

The COVID-19 pandemic has adversely impacted many sectors worldwide – disrupting plans and upending businesses – on an unprecedented scale. In the Philippines, the cultural and creative industries (CCI) constitute one of the sectors most affected by the pandemic.

The present final report synthesizes the results of a study focused on examining the effects of the COVID-19 pandemic on the Philippines and, specifically, on Cebu City's CCI sector. The report presents the relevant research findings; outlines the features of existing government and private sector COVID-19 assistance; and offers policy recommendations on means of alleviating the impacts of the pandemic on micro-, small and medium-sized enterprises (MSMEs) within the CCI sector.

The project, which entailed a consultancy assignment carried out over the course of seven months, resulted in the production of several interim reports and deliverables



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Abbreviations and acronyms

Philippine Government agencies

CITEM: Center for International Trade Expositions and Missions
COA: Commission on Audit
DICT: Department of Information and Communications Technology
DOH: Department of Health
DOLE: Department of Labor and Employment
DSWD: Department of Social Welfare and Development
DOT: Department of Tourism
DTI: Department of Trade and Industry
NCCA: National Commission for Culture and the Arts, Philippines
NCR: National Capital Region of the Philippines (a.k.a Metro Manila)
PSA: Philippine Statistics Authority
SSF: Shared Service Facilities (project)

Philippine quarantine- and COVID-19-related terminology

ECQ: enhanced community quarantine (highest risk)
MECQ: modified enhanced community quarantine (high risk)
GCQ: community quarantine (moderate risk)
MGCQ: modified general community quarantine (lowest risk)
CFR: case fatality ratio (number of deaths/number of cases)

Other abbreviations and acronyms

ASEAN: Association of Southeast Asian Nations
BCP: business continuity plan
BMA: Blue Mango Awards
BPO: business process outsourcing
BRT: business recovery toolkit
CCG: Creative Cebu Grid
CCP: Creative Cebu Portal
COD: Cities of Design
DCP: Design Center of the Philippines
GDP: gross domestic product
GRDP: gross regional domestic product
ITSO: Innovation and Technology Support Office
LGU: local government unit
MSMEs: micro-, small and medium-sized enterprises
OFW: overseas Filipino worker

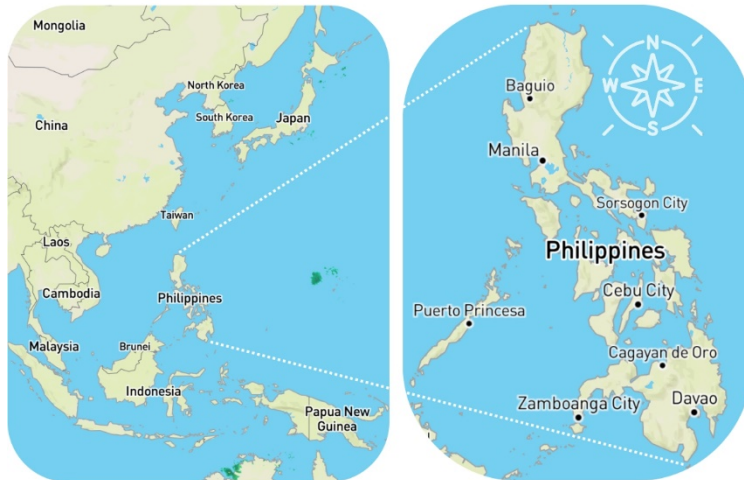
PNS: Philippine national standards
PR: public relations
PWDs: persons with disabilities
R&D: research and development
SWS: Social Weather Stations

1 | Introduction

1.1 Country context

The Philippine archipelago, situated in Southeast Asia on the western fringe of the Northern Pacific Ocean, comprises about 7,641 islands. The second largest assemblage of islands in the world, the Philippines is classified under three main geographical divisions from north to south: Luzon, Visayas and Mindanao.

Figure 1 | Map of the Philippines



Source: Mapbox

Manila is the capital city of the Philippines and Quezon City is its most populous city. Both are components of Metro Manila, or the National Capital Region (NCR), on Luzon Island.

The country, which is a founding member of the Association of Southeast Asian Nations (ASEAN), has the sixth highest gross domestic product (GDP) per capita within ASEAN, after Singapore, Brunei Darussalam, Malaysia, Thailand and Indonesia.

The Philippines is considered an upper-middle-income country by the World Bank. In 2020, the International Monetary Fund (IMF) ranked the Philippines as the world's thirty-first largest economy by nominal GDP and the thirteenth largest in Asia.¹ Primary exports include semiconductors and electronic products, transport equipment, ores and minerals, petroleum products, coconut oil and fruits.² Major trading partners include the United States of America, Japan, China, Singapore, the Republic of Korea, Thailand, Germany and the Netherlands.

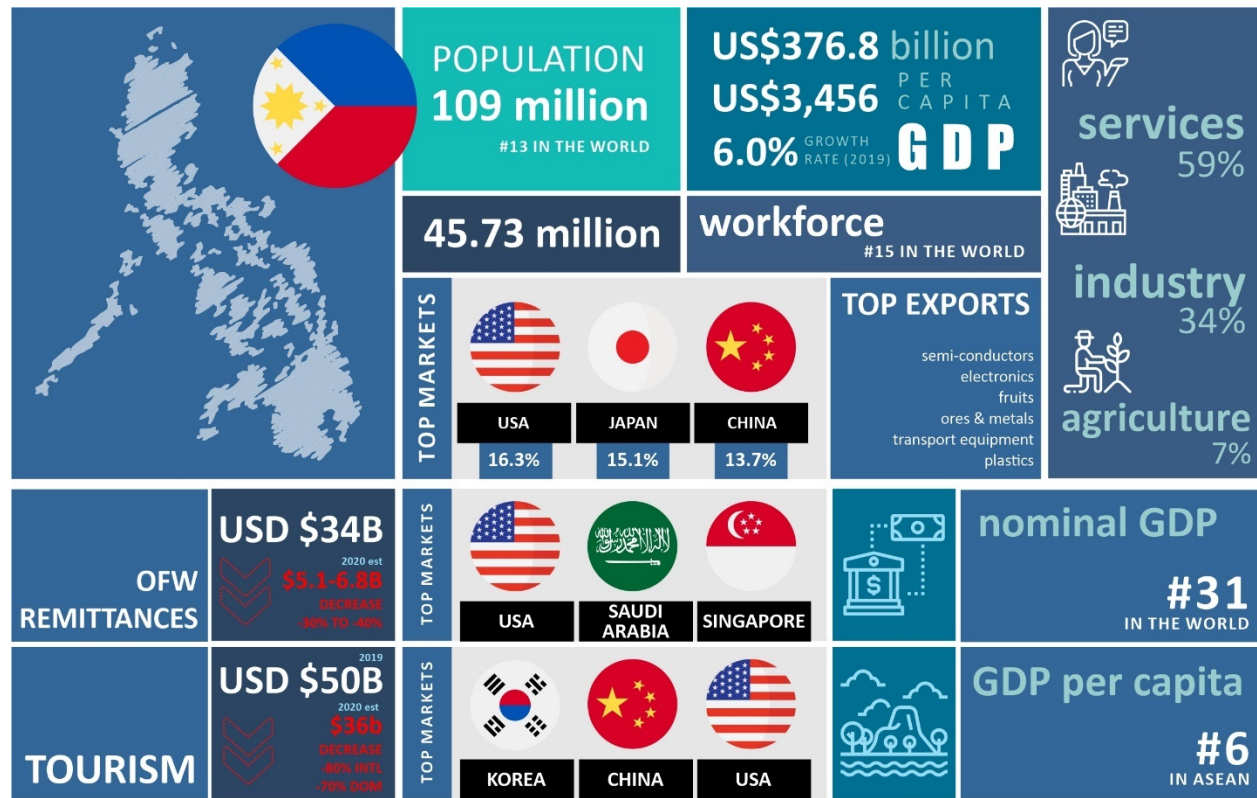
The Philippines is considered an upper-

Owing to its high literacy rates and English-speaking population, the Philippines is a major offshoring and outsourcing destination and, for two years, surpassed India as the world's leader in business process outsourcing (BPO) in 2008. A majority of the top United States BPO firms have a presence in the Philippines and the country is a constant fixture on the Tholons Services Globalization Index 2020 (TSGI).³ In 2019, the BPO sector is estimated to have generated \$26.3 billion in revenue and engaged 1.3 million employees. In 2020, the Philippines was ranked sixth in this annual listing of the top digital countries.

Tourism accounted for 12.7 per cent of local GDP in 2019 (\$49.6 billion).⁴ The Philippines, whose rich biodiversity is considered its main tourist attraction, attracted 8.2 million foreign arrivals in 2019, with the Republic of Korea, China and the United States being the top three source countries for those arrivals. Its cultural and natural resources are among the country's most popular tourist destinations. Tourists are attracted by the rich historical and cultural heritage of the Philippines, including its festivals and indigenous traditions. Popular tourist destinations include Cebu, Boracay, Palawan and Siargao.

"Overseas Filipino worker" (OFW) is a term used to refer to Filipino migrant workers who reside outside the Philippines for a limited period for employment. Numbering 2.2 million in 2019, they are estimated to have remitted US\$ 34 billion, representing 11 per cent of total GDP, to the Philippines in 2018.⁵

Figure II | Philippines at a glance



The MSME sector in the Philippines comprises 993,080 establishments, representing 99.54 per cent of the total number of registered establishments in the country (1,003,111) in 2018.⁶ Microenterprises constitute the largest proportion (89.53 per cent) of MSMEs, followed by small enterprises (9.59 per cent) and medium-sized enterprises (0.43 per cent). The composition of the MSME sector in the Philippines is at par with the composition of the MSME sector of other ASEAN countries. Together, those MSMEs generated a total of 4,784,870 jobs, accounting for 61.61 per cent of the country's total employment. Microenterprises accounted for the biggest share (29.43 per cent). Small enterprises followed closely behind (with a share of 25.34 per cent), while medium-sized enterprises lagged far behind (with a share of 6.83 per cent).

