INTRODUCING

CREATIFI

A new financial initiative for Cultural and Creative Industries in ACP countries
THE CULTURAL AND CREATIVE SECTOR: A VERY DIVERSE MARKET, FULL OF OPPORTUNITIES

CreatiFI is a new blending initiative designed to leverage impact investment in the Cultural and Creative Industries (CCIs) in ACP countries. CCIs are a very diverse group of economic activity and an essential component and an enabler of development, also beyond economic growth.

CCIs create significant social and economic spill-over effects, foster technology and innovation and also allow the population to express identities and diversity and engage in intercultural dialogue.

The creative industries hold great potential for developing countries that seek to diversify their economies and leapfrog into one of the most dynamic sectors of the world economy. Despite its high level of informality, this should not necessarily be a “frontier” and a risky market for debt and equity investment.

The industry is responsible for 3% of the global GDP and only 1.1% of Africa’s GDP and 2.2% of GDP of Latin America and the Caribbean. CCIs currently employ 2 million people in Africa and the Middle East and over 1.9 million in Latin America and the Caribbean.(1)
A SECTOR RESILIENT TO CRISES

During the 2008 world economic crisis global demand and international trade dropped dramatically as world exports of creative goods and services continued to grow (2). People continued to go to cinemas and museums, listen to music, watch videos and TV shows, play video games, etc. This is a sign that many people in the world are eager for culture, social events, entertainment and leisure. This will undoubtedly prove right again when the effects of the COVID-19 crisis are measured.
Evidence shows that CCI industries employ a much larger share of young people than other sectors. Despite the considerable informality still predominant, they also provide youth—and especially women—with the chance of reaching high quality, formal jobs (3).
Data also shows that the sector provides youth—and especially women—with better chances to become entrepreneurs than any other. This is regardless of the CCI sub-sector, the geographical location or the age of the entrepreneur (4).
OBJECTIVES

The main objectives of this initiative are:

1. To improve access to finance for MSMEs and organizations from the CCI sectors;
2. To strengthen local financial systems by improving capacity of financial intermediaries in areas such as sector market intelligence and risk assessment associated with CCIs;
3. To improve the conditions of market access for CCIs through increased business capacities of the different sub-sectors

A “one size fits all” solution does not work for CCIs, and customization will be based on knowledge about value chains and creative clusters at the regional levels.

FINANCING WILL BE AVAILABLE THROUGH THREE MAIN ACCESS STREAMS

- CreatiFI contribution will support the development of the Creative Enterprise Action Fund (CREA) in Africa and the Caribbean
- CREA will encourage financial institutions to invest in CCIs providing access to a specific Guarantee Scheme to de-risk new investments in the creative sector
- Technical Assistance grants will be used to encourage better understanding of the CCIs market and support CCI enterprises

- CreatiFI will capitalize the blended finance fund REGMIFA managed by Symbiotics
- Will provide access to small loans to CCIs (MSMEs) through a network of more than thirty local micro, social and impact funds from all over the African continent
- The initial focus will be on supporting cultural and creative industries in Sub-Saharan Africa
- Will provide Technical Assistance to both MSME and financial institutions participating in the scheme

- Focus will be initially on the Fashion Value Chain and then on other key creative sectors in Africa
- Will open access to finance to African CCI businesses leveraging private and public capital from investment funds
- Technical Assistance will train creative entrepreneurs, sensitize financiers and build an African digital marketplace to facilitate transactions and raise global awareness of the business opportunities in the African CCIs sector
CreatiFI is part of a comprehensive and synergetic set of initiatives to support this sector that include:

- The EU-ACP Culture Programme (€40m), supporting a broad variety of programs for the whole creative sector in the region.
- The Music and Literature Sector Support to the Lusophone Countries (€18m). Support creation of jobs within PALOP+TL countries starting in summer 2019.
- The EU/ITC project “Ethical Fashion Initiative” (€10M) currently focusing in Burkina Faso and Mali.
- The “Identity Building and Sharing Business Initiative” (€10M), also implemented by ITC and expanding the Ethical fashion methodology to all creative and identity building sectors in more countries of West and East Africa and Central Asia.
- The EU-UNESCO Expert Facility (€1.7M) supports partner government and local authorities to establish and enforce stable and favorable legal environment for Culture and Creative industries.
- Transcultura (€15M), a programme of cultural cooperation and vocational training for culture related professions, to support regional integration between Cuba, the Caribbean as well as dialogue with Europe.
- The Innovative Financing Initiative for Culture (€1.5M). A pilot experience with AFD to provide financial and technical support to cultural entrepreneurs in Eastern Africa through the Kenyan HEVA Fund and seed grant to a local Incubator for cultural operators in Burkina Faso.

CreatiFI will complement these by opening up the possibilities for attracting local and international investors who would be wishing to make risk-adjusted investments in viable business into the cultural and creative value chains identified by the other actions.
References

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