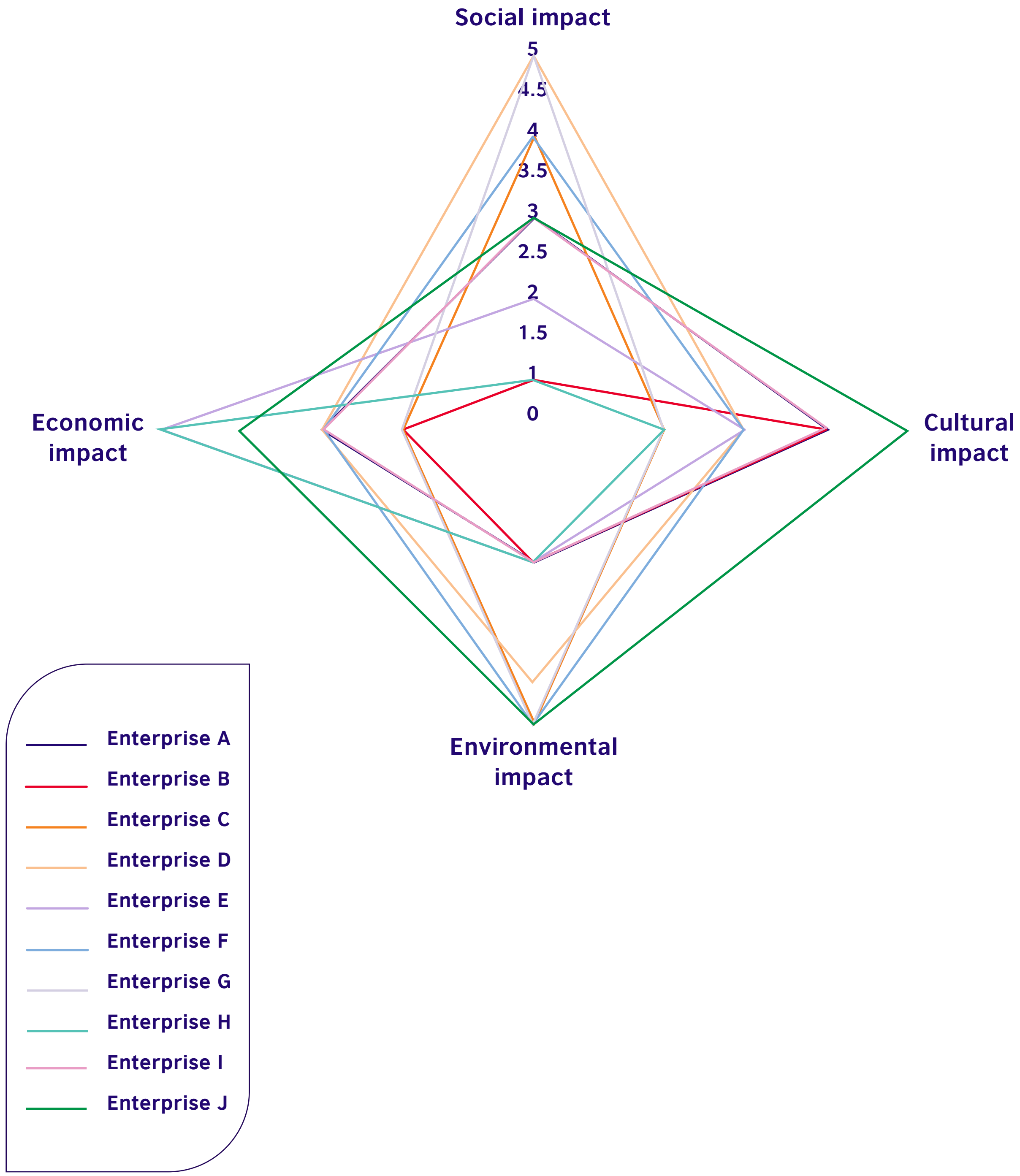


Table 10: Intended and unintended social impacts of the case studies

Title of the case	Intended or direct social impact	Indirect social impact - other engagements
Emottoons: Developing the best talents for the animation industry in Cebu	Emottoons recognised talent and hired non-college graduates who were very good at drawing or illustration, even when they had only basic computer skills. Emottoons hired animators who used to work in a bakery and a former habal-habal (motorcycle for hire) driver because they were very good illustrators.	Partnership with DepEd as trainer or animation mentor for senior high school animation students; One of the lead organisers of Cebu Animation Guild providing workshops for future animators and training the standards of the industry; DTI and National ICT Council of the Philippines (NICP) and Cebu Chamber of Commerce and Industry (CCCI) supported animation workshops,
Toon City Animation: Building an inclusive animation industry	Toon City Animation taps into the creative potential of many Filipinos in different parts of the country. It creates impact by empowering artists through training and employment and consequently reducing migration to Metro Manila. Toon City has helped expand the industry, potentially paving the way for more foreign investments from animation and film studios all over the world. Toon also hires diverse talent. 63 per cent of Toon City's current 500 employees are not graduates of four year courses. 70 per cent of their workforce are freelance artists. 40 per cent are female employees who, according to President Miguel del Rosario, are excelling in specific production stages such as painting, monitoring, and project management. Before Miguel, the average age of employees was 43 but now, it has dropped to 26. Toon City is also proud to say that they have been inclusive of PWDs as it currently has employees who are deaf, mute, and employees with Asperger's syndrome.	Toon City Academy works with various schools and universities that are aligned to offering these animation courses, such as the University of the Cordilleras (Baguio City), University of Pangasinan (Dagupan City), University of Iloilo and Central Philippines University (Iloilo) and Asian International School Aeronautics and Technology Davao for animation training programmes. Aside from various universities outside Metro Manila, TCA has likewise partnered with the Philippine School for the Deaf and Mute for animation immersion classes under the senior high school programme and is currently implementing such in its second year.
Xentrix Toons: Youth empowerment in the course of business expansion	Xentrix Toons supports women empowerment by giving opportunities based on skill, which has led women such as Xentrix Toons Managing Director Alice Dizon Manuel to be placed in positions of leadership. From an initial staff of 30 in 2016, Xentrix Toons has quickly grown, with staff numbers reaching 80 in 2017, to over 100 in 2018. As of early 2020, the company has a little under 50 to 100 employees, with staff age ranges from 22 to 29 years old, and is 70 per cent male.	Xentrix Toons' social mission is deeply tied to the empowerment of disadvantaged youth through the company's internship programme. However, this mission is not explicitly stated and that the programme's impact has not been measured, documented, and reported. Additionally, Alice Dizon Manuel indicated that the company's social impact could be considered as an indirect result of its in-house training activities designed to ensure that Xentrix Toon's manpower needs are constantly met.
Cordillera School of Digital Arts (CSDA): Carving a niche in the creative sector	CSDA's social mission to educate youth and provide employment opportunities is actioned by providing scholarships for women. This was in partnership with Soroptomist International in Pines City and Makati City. The school likewise provides tuition fee discounts for persons with disabilities. For the past five years, it has also extended scholarships to children of OFWs.	As the school is located in the Cordillera region, it automatically opened the doors for IPs to also have access to learning digital animation. It is inherent for some of its students to provide IP- related content.
Cybercraft Philippines: Cross-sectoral hub for startups producing Filipino digital and creative original intellectual properties (DCOIPs)	Cybercraft's social mission is fundamentally tied to its advocacy of cultural heritage through the development of DCOIPs, in contrast to the outsourcing model prevalent throughout the industry. The development of a successful DCOIP would allow local creatives to effectively generate more income as owners and creators while showcasing products based on the Filipino experience.	Cybercraft is currently exploring establishing links with TESDA to develop a training programme to enable people to use streaming as a livelihood source. Cybercraft's role as an industry association will also entail its participation in the development of public policy as an advocate for the development of an environment. This would be conducive to the creation of startups that have their own DCOIPs.
Veer Immersive Technologies: Creating entertainment and business solutions using immersive technologies	Veer's measure of success is simply to develop as many products using the technology, and apply it to as many industries as possible.	While Veer Technologies operates in a traditional business framework with no intended direct social impact, their social mission is expressed through the team's continuous active involvement as volunteer-members in their online community group.
KENNETH COBONPUE: Growing the brand beyond furniture	A total of 280 personnel worked for the company with about 64 per cent share of this number involved in production and operations, and 36 per cent in the marketing and administrative support units. It also works with nine subcontractors for furniture parts, parts (e.g. metal framing, weaving of rattan, upholstery, and ceramic components, among others). These contractors were largely backyard producers of furniture that has worked for companies in the Cebu industry for decades.	The company accommodates on-the-job trainees in design, office management functions such as human resources, procurement, and logistics planning. It incorporated craft in its corporate social responsibility by designing special products that give back to the community. It teaches design in workshops conducted by schools in Cebu.
De La Salle-College of St. Benilde (DLS-CSB), School of Design and Arts (SDA): A learner-centred education for creatives	SDA's social mission is aligned with De La Salle-College of St Benilde's which puts emphasis on the concept of inclusion. This includes the way they introduce innovation to complement their educational approach to be able to accommodate students who have different cognitive profiles and	Although SDA provides inspiration and opportunity for public school students to pursue arts or design courses, its potential may not be fulfilled as most of these students cannot afford an SDA education.

