

The Philippine Creative Economy

Toward a Baseline & Programme



tom fleming / creative consultancy /



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Introduction

This short report provides a headline overview of the strategic development opportunities to develop a flourishing Creative Economy in The Philippines. It is written to coincide with a reinvigorated appetite for developing the Creative Economy in The Philippines – as demonstrated by, for example:

- **Increased industry leadership and appetite for an ambitious, coordinated approach to sector development** with a new Creative Industries Board / Task Group established and genuine interest from the National Economic Development Authority (NEDA) to prioritise the Creative Industries for growth, productivity, innovation and competitiveness. Parallel to this, the Department of Trade and Industry (DTI) and key agencies such as the Design Center of the Philippines are showing real leadership and commitment to a strategic development process that positions the Creative Industries as a key driver for inclusive growth and competitiveness across The Philippines.
- **Increased strategic partnership**, with the National Commission for Culture and the Arts (NCCA) and DTI actively exploring ways to improve the evidence base for the arts and cultural sector and to strategically align this with a wider process to develop effective baseline mapping for the Creative Industries. There is also increased engagement from international partners, notably The British Council, which is well positioned to share best practice internationally and to facilitate the introduction of UK expertise in supporting the development of an effective approach to the Creative Economy in The Philippines.
- **Increased activity at a regional and municipal level**, with commitment to develop detailed Creative Industries mapping Makati, plus real appetite to develop an evidence-based Creative Industries strategy in Central Visayas.

This renewed appetite and commitment is based on a recognition that the Creative Industries can play a vital and often transformational role for the economy, as well as facilitate the development of a more inclusive civil society. Put simply, the Creative Industries matter – as a direct driver of growth and innovation and as a vital contributor to local development pathways, confidence and cohesion.

The report is written by Tom Fleming Creative Consultancy¹: leading international experts in the Creative Economy, with a track record in sector mapping and consultation, strategy, policy and evaluation. It is supported by The British Council and NCCA.

In **Section 1**, this report provides a short overview of the **strengths in The Philippines**; and it identifies ways to overcome the **weaknesses**, and to shape **opportunities** for positioning the creative industries as a transformational sector:

- **For the people** – a diverse talent base which will become the next generation of inventors and innovators, artists and makers, technologists and designers.
- **For businesses** – where a rich mix of creative entrepreneurs working across sectors such as design, software, music, film, crafts and the arts, are better positioned to generate growth and to drive innovation and creativity across the whole economy.
- **For specific places** – from cities with their own hubs of creative businesses; to rural areas which are increasingly viable for creative industries activity.

¹ www.tfconsultancy.co.uk

In **Section 2**, the report describes a key building block for a successful creative economy - the development of a **robust sector baseline** from which detailed data and intelligence can be gathered and through which the sector can be effectively consulted and engaged. In turn, this will allow evidence-based policy and investment decisions to be made and for partners to benchmark the sector with other countries and to build an understanding of how the sector is performing over time.

This Section is informed by a **Focus Group Discussion** (FGD) led by Dr Tom Fleming and staged through a collaboration of the NCCA and British Council in May 2017. This FGD convened key partners in Government and relevant public bodies to discuss the current approach to sector mapping, statistic gathering and surveying; how this approach can be streamlined and improved; and practical ways forward. The target here is to develop a clear and consistent approach to Creative Industries Mapping via a set of baseline activities. Together these activities represent the first step toward a national Creative Industries Baseline Mapping Study for The Philippines.

Section 2 concludes with some practical next steps for partners to consider if they are genuinely committed to develop a Creative Industries baseline for The Philippines and to use this to underpin a national Creative Economy Programme / Policy.

As an Annex to Section 2, a very **outline questionnaire** is provided – as a basic and very provisional proforma which can be used as reference for future mapping activities.

Section 1. Profiling the Creative Industries of The Philippines

The Creative Industries (which includes the ‘cultural industries’ – i.e. it involves value chain relationships between commercial and not-for-profit activities) are one of the global economic success stories of the last 20 years. From 2000–2010, the Creative Industries grew annually more than twice that of the service industries overall and more than four times that of manufacturing in many OECD and developing countries (UNCTAD 2010). The export of creative goods and services reached \$227 billion in 2011. Exports of Creative Industries services were recorded at \$172 billion in 2011. Depending on how they are defined, the Creative Industries are estimated to represent anywhere from 3% to 12% of global GDP (all UNCTAD).

The rapid growth of the sector originates from an increased demand for distinctive goods and services, including for leisure, in part an effect of the world’s expanding ‘middle-class’ and the increase in disposable income; as well as the expansion of digital technology which is opening up multiple new channels and platforms for contents storage, distribution and production.

Although growth has slowed in some regions through the global economic crisis and subsequent downturn, overall the sector continues to grow. This growth is most pronounced in emergent economies and particularly in those with access to large markets, strong global connections, distinctive and productive cultural sectors, and rapid digitalisation. This is certainly the case in The Philippines. Even without the benefits of a coordinated mapping study, the Philippines’ creative industries sector is large, diverse, dynamic and growing.

As the 2013 UN Creative Economy Report demonstrates:

“Unlocking the potential of the creative economy involves promoting the overall creativity of societies, affirming the distinctive identity of the places where it flourishes and clusters, improving the quality of life where it exists, enhancing local image and prestige and strengthening the resources for imagining diverse new futures.”

Yet it is clear that despite this growth in emergent markets such as The Philippines, the sector is proportionately much smaller than it could and should be. Indeed, the story of the Creative Industries in The Philippines and Southeast Asia as a whole seems one of untapped potential, with a domestic market still emerging and a set of strategic, structural and regulatory elements still to be introduced to overcome barriers to business development and trade, reduce / ameliorate the effects of piracy, and build a culture of entrepreneurialism across the sector.

The Creative Industries provide important trade opportunities for The Philippines – with scope to become major contributors to GDP as well as a means to promote cultural distinctiveness, build confidence and foster wider processes of civil engagement and innovation. Moreover, the rapid ongoing development digital technologies will continue to open up new distribution platform channels – domestically and for export. In turn, this introduces opportunities for expanding the type of services offered, with potential movement toward those niche, high value services currently dominated by producers in North America, Europe and other parts of South-East Asia.