Figure 3 | MSMEs in the Philippines

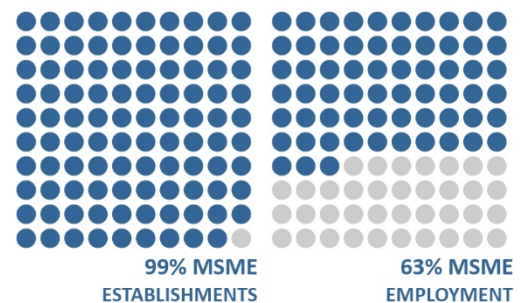
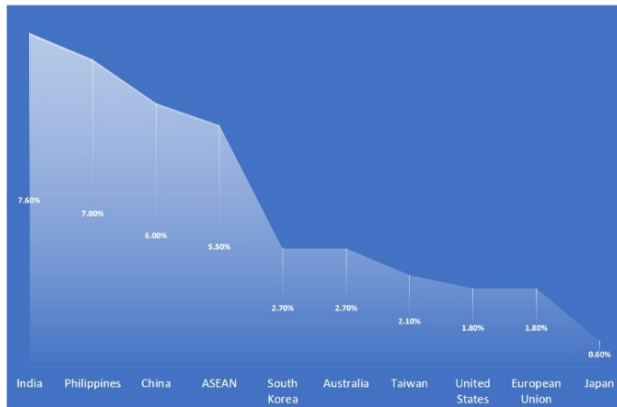


Figure 4 | Pre COVID-19 Growth Projections



Source: International Monetary Fund, 2017-2022 Projections

Prior to the onset of the COVID-19 pandemic, the Philippines was experiencing robust growth, according to IMF projections. In the 2015 Hong Kong and Shanghai Banking Corporation (HSBC) *Trade Winds Report*, the Philippine economy was projected to be the fifth largest in Asia and the world's sixteenth largest economy by 2050.⁷ This forecast was attributed to rapid urbanization, reduction of exposure to natural disasters, political stability, availability of persons with English-language skills, trade openness and population growth.

1.2 Regional context

In the centre of the Philippine archipelago lies the historic - and dynamic - city of Cebu. For over 500 years, it has been a hub of trade, a cultural centre and a model of resiliency. Cebu is home to a population of over 1 million and the aggregation comprising and its neighbouring cities constitutes the second largest metropolitan area in the Philippines. It is the seat of government of the island Province of Cebu, which is located in the Central Visayas region (Region Seven). Based on asset size, Cebu is the country's most prosperous province.⁸

Considered by many to be the country's design capital, Cebu is home to thousands of creative enterprises and numerous internationally recognized talents working in a variety of disciplines, including furniture, crafts, fashion and artistic multimedia. Cebu, which is also a major tourism centre, boasts the country's largest seaport and its award-winning airport is the second busiest in the Philippines. It is the venue for Sinulog - the country's premier festival - which celebrates the city's distinction as the Cradle of Christianity in Asia. More recently, Cebu has become a global hub for the information technology (IT) outsourcing industry which specializes in creative multimedia.

Cebu, which was designated as the ASEAN City of Culture from 2010 to 2011, is a favourite of international travellers. It has made numerous appearances over the years in many polls, most recently in the Conde Nast Traveler's Readers' Choice Awards as the best island in Asia for 2020. Cebu boasts more twin towns than any other city in the Philippines, with nearly 20 sister city agreements in place. In October 2019, it was designated by the United Nations Educational, Scientific and Cultural Organization (UNESCO) as a UNESCO global Creative Cities Network City of Design

Figure V | Cebu at a glance



1.3 Cebu's economy

As the economic powerhouse of the central Philippines, Cebu contributes the lion's share to the Region Seven economy. Based on its 69 per cent share of business establishments, Cebu accounts for almost \$15 billion in gross regional domestic product (GRDP). If the proportion of employment is utilized (83 per cent), then this figure increases to just over \$18 billion. It is to be observed that the Philippines does not break down GDP by province, which accounts for the above extrapolations.

Table 1 | Cebu gross regional domestic product (GDRP), 2018 (estimated)

Gross Regional Domestic Product	Philippine Peso (000)	In US Dollars (2018)
GRDP-REGION 7	₱1,156,592,259.94	\$ 22,030,328,761
GRDP-Cebu*	₱795,748,258.47	\$ 15,157,109,685
GRDP-Cebu**	₱961,382,273.09	\$ 18,312,043,297

Source: Philippine Statistics Authority, "2018 List of Establishments".

^a Extrapolation based on percentage of business establishments.

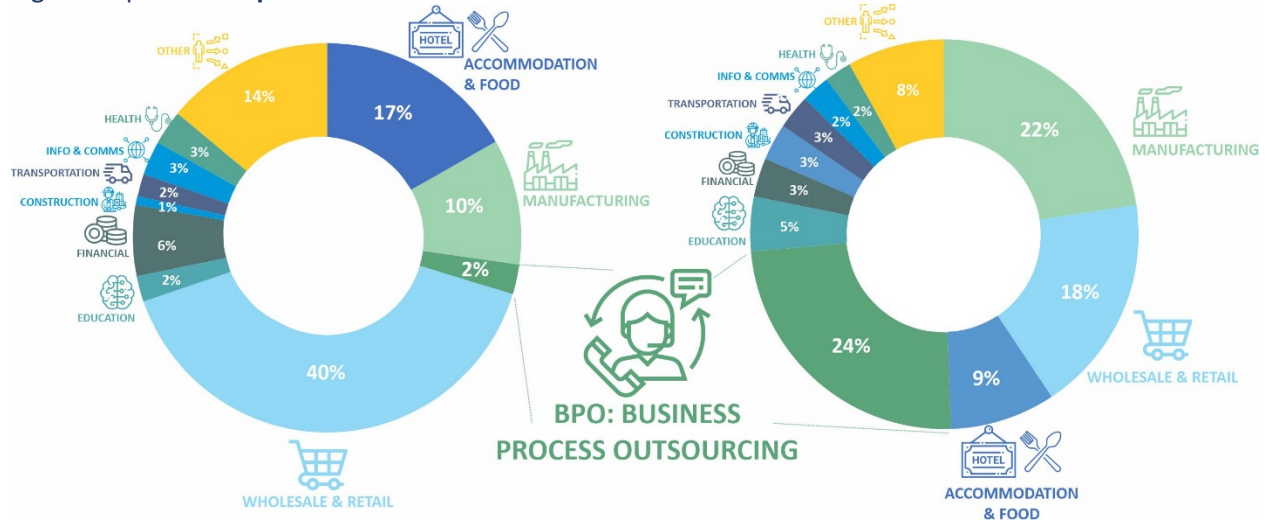
^b Extrapolation based on percentage of employment.

For over two decades, the business process outsourcing (BPO) industry has been a key driver of growth in the Philippines, particularly in its two largest metropolitan areas: Manila and Cebu. Both are ranked as top super cities in the Tholons Services Globalization City Index.⁹ In 2019, Cebu - for the first

time and as the first Philippine city - entered the Euromonitor International list of the Top 100 City Destinations.¹⁰

BPO, manufacturing, wholesale and retail, accommodations and food service, and education are the top five sectors with respect to employment. If number of establishments were to be used as a measure, then financial and insurance firms would replace education in the list of the top five.

Figure VI | Cebu's top industries



Source: Philippine Statistics Authority, "2018 List of Establishments".

1.4 Cultural and creative industries

The cultural and creative industries (CCI) - which include arts and crafts, advertising, design, entertainment, architecture, books, media and software - have become an increasingly vital force for acceleration of human development. These industries “empower people to take ownership of their own development and stimulate the innovation that can drive inclusive and sustainable growth”.¹¹

CCI is an evolving concept which builds on the interplay between (a) human creativity and the ideas it generates and (b) intellectual property, knowledge and technology. Essentially, it encompasses the knowledge-based economic activities that enable the creative industries to develop. The creative economy comprises all of the parts of the creative industries, including trade, labour and production. Today, the creative industries are among the most dynamic sectors in the world economy, providing new opportunities for developing countries to leapfrog into its emerging high-growth areas.¹²

UNESCO estimates that the world's CCIs were responsible for US\$ 2.2 trillion of world GDP in 2019, employed 30 million individuals worldwide, and has the potential to generate 10 per cent of annual world GDP in the years to come.¹³ The cultural and creative industries are offering new opportunities to address gender inequalities, as evidenced by the fact that nearly half of the people who work in those industries are women. Through their impact on income generation, job creation and export earnings, the cultural and creative industries have become major drivers of economies and trade strategies in both developed and developing countries.

Figure 7 | Estimated Size of Global CCI



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The United Nations Conference on Trade and Development (UNCTAD) characterizes the CCIs as

- Encompassing the cycles of creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs
- Comprising a set of knowledge-based activities, focused on but not limited to the arts, potentially generating revenues from trade and intellectual property rights
- Comprising tangible products and intangible intellectual or artistic services with creative content, economic value and market objectives
- Existing at the crossroads where the artisan, services and industrial sectors meet
- Constituting a new, dynamic sector of world trade

More specifically, UNCTAD categorizes the different disciplines within the CCIs under nine subsectors, as:

	Visual Arts: Painting, Sculpture, Photography	
	Performing Arts: Theater, Music, Dance, Events	
	Publishing and Printed Media: Newspaper, Books, Press, Printers	
	Audio-Visuals: Film, TV, Radio	
	New Media: Digitized Content, Software, Games, Animation	
	Functional Design: Interior, Graphic, Fashion, Jewelry, Toys, Objects	
	Creative Services: Architecture, Advertising, Creative R&D, Cultural Services, Digital Services	
	Traditional Cultural Expressions: Arts&Crafts, Festivals, Celebrations	
	Cultural Sites: Historical Monuments, Museums, Libraries, Archives	

Source: UNCTAD

In the Philippines, creativity has long been considered one of the country's defining capabilities. The current Government has articulated the role of CCIs as a key driver of future prosperity and the Philippine Development Plan (PDP) 2017-2022 is in fact the first policy directive to include promotion of culture and values underpinned by the creative industries as a strategic priority. In December 2019, Ramon Lopez, Secretary of the Department of Trade and Industry (DTI), announced that the aim of the

Philippines in this regard is to be the top creative economy in the ASEAN region, as measured by size and value, by 2030. The Department has facilitated the development of a creative economy road map which has prioritized initiatives and subsectors where public and private sectors can collaborate in accelerating the growth of the economy. The priority initiatives include the following areas: policies, industries, clusters, cities, tourism and education. Priority sectors include advertising, film, animation, game development, and graphic arts and design.¹⁵

1.5 COVID-19 impacts

On 30 January 2020, the first case of COVID-19 in the Philippines was identified at San Lazaro Hospital in Metro Manila. On 6 March 2020, the Philippine Department of Health confirmed the first case of local transmission of COVID-19 in the country after verification with the Bureau of Immigration showed that the patient had had no recent travel history¹⁶