(Continuation) Table 10: Intended and unintended social impacts of the case studies

Title of the case	Intended or direct social impact	Indirect social impact - other engagements
	students who are part of the persons with disability sector. They also ensure that student immersion in community work is integral to their learning experience.	
SoFA Design Institute: An educational and cultural organisation promoting design leadership	SoFA ensures that students are empowered individually as it puts a premium on individual development and capabilities rather than on the collective. SoFA has created partnerships with different organisations such as Rags to Riches. They also invite designers to teach in one of their studios. SoFA also established partnerships with other NGOs and governments including the German Government. The partnerships that they have created have helped support competitions allowing them to be in contact with communities and pursue agendas that have a social impact. Students are sensitised to the impacts of their work and are made to develop a personal manifesto that helps them challenge the notion that designers can be at war with nature.	When practitioners join SoFA, they are exposed to the methodologies and the philosophies that the institution espouses and are somehow influenced by them.
Voyage Studios : Fighting to live to tell the Filipino tale	The studio's profits are sourced solely from the income generated by their services and production activities where they are able to produce around two to four movies every year aside from initiating local film festivals and other related events. Since the product is a creative output, its impact cannot be fully measured through any quantitative means. Rather, it must be considered that the output is the actual impact on the people who are able to see it.	By acting as a linkage between the filmmakers and other artists from the provinces, Voyage strengthens the next generation's participation in the industry. Particularly, province-based filmmakers who before, did not have any access to platforms to concretise and turn their ideas into an actual, watchable product, are now being tapped through the studio's outreach and technical education activities. These activities, while not geared toward any particular or specific advocacy, are able to facilitate the sharing of ideologies and concepts to the general public since these advocacies are turned into the actual content and thus concretised in the films. As such, the consequences and results of this approach in their operations have produced results that although still cannot be measured quantitatively, can already be observed qualitatively.

Creative sector analysis

The themes and issues facing the creative sector, creative enterprises and their relation to social impact and inclusive growth are explored through the creative industries analysis framework. The framework has assessed the sector through skills, finance, market, policy, data and information and creation and production.

Table 11: The creative industries analysis framework

Skills	Business and finance	Market	Policy, data and information	Creation and production
Lack of capacity building	Lack of access to finance	Lack of access to markets	Lack of access to markets	Weak value chains and supply chains
Lack of business skills and support	Lack of publishers and digital assets	Market development	Lack of information, knowledge and coordination	Lack of access to materials
	Downward pressure on prices (international competition)	Commercialisation	Lack of information, knowledge and coordination	Lack of R&D and innovation
				Lack of access to technology
				Lack of access to internet or high speed broadband

Skills

There is a wealth of skilled talent in the Philippines creative sector. Filipinos are globally minded and have a high proficiency of English. While the creative skills and artistic talent in the sector are strong and have been improving over the last five years, there are challenges with regards to capacity and barriers to entry and a continued need for increased support and investment.

Some challenges relate to a fragmented approach to creative skills, management and entrepreneurship, stemming from minimal provision of creative skills cultivation at all levels of education system.[54] There is also a perceived lack of value associated with creative careers, such as financial value and prestige, leading to low investment in sector skills.

Both business and technical skills are particular areas of weakness in the sector requiring increased support. Business skills, business strategy and investment and finance skills have been cited as priority challenges, alongside production and supply chain management, market development, sales and administration. While the threat of diminishing education and skills has long been identified, it has been improving in recent years through the development of creative hubs and is one of the most significant opportunities for the creative sector in the Philippines.

Across all three FGDs in Metro Manila, Baguio City and Cebu City, participants noted the need for creative enterprises to develop their business skills in marketing management, business transformation, operating an entire enterprise and finding ways to effectively work with artists.

There is a need to build capacity and develop the talent pipeline in the local creative sector. Embedding arts and culture into the primary and secondary education system would expose future generations to crucial transferrable skills and interests, such as an expansion of Science, Technology, Engineering and Math (STEM) subjects to Science, Technology, Engineering, Arts and Math (STEAM) subjects. In the post secondary and technical education, provision of industry-focused and industry-led programmes can help ensure the 'job readiness' of the talent pool of tomorrow.

For the in-career workforce, there is a demand for up-skilling and side-skilling through formal and informal training provisions. A lack of understanding of career paths, career opportunities and resources for support have hindered the sector. And while resources such as mentorship, internship and work placement schemes exist, they are relatively few and far between, and there is a challenge in qualifying and matching the right mentors.

Like much of the creative sector globally, the sector is challenged by inconsistencies in 'thinking dispositions' or soft skills such as professional conduct, professionalism and punctuality. Furthermore, while many creative enterprises have shown strength in perseverance, self-belief and confidence, there remains a demand for further fostering these crucial skills.

Embedding arts and culture into the primary and secondary education system would expose future generations to crucial transferrable skills and interests, such as an expansion of STEM subjects to STEAM subjects.

[54] Career paths and types of skills include combining business skills, creative skills and technical skills.

The risk of 'mission drift' is a challenge for some creative enterprises consulted with, who might be focused on more immediate short term opportunities or issues, losing sight on the long term vision. In some cases, the ability to adapt and pivot to the realities of the market have proven instrumental to some enterprises' success. But entrepreneurs have noted the challenges and risks of not having long-term strategic plans or the time to navigate these challenges most effectively.

Other challenges facing creative enterprises related to commercialisation and scalability skills to bring products to market, along with value chain management, industrial design skills and abilities and processes necessary for import and export.

Business and finance

One of the main challenges facing both creative enterprises and social enterprises in the Philippines is the lack of access to finance and business support. Consultations revealed limited financial support for creative enterprises was hindering their growth and sustainability. The state of finance and investment has consistently struggled over the past decade. Specific gaps in financing include investors and consultees noted a lack of seed-stage capital, as well as impact-focused angel investors.

There is also a mismatch between enterprises seeking investment and investors, as many entrepreneurs have a preference for debt financing while many investors seek equity investments. While the Philippines has active impact investment, overseas investors have been driving the growth in the sector through more opportunistic approaches to financing.

The sector seeks further engagement with angel investors and venture capitalists to whom they can pitch their business opportunities and raise financing. There is an opportunity to engage with and leverage the Filipino angel investment community.

And while there is an existing investment infrastructure, there was a noted shortage of institutional impact investors available in the Philippines. In recognising these issues, DTI-BOI has begun lobbying in the Senate to allocate annual budget for creative industries. Some of the specific challenges facing enterprises in accessing finance were due to the eligibility requirements not being suitable to creative enterprises. There is a significant opportunity to improve connections between the high growth creative industries in the Philippines and the growing number of impact investors.

There is an opportunity to engage with and leverage the Filipino angel investment community. And while there is an existing investment infrastructure, there was a noted shortage of institutional impact investors available in the Philippines.

The banking system also poses challenges for creative and social enterprises. Banking in the Philippines tends to be designed for traditional sectors as opposed to the knowledge and IP-based creative industries, as well as for larger companies as opposed to micro and small enterprises. In addition, grants and funding have proven difficult for creative enterprises to access, both in terms of their design, awareness and accessibility.

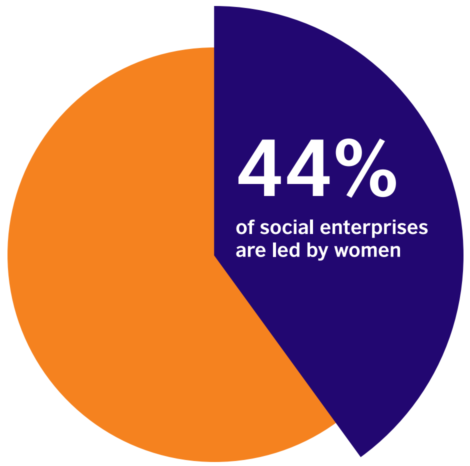
For much of the traditional physical creative enterprises in the Philippines, a digital divide has limited their access to revenue streams and access to finance. Related to this are the challenges of market reach for many creative enterprises, such as a lack of publishers and distributors of Filipino creative goods and services in the marketplace.