This could hold particularly true for The Philippines which has deeply rooted traditions in music, performing arts, craft, design film. Yet while products stemming from these traditions

are numerous, The Philippines has not been able to transform their products into sustainable domestic markets and exports which can earn revenue, create jobs, and contribute substantially to the economy.

It must be noted that a major hindrance in obtaining a clear picture of the Creative Industries market is the **limited data available**. It is vital here to put effective policies in place to collect the relevant statistical information on this sector in order to adequately analyse and assess the performance of the creative industries, and to further assist in the development of the sector. This is particularly important if in The Philippines we are to have bespoke, evidence-driven approaches to policy and investment and if we are to connect our strengths and improve the economic performance and overall soft power of the country.

In addition, intellectual property issues are paramount – whether this be to ensure creative businesses trade with confidence and maximise their income potential or to ensure the development of a market for creative goods and services which is respectful of the creative and economic integrity of the producer.

Figure 1 below shows the global trends for the trade of creative goods (UNCTAD Creative Economy Statistics 2011):

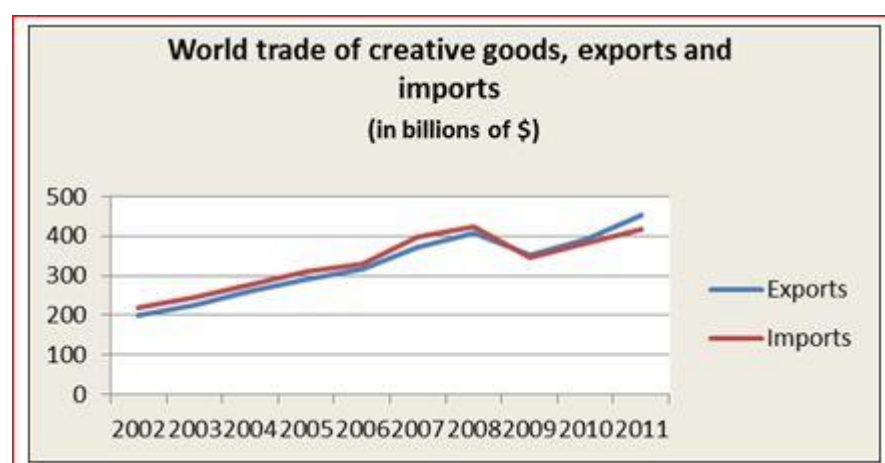


Figure 2 provides a breakdown by sector (UNCTAD Creative Economy Statistics 2011):

Creative goods: Exports, by economic group, 2002 and 2011 (in millions of \$)								
	World		Developing economies		Developed economies		Transition economies	
	2002	2011	2002	2011	2002	2011	2002	2011
All Creative Goods	198'240	454'019	73'890	227'867	123'169	222'597	1'181	3'555
Art Crafts	17'503	34'209	8'256	10'653	45	172	9'201	23'383
Audio Visuals	455	492	417	400	3	2	35	90
Design	114'694	301'262	60'970	127'239	362	1'800	53'362	172'223
New Media	17'506	43'744	13'071	28'918	23	219	4'412	14'607
Performing Arts	2'754	-	2'478	-	26	-	250	-
Publishing	29'908	43'077	26'061	33'650	690	1'321	3'157	8'106
Visual Arts	15'421	31'127	11'916	21'631	31	40	3'474	9'456

1.1 Existing Data and Intelligence

Some effort has been made over the last decade to map and measure the Creative Industries of The Philippines. However, the methodologies and definitions have varied, as have the source materials used, the geographic focus, and the emphasis on specific sectors. For example, in 2008 - one of the earliest attempts to describe and codify the sector - Cesar S. Tolentino² undertook some desk-based research to describe the global potential of the Creative Industries (mostly utilising UNCTAD's definition and approach), and then to try to identify the current position of the Creative Industries in The Philippines. He concluded that even the patchy data available:

“demonstrates the Philippines’ remarkable growth in the trade of creative goods and services in the last decade, a growth that has recently generated interest from various stakeholders and sectors – to a point where there are now several initiatives to further develop the creative industries in order to help drive economic growth in the country’s economy for the next decade”.

Key observations by Cesar Tolentino include:

- The Philippines appears to be globally competitive in the handicrafts and cultural event segments. There is thus potential for The Philippines to further improve its global positioning for the handicrafts, cultural events, and art segments.
- The visual arts are not yet a key strength, but is growing as a sector overall.
- Personal, Cultural and Recreational, and R&D services are key segments for The Philippines.
- The Philippines is probably best-placed to develop its creative services, utilising digital capacity and English language to drive growth in local market development and exports for sectors such as Publishing (including digital content); Audiovisual (including animation and online broadcast materials from film, television and radio broadcasts); Design – including interior, graphic, and fashion design; New Media – including software goods and services, and videogames (also called entertainment software); and additional Creative Services e.g. architectural, advertising, and other cultural content services that utilise an online delivery system.

More recently, in 2010, the government supported various activities that eventually led to an initial Creative Industries Roadmap - prepared by the ABS-CBN Foundation led by Dr. Eduardo Morato. The same year, the Joint Chambers of Commerce also released “ARANGKADA 2010”, an advocacy paper which identified Creative Industries as one of the **seven big industry winners** that would accelerate growth and investments in the country. In addition, DOST, ICTO, and the SRTC are leading on an ICT Roadmap which includes some subsectors of the Creative Industries. Of particular importance is Republic Act 10557, also known as the Philippine Design Competitiveness Act, which heralds the creation of Philippine Design Council and Design Center – a hugely welcome intervention for The Philippines Creative Economy.

² A Primer on Creative Industries and on Digital Content Goods and Services in the Philippines, 2008.