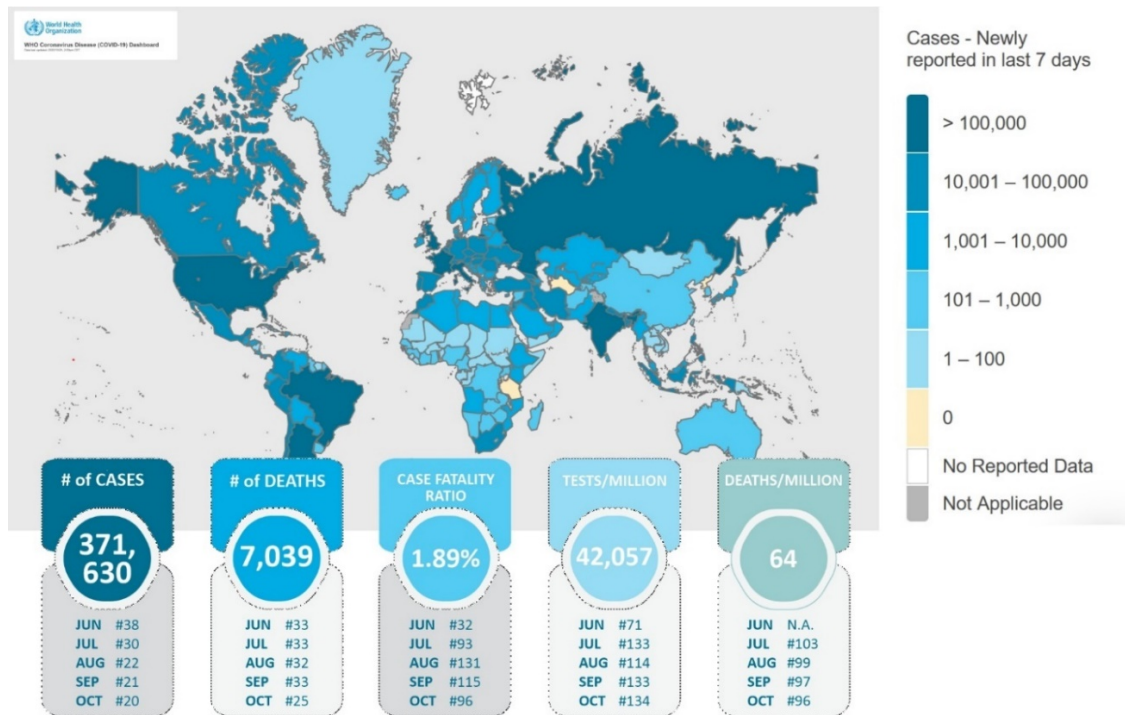
While the Government of the Philippines announced the first community quarantine in Metro Manila on 15 March 2020, this action may have been taken too late. By the end of March, the country had already officially logged 1,546 COVID-19 cases around the archipelago. Based on its current accumulation of 371,630 cases of infected individuals, the Philippines ranks twentieth among countries worldwide with the most COVID-19 cases.

1.5.1 COVID-19 health impacts

As of October 2020, it appears that the Philippines may have been spared the worst of the COVID-19 health impacts. While the United States of America and Europe have seen record numbers of new cases in the last week, the Philippines is currently logging a number of new daily infections that is 75 per cent lower than the peak of 6,725 recorded on 10 August 2020.

Other metrics paint a more hopeful picture of the COVID-19 pandemic health situation in the country. While global rankings of the Philippines for number of infections and COVID-19-related deaths have climbed, the outlook depicted by the figures appears much less dire when adjusted for the country's large population. Although, the country does not score well with respect to the number of COVID-19 tests performed per million, this has been mitigated by the fact that case fatality ratios have been consistently low. The country's current case fatality ratio of 1.89 per cent ranks ninety-sixth highest among countries worldwide.

Figure VIII | Summary of COVID-19 health metrics



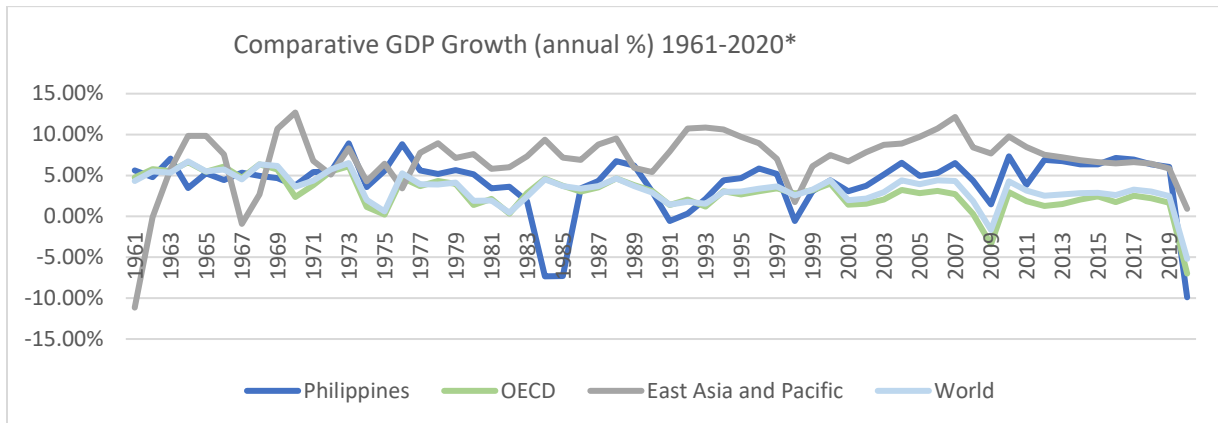
Source: Worldometer Corona Tracker, WHO Coronavirus (COVID-19) Dashboard, as of 26 October 2020.

1.5.2 Socioeconomic impacts of the COVID-19 pandemic

It has been seven months since the first lockdown was announced and the entire country is still under a state of emergency and areas are under some form of community quarantine. The unprecedented limitations placed on movement and the suspension of activities have triggered both supply and demand shocks which have resulted in extreme declines in key socioeconomic parameters.

In its latest report released on 29 September 2020, the World Bank revised its forecasts for the GDP of the Philippines, with a worst-case scenario entailing a 10 per cent contraction at the end of the year.¹⁷ Should this occur, the resulting decline would be the worst since 1961, surpassing even the declines during the People Power Revolution of 1986, the 1997 Asian Financial crisis and the recession of 2007-2008.

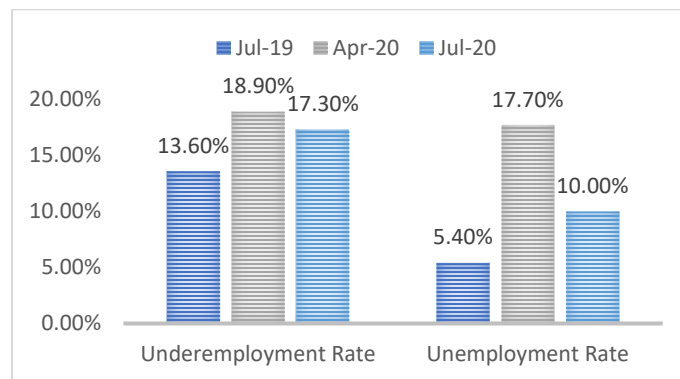
Figure IX | **Comparative GDP growth rates**



Sources: World Bank national accounts data; and Organisation for Economic Co-operation and Development (OECD) national accounts data files.

The nationwide COVID-19 lockdown had an immediate impact on the lives of working Filipinos who could not work from home. The April 2020 Labor Force Survey of the Department of Labor and Employment (DOLE), found that unemployment had jumped threefold from the same period in 2019, while underemployment had climbed by 39 per cent to 18.9 per cent. As some areas eased out of a state of rigid lockdown in May and June, the numbers improved in July but were still significantly higher than their pre-pandemic levels.

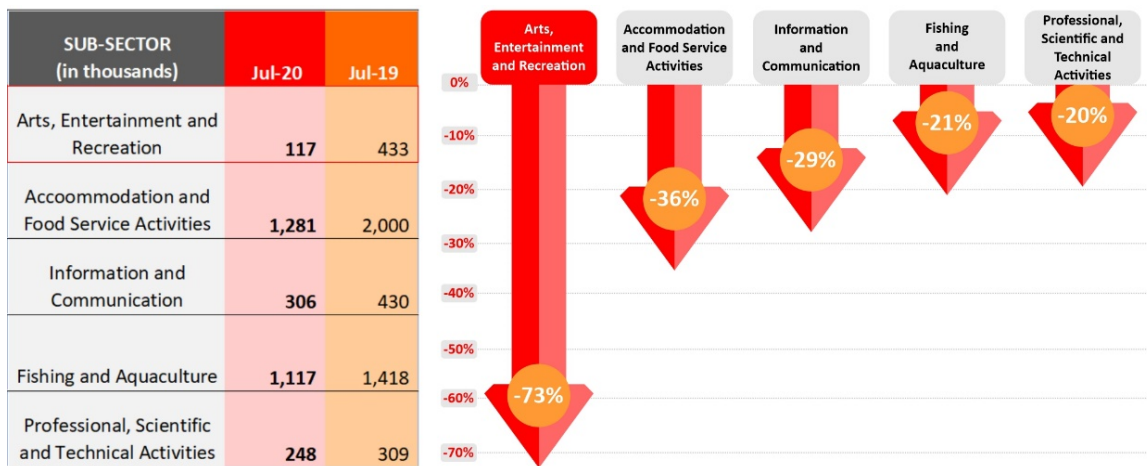
Figure X | **Philippines: underemployment and unemployment**



Source: Department of Labor and Employment, Philippine Labor Force Surveys.

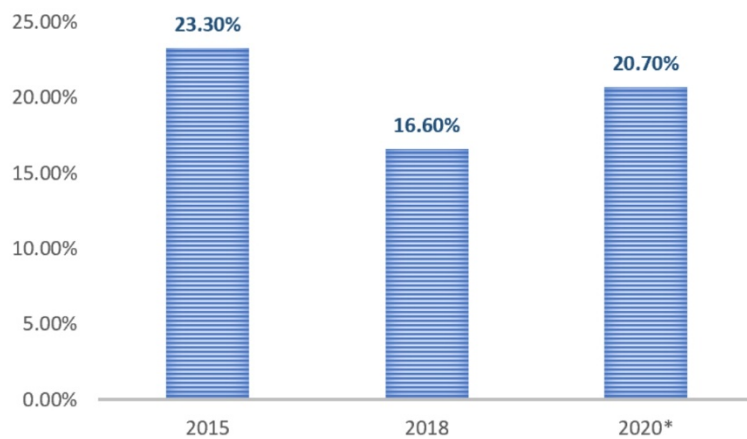
The Department of Labor and Employment (DOLE) of the Philippines released comparative employment rates per sector for July 2019 and July 2020 based on the findings of a recent study. The arts, entertainment and recreation subsector exhibited the steepest declines, registering a -73 per cent year-on-year decrease, followed by the accommodation and food service activities subsector, with a year-on-year reduction of -36 per cent.