Market

The Philippines enjoys relative economic stability and a conducive regulatory environment for creative and social enterprises. The global market for creative enterprises is growing at unprecedented rate and the demand for Filipino design is also on the rise. There is an increase in domestic consumption of Filipino creative and social goods and services, and a growing middle class with a developing inclination towards for indigenous design. In the digital economy, the Philippines has a large number of mobile users and high rates of mobile media consumers through video games, applications and other mediums.

Many creative enterprises have been operating largely as service providers to the US and European markets. Increased global competition, however, has applied pressure to Philippines businesses, many of whom have begun to refocus their work on the regional SEA and local Philippines markets. Through co-production and the creation of original intellectual properties, more companies are exploring ways to differentiate themselves in the market, as evidenced in the case studies (see Xentrix Toons on page 69). This has also empowered enterprises to enhance their social and cultural impact.

Figure 26: Social enterprises led by women



The creative sector market has significant potential as a driver for inclusive growth in the Philippines. Women are a critical part of the social and creative sector ecosystem. Approximately 44 per cent of the social enterprises in the Philippines are led by women and the country boasts a significant young population and educated workforce.

Like many creative sectors globally, the domestic market is insufficient for the growth and sustainability of a creative enterprise in the Philippines and the digital economy has further opened these avenues. Consumer trends have tended to value foreign design and imported goods, and while the local market is still under-developed, changes in these trends both in the Philippines and globally has seen an emphasis towards local, high quality, low environmental impact goods and services. The creative industries also face threats from international competition and IP infringement.

With these changing trends, there is an opportunity for the Philippines to become a leader in the field of creative enterprise for inclusive growth in the SEA region. There is also an opportunity to leverage the country's strong heritage of social enterprises which have tended to focus on traditional sectors such as agriculture and education. This will also encourage more to seek opportunities in the creative sector and to incorporate creative and design thinking in their approach.

Industry coordination, leadership, data and information

The creative industries in the Philippines have made significant advancements in the coordination and organisation of the sector.

The sector is represented by highly organised and effective professional industry associations which are the envy of other ASEAN creative sectors. These industry associations have enabled industry building and global linkages, as well as a dialogue with government and policymakers.

The increased industry leadership has paralleled an appetite for an ambitious, coordinated approach to sector development and effective partnerships. This coordination reflects a natural tendency for social or collaborative aim from 'bayanihan spirit', or the communal spirit seen through cooperation and collaboration inherent in the Filipino culture.

These advancements have seen the government recognise the creative industries as a priority sector, reflecting increased appreciation and valuing. Moreover, the presence of government agencies, available government support, increasing role of the private sector, the participation of the academe and other training institutions are signs of a thriving creative industry in the Philippines.

Lack of data, evidence and advocacy

At present there is a lack of disaggregated data on Philippine creative industries to help inform policymakers. There is a need for better measurement and statistics on the creative economy, including creative industries mapping and identifying indicators to monitor progress in terms of promoting creativity.

NEDA has been exploring issues around data and evidence in this field by asking questions such as: What exactly should we be measuring? What industries and occupations should we be counting? What are available data points that we can use? Is there data disaggregation? What other data points should we gather?

As common in many developing nations, existing data from the national statistical authority are not fit for purpose and often outdated. DTI-BOI and the PSA have been exploring these issues further and there is an opportunity to learn from other countries internationally. The Information Technology and Business Process Association of the Philippines (IBPAP)collect data but cannot separate data on creative enterprises because of blurred lines between knowledge-based and creative-based.

One issue raised at the FGD in Baguio City was that artists are classified under entertainment by Bureau of Internal Revenue (BIR) and this classification doesn't capture them sufficiently. Participants at the FGDs indicated a need to improve the perception of creative enterprises, noting a lack of appreciation and valuing of the creative and cultural industries or CCIs (e.g. parents seeing value in their children working in CCIs).

Addressing the information, knowledge and coordination failure

There is a low level of information and knowledge sharing arising from a general coordination failure across the Philippine creative industries. While some awareness about support for creative industries is provided by government agencies such as from DTI-BOI, consultations revealed a need for a coordinated approach to disseminating information to the sector.

There is a need for strong linkages between the academe and creative industries to ensure opportunities for graduates and workers in culture and arts-related disciplines. Additionally, culture and arts-related fields can also be promoted as a viable career option for young people through the development of specialised programmes at the tertiary, secondary, and even technical-vocational levels. Indeed, developing the country's creative economy can be done alongside improvements to support innovation overall, such as academe-industry linkages, access to credit, and ease of doing business, among others.

Participants of the FGDs remarked on the challenge of a coordination failure. They expressed a need for further networking, coordination to form an alliance of different organisations and sectors can help each other.

Participants of the FGDs remarked on the challenge of a coordination failure. They expressed a need for further networking, coordination to form an alliance of different organisations and sectors can help each other.

There is also an opportunity for developing shared resources. Shared resources could help the sector coordinate more effectively and operate more efficiently and become more able to seize opportunities and properly identify and monetise their assets. One FGD participant noted the lack of a centralised archiving system for the music and advertising sectors, suggesting that an archive of existing musical jingles could be a simple low-cost investment that would help monetise existing assets.

Other areas with underdeveloped collaboration exist in the clustering of creative and social impact hubs, linking the sector both physically and digitally through enhanced networks and value chains. Stakeholders from the creative sector noted challenges in the branding and identity of Filipino creative goods and services, citing a lack of consistency in country positioning, which extends beyond the creative sector to include tourism, global relations and soft power.

In view of the state of the sector, there is an opportunity for greater data and coordination to leverage the ability for creative enterprises to foster inclusive growth and development, as well as to leverage the value of creative content and experiences as tools for improving sense of place, quality of diversity of cultural assets.

Creation and production

The Philippines is endowed with several large metropolitan centres including Metro Manila, Baguio City and Cebu City acting as epicentres for creation and production. The sector also boasts a highly creative workforce, infrastructure and relatively low technological costs and an agile and responsive industry.

While the creative sector in the country has a strong heritage of working with indigenous and sustainable materials, much of it is reliant on imports from international suppliers, causing supply chain challenges the sector has highlighted as priority in economic, environmental and cultural terms.

The sector faces relatively high costs of doing business and production as a result of high cost of utilities, licensing, equipment, professional fees, the need for travel and logistics across the archipelago, and business taxes.

For many entrepreneurs, there are high market entry costs which pose significant barriers to entry to the creative and social impact sectors. The high market entry costs are often due to gaps between ideation, development and distribution. In many cases these are exacerbated by distribution issues such as copyright infringement, geographic disbursement and poor infrastructural connectivity between cities.

The sector is also challenged by its geographically dispersed and disaggregated creative and cultural sectors on different regions and islands across the archipelago. There are both challenges and advantages of the sector being dispersed across the country and concentrated in several major large cities. Each of the sub-sectors cluster uniquely around the metropolitan centres. The challenge in coordination across a disaggregated sector hinders supply chains and cross-pollination of sectors.