1.2 A Sector Swot for the Creative Industries of The Philippines

More recently still, an extensive sector-driven report was written in an attempt to update the 2010 Creative Industries Roadmap with the latest available data from the National Statistics Office (NSO), industry associations, and various data portals. The report discusses the various definitions of the Creative Industries, seeks to describe the sector's value chain, summarises global data on sector performance, and identifies some specific strengths and opportunities for The Philippines. However, all the data summarised is based on measurement pre-2010; data sources were very eclectic; and it is clear that micro businesses were very under-represented in the data. Indeed, the Annual Business Survey does not collect data for businesses of under 10 employees – which are classified as 'informal'. Given that the Creative Industries is a disproportionately micro business sector, it is likely that very significant areas of economic activity have not been measured in the Philippine Creative Economy.

The report did, however, generate some **rich and useful qualitative information on the profile and dynamics of the Creative Industries in The Philippines** and it made several assessments of the appropriateness of the current governance and support structure for the sector. It provides an Outline SWOT analysis of the Creative Industries in The Philippines. This is featured below and augmented with some extensive additional considerations based on our initial discussions with sector partners, including in the FGD with NCCA and The British Council.

Strengths of the Creative Industries in The Philippines

Talent:

- The availability of a large, skilled, creative and educated workforce, with close familiarity with Western culture and proficiency in the English language.
- Their talent and passion for creativity is internationally recognised, and creates an “assurance” or a trademark of good performance (in the case of performance arts), superior quality, and design.
- A large and expanding metropolis in Manila (and Cebu) – which offers an epicentre for sector development, with scope for establishing real critical mass across the Creative Industries. Some hubs and clusters are generating value, energy and exchange; and emergent creative districts in areas such as Makati are offering a mix of fine grain and historical and industrial buildings which with the right enabling conditions could be very attractive to creative businesses.

Costs:

- The deregulation of telecommunications industry has brought downward pressures on telecommunications costs. The rapid improvements in telecommunications services and the consequent decline in their prices have allowed many IT-enabled creative services to compete on cost. This assists BPO and other Internet-based creative industries like animation and games development which rely on faster connectivity for their competitiveness.

Coordination and leadership:

- The presence of highly organised professional niches and industry associations is a strength – especially in comparison with the very emergent industrial coordination in

other ASEAN countries. These entities have been very active and instrumental in establishing networks and global linkages, and in pushing and working for a better professional and business environment in their respective fields.

- Clear commitment to partnership and reform from key Government departments and agencies; and a shared commitment to improving baseline mapping, piloting targeted research and development activities, and building effective governance structures and investment models as witnessed in leading creative economies globally.
- Strong place-based appetite to develop the sector – e.g. in Cebu, which has played a very active role in the ASEAN Creative Cities Programme; in Makati (which is undertaking a baseline mapping exercise); and in Central Visayas, where there is appetite to build a strategic and evidence-based approach.

Weaknesses of the Creative Industries in The Philippines

Costs:

- High production costs – e.g. utility costs, licencing and equipment, professional fees, and travel across a distributed geographic area.
- High market entry costs for certain types of creative activity – e.g. film and some elements of gaming – the gap from ideation to development and distribution is very large without significant investment.
- Distribution issues – e.g. copyright infringement, poor internet connectivity beyond the main cities, and the diseconomy of congestion / poor public transport.
- Tax: The Philippines imposes one of the highest tax rates in the region. For corporate income tax (CIT), the Philippines charges 30 percent, while in Indonesia, Malaysia and Singapore, CIT ranges from 20 to 26 percent. Personal income tax in the Philippines is also high at 32 percent, whereas in Malaysia and Singapore, the rates are 26 and 20 percent, respectively. The government also imposes additional taxes— amusement tax, cultural tax, excise tax, custom duties, and review fees. This inflates costs and reduces competitiveness vis-à-vis imports.

Skills and education:

- A fragmented approach to creative skills, management and entrepreneurship. This starts at school – with little provision beyond traditional arts practice. Some communities have a very active music and performing arts offer, but it does not progress toward more contemporary, cross-art-form or intercultural practice. There is also a very limited approach to supporting creative entrepreneurship and management in the tertiary and higher education sector, which reduces the opportunities for creative business development. The creative skills offer lacks structure and coordination, with inconsistent approaches to accreditation. Where there is excellence – such as via certain schools and universities, they are not connected as part of a holistic and integrated approach to creative education and skills. There is also a real lack of dedicated business support, networking and incubation for the creative industries.
- The lack of value associated with creative careers and creative practice per se. The Creative Industries is not prized as a prestigious, high achievement, high aspiration sector. It is too often seen as for non-achievers; and creative jobs are not given the same status as other professions. This is very damaging to sector development –

meaning that significant amounts of talent never enter the sector, that critical audiences are under-developed, and that investment is weak.

Underdeveloped collaboration:

- Although the situation is changing, the historic lack of sectoral coordination, structure and governance continues to be an issue. Still too many parts of the Creative Industries lack formalisation. In addition, the Creative Industries sits across several government departments and agencies without clear ownership and a lack overall of policy literacy. There is also a disconnect in governance and development between arts and cultural sectors and the commercial Creative Industries, even though there are multiple interdependencies in the ways businesses and organisations operate across shared value chains. The lack of a clear overall baseline study, strategy and programme mean that the sector lacks a coherent investment programme and does not benefit from dedicated skills and capacity-building activities.
- Weak local and/or foreign market collaboration. Creative originators and manufacturers have struggled to collaborate and establish business relations with other relevant local and international companies often creates very narrow perception and limited awareness about local and foreign market needs. This partly explains why locally produced creative goods have very weak presence in the domestic (like the case of the furniture sector) and international markets (more applicable to IT-enabled creative subsectors).

Weak national brand / positioning:

- The Philippines lacks a consistent and focused country brand and culture and the Creative Industries do not feature strongly in tourism, inward investment or even soft power activities. A strong creative brand underpinned by genuine sector development activities, can be positively impactful on inward investment, tourism, talent attraction and retention. To get this point needs a dedicated data-driven approach (see below).