Figure XI | Philippines Q2 GDP data, by subsector



Source: Philippines Department of Labor and Employment, "Employment situation in July 2020", released 3 September 2020.

Figure 12 | Incidence of Poverty in the Philippines



Source: PSA Threshold of Poverty Report, ADB

persons in the Philippines, threatening to reverse the country's gains in poverty reduction in recent years.¹⁸

An Asian Development Bank simulation shows that, without substantial fiscal support provided to poor and near poor families, the national poverty rate for the population could increase from 16.6 per cent in 2018 to 20.7 per cent in 2020, which means that 5.5 million more Filipinos would fall into poverty as a result of the pandemic's effects on incomes. This represents a 68.6 per cent increase in the number of impoverished persons in the National Capital Region and a 31.3 per cent increase in the total number of poor

The Social Weather Stations (SWS), considered to be the foremost public-opinion polling body in the Philippines, has been tracking COVID-19-related sentiment since the onset of the pandemic. In a survey conducted in September 2020,¹⁹ it found that the incidence of total hunger in the country had surpassed 30 per cent. This not only surpassed the incidence of 24 per cent reported in 2012 but was the highest ever recorded. Of those who reported experiencing hunger, 8.7 per cent, or 2.2 million households, experienced severe hunger, i.e., they often or always went hungry within the last three months. In their July 2020 surveys, SWS found that 79 per cent of Filipinos felt that they were

worse off in the last 12 months and 36 per cent expected their quality of life to get even worse in the following year.

TOTAL, MODERATE, AND SEVERE HUNGER: PHILIPPINES, JUL 1998 – SEP 2020*

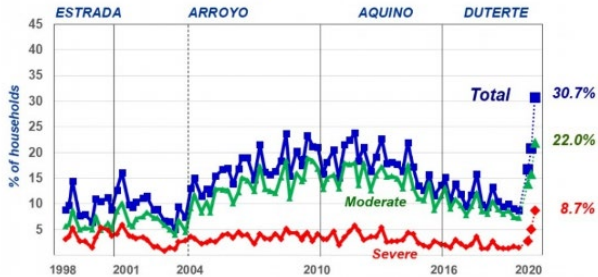


Figure XIII | Social Weather Stations metrics

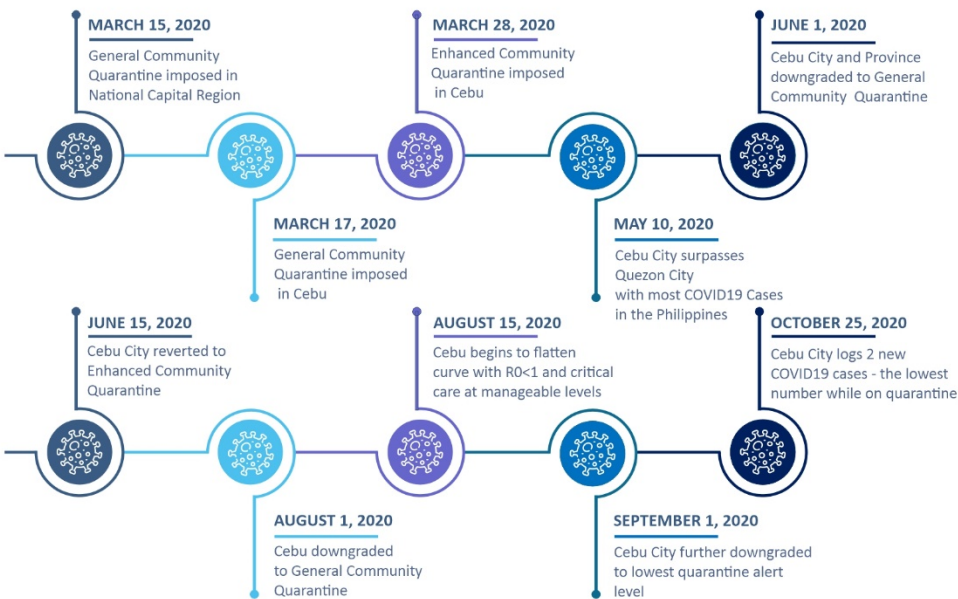


Source: SWS, 21 August 2020.

1.5.3 Impact of COVID-19 on Cebu CCIs

On 18 March 2020, one day after a state of community quarantine was declared in Cebu, the city announced its first COVID-19 case. In the first month of lockdown, very few COVID-19 cases were reported but in mid-April a surge began in one community and in the city jail. After this initial rise in

Figure 14 | COVID-19 Timeline in Cebu



infections, the number quickly climbed in late April and early May. On 10 May, Cebu briefly surpassed Quezon City in Metro Manila as the city with the greatest number of COVID-19 cases in the country.

A brief easing of quarantine restrictions in early June resulted in another increase in the number of cases and an

alarming upsurge in the utilization of critical care facilities in local hospitals. At that point in time, Cebu was considered the country's COVID-19 epicentre. The President of the Philippines, Rodrigo Duterte, ordered an even tighter lockdown which was enforced by the military and overseen by the Secretary of Environment and Natural Resources, Roy Cimatu, former Chief of Staff of the Armed Forces of the Philippines. Utilizing proved contact tracing measures, strictly enforced restrictions and proper coordination, Mr. Cimatu and his team were able to flatten the Cebu COVID-19 curve in approximately one month. By 1 September 2020, Cebu had been downgraded to the lowest quarantine tier. On 25

October 2020, the city logged only two new cases, the lowest number seen up until then under the quarantine.

2 | Methodology

To assess the impact of the COVID-19 pandemic on MSMEs in Cebu's creative industries sector, this study utilized the following data-collection methodologies:

- (a) First, a literature review was conducted to build knowledge on benchmarks and metrics and identify gaps in existing data gathering efforts. The scope of the literature review encompassed government policy reports, public online databases, academic journals, and peer-reviewed articles;
- (b) Focus group discussions with key stakeholders, including policymakers and MSME entrepreneurs, were conducted to facilitate a deeper understandings of the impact of the pandemic;
- (c) Online surveys were developed and disseminated to enable the formulation of data sets which were then analysed further;
- (d) Peer consultations with design community stakeholders and policymakers were utilized for the exchange of ideas, formulation of hypotheses and gaining of insights;
- (e) Arrangements were made for participation in a series of capacity-building events and webinars hosted by various organizations such as the UNESCO Cities of Design Network, the Arts and Culture and Creative Industries Bloc of the Eighteenth Congress of the Philippines, the Bandung Creative City Forum and the Department of Economic and Social Affairs of the United Nations Secretariat (UN DESA);
- (f) Accumulated learning materials derived from the aforementioned sources were analysed and synthesized to enable the presentation of findings, recommendations and conclusions.

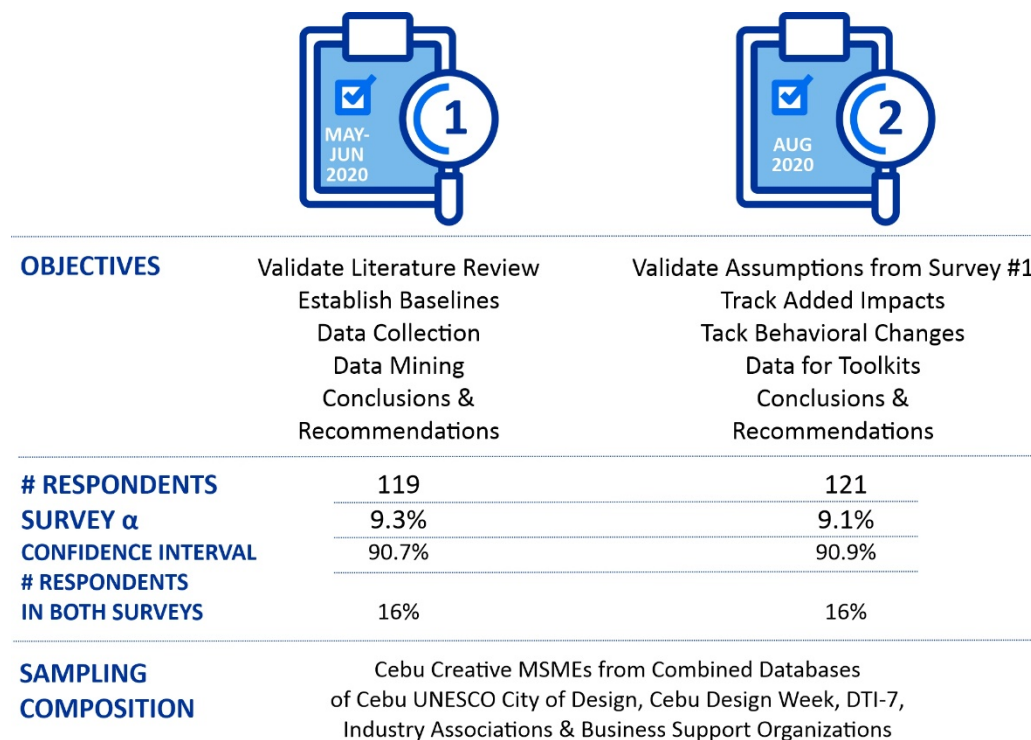
Figure XV | Methodology



Two surveys were conducted, in May-June and August 2020. Results of the surveys were used to track the impact of the COVID-19 pandemic on subsectors of the creative industries sector of Cebu. They were also utilized in the development of the business reboot toolkits (BRTs) for creative industries. Both surveys had a similar sample size covering just a little under 10 per cent of the estimated 1,300 MSMEs in the city's creative industries sector. Both surveys were circulated among Cebu-based MSMEs

included in the Cebu UNESCO City of Design database, the Cebu Design Week database, the database of the Department of Trade and Industry for Region Seven and the databases of creative industry associations, and business support organizations. The second survey was also sent to all respondents to the first survey. Sixteen per cent of MSMEs interviewed responded to both surveys.