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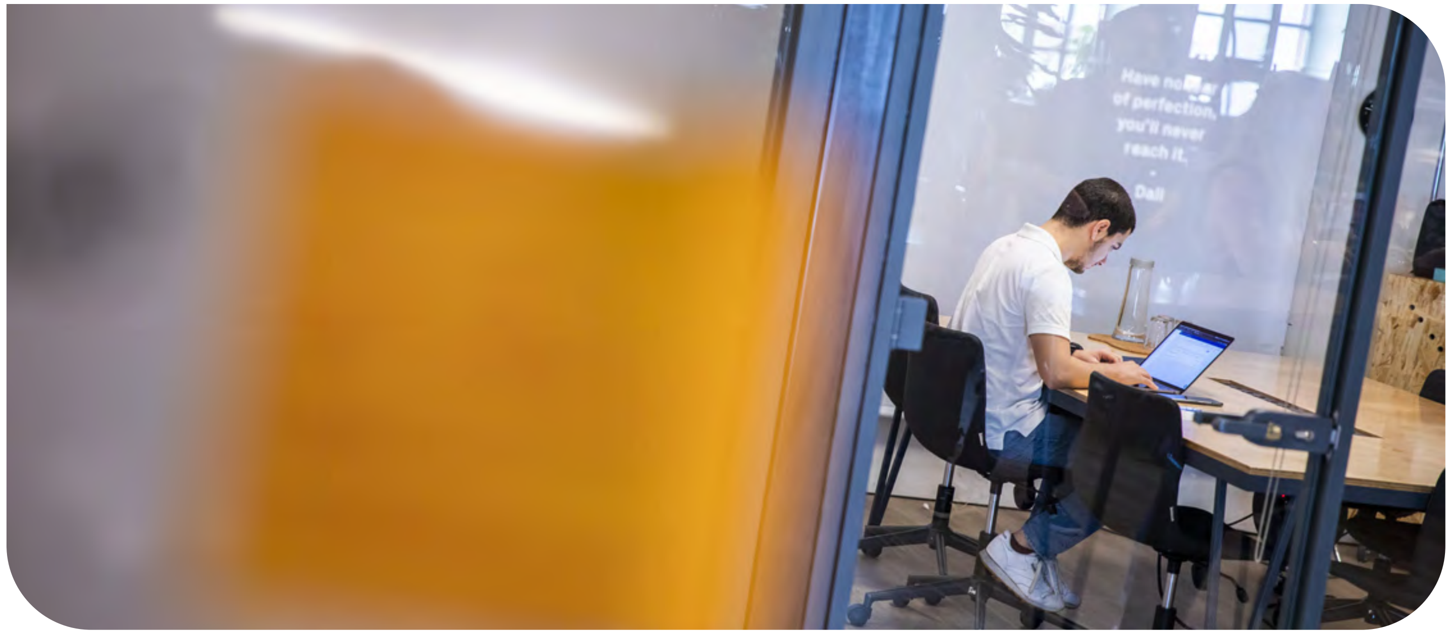
Industry-level issues

Table 12: Expressed industry-based challenges by the case study leads

Issue	Title of the Case	Industry Issues
Sustainability **Training** **Skilled workforce** **Market development and exhibition**	Emottoons: Developing the best talents for the animation industry in Cebu	Sustainability of producing animators and lack of training opportunities for animators. 'Cebu could not be considered an animation hub, if there will be very few company players in animation.'; Absence of certificate or degree programmes (two-year or four-year courses) that specialises on animation. Only Fine Arts or Multi-Media programmes would have elective subjects in animation; Paying honorarium for industry-based animation trainers – very minimal; CAG could not afford the membership fee requirement to join the Animation Council of the Philippines Inc. (ACPI), the national organisation based in Manila. This has remained a plan since its members have not raised funds for such purpose. They have all been concentrating on conducting the workshops without charging any fee; CAG's other dream was to organise something like the COMICON Manila in Cebu where international leaders in comics and pop culture gather for exposition.
Opportunity for private sector and enterprises to play a role in industry development (e.g. training)	Toon City Animation: Building an inclusive animation industry	Private sector's role in helping build the actual digital centres and for software companies, such as Toon Boom Animation, to offer sponsorships or discounted rates to make the software licenses more accessible. Another tool that would be integral is Shotgun Software, which offers 'project management and pipeline tools that help creative studios track, schedule, review, collaborate, and manage their digital assets'. By having such software licenses, the learning, training, and employment in different parts of the country would be made feasible.
Weakness, lack of animation workers, and inadequate training for animation workers (provincial and localised provision) **Seeking government support**	Xentrix Toons: Youth empowerment in the course of business expansion	Subsector's social benefits can be made more inclusive through the creation of provincial training centres with the support of local government units (LGUs), especially given that most of the subsectors are based in Metro Manila (e.g. certificate-level training such as TESDA's training).
Weakness, lack of workers. Seeking gov't support	Cordillera School of Digital Arts: Carving a niche in the creative sector	The Creative Economy Roadmap of the Philippines, led by DTI, envisions a stronger creative industry by 2030. Philippines is still leading other ASEAN countries. However, when it comes to animation, there is a gap in the number of available animators. The current value of the industry is USD20 million and it is forecast that this will increase to USD70 million by 2022. This requires three times the animators needed by that year to achieve this goal.
Access to technology and applications **Access to market information**	Cybercraft Philippines: Cross-sectoral hub for startups producing Filipino digital and creative original intellectual properties	Access to technology remains an issue, with some game development companies lacking platform-specific development kits that would be critical in expanding their product's reach; Access to market information is also an important concern that would need to be addressed to enable companies to plan and strategise accordingly; Creation of separate entities – these include a digital publishing company, a crowdfunding company, as well as a digital asset library, with all of these further removing barriers to startup growth.

(Continuation) Table 12: Expressed industry-based challenges by the case study leads

Issue	Title of the Case	Industry Issues
Weakness, lack of workers, lack of training and education provision	Veer Immersive Technologies: Creating entertainment and business solutions using immersive technologies	TESDA is currently offering NC-III (National Certification-III) courses on 3D Animation, which includes 3D modelling and AR/VR, and Game Programming. Only one school located in Taguig City offers a course in Game Programming; Courses being offered for people who wish to get into this sector are very limited to a handful of colleges in Metro Manila. Because of this gap, skills are still lacking even after the student has graduated.
Restrictive government policy and regulation for subcontracting **Access to capital** **Competition from other markets** **Cost of production** **Enhance design thinking across Philippines** **Business skills**	KENNETH COBONPUE: Growing the brand beyond furniture	For issues specific to the furniture industry, the company is finding ways to resolve these with members of the Cebu Furniture Industry Foundation. It is being proposed that the government relax its requirements on subcontractors because this sector needs some hand-holding until they become established (sustainable) businesses. They need access to capital to buy their equipment and improve their operating system before they can be formalised or register as a formal business. Global furniture market is getting more competitive and producing furniture in the Philippines is relatively more expensive because of costly labour. The company recommended that the industry has to start with design education. Strengthening the business side should follow.
Access to changing digital technology **Digital skills**	De La Salle-College of St. Benilde, School of Design and Arts: A learner-centred education for the creatives	The school has to keep up with how fast the technology they are using for teaching is changing. SDA has to have the foresight and be proactive in terms of the kind of technology that they will decide to acquire. They have to carefully consider that, at the very least, it will last for and be useful within the next five years given the lengthy process and the cost it entails since most of the technology they order are sourced from abroad.
Government advocacy and valuing the cultural sector **Gaps in entrepreneurship and business skills among creatives (recruitment and upskilling required for sustainability)** **Low pay for designers, barriers to entry**	SoFA Design Institute: An educational and cultural organisation promoting design leadership	Peripheral and minimal interests by the government especially in the design sector and other smaller entities in design like what can be observed in local communities. There is a bit of disconnect, and maybe even a misunderstanding, of what designers do—especially the value of design—not only on the part of the government but the Filipino culture as a whole. The relationship of the design community to the culture is not very strong and may even be considered exploitative. A case in point: salaries of designers are very, very low. On a similar vein, in the field of architecture, for instance, Filipino architects barely earn money from design. They are forced to become contractors. There is a sense that the intangibles like art and music, etc. and labour itself are not very valuable; The value of design as a profession is hardly seen as valuable as others. Reluctance to invest in the kinds of resources—intellectual, time, facilities, economic—in evolving a creative infrastructure that will be productive.
Advocacy and valuing the sector **Commercial film sector is controlled by a small group of influential companies (a sense of oligopoly, consolidated market and vertical integration)** **Barriers to entry** **Access to finance**	Voyage Studios: Fighting to live to tell the Filipino tale	Second-class treatment of independent film compared to the mainstream could be attributed to the way it was marketed at the beginning. It is interesting to note that while majority of film makers and practitioners move to Metro Manila in order to find better opportunities for their craft, and that many province-based production outfits have already ceased to operate due to the lack of a sustainable market, there are still some provinces that have their own film festivals and such products are fully supported by their local government units as well as by the private sector. At present, around 80 per cent of local documentaries are being funded by overseas organisations. This needs to change as it presents both a challenge and an opportunity for growth. In order for independent films, film makers and production studios to be able to stand toe-to-toe with efficient and robotic mainstream movie factories, independent studios have formed a sort of cottage industry where each player tries to collaborate with one another as much as possible, sharing their resources and suppliers in the process.



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Enterprise-level issues: Analysis of issues along the creative enterprise value chain

At the enterprise-level, issues identified along the value chain by all of the case study leads related to challenges around financing and the sustainability of their businesses. In order to have a greater creative and social impact, creative enterprises first need to strengthen their business models and business skills. Based on the case study leads, all the issues presented in each of the value chains of the enterprises have financial implications, thus, affecting the sustainability of the enterprises.