Data and evidence:

- The absence of detailed data – e.g. a sector baseline, sub-sector profiles, value chain analysis, city/region mapping and audience profiling. This is in part an outcome of the lack of formalisation in the sector – with many creative practitioners not registered as businesses. It is also an outcome of inadequate sectoral and occupational classifications at government level – which makes accurate mapping of the sector difficult. Some progress has been made here – e.g. via cultural surveys by NCCA and some desk based analysis sourcing data where it is (patchily) available. If the sector is to have effective policy and investment, then the establishment of a robust and extensive baseline is required. This might not need in the first instance to be nationwide – a series of city and regional mapping studies could be developed toward an eventual national baseline. The development of a Manila (or at least Makati) and Cebu baseline should be a priority – to marry strategic agendas in economic development and planning; plus a focus on a less urban area (to make connections across the arts and cultural sector, tourism and agribusiness). There is also a need to develop targeted data and intelligence on the shifting business models and trends of key sectors – to inform an eventual sector programme and policy.

Investment:

- In part an outcome of a lack of good quality data, the investment landscape for the Creative Industries is fragmented, with little coordination between grant-giving bodies and negligible coherence between grants, micro-finance, debt and equity programmes. Low levels of investment readiness and investor readiness are compounded by the imperfections of these supply-side aspects.

Audiences:

- An under-developed local market / audience for cultural and creative events, goods and services. For example, the practice of going to the theatre or gallery, is not commonplace in The Philippines. The events sector is growing – for relatively mainstream performances; plus there is a growing market for musical theatre. Audience development for local content must be a priority agenda if large parts of the Creative Industries are to grow. The festivals sector can play a catalysing role here – developing new audiences and introducing a diversity of cultural experiences. In addition, the domestic market for local content (e.g. via TV, cinema or online), and for products (e.g. in fashion, crafts and design), is still emergent. The appetite for imported content, goods and services outstrips demand for Filipino creativity, and copyright infringement further undermines the local sector.

Clustering:

- Although there are several emergent hubs and clusters, broadly there are low levels of clustering and the lack of strategic integration of creative industries into urban development agendas. The Creative Industries is a sector that thrives through co-location and strong physical and digital networks. Yet in The Philippines, clusters are relatively weak and the sector lacks density. This is an impediment to growth because without high density clusters of activity, the sector lacks visibility and opportunities for exchange and trade are limited. In addition, this diminishes the capacity of the sector to make a difference to the wider economy of the city through the spillover effects it generates – e.g. to brand identity, innovation and to wellbeing agendas. The Creative Industries can play a very influential role in improving the quality of place – the dynamism, distinctiveness and productivity. In turn this is vital for talent retention. Yet this is under-appreciated by policy-makers in The Philippines, except perhaps in Cebu.

Opportunities for the Creative Industries in The Philippines

The Design Center's recent Creative Industries Road Map sets out a Vision which works well and could be adopted for future strategic development purposes:

“A major creative hub in the Asia-Pacific, with strong and thriving creative industries supported by a pool of world-renowned Filipino talent, imbued with the passion to innovate goods and services that showcase the best of the Philippines, using new and emerging technologies”.

Growing market:

- Rising per capita incomes, advances in modern technology, and increasing international demand for creative goods and services are catalysts of growth of The Philippine Creative Industries. The increase in real per capita income worldwide and a growing middle class in The Philippines is a significant contributor to growth. Digitalisation is also enabling the development of new markets.
- The Philippines is currently the world's leader in voice BPO, with a global market share of 30 percent, outpacing India in terms of gross revenues and number of employees. This outcome has also raised optimism for a stronger Philippine presence in the non-voice category of the BPO. Given the large pool of graduates from nursing, computer science, marketing, accounting, legal, and medical fields, there is a huge possibility for the Philippines to penetrate and step up to the knowledge-intensive, higher value-added segment of the BPO industry, in particular animation, game development, and IT-enabled creative services.

Leadership:

- The Creative Industries can be positioned as a higher priority sector by NEDU, with the eventual establishment of a national dedicated Creative Economy programme / policy and much-needed reform to the relatively old-fashioned cultural policy. To reach this point (which needs to be sector-led as much as government-driven), there is also a need / opportunity to position contemporary creative production much closer to the national brand. A programme of creative Industries Showcase activities through inward and outward missions led by the Design Center would be a good start.

People (education and skills):

- With a coordinated approach to creative education and skills across the country being the ultimate goal. This should involve, in the first instance, a scoping study to document the current supply of creative education and skills and to benchmark this against best practice internationally. This should be used to inform a set of pilot activities – e.g. developing a set of creative entrepreneurship and management activities with higher education institutions; and mobilising professional development and skills activities for existing creative businesses and cultural organisations. Priority areas could include:
 - IP literacy – building confidence and capacity to monetise IP, collaborate and move toward more effective value retention (e.g. licensing rather than selling film content to broadcasters).
 - Entrepreneurship and management – focused on the ‘millennials’ – younger entrepreneurs specialising in the short format (e.g. gaming, APPs), contemporary designer-makers, theatre producers etc. – i.e. the talent which is under-nurtured and at risk of leaving The Philippines.
 - Technical skills which retain traditional crafts and approaches to visual and performing arts while opening them up to new influences – with a focus on contemporary markets and export.
 - Audience development: a national programme of championing and celebrating diverse cultural programming – supporting smaller organisations to produce new work and reach new audiences.

Investment and support:

- With a growing cohort of creative entrepreneurs, the opportunity exists to develop a more effective support environment. This should include programmes of specialist business support for creative micros and SMEs (e.g. pilot activities in the cities); B2B network activities; and targeted investment readiness support. Allied to improved business support is an opportunity to develop a much more effective investment landscape for the Creative Industries in The Philippines. This could involve a review of the investment landscape which explores ways to ensure that different parts of the value chain are reached – grants, micro finance, loans and equity. This should include a focus on nurturing appetite for sector investment from the commercial banks (e.g. looking at options for IP as collateral); scoping R&D investment; the effectiveness of tax incentives and tariffs; and on growing business angel appetite in the Creative Industries.