Figure XVI | Survey objectives and metrics

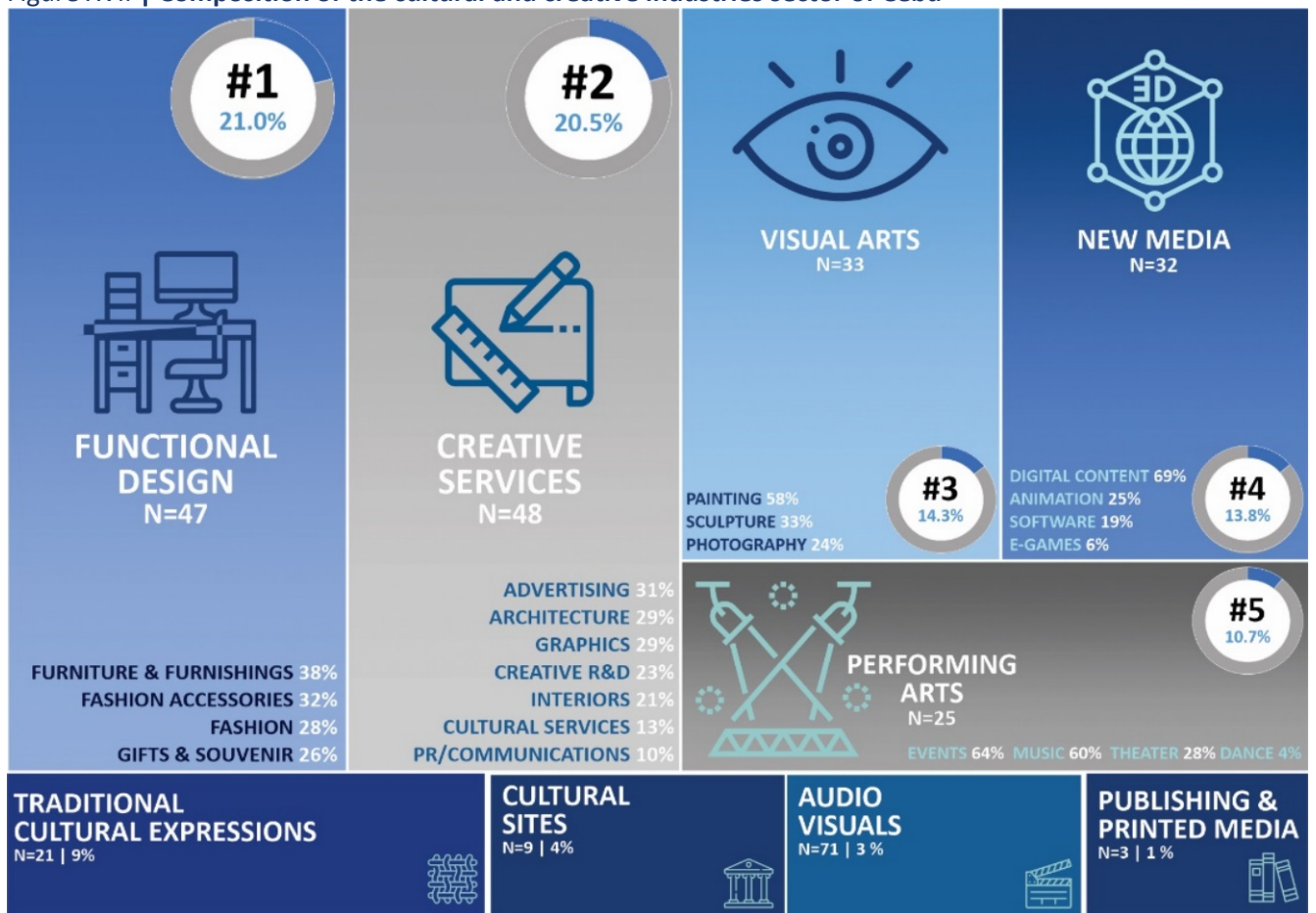


3| Findings

While regional socioeconomic data for Cebu City have not yet been made available by the Philippine Statistics Authority, they are expected to reflect the overall declines seen at the national level. The present section will examine the results of the two proprietary surveys conducted in May-June and August 2020 to assess the impacts of the COVID-19 pandemic on the city's cultural and creative industries.

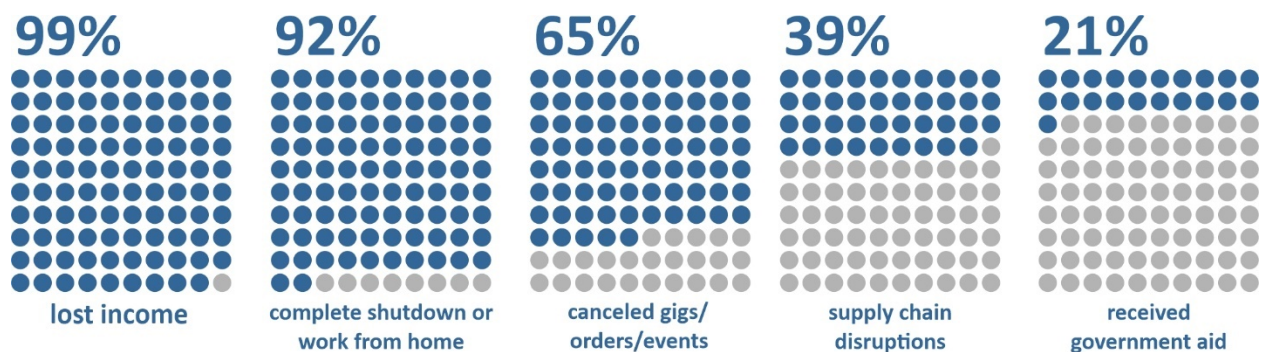
Both surveys were also designed to enable baseline data to be gathered on the composition of Cebu's cultural and creative industries, as very little information of this kind had been available previously. With a contribution estimated at 7 per cent of local GDP, or US\$ 500 million, Cebu's CCIs figure in all the subsectors identified by UNCTAD under its classification of creative industries. As Cebu is home to many long-established and world-renowned enterprises in the fields of furniture and fashion, it is not surprising that functional design should constitute the largest subsector of the city's cultural and creative industries sector.

Figure XVII | Composition of the cultural and creative industries sector of Cebu



The surveys showed that the effects of the lockdown were felt immediately by the CCIs of Cebu: almost all of them lost revenues and 92 per cent had to shut down or institute working from home. Of those surveyed, 65 per cent experienced cancellations, 39 per cent had to confront disruptions in their supply chains and only 21 per cent received government assistance.

Figure XVIII | Initial impacts of COVID-19 on Cebu's CCIs

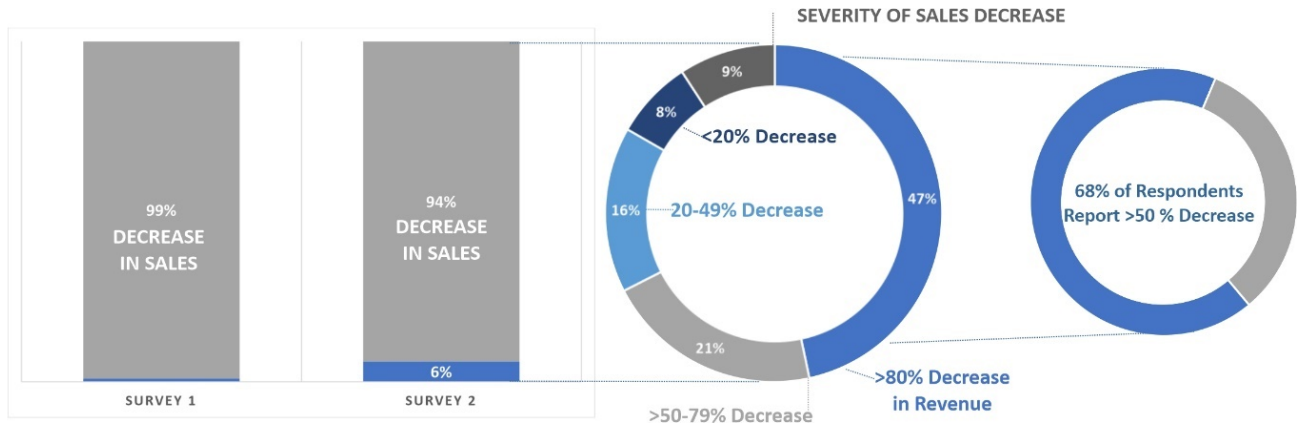


Source: Cebu UNESCO City of Design survey, May 2020.

As the COVID-19 situation started to improve and restrictions were eased at the time when the second survey was disseminated, Cebu's CCIs began to experience some improvement. At the time of

the second survey, 94 per cent of MSMEs interviewed indicated that they had lost revenue while on lockdown, with 68 per cent specifying that their losses were 50 per cent greater than the losses sustained before the onset of the COVID-19 outbreak.

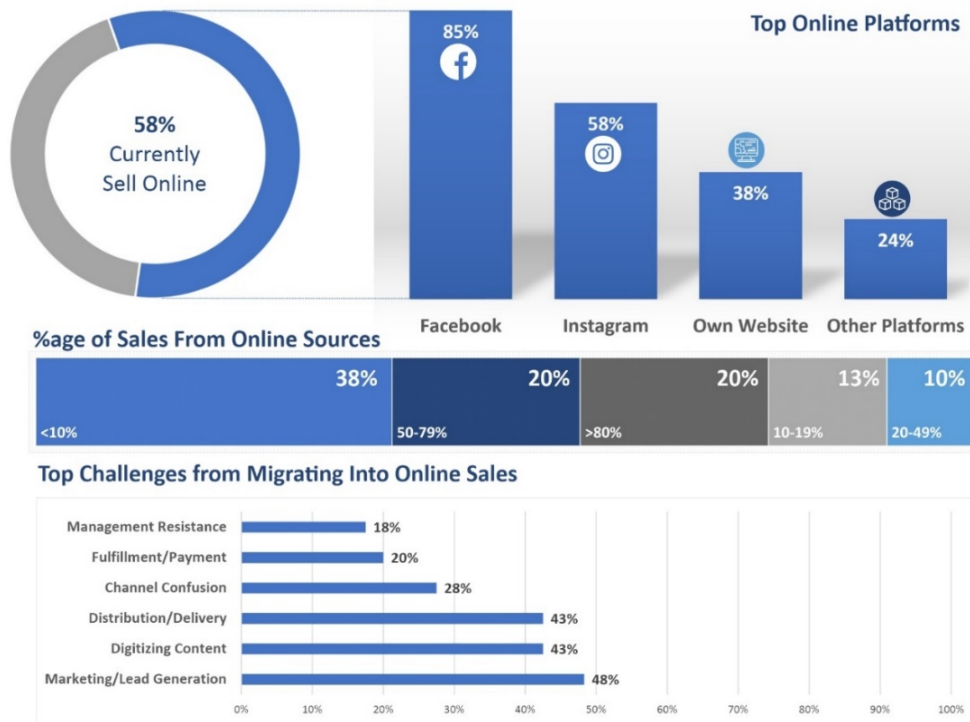
Figure XIX | Decreases in sales during lockdowns and severity of decreases by proportion of respondents



Source: Cebu UNESCO City of Design survey, August 2020.