On the inputs, the common issues experienced by the case leads included training of skilled animators, funding, availability of trainers, expensive R&D, recruitment of students. On the process, there was a need to effectively design the delivery system of the enterprises to address problems on quality control, quality assurance, presence or absence of hardware and software. On the outputs, inconsistencies and delivery issues were identified, along with compliance to other country's standards and regulations. On the marketing and promotion of the enterprises, issues were focused on the marketing of their products and services, awareness building, expensive marketing, competition, lack of delivery channels (like art houses in the case of Voyage Studios). Many problems pertain to effectively managing an enterprise.

The 'input-process-output–customers' value chain is an analysis framework for the enterprise delivery system. As illustrated in Figure 28, it is used to identify the pain points and challenges of the creative enterprises under consideration. Inputs refer to the six 'Ms' of 'money, manpower, management, methods, materials and machinery'. They are transformed to right products or goods made or services rendered (outputs) through the throughput or process system. Thus, the process models the conversion of inputs to outputs. The final products and services are ultimately destined for the customers, which includes marketing and customer services.

Figure 27: The input-process-output-customers value chain analysis framework

Inputs	Process	Outputs	Customers
Training of skilled animators	Improve the enterprise delivery system	Distribution challenges	Promoting the enterprise via-a-vis promoting the goods or services
Access to finance or funding	Quality control and assurance	Compliance with standards and regulation	Awareness and discoverability
Availability of trainers	Access to technology	Access to technology	Costs of marketing
Cost of R&D	Appropriate software, hardware, tools and equipment	Uplifting the 'Philippine' brand of quality	Lack of delivery channels
Recruitment of students		Design thinking	Market positioning and brand value

Enterprises planning for future sustainability

Creative enterprises consulted with as part of this research have been planning for future sustainability in a myriad of different ways. Business growth and expansion was seen as key to future sustainability, particularly with regards to increasing their human capital through employing more and upskilling. They have also been working to grow their business services and products, expanding beyond their core competencies, maximise technology and productivity and enhance their business models.

Key enterprises also note the importance of sustainability planning on a macro-level, from a sector and policy perspective. There is a desire for more sector coordination, advocacy and strategy to push toward a common agenda for the whole of the cultural and creative industries of the Philippines.

SWOT analysis

Through Nordicity's consultations, case study leads and literature review, a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis was developed as summarised below.[55]

Table 13: SWOT

Strengths	Weaknesses
• Talent (innate, prodigious, skilled, educated labour) • Creative skills and artistic talent (improving, but still needs investment) • Costs (competitive, including declining telecommunications costs) • Coordination and leadership (strong and improving, but still needing more coordination) • Perseverance and self-belief (very strong) • English proficiency • Cultural affinity with the North American, European and East Asian markets	• Costs of doing business • Business and technical skills and education (improving, but still needs investment, policy support) • Underdeveloped collaboration (improving, but still needs investment, platforms/mechanisms for collaborations) • Weak national brand or positioning (weak, needs investment) • Data and evidence (weak and in some instances non-existent, needs investment) • Investment (weak, needs investment) • Audiences (improving, still needing investment) • Clustering (improving, e.g. through creative hubs, but still needs investment) • Access to government support and private sector services (low awareness, needs investments) • Business processes (weak, needs learning and development, investments)
Opportunities	**Threats**
• Growing market (strong, but still needing better access, more coordination) • Leadership (improving, e.g. through creative hubs, but still needing investment, learning and development) • People (education and skills) (improving, e.g. through creative hubs, still needing investment) • Investment and support (weak, needing investment) • Place (improving, e.g. through creative hubs, but still needs investment) • Address policy issues (e.g. economic development, inclusive growth, Covid-19 recovery)	• Education and skills (improving, e.g. through creative hubs, but still needing investment) • Data and market awareness (improving, e.g. through creative hubs, but still needing investment) • Soft power (weak, needing investment)

Creative enterprise

[55] Nordicity has undertaken a rapid assessment of the state of the creative industries in the Philippines. This analysis builds on and updates from Nordicity's primary research and secondary research.

Preliminary options and recommendations

A series of evidence-based options and recommendations have been developed for the creative enterprise sector in the Philippines. The recommendations are identified with key stakeholder groupings in-mind, ranging from cross-cutting recommendations for the entire sector, through to government, institutions, associations and to the enterprises themselves.

While some of the recommendations are long-term in nature, others are more immediate and require various levels of effort, resulting in varying degrees of outcomes and impacts.

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Skills recommendations

Key stakeholders: TESDA, DepEd, CHED, DTI, DBM, associations and councils, local governments, international and national development partners.

Support sector sustainability, resilience and growth through capacity building (government and industry associations)

- Development of capacity building programming for the creative sector.
- Address the sustainability or viability of the creative enterprises through a focused capacity building for the creative.
- Have a deeper understanding of the function areas of management from people management related concerns, marketing, enterprise delivery system and financial management.
- Creative Entrepreneurship Training Programme.[56]

Key stakeholders: DepEd, DTI, CHED, TESDA, DCP, associations and councils, local government, civil society organisations or NGOs including Bayan Academy, Higher Education including Ateneo Graduate School of Business, AIM.

Period: Short Term

Collaborate with international leaders in skills, training and capacity building (government, associations and British Council)

- Co-development of programming with the creative and cultural industries (CCIs), stakeholders and British Council.[57]
- Opportunity to co-develop the skills and capabilities to collaborate internationally and with the UK.[58]
- Opportunity to leverage 'new technologies like computer-based delivery and artificial intelligence or AI enabled adaptive learning and a multi-channel social media offer which connects people with data-enabled platforms'.[59]
- Opportunity to map and review gender and women-based initiatives to collaborate with and support.
- Opportunity to map and review underrepresented and marginalised sectors working with the National Anti-Poverty Commission (NAPC), Department of Social Welfare and Development (DSWD), National Youth Commission (NYC) and DTI.
- Develop tailored skills support programmes that specifically target and directly address women and underrepresented groups in the Philippines.
- Develop an environment that fosters women in roles of leadership, influence and role models.

Key Stakeholders: DepEd, Department of Information Communication Technology (DICT), DTI, CHED, TESDA, DOST, Philippine Commission on Women (PCW), DSWD, NYC, local governments, international and development partners (e.g. British Council, associations and councils including ACPI, GDAP, FDCP).

Period: Short term

Focus skills, training and knowledge transfer initiatives on business and enterprise skills (education and training providers)

- Deliver training and knowledge transfer for the workforce and enterprises at the entry-level, in-career-level and senior-level. Embed business and enterprise skills into business systems.
- Focus skills on areas of business management and resilience, intellectual property rights and management, business value chain management, product management, design and commercialisation, marketing and distribution and human resources and training.
- Deliver creative talent development for the current workforce (including those in administrative roles).
- Develop creative enterprise training resources for the sector tailored to the Philippines, in the form of toolkits, fellowships, training programmes, courses and events.

Key Stakeholders: DepEd, CHED, TESDA, civil society organisations or NGOs including Bayan Academy in collaboration with DCP and DTI's Philippine Trade Training Center (PTTC), Higher Education including Ateneo Graduate School of Business, AIM, local governments, international and development partners, associations and councils, private sector training providers.

Period: Short term

Empower creative hubs to support skills development and facilitate local training the trainers (institutions, associations, creative hubs, British Council and other stakeholders)

- Facilitate the democratisation of training and knowledge transfer through co-delivery and devolution of training to institutions, associations, creative hubs and other stakeholders (e.g. Training of Trainers and Training of Facilitators with the Design Center of the Philippines and Bayan Academy).
- Facilitate technical support and resources for the industry associations and hubs with capacity building, knowledge transfer, so they can have a greater impact and support the sector.
- Facilitate the industry members themselves to deliver the training and knowledge transfer, leveraging their deep experience and expertise.
- Facilitate linkages and collaborations between the creative enterprises and the education sector. Explore mutually beneficial opportunities for training, apprenticeships and work placements.

[56] As illustrated in the case studies.
[57] In-line with the British Council's 'Strategy 25'.
[58] In-line with the British Council's 'Strategy 25'.
[59] In-line with the British Council's 'Strategy 25'.

© Bayan Academy

- Facilitate linkages and collaborations between creative enterprises and key government and institutional stakeholders such as the DICT, DTI-BOI, DCP and TESDA.