Place:

- The Creative Industries can play a transformational role in the quality and competitiveness of cities and regions across The Philippines. There are opportunities to nurture significant cluster developments across the country. This should include a strategic development push where there is already appetite – e.g. Cebu. But it should also focus on Greater Manila as a regionally, even globally significant cluster. This can focus on:
 - Economic growth and competitiveness: it is a high growth sector of micro businesses which love to co-locate.
 - Quality of life and distinctiveness: the sector generates creative content and experiences – which animate a city, generate energy and can drive a brand
 - Spillover effects – e.g. cities with strong creative sectors also tend to have high performing innovation ecosystems, a rich and diverse cultural life, and excellence public spaces.
- As with a process ongoing in Kuala Lumpur, Malaysia, a major opportunity exists to develop a creative economy blueprint for Greater Manila and, very credibly, Cebu - as part of a more holistic 'creative city' agenda (which seeks creative solutions to agendas from education to planning) and as a major first step in any national creative economy programme. This could include activities such as local clusters (e.g. where the state provides a building(s) for workspace and activity space led by the creative industries; a new creative business club / federation; and targeted commissions to pair creative firms to partners leading on the liveability agenda.

Threats to the Creative Industries of The Philippines

Education and skills:

- There are growing concerns over the quantity and quality of labour supply in the country. This particularly relates to technical skills for certain creative sectors (e.g. in gaming, audiovisual etc.); creative skills (e.g. in script-writing); and core skills such as creative entrepreneurship and management. Given the fragmented nature of the sector and its increasing dependence on a micro business and freelance economy, it is vital that the creative skillsets are industry ready and globally competitive.

Data and market awareness:

- The lack of consistent, robust high quality data and inadequate data collection systems mean The Philippines does not have a detailed and accurate baseline for the Creative Industries. In turn, this means policy and investment is less informed by evidence than in other countries; that commercial investors remain unconvinced of the scalable potential of the sector; and that The Philippines can't be benchmarked at a regional or global level. In turn, this means we can't consistently measure how the sector is changing over a period of time. In addition, there is a lack of place-based data and evidence, including a focus on the value chains of the sector, its social and cultural profile, and the aims, aspirations and needs of creative businesses. These issues are explored further in **Section 2**.
- **Low market awareness**, which stems from underdeveloped marketing and distribution system and facilities, is also a grave threat to the industry. As mentioned, insufficient knowledge about domestic as well as international markets keeps producers of creative goods from diversifying their products and services. It also reduces the investment readiness of the sector.

Soft Power:

- The lack of an overall brand and recent natural disasters and civil unrests mean the soft power of The Philippines is under threat. The Creative Industries, if effectively positioned, can play a very powerful role in developing a new brand and identity for The Philippines which in turn increases its attractiveness as a place to invest in, collaborate with, visit and reside.

Section 2: Data and Intelligence – Toward an Effective Baseline for the Creative Industries of The Philippines

In May 2017, a FGD was held to explore opportunities to establish a more coherent and coordinated approach to sector measurement and mapping. The event - Inter-Agency Consultations on Philippine Creative Industries - stemmed from a need to better understand the state and scale of Creative Industries in The Philippines through data-gathering and mapping. Presented by the NCCA and British Council, it supported the Philippine Cultural Statistics Framework (PCSF), a localised version of the 2009 UNESCO Framework for Cultural Statistics developed by the NCCA. PCSF is a tool for organising cultural statistics, providing conceptual foundation which enables the production and dissemination of cultural data, supporting research component in policymaking, and measuring the impact of culture and arts in Philippine development.

The FGD had several **objectives**:

1. to identify existing initiatives, limitations and scope of data gathering of the creative industries
2. to develop a realistic methodology that the NCCA can apply and efficiently record
3. to identify partners who can carry out the data gathering throughout the Philippines, and
4. to raise awareness on the importance of data in developing programmes and policies, and measuring impact
5. to build and improve a partnership approach to sector mapping, engagement and strategic development.

Participants included senior colleagues from:

- Board of Investment (DTI-BOI)
- Intellectual Property Office (DTI-IPO)
- Design Center of the Philippines (DTI-DCP)
- Export Marketing Bureau (DTI-EMB)
- Department of Finance (DOF)
- National Economic and Development Authority (NEDA)
- National Museum of the Philippines (NM)
- National Historical Commission of the Philippines (NHCP)
- Komisyon sa Wikang Filipino (KWF)
- Philippine Statistics Authority (PSA)
- Bohol Kasing Sining
- National Commission for Culture and the Arts (NCCA)
- British Council

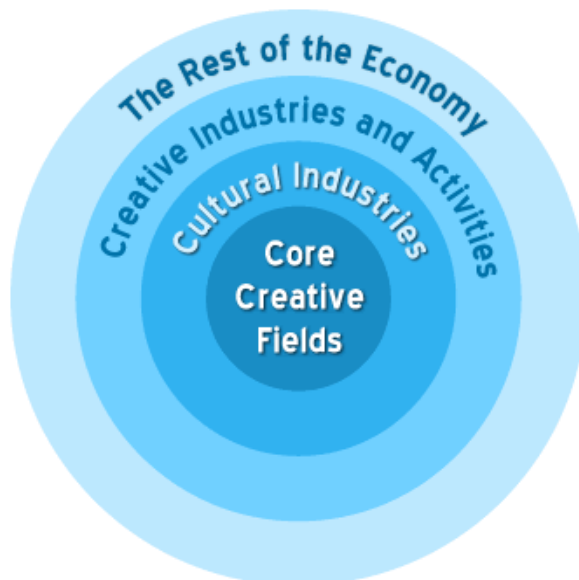
The FGD commenced with **position statements** from key partners – to confirm their appetite for and commitment to a more coordinated approach to data collection which adequately captures the full range of Creative Industries and cultural domains; which can be benchmarked; and which can be complemented by qualitative research capable of providing a detailed picture of the full profile and dynamics of a rapidly changing sector. This, as Tom

Fleming made clear in his **keynote presentation**, is vital if we are to move toward 'evidence-based policy-making' rather than 'policy-based evidence-making'. As part of this address, Tom Fleming introduced the '7 Ps' for effective Creative Industries development, with 'Picture' vital to ensure the sector is evidence-driven – whether this be to inform policy or market and investment decisions:

***The 7Ps for a successful
Creative Economy***

- 1. Perception**
- 2. People (education and skills)**
- 3. Pounds (finance)**
- 4. Place (location)**
- 5. Pipes (internet)**
- 6. Property (IP)**
- 7. Picture (data)**

Tom Fleming introduced the multiple definitions which exist for the Creative Industries (and terms such as Cultural Industries, Creative Economy and the different domains which sit within each definition. He welcomed the approach by The Philippines to focus on UNCTAD definitions and to recognise the interdependencies across 'cultural domains' and different more commercially driven creative services. One approach here is to understand the value chain relationships which cut across the overall Creative Economy – as depicted by the UK Government in 2007 (via The Work Foundation):



The Creative Industries Value Chain:
Concentric Circles Model, The Work
Foundation, 2007.