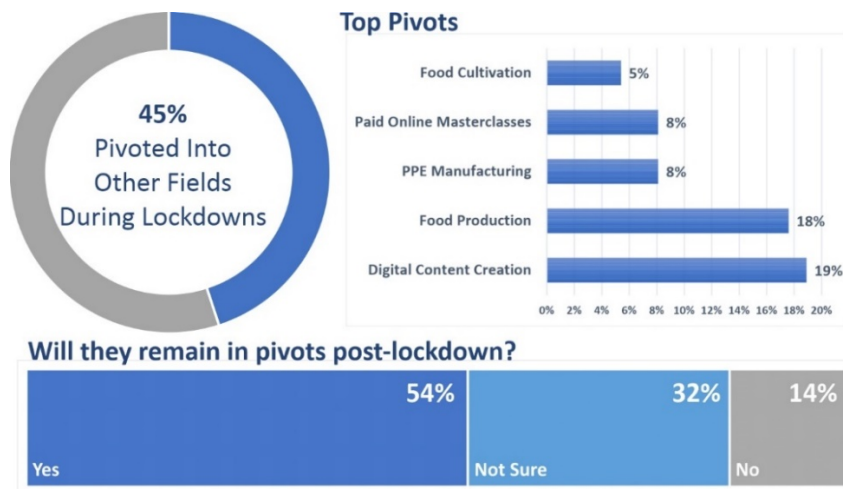
Most of Cebu's CCIs made the shift to online sales during the lockdown and utilized Facebook as their primary selling platform. Instagram was the second most utilized online selling channel. One fifth of survey respondents indicated that they generated more than 80 per cent of their revenue through online sources.

Figure XX | Online Percentage profile of Cebu's CCI's



To compensate for decreased revenue, 45 per cent of Cebu's CCI's pivoted to other fields during the lockdown, with the two most prevalent being digital content creation (19 per cent) and food production (18 per cent). A majority of those that shifted (54 per cent) indicated they would continue to operate in those fields even once restrictions were eased.

Figure XXI | Top pivots of Cebu's CCI's



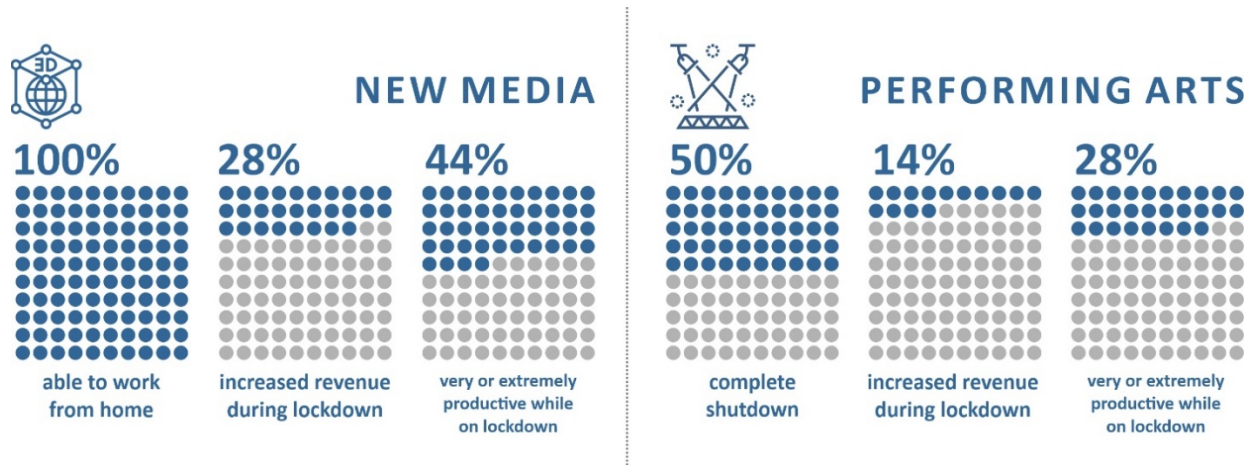
Another goal of the second survey in August 2020 was to assess the effects of the COVID-19 pandemic at the subsector level. Seven risk parameters were identified and each respondent was asked to rate how dependent they were on each of them on a linear scale from 1 to 5.

Figure XXII | COVID-19 risk parameters



Aggregated with data from the May survey, the aforementioned analysis showed that MSMEs in the new media subsector were least affected by the lockdown, while those in the performing arts subsector were the most exposed.

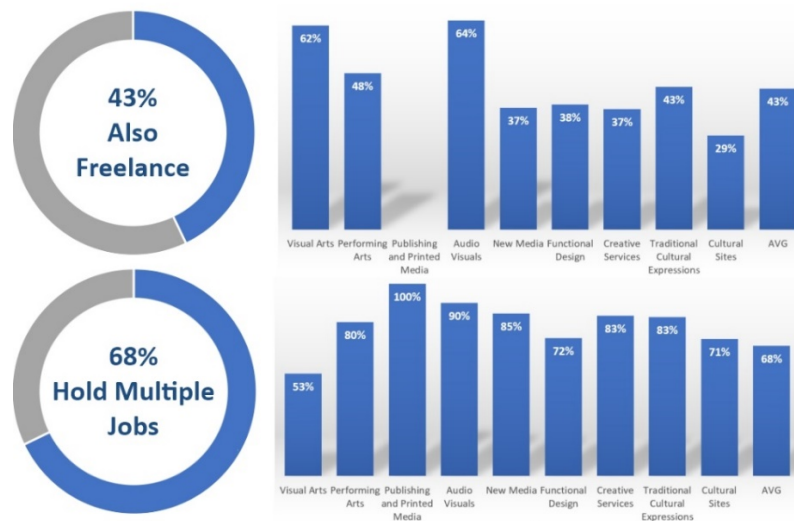
Figure XXIII | Sub sectoral comparison: effect of the lockdown on new media MSMEs versus performing arts MSMEs



PARAMETER	Most Vulnerable	Least Vulnerable
<i>Dependence on Large Gatherings</i>	Performing Arts	New Media
<i>Dependence on Close Interaction</i>	Performing Arts	New Media
<i>Dependence on International Logistics</i>	Functional Design	New Media
<i>Dependence on Travel</i>	Functional Design	New Media
<i>Dependence on Public Funds</i>	Performing Arts	Functional Design
<i>Productivity During Lockdowns</i>	Performing Arts	New Media
<i>Consumption During Lockdowns</i>	Visual Arts	New Media
<i>Recovery Trajectory After Easing</i>	Performing Arts	New Media

The results from the first survey conducted in May showed that the number of freelancers and multiple-job holders within the MSMEs of Cebu's cultural and creative industries sector was high. These findings were confirmed by the second survey conducted in August which showed that 43 per cent of those in Cebu's CCI MSMEs engaged in freelancing activities, a figure slightly higher than the figure of 35 per cent reported in a 2019 study carried out by the international compensation tracker Payoneer.²⁰ MSMEs in the visual arts and audio visual subsectors accounted for the largest numbers of freelancers, while those in the cultural sites subsector had the lowest proportions. Sixty-per cent of those surveyed indicated that they held multiple jobs. This high combination of freelancing and the holding of multiple jobs suggests that many of Cebu's MSMEs in the cultural and creative industries sector may be part of the economy's informal sector, rendering them ineligible for access to government services and aid.

Figure XXIV | Proportion of freelancers and multiple-job holders within Cebu's creative sectors

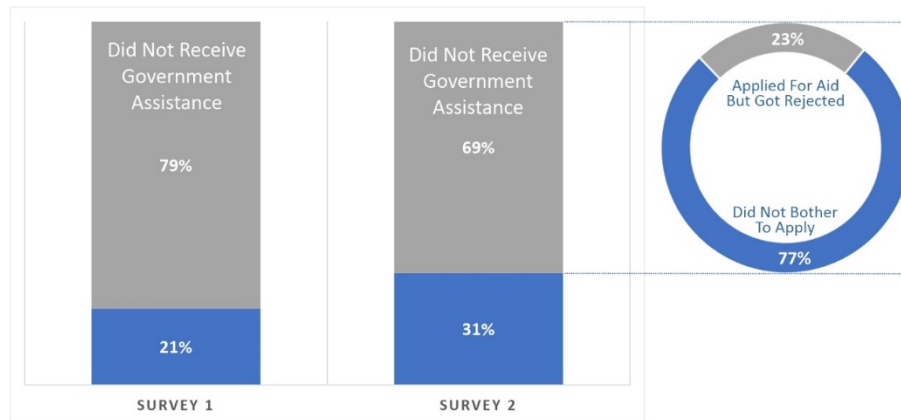


Source: Cebu UNESCO City of Design survey, August 2020.

In the first survey, nearly 80 per cent of respondents indicated they had not received any kind of government assistance. The second survey uncovered a slight improvement: the proportion of non-recipients had fallen to 69 per cent. This may indicate that MSMEs gradually benefited from government

assistance programmes, although the majority are still engaged in a lonely battle against COVID-19. Of those that did not receive aid, a substantial majority (77 per cent) had not applied, while the remaining 23 per cent had applied but were rejected.