Key Stakeholders: institutions, associations, creative hubs, British Council and other stakeholders, Bayan Academy, DICT, DTI-BOI, DCP, TESDA.

Period: Short term

Empower the education sector to provide a rich and rounded curriculum that addresses the nation's talent pipeline (government and policymakers, institutions, associations)

- Develop dialogue, collaboration and partnerships between the creative industries and the education providers to explore important and timely opportunities for mutual benefit (administrators, teachers, students and creative enterprises).

- Transition from a STEM curriculum towards a STEAM curriculum by fully integrating the arts as an integral aspect to the nation's future and knowledge-based economy.

- Integrate entrepreneurship and inclusive growth into the provision of training for industry members and students alike.

Key Stakeholders: British Council as a convener, with DepEd, CHED, TESDA, NEDA, DOST, DTI, DICT, Department of Foreign Affairs (DFA), and NCCA, local governments, associations and councils.

Period: Short Term

Business, revenue and finance

Key Stakeholders: NEDA, DTI, DBM, IPOPHIL, private financing institutions, local governments, not for profit groups (e.g. chambers of commerce, international and development partners, associations and councils)

Create a suitable environment for private and public sector development, financing and investment

- Leverage the Philippines' strength as the 'second-largest impact investing market in Southeast Asia' to stimulate and attract further investment.

- Support enterprises to be 'investor ready' through skills and training programmes (institutions, British Council).

- Work with international impact investors to change perceptions of the creative and social enterprise in the Philippines. Challenge myths about creative sector investment, such as the early stage investment that creative enterprises often seeking.

Key Stakeholders: NEDA, DTI, local governments, not for profit groups e.g. chambers of commerce, international and development partners, associations and councils.

Make available funding sources more accessible and suitable to creative enterprises (government, associations, investors)

- Market, communicate and signpost the available funding sources.

- Tweak existing funding sources to be more accessible to the creative sector.

- Tailor current SME support for the creative industries.

Key Stakeholders: NEDA, DTI, local governments, international and development partners.

Support creative enterprises in leveraging and exploiting their assets (Investors, associations, institutions, British Council)

- Support creative enterprises in gaining more control over their IP, including IP protection and exploitation.

- Explore means of publishing and archiving of Filipino creative IP (e.g. musical jingles for advertising).

Key Stakeholders: NEDA, DTI, IPOPHIL, local governments, international and development partners, associations and councils.

Mitigate challenges in investment and access to finance in the Philippines (Investors, government, associations, institutions)

- Fixed assets in long-term for micro enterprises.

- Work with the Innovation Act and Startup Act.

- Support enterprises to develop the financial track record they need for obtaining financing.
- P3 (Pondo sa Pagbabago at Pag-Asenso) Lending Programme.

Key Stakeholders: DTI (implementing the Startup and Innovation Acts in the Philippines in coordination with other government and private stakeholders), British Council, NEDA, local governments, private sector investors, associations and councils.

Market

Key Stakeholders: DTI, trade and labor attaches abroad, local governments, international and national development partners, associations and councils, NEDA, DTI, DBM, private financing institutions, local governments, not for profit groups (e.g. chambers of commerce, international and development partners, associations and councils)

Support market development for the Philippine creative industries[60] (government, associations, institutions, British Council)

- Support enterprises in leveraging the fast-growing digital market globally and domestically (and the high rate of mobile usage in the Philippines).
- Support enterprises in transitioning to digital markets, and support enterprises expanding their existing digital businesses.
- Support enterprises in developing the international Filipino community (diaspora) as a key global market.
- Support enterprises in developing the nascent domestic market for Filipino design.
- Support enterprises in developing the nascent domestic and global market for sustainability and socially oriented design.
- Support enterprises, government, institutions and associations in reaching their market towards advancing the United Nations Sustainable Development Goals (SDGs). Additional public policies and resources can be further leveraged in this priority area.[61]
- Support enterprises, government, institutions and associations in responding effectively to local and global challenges.[62]

Key Stakeholders: DTI, NEDA, trade and labor attaches abroad, local governments, international and national development partners, associations and councils.

Period: Medium term

Support the revival appreciation for Philippine heritage and culture[63] (government, associations, institutions, British Council)

- Invest in building the brand and value of Filipino design and creative goods, leveraging the existing trajectory of Filipino consumer trends (sector-wide and enterprise specific).[64]
- Facilitate the role of creative hubs in fostering a sense of place and cultural identity. Promoting the quality of Filipino creative outputs and through providing more inclusive developmental models for local communities.[65]
- Support the general market awareness and audience development of Filipino creativity.

Key Stakeholders: NCCA, Cultural Center of the Philippines (CCP), NEDA, DoT, DTI, local governments, international and national development partners, associations and councils, private sector groups.

Period: Short term

Support the creative sector to better connect with consumers (institutions, enterprises, associations, British Council)

- Support training and capacity building for connecting with consumers and expanding markets.
- Support enterprises with reaching consumers directly through physical and virtual engagement (e.g. trade fairs, conferences, media, etc.)

Key Stakeholders: DTI, local governments, international and national development partners, associations and councils, private sector groups

Period: Short term

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60 In-line with A Tally of Two Cities report
61 In-line with the DTI-BOI Filipinnovation report
62 In-line with the British Council Strategy 25
63 In-line with A Tally of Two Cities report
64 Taking inspiration from Kenneth Cobonpue's success, developing a business model that builds value in the brand of Filipino design domestically and globally.
65 In-line with Happy Nests

Policy, data and information

Key Stakeholders: A lead convener, DTI, civil society, British Council, NEDA, PSA, local governments, associations and councils.[66]

Period: Long term

Figure 28: The policy and data path towards sector development

Support the sector in coordinating efforts and establishing a stronger voice

- Develop a national working group for the creative industries (and social enterprise). This group could also play a role in the framework, and engage with government, Congress and other decision-makers (government – DTI, NEDA, DOT)
- Engage with government and regulatory bodies to advance the sector's growth and address barriers (DTI, DepEd, DICT, the academe and industry associations).
- Engage government and private sector to explore sector issues around coordination and market failures.[67]
- Support the industry associations and hubs in their efforts to coordinate and support the sector (e.g. news and information sharing, advocacy, engagement, etc.).
- The sector would be stronger when represented by one voice in engagement with government and decision-makers. An alliance of different organisations and sectors working together could address the advocacy, coordination and alignment issues. The Creative Industries Federation in the UK presents an interesting model.
- Facilitate a form of representation of the creative industries and social enterprise to engage with the government or Congress.

Conduct monitoring and evaluation, data and evidence necessary for advocacy and sector development (government, PSA, associations)

- Monitor and evaluate the state of the creative sector and social enterprise in the Philippines on a consistent basis.[68]

[66] Long-term establishment of a public-private-people partnership. Short term alignment and strategic planning, and development of a blueprint/ guide for all sectors involved.

[67] In-line with DTI-BOI Filipinnovation report.

[68] In-line with the British Council's A Tally of Two Cities report. Including researching each city's Business Permits & Licensing Office (BPLO), using the framework of the Philippine Culture Statistics Framework that the NCCA is mandated to implement as a measure of creative and cultural statistics in the country.

- Establish an evaluation framework for creative industries in the Philippines, with a lens for inclusive growth and social impact.[69]
- For inclusive development of the framework, the work and indicators developed through this report could be workshopped in close collaboration with the creative community to co-develop them in people-led, human centred and participatory manner.

Foster ongoing research and analysis of the creative industries and inclusive growth (government – DOST, DOT, DTI, DTI, institutions, associations)

- Expand creative industries mapping to other major Philippine cities.
- Assess the economic impact and cultural contribution of the local creative industries.
- Research and learn from best practices from leaders locally, regionally and globally. International comparators, best practice and benchmarking.
- Adopting international standards and ways of working to facilitate more global activity, investment, work, etc.
- Develop a directory or registry of creative and social enterprises and stakeholders in the Philippines.
- Research and analyse the state and role of freelancers in the creative industries.[70]

Foster industry networking, information sharing and collaboration (associations, councils)

- Develop a creative industries and inclusive growth network or community of practice, linking industry, government, academe and other stakeholders.
- Disseminate timely and relevant information for, to, and across the sector.
- Link the creative sector to global centres of excellence such as the UK. This could be in partnership with the British Council.[71]

Support industry advocacy and awareness on the value of the creative industries and inclusive growth in the Philippines (associations)

- Position creative industries as a high-priority sector, including updating the national cultural policy and increasing investment and support within technical skills training at educational institutions (associations to lobby government and show impact).
- Advocate to increase the value perception of the creative industries to government, the media and society.
- Advocate to increase the value perception of Filipino culture both domestically and internationally.
- Demystify the opportunities for employment in the creative sector (e.g. parents seeing value in children working in the creative sector).