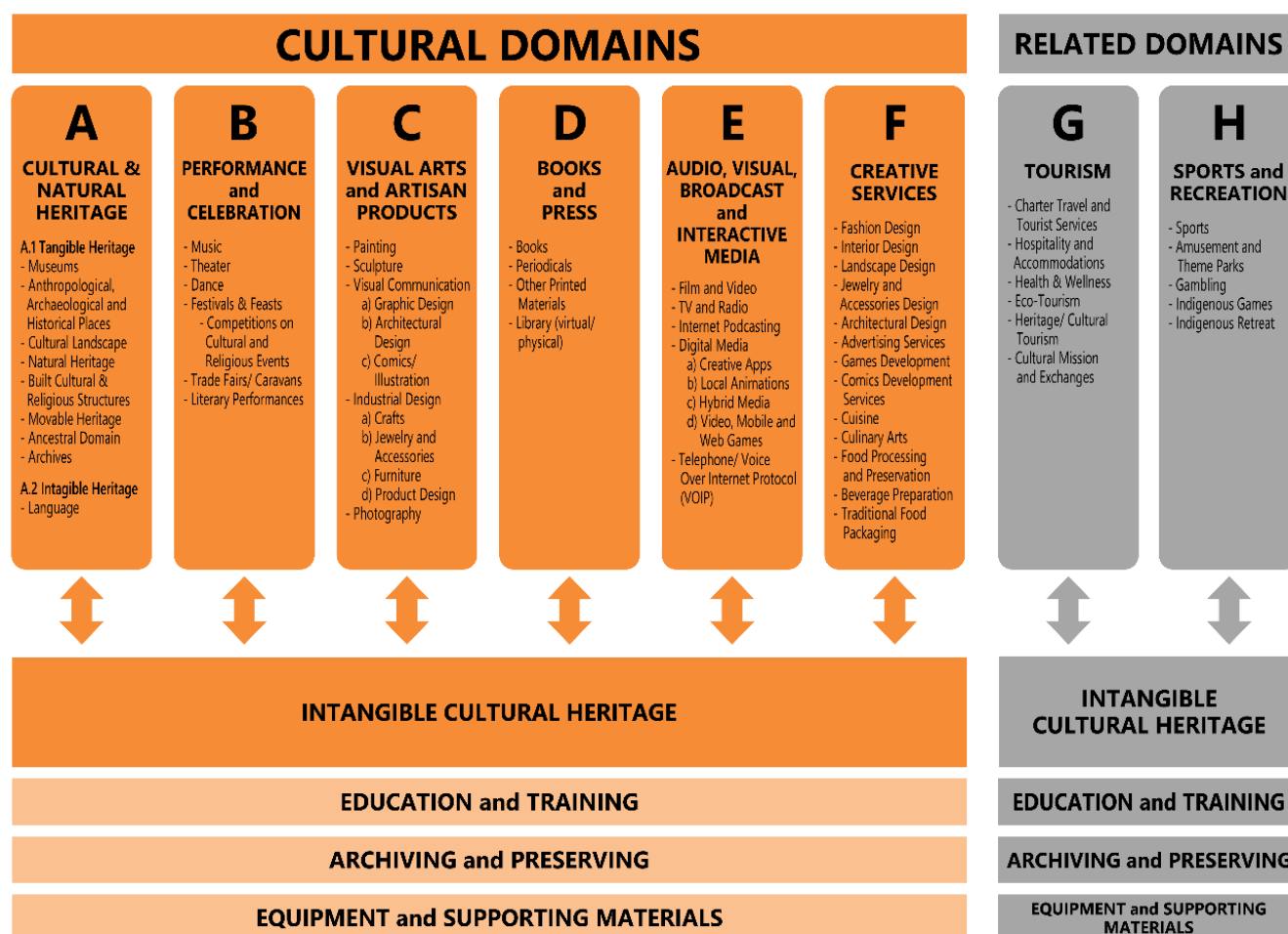
This means it is important to:

- A: have clear definitions for each domain across the Creative Industries
- B: ensure there are methodological tools to measure such tools – e.g. via the PSA's Annual Business Survey, through dedicated survey development, and through

techniques such as business registration and tax collection (using reformed standard industrial and occupational codes). Care must be taken here to ensure micro businesses are not omitted from any research and that the informal sector is not neglected.

- C: continue to measure the value chain relationships between different sectors – e.g. via place-based studies which explore the whole ecosystem rather than purely technical indicators.

It is with these three considerations in mind that the following data fields can be measured through a proposed Baseline Creative Industries Mapping Study for The Philippines:



2.1 Summary of FGD – Main points and opportunities

The FGD provided a rich and dynamic forum for discussing current and potential approaches to Creative Industries mapping for The Philippines. A summary of the qualities and limitations of the historic approach to sector mapping is provided below. It is followed by a set of recommendations regarding a proposed approach to Creative Industries mapping which will deliver the kind of data and intelligence required or effective policy and investment.