Figure XXV | Recipients of government aid

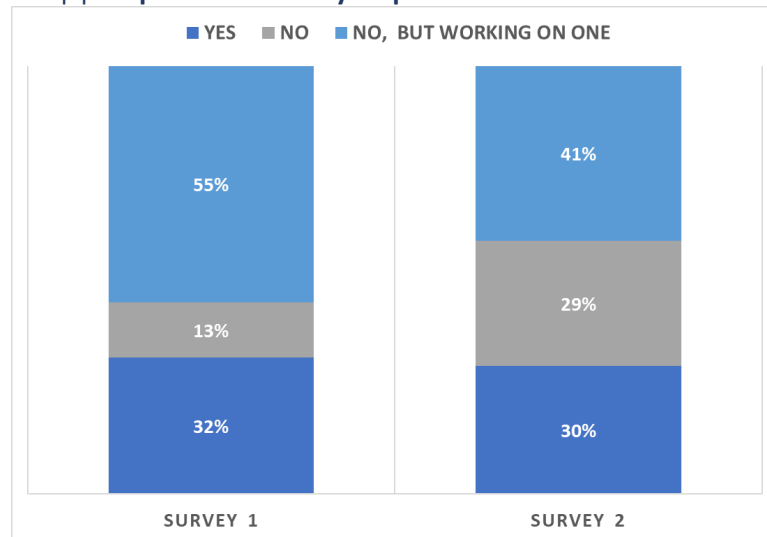


Source: Cebu UNESCO City of Design survey, May-June and August 2020.

Sixty-three per cent of freelancers did not apply for government aid, while 11 per cent applied but were denied aid. The remaining 26 per cent were able to secure government assistance and it is assumed that the assistance was obtained through their jobs in the formal sector.

As regards business continuity plans (BCPs), 32 per cent of respondents in the first survey and 30 per cent of respondents in the second survey reported having prepared such a plan. The proportion of respondents who reported not having a BCP doubled over the period from the first to the second survey, from 14 to 29 per cent. Over the same period, the proportion of those that did not have a BCP in place but were in the process of formulating one decreased, from 55 to 41 per cent. The decreasing trend may indicate that some MSME entrepreneurs ended up forgoing preparation of a BCP, either because they were able to manage their businesses during the pandemic without one or because their business activities were halted. The trend could also indicate that MSME entrepreneurs have not received the advice or training needed to help them prepare plans. The business reboot toolkits delivered through this consultancy assignment, which incorporate BCP elements, could therefore be useful to MSME entrepreneurs.

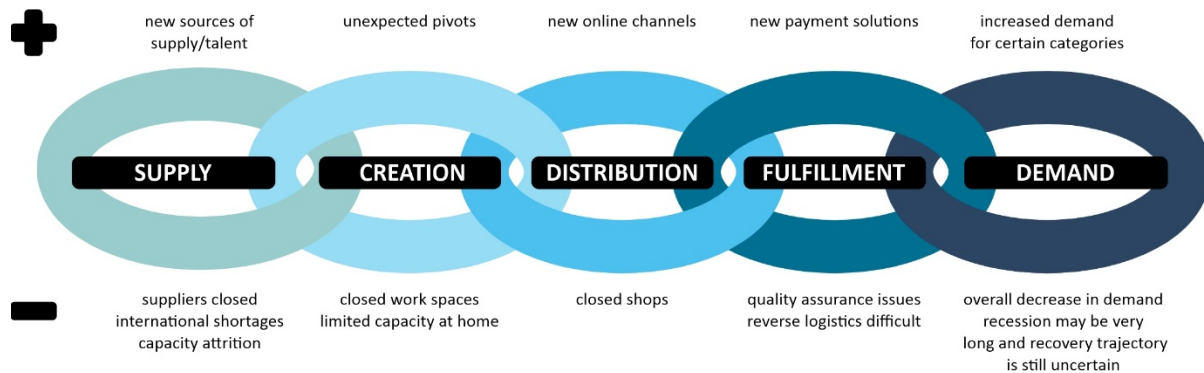
Figure XXVI | | Proportion of survey respondents with a business continuity plan



Source: Cebu UNESCO City of Design survey, May-June 2020 and August 2020.

Every dimension of value chains has been impacted both positively and negatively by COVID-19.

Figure XXVII | Creative value chains

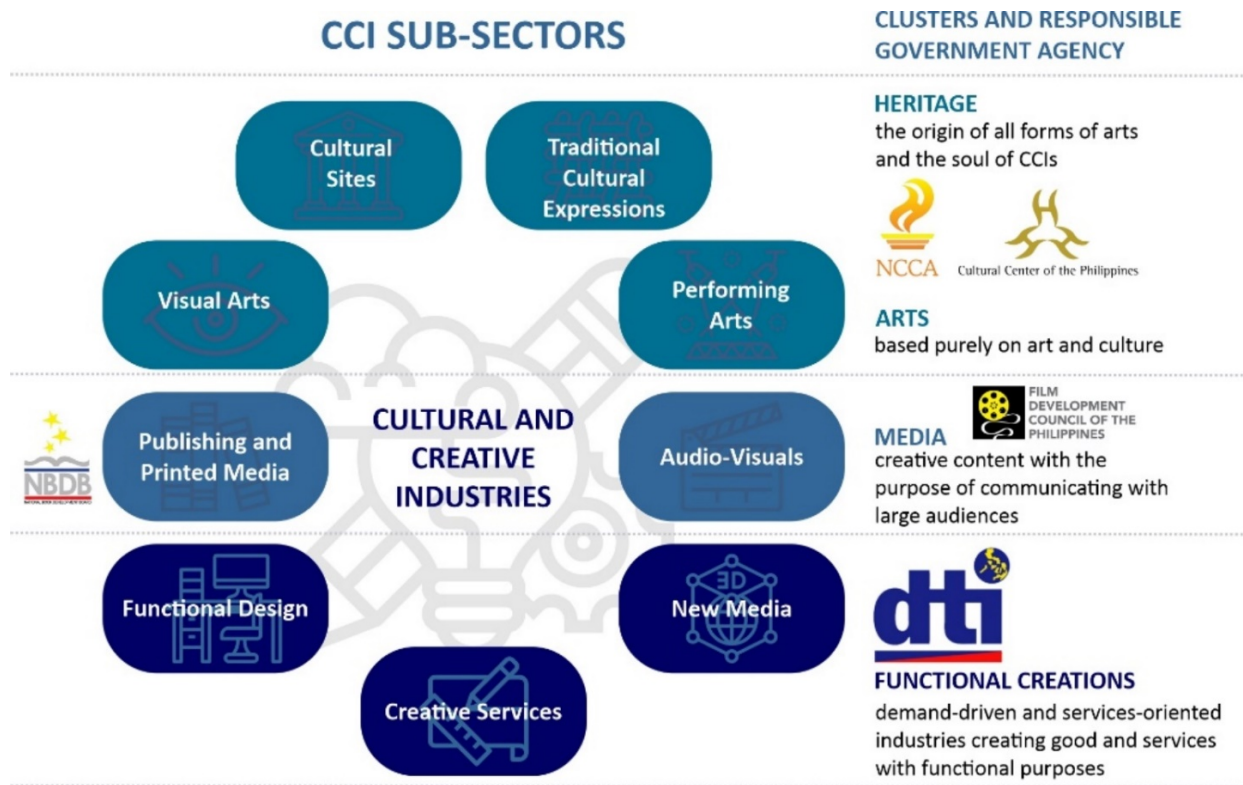


Forced lockdowns drove many MSME entrepreneurs to quickly pivot their business with a view to mitigating the effects of revenue reductions. This resulted in unexpected shifts and new approaches to selling and delivering products and accelerated the adoption of online payment and mobile disbursement arrangements. On the negative side, quarantine restrictions created choking points at every step owing to the imposition of closures and restrictions on movement. They also made the performance of functions such as quality assurance and reverse logistics difficult. On the demand side, sales of certain products, such as groceries, personal protective equipment (PPE), medicine and home entertainment, did well but overall demand declined as people spent less in order to save more.

4 | Existing policy frameworks for support to cultural and creative industries sector MSMEs in the Philippines

Currently, there is no department or agency of the Government of the Philippines that singlehandedly covers the entire CCI ecosystem as characterized by UNCTAD. Figure XXVIII shows how the different subsectors can be clustered together and placed under the purview of the appropriate organizations.

Figure XXVIII | Characterization and clustering of CCI subsectors



The functions, frameworks and objectives of the key government agencies presented in figure XXVIII are discussed in the present section.

4.1 Department of Trade and Industry (DTI) Micro, Small and Medium Enterprise Development Plan 2017-2022

The Micro, Small and Medium Enterprise Development Plan 2017-2022²¹ constitutes the growth plan for the MSME sector in the Philippines. The Development Plan's vision encompasses “more globally competitive MSMEs that are regionally integrated, resilient, sustainable, and innovative, thereby performing as key drivers of inclusive Philippine economic growth” (p. 2). To realize this vision, the Plan has three focus areas with corresponding themes or points of emphasis:

Figure XXIX | DTI MSME Development Plan focus areas



Goals, corresponding strategies and action plans under the Development Plan are discussed below.

4.1.1 Business environment

Improved business environment

The basic strategy adopted by the Plan is to “simplify, standardize, and harmonize MSME-related rules and regulations at all levels which will encourage MSMEs to tap the opportunities available under macroeconomic policy, infrastructure development and trade deals”. Under this strategy, the action plans include the following:

- (a) Expediting delivery of MSME assistance services;
- (b) Streamlining business permit and licensing systems;
- (c) Removing restrictions, provide incentives and promote job-creating investments;
- (d) Reducing the regulatory burden;
- (e) Fostering in all government entities a convergence mindset which recognizes the centrality of MSME development in achieving dynamic and inclusive economies.

Improved access to finance

The Plan strategy calls for streamlining and simplifying loan application and disbursement processes for MSMEs, creating the necessary enabling environment that encourages local banks and relevant financial institutions to reach MSMEs at the grass-roots level while equipping them with the knowledge and incentives needed to facilitate access to formal financial channels. Under this goal and strategy, the action plans include the following:

- (a) Streamlining and simplifying loan requirements and processes for MSMEs and cooperatives;
- (b) Building capacities of financial institutions and cooperatives to provide business development assistance for MSMEs;
- (c) Providing financial literacy training opportunities for MSMEs;
- (d) Instituting innovative financing policies and programmes;
- (e) Developing, promoting and expanding alternative financial instruments to better serve MSMEs’ financing requirements.

4.1.2 Business capacity

Enhanced management and labour capacities

The strategy for enhancing management and labour capacities entails expanding and strengthening the human resources capacity of MSMEs through optimal application of a combination of mentoring, group training, field outreach and online training; and improving the MSME knowledge base using gender and other parameters. Under this goal and strategy, the action plans include the following:

- (a) Encouraging and promoting entrepreneurship and equal opportunities for all, including women and youth;
- (b) Enhancing labour capacities through human resources development and gender sensitivity programmes for MSMEs;
- (c) Intensifying advocacy and education campaigns on laws and policies relevant to labour and related policies.