[69] In-line with Happy Nests report.
[70] In-line with A Tally of Two Cities report.
[71] In-line with British Council Strategy 25.

- Celebrate successes in the sector through the introduction of awards, reviews, competitions and other initiatives.

Join up the dots of existing strengths and stakeholders (DTI, private sector, associations and councils)

- Utilise creative hubs, incubators and co-working spaces as critical spaces of organic collision between the creative sector and social enterprises. These spaces can provide support at all stages (e.g. incubators) often happens, helping to foster growth from creative entrepreneur to enterprise.[72]
- Partner with and empower the creative hubs as centres of excellence. Perhaps in a hub and spoke model providing centres of excellence both thematically and geographically across the Philippines.
- Foster artistic-scientific-technological collaborations, as creativity has been recognised as an important 21st century skill in the knowledge-based economy.
- Maximise efficiencies and leverage existing strengths further by signposting the existing support structures.
- Adapt existing government programmes to be more flexible and accessible to the creative industries.

Empower stakeholders to have an impact (local governments, private sector, associations and councils)

- Foster collaboration across cities and regions of the Philippines through digital value chains and physical events and activities.[73] Leverage the UNESCO Creative Cities and roll out across the country in a centre of excellence or hub and spoke model.
- Collaborate with international strategic partners such as the British Council with capacity building to empower stakeholders.[74]
- Support government and policymakers in supporting inclusive growth through the cultural and creative industries.
- Develop governance structures at a city-level to nurture the creative economy ecosystem.[75]

Support creative enterprises and the creative sector in having a greater social Impact

- Creative hubs to play a bigger role in facilitating enterprises to have a social impact. Develop programmes enhance family life and excluded groups, adopting a holistic approach to inclusion and benefitting different generations and social groups.[76]
- Educate creative enterprises to understand the opportunities in having a social impact and their role in contributing to SDGs.
- Support creative enterprises in learning how to monitor, evaluate and report on their social impact metrics.

[72] Note the relevance may have changed due to CV19 and social distancing. Gov't to support creative Hubs to explore online initiatives.
[73] In-line with A Tally of Two Cities report.
[74] In-line with British Council Strategy 25.
[75] In-line with A Tally of Two Cities report.
[76] In-line with Happy Nests report.

- Support creative enterprises to deliver a greater social impact. In order to give back to society, they have requested support in the form of platforms to deliver social benefits such as workshops, engagement with schools and facilitating coaching, mentorships and apprenticeships for example.

Enhance the policy and regulatory environment to support growth (NEDA, DTI, DOT, DepEd, CHED, PSA)

- Conduct a review of regulations to facilitate ease of trade and value chains for the creative sector (e.g. the Bureau of Customs (BOC) costs and requirements for shipping and transportation of hard drives).
- Engage with the regulating government bodies so they are aware and responsive to the needs of the industry.

Explore further opportunities for the Philippines creative industries and social enterprise with existing British Council programmes

- Hubs
- Crafting Futures
- DICE (Developing Inclusive and Creative Economies)
- Future Leaders Connect
- CH4IG (Cultural Heritage for Inclusive Growth)

Align, leverage and advance relevant policies (government, associations, institutions)

- The implementation of the Innovative Startup Act (Republic Act 1137) and policy to protect Filipino digital and creative original intellectual properties. Develop a framework for the nationwide development of startups through subsidies, grants and official endorsements to what are called Startup Enablers (support under The Philippine Innovation Act (Republic Act 11293)).
- Support the Philippines' ratification of the UNESCO 2005 Convention. NEDA is the lead agency, if ratified, the country will have preferential treatment; facilitate free flow of creative goods among UNESCO member states; access assistance programme like capacity building, mobility of talent).
    * At the national level, the NEDA Board created the Social Development Committee - Subcommittee
    * on Culture (SDC-SCC) as an inter-agency mechanism for planning and monitoring the strategies under the Philippine Development Plan related to culture. The SDC-SCC has served as a venue to advance priority agenda of the sector, including the ratification of the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions.
- Youth Entrepreneurship Act promotes the cultivation of creative and entrepreneurial spirit in the Filipino youth.
- Leverage the Philippine Development Plan which identified the ratification of the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions as one of its priority legislative agenda within the next three years (policy).
    * The convention highlights, among others, the creative industries as important drivers in the cultural and economic development of nations (NEDA).
    * If ratified, the country will have preferential treatment; facilitate free flow of creative goods among UNESCO member states; access assistance programme like capacity building, mobility of talent (DTI).
    * Philippine Development Plan (inputs by NEDA): The priority areas of the cultural agenda are: (a) safeguarding and enshrining our cultural heritage; (b) achieving equity and inclusion in access to cultural resources and services; and (c) sustaining and enhancing cultural assets to foster creativity and innovation for socio-economic growth.
        » NEDA coordinates with different stakeholders from both the public and private sector, including the academe and civil society, in drafting the Philippine Development Plan, the Regional Development Plans and other related documents.
        » The 2017-2022 Philippine Development Plan chapter on 'Promoting Philippine Culture and Values.'
- Advance the Philippines' contribution to the SDGs:
    * Leverage government commitments to the SDGs as a way to push the importance of creative and inclusive growth. 2021 is the international year of creative economy for sustainable development (policy).
    * Advance the narrative of the CCIs, position them as a means of addressing the SDGs (e.g. alleviating poverty). Climate change is a major global issue and the CCIs can be a major driver to help address these challenges.
    * The UNESCO Creative Cities (Baguio City and Cebu City) can serve as models for local governments, institutions and enterprises to consider putting creativity at the heart of their development agenda.
- Innovation Act
- Leverage the International Year of Creative Economy for Sustainable Development 2021
- The Design Center of the Philippines' 'Six Philippine Design Goals'
    * Competing globally
    * Foster a culture of design in the Philippines
    * Foster a demand for more good design in the Philippines
    * Protection of design in the Philippines
    * Enhance design education and professional development
    * Institutionalise design as a problem-solving tool

The sector requires continued, long-term support and recognition by government and institutions (government, institutions, British Council)

- This was critical to the success of the UK creative industries and many others internationally. A commitment and demonstration by government as to the importance and value placed on the CCIs.
- Confidence in the sector helps unlock private investment and other supporting initiatives.

Raise awareness among companies and policymakers to understand the benefits of having a social impact

- Additional value to the goods and services produced
- Additional value to the employers
- Provides an enhanced storytelling or experience for the good or service
- Helps attract customers
- Helps retain customers, enhanced customer loyalty
- Helps attract and retain staff or talent pool
- Acts as a motivator for staff or team

Raise awareness among companies and policymakers to understand the unintended benefits of social impact

- Stimulates R&D and innovation
- Stimulates critical thinking
- Helps address social issues by innovating
- Educating and influencing thinking; cultural mindshift
- Art and creativity causes advocacy
- Influence decisionmakers or society.

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Creation and production

Key Stakeholders: Led by private sector, with industry associations, business groups and chambers. Supported by government including DICT, DOST, DTI.

Period: Long term

Improve the CCI and social impact value chain and sector ecosystem (local Philippines supply chain, and connecting with the international supply chain)[77]

- Leverage more sustainable, natural and local materials.
- Champion the permaculture design principles across the creative enterprise landscape in the Philippines as a means of facilitating sustainable ways of living and working.
- Localise supply chains (e.g. work with indigenous natural resources and local suppliers for goods and services).
- Extend the value chain (from supply to market chain) within the boundaries of the Philippines to avoid value losses to the economy (cross-cutting).
- Increase the final value of the creative products and services through optimised design, improved technologies, successful inventions and breakthrough innovations.[78]
- Foster enterprises to working online and digitising business processes (creation and production).

Support creative enterprises in sustainability and having a positive environmental impact

- Support, foster and leverage the creative sector's capabilities to protect the planet, including using digital technologies to engage with each other and audiences.
- Support and foster the circular economy vs the linear model. Approach to the end life or continued life of the materials.
- Transition from the oppositional dyad of craft and design. How do we transition from one regime to a new one? Break paradigms and systems (e.g. shift from horse drawn vehicles to cars, where cities used to be animal dominated to car dominated).
- Explore opportunities within the pluriverse, and de-growth. What are the ways in which we already live that are outside of the economy, that we could leverage and do more of - to de-growth? (e.g. craft making). This would result in a growth of activities that are satisfying rather than growth. Wellbeing.