2.1.1 Challenges and deficiencies of sector mapping approaches and data

- The FGD made it clear that the **lack of accurate data and a coherent approach to collection, management and presentation**, is severely hampering the development potential of the Creative Industries. This is impacting all areas of sector development – with very little evaluation, an ad hoc approach to mapping and measurement, and thus little trust in data from policy-makers and investors.
- There is some **good work to build from** – e.g. the DTI and BOI commenced with a Creative Industries roadmap in 2014 but this needs solid and robust data to underpin it so that assumptions can be supported (if indeed this is what the data presents). Where the data exists, the methodologies vary, as do definitions and areas of study – e.g. data sources exist at a global level (e.g. via UNCTAD and World Bank), and via various local agencies – e.g. PSA, DTI, different mapping projects by NCCA, AIM, and the Bayan Academy. However, there is no coherent aggregate data source or approach for its collection.
- For example, the FGD demonstrated that PSA **define sectors differently** from DTI. The PSA defines the ‘formal economy’ as 20 employees and more and the informal sector as 10 employees and below. Most creative businesses would thus be classified as informal and not be measured. For the DTI, this definition does not align with the DTI's mandate for inclusive growth since it excludes data from informal sector. It will therefore be important to align definitions and approaches so that the PSA's Annual Business Survey generates some useful baseline data on the Creative Industries.
- However, even with this alignment, many **micro and freelance creative businesses will not be reached** through the Annual Business Survey – not least because so many are not even registered. This is a long-term development issue where mapping should be positioned as part of an awareness campaign on the importance of the Creative Industries to national productivity, competitiveness and identity. Surveys, promotional events, even incentive schemes (such as start-up grants) should all be considered as a way of utilising a baseline study as part of a sector development, formalisation and capacity-building process.
- This focus on the informal sector is just one data gap to bridge. Overall, there are **several major gaps** which cannot be bridged through straightforward national surveying or collection via registration. A sector engagement process will be required to develop a qualitative baseline – which would also include descriptive data – e.g. on business size, turnover, location, markets, skills and business support needs, investment needs, aspirations and opportunities.
- The **private sector**, inclusive of micro enterprises, needs to be consulted on approaches to sector mapping, including definitions. A lesson learned from exercises elsewhere is that if the sector does not recognise the definitions and approach, it will not participate in mapping processes, which in turn will reduce the relevance and quality of the research.

2.1.2 Some opportunities for improving the approach to data collection and mapping

The major opportunity though is to undertake a **comprehensive sector baseline study** as the first step in a national Creative Economy programme / policy. This would be a long-term

process. Tom Fleming emphasised the step-by-step approach of the UK – from the initial mapping study of 1998 (which was largely an aggregate of existing data), through deep and inclusive sector engagement (much of which was industry-led), through an overhaul of the cultural statistics framework, through to a detailed new baseline, through to targeted sector-specific and value chain studies. Many of the building blocks for this in fact came from **local and regional mapping studies**, rather than from a national government approach. This enabled partners to test methodologies and ‘feel their way’ toward a consensus-based approach that has been adapted over time.

This should focus on the following:

- **Reviewing the standard occupational and industrial classifications** used by Government to ensure they are relevant to the creative industries
- Reforming the codes used by the **Annual Business Survey** and lowering the firm size threshold so that micro and freelance firms are also measured
- **NCCA and DTI develop a shared approach** where the NCCA focus on cultural domains and DTI focus on commercial creative services to establish a coordinated **Creative Industries Mapping Framework** for The Philippines. Year 1: develop the detailed framework and methodology (including at a cultural statistics summit in October 2017); Year 1-2: rollout as a set of pilots (e.g. local studies – see below); Year 3: focus on priority sectors for a national baseline study with tools to include an amended Annual Business Survey (with a Creative Industries focus), and a programme of surveys led by NCCA and DTI. These surveys could form the basis for a national registration and membership programme for creative businesses – as a type of creative guild or federation. In turn, this could signal a step toward the formalisation of the sector.
- Working with local partners, support the development of **priority place-based mapping activities**. This is to build expertise in delivering new methodologies; to generate some ‘quick wins’ where specific places can be used as exemplars and case studies regarding the role and potential of the Creative Industries; and to build rich and practical data and intelligence which can be used to inform policy and investment decisions. It is recommended to work quickly where there is existing appetite and momentum: namely **Cebu, Makati** and **Central Visayas**. The Design Center and DTI can play a leadership role here – positioning city-based mapping and engagement activities to the heart of their Creative Cities programmes / aspirations.
- **Stage a promotional campaign on the importance and potential of the Creative Industries**, utilising emergent data (e.g. from the local studies) – as a way of attracting participation in processes of survey development and sector consultation.
- Complement these activities with a **qualitative sector engagement process** – e.g. as a series of sector round tables and networking events – to build engagement with creative businesses and encourage sector dialogue and collaboration. This could be incentivised – e.g. via access to awards, showcasing opportunities etc. These should be industry-led – e.g. for the UK Creative Economy Programme (a policy process which ran parallel to ongoing baseline mapping activities), a series of thematic round tables were held as a way of building a more textured picture of sector trends, opportunities and challenges. These focused on areas such as education and skills; regulation; investment; place and cultural infrastructure.

2.1.3 Practical Next Steps

Clearly there is much to do if The Philippines is to have a strong and expansive Creative Industries baseline which can play a formative role in a forthcoming national Creative Economy Programme / Policy. As mentioned above, it would be unwise to rush into the generation of quick fixes or to make methodological short-cuts. Instead, as with successful policy development elsewhere, data and baseline development should be positioned as integral to the wider process of policy development – it is the start of the journey but it also continues toward the completion of the journey and is central to any subsequent reform or review agendas. Therefore, partners will need to consider:

- A long-term commitment – in terms of staff time, resources, energy and appetite.
- A much more collaborative and partnership-driven approach to data collection, analysis, presentation and policy development. This is because the Creative Industries does not fit neatly into any specific agency's field of responsibility.
- An approach which combines surveys and in-depth qualitative research and engagement with industry, including firms of all sizes.
- A blended approach which involves structural change at a national level (e.g. in terms of cultural statistics framework and classifications); and demonstration projects at a local and sectoral level (e.g. deep-dive mapping studies by place or sub-sector)
- A commitment to international sharing and benchmarking – it is in The Philippines' interest to be able to compare with its neighbours but also to understand its role in a regional and global marketplace.

With these elements in place, partners may wish to consider the following as a set of practical next steps:

Step 1: Share data: set up a shared platform or folder – as a repository for all existing data and research on the Creative Industries (where this does not infringe classified information). This can be co-managed – e.g. by NCCA and DTI (perhaps with a university partner) – and be the first step toward an **observatory model** for the Creative Industries of The Philippines. The data and intelligence captured through this process should be aggregated and analysed – to be presented as the first Baseline Mapping Study of the Creative Industries in The Philippines. This desk-based approach is similar to the approach adopted by the UK Government in 1998 – as a fore-runner to a comprehensive primary baseline study (based on a new statistics framework) in 2001 and every year thereafter.