[77] In-line with DTI-BOI Filipinnovation report.

[78] Philippine Creative Industries Mapping: Towards the Development of A National Strategy

Foster more design thinking and people-centred approaches. Foster more research and development, innovation

Collaborate with other sectors such as Tourism and manufacturing

- Leverage tourism as a driver for growth in the CCIs (see details in The Philippine Creative Economy Toward a Baseline and Programme report).
- Explore opportunities for collaboration, such as through film tourism. The UK has strong examples.
- While the tourism potential was relevant pre-Covid-19, the goalposts have shifted and will need to be reconsidered for the 'new normal'.
- Opportunity for online tourism, leveraging what travel sector is doing. Can leverage AR and VR (e.g. Veer Technologies).

Invest and upgrade the technologies and platforms[79]

Technical collaboration between academe and industries, foreign and local, market-driven research, open innovation platforms, manufacturing engineering fellowships

- Human resource development and industry responsive curricula and university research and extension

[79] In-line with DTI-BOI Filipinnovation report.

academe-industry shared facilities for rapid prototyping and demonstration, testing equipment, fast and reliable ICT networks, communication platforms.

- Technology transfer offices, science parks, business incubators, accelerator programmes (for professionals), funding networks.
- Partnership with academic institutions to spearhead the research and develop creative talent programmes.[80]

Leverage BPO model for high value tech-based design, digitisation, big data, manufacturing, materials

- Creative process outsourcing (CPO) is gaining traction because BPO supposed to be threatened by artificial intelligence (AI) and CPO can be good alternative.

Empower regional and local inclusive innovation hubs as a cornerstone of i3S, at the heart of the Philippines' economic transformation

- Bridge gap between industries and academe.
- Create regional ecosystem made up of universities, R&D labs, S&T parks, incubators, fab labs, co-working spaces, investors and LGUs, start-ups, SMEs and large enterprises.
- DOST and other agencies, industry and academe.

[80] In-line with A Tally of Two Cities report.

Greater exchange with the UK's vibrant arts and cultures

- Training, skills, education and knowledge transfer
- Opportunity for PH and UK supply chains to coalesce (collaboration, co-production, BPO, service and outsourcing)
- Artist residencies
- Link with the UK's impact investment community
- Artistic and cultural exchange with the UK (BC Strategy 25)

Invest in provision of high-speed broadband internet bridging the breadth of the country.

- Important for inclusive growth and for expanding and creating more sustainable value chains.

Adopt international standards and quality assurance

- The standard of the deliverables can often be compromised for various reasons.
- The craftspeople often don't deliver exactly to spec.
- Through talent development, skills and training, train the sector with industry standards.

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Enterprise-level issues: Analysis of issues along the creative enterprise value chain

Consultations with the interviews, focused group discussions and case study leads revealed that creative entrepreneurs and business owners are in need of better understanding of how to develop, grow and sustain their enterprises.

This is particularly true for startups and enterprises under 15 years old. They demonstrated their desire to understand the language of business in order to propel their enterprises to greater heights. The British Council's Developing Inclusive Creative Economies (DICE) programme and the Creative Enterprise Programme developed in partnership with NESTA are relevant to the needs of the sector, resonating across the case studies, FGDs and interviews.

The following topics should be considered in designing the programme:

1. Artists and creatives versus entrepreneurs; artists as creative and social entrepreneurs versus creative and social enterprises
2. Understanding the industry and the sector, the ecosystem including the regulatory bodies
3. Entrepreneurship and enterprise management
   - a. Marketing management for the creatives and social enterprises
   - b. Managing people for the creatives and social enterprises
   - c. Enterprise delivery systems for the creatives and social enterprises
   - d. Financial management for the creatives and social enterprises
4. Understanding the sustainability indicators – Peso, People and Planet, and others
5. Strategic planning
6. Development of a business plan

A coaching and mentoring programme is recommended as an integral part of a holistic capacity building for the creative. Appropriate customised learning materials are needed.

Given Covid-19, considerations for future ways of working must be incorporated.

About the researchers

About Nordicity

Nordicity is an international cultural and creative industries consultancy specialising in research, strategy, policy and economics. Nordicity works at the intersection of culture and development globally. Nordicity helps governments make better policy and deliver better services, companies grow and make smart investments, and all our clients make informed, evidence-based decisions.

Nordicity was founded in 1979, acquired by PricewaterhouseCoopers (PwC) in 1997, and re-launched as an independent entity in 2002, coincident with the acquisition of PwC's consulting practice by IBM. With offices in the UK and North America, Nordicity works extensively across Asia, Africa, Europe and the Americas with our network of consultants, associates and clients spanning the globe.

Website: www.nordicity.com/

About Bayan Academy

Bayan Academy for Social Entrepreneurship and Human Resource Development is a social development organisation offering entrepreneurship, management and education training programmes and services, as well as livelihood and skills training courses for development institutions, cooperatives, banks, educational institutions and micro and small enterprises. Bayan Academy is the leader in social enterprise development and education in the Philippines.

Website: www.bayanacademy.org/

Project team bios

Stephen Hignell, Associate Director, Nordicity

Stephen is a London-based international creative industries and social enterprise expert specialising in strategy, policy, evaluation and impact. With over 12 years of international creative economy experience, Stephen consults globally for clients such as the British Council, Arts Council England, Global Affairs Canada, among others. He is a social and creative enterprise advisor for the Bootstrap Bootcamp entrepreneurship programme and an advisor for social and creative enterprises as part of the DICE Pakistan fellowship. Currently, he is also an advisor to the UK Music fiscal incentives committee, a fund adjudicator for the Foundation Assisting Canadian Talent on Recordings (FACTOR), Breakout West, MusicPEI and SaskMusic.

Ted Ambrosio Catalla, Senior Associate, Nordicity

Ted is a Senior Nordicity Associate and a veteran researcher, credentialed monitoring and evaluation specialist working on development issues, assessment of programme performance, and impacts measurement for over 15 years. He is experienced in carrying out socio-economic, financial, and policy analyses, assessing programmes and developing impact stories using quantitative and qualitative research and linking initial funding and activities with multiple impacts. Ted is highly collaborative in carrying out monitoring and evaluation practice and plans, sharing reflections and lessons gained from evaluation practice in presentations, working groups and conferences. He has a Master of Arts in Health Policy Studies, University of the Philippines, Manila (2011) and a Bachelor of Science degree in Agribusiness, University of the Philippines, Los Baños, Laguna (1985).

Chad Rickaby, Consultant, Nordicity

Chad is a global creative sector and sustainable development consultant with a background in public policy, urban governance and economics. He has robust research and writing skills with strong experience in survey design and enumeration, engagement facilitation techniques and communication. Chad holds a Master's degree in Public Policy and Global Affairs, where he focused on energy policy, green energy transition and sustainable development policy in the Asia-Pacific.

Juliana Craig, Research Analyst, Nordicity

Juliana is a Research Analyst at Nordicity, with a background in policy, qualitative research, communications and stakeholder engagement. Her knowledge of international issues, including culture, sustainable development, gender equality, capacity building and urban planning, complements her education in public policy and social sciences. Juliana's experience has included working in the non-profit, fair-trade, and public and private sectors internationally. She conducted extensive stakeholder engagement for the Ethiopian Ministry of Mines as part of her Masters specialisation in development and social change.

Dr Eduardo A. Morató, Chairman and President, Bayan Academy for Social Entrepreneurship and Human Resources Development

Dr Morató is a leading international expert in social enterprise. He is the Chairman of Ace Center for Entrepreneurship and Management Education Inc, and Chairman and President of Bayan Academy for Social Entrepreneurship and Human Resources Development, and Chairman of Social Economy Action Research Foundation (SEARCH). Dr Morató designed and developed the socially relevant and responsive Master in Development Management for leaders and managers in government and private voluntary organisations as well as the highly innovative Master in Entrepreneurship for small and medium scale entrepreneurs at the Asian Institute of Management.

Philip Felipe, Executive Director and COO, Bayan Academy for Social Entrepreneurship and Human Resources Development

Philip is an experienced programme director with a history of working in the non-profit organisation management industry. He is skilled in nonprofit organisations, corporate social responsibility, social enterprise, operations management, people management, marketing management, programme monitoring and impact evaluation. He graduated with a Master of Arts in Medical Anthropology from Universiteit van Amsterdam and Master in Development Economics and Diploma in Urban and Regional Planning from the University of the Philippines, Diliman.