Step 2: Set up a Creative Industries Baseline Working Group (inclusive of industry representation) to develop a refreshed Data Framework and methodological toolkit for the Creative Industries of The Philippines. Utilise international expertise where possible as a critical friend to this process. This should be given 6 months to establish a new workable Framework and a toolkit to be used for data capture, inclusive of design for a qualitative engagement and research programme for the Creative Industries – as a central exercise for a new national Programme / Policy. To initiate this, DTI and NCCA should establish an MoU on data collection and management for the Creative Industries. Utilise the **Cultural Statistics Symposium** in October 2017 to launch this initiative and undertake a working group meeting. Engage UNESCO regarding their Cultural Development Indicator Suite – to explore opportunities for a Philippines version. Also support the new Creative Economies

Council of The Philippines to stage a Creative Industries Summit – charged with outlining the key drivers for a new sector policy and investment programme.

Step 3: Initiate **3 place-based Creative Industries Mapping Studies** (Cebu, Makati and Central Visayas) with DTI / Design Center / NCCA support. These will operate as in-depth exercises to further the strategic aspirations of partners in these locations. They will also operate as methodological labs – to test approaches and build sector engagement. They also provide an opportunity for some high-profile national and international knowledge sharing – e.g. at an ASEAN level – e.g. on the profile and dynamics of Creative Industries value chains and clusters in different parts of The Philippines.

Step 4: Set up an independent evaluation / critical support process (e.g. with international expertise) to provide an advisory and review role throughout – ensuring the approach to data collection and baseline development is of value to a wider strategic development where, it is hoped, a new national Creative Economy Programme will be launched.

Step 5: Hold a high-profile Year 1 review (e.g. as a symposium) – to publicly share findings, critically review progress, and set out a road map for a new national Creative Industries Baseline Study by the end of 2019.

Annex. Outline Creative Industries Survey

Below is a very basic proforma questionnaire which could be adapted and extended to generate detailed data and intelligence on the Creative Industries – e.g. of a specific locality. It is adapted from several such surveys which have been led by Tom Fleming Creative Consultancy. There are many other specific questions which could be asked. It is suggested that a sample of different surveys is requested from Tom Fleming Creative Consultancy which can then be reviewed to develop one which is bespoke to the needs of The Philippines.

1. Introduction

XXX is working with the XXX to design a Creative Industries Mapping Study and Strategy for The Philippines (or a specific part of it).

We need the help of businesses like yours, creative businesses in The Philippines to ensure we fully understand the sector.

Your input and views are vital, so please complete this short survey. It shouldn't take more than 20 minutes depending on your responses.

If you have any questions about this survey or the wider research and plans for supporting the development of the Creative Industries in The Philippines, please contact XXX

2. About your business

1. Name of the business

2. What is the main creative sub-sector the business works within?

- | | |
|--|---|
| <input type="radio"/> Museums, galleries and libraries | <input type="radio"/> Advertisings and marketing |
| <input type="radio"/> Music, Performing arts, Visual arts | <input type="radio"/> Publishing |
| <input type="radio"/> IT, software and computer services | <input type="radio"/> Film, TV, video, Radio, Photography |
| <input type="radio"/> Crafts | <input type="radio"/> Architecture |
| <input type="radio"/> Design: product design, graphic design, fashion design | |
| <input type="radio"/> Other (please specify) | |

3. Please briefly describe the business (including what you do, your products/services and who your customers/audience are).

3. Location of your Business

1. Where is the business Based?

Provide list of places or ask for location

2. Please provide the postcode

5. Your Business Premises

1. Which of the following best describes your business premises?

Work from home

Desk in a shared office / workspace

An office in an office block / workspace

A stand-alone office

A light industrial unit

An Artist studio

Other – please specify

2. Does the business just operate from this site or from other sites?

Please specify

3. Will you be looking for new premises in the next 6-12 months?

Yes

No

6. More about your business

1. What is the current status of your business?

- | | |
|--|---|
| <input type="radio"/> Sole trader | <input type="radio"/> Limited company (private) |
| <input type="radio"/> Partnership | <input type="radio"/> Public sector including HE/FE |
| <input type="radio"/> Public limited company | <input type="radio"/> Limited company and charity |
| <input type="radio"/> Other (please specify) | |

2. Is your business VAT registered?

- ☐ Yes
- ☐ No

7. Your customers / clients

1. What percentage of your customers / clients are in the following areas?

XX city
XX region
The Philippines
ASEAN countries
Rest of Asia
European Union
Rest of Europe
North America
South America
North Africa / Middle East
Australasia

2. Who are your main customers / clients

- ☐ Consumers
- ☐ Creative industry businesses
- ☐ Cultural / arts organisations
- ☐ High-Technology Manufacturing (including engineering)
- ☐ Food & Drink Manufacturing
- ☐ Space and Aerospace
- ☐ Retail
- ☐ Health sector
- ☐ Education
- ☐ Local authorities
- ☐ Other public sector
- ☐ Community and voluntary sector
- Other (please specify)

9. Employees, recruitment and skills

1. How many staff does the business employ?

Full time and part-time
currently

Freelancers and sub
contractors in the last year

2. Have you recruited any staff in the last 12 months?

- ☐ Yes
- ☐ No
- ☐ Don't know

3. Have you experienced any difficulty recruiting staff in the last 12 months?

- ☐ Yes
- ☐ No
- ☐ Don't know

10. Support Needs

1. How seriously do you rate the following as a concern for your business?

	Not at all seriously	Not very seriously	Somewhat seriously	Very seriously	Extremely seriously
Access to finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability of business support	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Broadband speed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cash flow	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Competition in your market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Energy costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Finding new business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Finding suitable premises	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Interest rates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Petrol or diesel costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulation and red tape	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Skills shortages/finding staff	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Staff retention	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of workspace for creative businesses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Leicester and Leicestershire's image as a place for business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

What else is a concern?