4.1.3 Improved access to technology and innovation

To improve access to technology and innovation, the Plan strategy is to support linkages between MSMEs and large corporations; develop more inclusive business models and social enterprises; establish feasible domestic economic zones for MSMEs; and make innovative technologies, including sustainable and resilient practices, affordable, cost effective and accessible to MSMEs across all regions of the country. Under this goal and strategy, the action plans include the following:

- (a) Expanding facilities that can be shared by MSMEs;
- (b) Providing financing programmes for equipment and machinery acquisition;
- (c) Facilitating promotion of Philippine National Standards (PNS) by national government agencies (NGAs) and their adoption by MSMEs;
- (d) Developing internationally harmonized industry performance standards;
- (e) Fostering wider MSME clustering to achieve economies of scale through clustering models such as cooperatives, “corporatives”, nucleus farming and other MSME collective mechanisms;
- (f) Promoting commercialization of technology and building capabilities to foster industry clustering.

4.1.4 Business opportunities

Improved access to markets

To improve access to markets, the Plan strategy is to strengthen value- and supply-chain linkages, as well as to ensure that market information, analysis, learning, contacts, matching, and interactions on domestic and export markets are timely, accurate, inexpensive and available to MSMEs. Under this goal and strategy, the applicable action plans include the following:

- (a) Maximizing opportunities that expand access to existing and new markets as presented under the Association of Southeast Asian Nations (ASEAN) Economic Community and other preferential trading agreements;

- (b) Promoting e-commerce;
- (c) Organizing local and international marketing events;
- (d) Designing export programmes.

4.1.5 Cross-cutting strategies

To the extent that they cut across the abovementioned strategies and goals owing to their overall relevance, other issues or strategies need to be pursued, namely:

- (a) Expanding MSME assistance centres;
- (b) Strengthening the role of local government units (LGUs);
- (c) Promoting green growth;
- (d) Promoting women and youth entrepreneurship; (e) Maximizing opportunities in the digital and Internet economy.

All of these goals, strategies and objectives are encapsulated in the Department of Trade and Industry 7M framework which was launched in 2017 to help the nation's MSMEs level up and thrive in an overly complex and increasingly competitive business environment.

Figure XXX | Department of Trade and Industry 7M strategy



4.2 National Commission for Culture and the Arts

The National Commission for Culture and the Arts, Philippines (NCCA), is the overall policy-making, coordinating and grant-awarding agency for the promotion, development and preservation of Philippine arts and culture. NCCA - which, as an independent commission, is not attached to any existing government department - is the executing agency for the policies it formulates. The Commission also administers the National Endowment Fund for Culture and the Arts (NEFCA), a funding mechanism focused exclusively on the implementation of cultural and arts programmes and projects.

The aims of NCCA are to promote Filipino culture and values; enhance the social fabric; and lay the foundation for inclusive growth and for the creation of a high trust and resilient society characterized by a globally competitive knowledge economy. To achieve these aims, the National Commission endeavours to:

- (a) Make Filipino culture more accessible;
- (b) Advance the value of creative excellence;
- (c) Inculcate values for the common good;
- (d) Strengthen culture-sensitive governance and development.

Figure XXXI | NCCA framework



Source: NCCA website.

4.3 Design Center of the Philippines

The Design Center of the Philippines (DCP) supports the country's creative and design industries through programmes and services tailored to address the design-related needs of MSMEs, designers, government and the public. Through these endeavours, the Center strives to help boost the value of Philippine design and promote consistent enrichment of contributions to the country's creative and design industries. In addition, the Center advocates, as an important goal, the cultivation of a design-centric culture - one that gives primary importance to the value of user experiences as a basis for simplifying complex problems and creating meaningful interactions through design.

Figure XXXII | Framework for the Design Center of the Philippines



Source: DCP website.

4.4 Arts and Culture and Creative Industries Bloc (ACCIB)

In August 2020, the **Arts and Culture and Creative Industries Bloc (ACCIB)** of the Eighteenth Congress of the Republic of the Philippines was mobilized to address the needs of the CCI subsectors. The Bloc, which is currently composed of 28 members of the House of Representatives of the Eighteenth Congress, has a six-point agenda²² comprising the following items:

1. **LEGISLATION:** ACCIB shall introduce and/or support legislation that protects, promotes and bolsters arts and culture as well as creative industries.
2. **RESOLUTIONS:** ACCIB shall file resolutions celebrating milestones and achievements of the sector and its stakeholders, thereby promoting and raising awareness of arts and culture as well as creative industries among the Filipino people.
3. **BUDGETARY SUPPORT:** ACCIB shall assist government agencies and instrumentalities that deal with issues related to arts and culture, as well as creative industries, in lobbying for appropriate funding for their programmes and projects so as to enable them to become more responsive to the issues under their mandates.
4. **LEGISLATIVE OVERSIGHT:** ACCIB shall ensure that existing laws and statutes pertaining to arts and culture, as well as creative industries, are properly implemented and are fully responsive to the needs arising within the rapidly changing socioeconomic landscape.
5. **FOSTER COLLABORATION:** ACCIB shall help identify intersectionalities and help foster collaboration across agencies on the efficient use of their resources and effective implementation of programmes in support of arts and culture as well as creative industries.
6. **SERVE AS FRONTLINERS:** To facilitate enactment of legislation, ACCIB shall endeavour to enable private and public sector stakeholders in arts and culture as well as creative industries to voice their concerns and be heard.

5 | Existing programmes of assistance to the CCIs of Cebu

5.1 Government programmes in support of MSMEs

5.1.1 Department of Trade and Industry COVID-19 response

During the lockdowns, the Department of Trade and Industry (DTI) was mandated to regulate the activities of businesses in the Philippines and launch programmes aimed at helping MSMEs cope and become resilient to external risks introduced by the pandemic. DTI has launched a series of programmes in support of MSMEs focused on:

5.1.1.a Optimizing the business environment

Guidelines for enterprises and establishments that have been allowed to operate under the different phases of quarantine which included limitations - to different extents - on operational capacity, hours and the application of safety protocols

- Rent holidays and concessions for MSMEs in areas with the strictest quarantine controls
- Refund concessions for events and activities that were affected by the public health emergency
- Streamlining requirements for registration of a new business by removing the Mayor's Permit as one of the mandatory requirements

5.1.1.b Improving access to finance

To help cushion the financial impacts of the pandemic on MSMEs, the Department of Trade and Industry introduced numerous targeted programmes which, in some instances, it implemented together with government agencies. The programmes included:

- COVID-19 Assistance to Restart Enterprises (CARES) programme which was launched with the Small Business Corporation. This facility provides a zero interest rate loan with no service fees and generous grace periods for repayment. Microenterprises with an asset size of not more than \$60,000 may borrow a minimum of \$200 and up to \$5,000. Small enterprises with an asset size of not more than \$200,000 may borrow amounts not exceeding \$10,000
- Small business wage subsidy (SBWS) measure which provides, through the Social Security System (SSS), a wage subsidy of \$120-\$160 (based on the regional minimum wage) per month per eligible employee
- A community-based safety net programme under the Department of Labor and Employment (DOLE), which provides temporary wage employment to informal economy workers, such as (but not limited to) underemployed, self-employed, and displaced marginalized workers who have lost their livelihood or whose earnings were affected owing to the community quarantine instituted to fight the spread of COVID-19

5.1.1.c Enhancing management and labour capacities

To encourage productivity during lockdown and to enhance MSME entrepreneurial skills, a series of initiatives have been offered including:

- CTRL + BIZ: a series of free webinars targeted towards MSMEs that need to transform their business digitally
- A Google website designed to provide information to MSMEs on the different technology tools, applications, platforms and resources available to assist in coping with the challenges of community quarantine
- A free mentoring session on the official Go Negosyo Facebook page with the participation of prominent Go Negosyo mentors and business experts to enable

discussion of business issues and concerns and provide technical and practical know-how on managing micro- and small businesses

5.1.1.d Improving access to technology and innovation

FabLabs were mobilized to produce face shields and aerosol boxes which were made manually or with the use of digital fabrication machines such as 3D printers and laser cutters. Other FabLabs were incentivized to produce ethyl alcohol, scrub suits, reusable masks and ventilators.

5.1.1.e Access to markets

DTI:

- Piloted the online National Trade Fair website on shopee.ph and on MSME food producers' mobile app
- Facilitated a mobile-discounted wholesale caravan for micro stores to enable them to offer basic goods priced at, or below, the suggested retail price
- Extended the complimentary trial period for easybuilder.pro, a website building platform specifically designed to enable non-information technology (IT) professionals to create a website to serve their own business and personal needs

5.1.2 Mapping study of the Philippine design economy

The Design Center of the Philippines (DCP) and the British Council Philippines will be launching a mapping study which is underpinned by a baseline survey designed to develop an understanding of the existing Philippine design economy. The recommendations of the study will serve as the basis for the formulation and drafting of a national design policy as well as for the plans and programmes of the Design Center of the Philippines and the British Council ²³

The objectives of the design economy mapping study are to:

- (a) Raise the profile of the Philippine design economy and underline its critical role in implementation of the country's development agenda;
- (b) Provide an evidenced-based overview of the Philippine design economy and its key subsectors and facilitate a deeper understanding of the sector - an understanding particularly of its scope, structure and ecosystem as well as its behaviour and patterns of activity - in order to determine its economic value and the value of the design industries to the wider economy;
- (c) Guide the formulation of a Philippine national design policy that is data-driven, and evidence-based, and which, through a more informed and stakeholder-sensitive approach is able to recognize the power of design within Philippine industries and within the context of everyday pursuits;
- (d) Serve both as a baseline for measurement of the impact of Design Center initiatives and as a guide for development of future plans, activities and programmes focused on nurturing the Philippine design economy;
- (e) Strengthen collaboration of networks within the country with the United Kingdom of Great Britain and Northern Ireland including designers and other creative professionals, academia, business and government. This research project is also part of a wider British Council creative economy research programme across Southeast Asia.

The purpose of this initiative is to:

- (a) Generate new, applicable and relevant evidence on the state of the creative economy in Southeast Asia;
- (b) Test and develop effective new research methodologies which help to improve baseline understanding of sector trends and the impact of interventions;
- (c) Generate new detailed, relevant and transferable evidence on specific policy and partnership activities (focus areas) which are seen as being of strategic importance in each country;
- (d) Build new and sustainable partnerships with research experts of Southeast Asia and the United Kingdom in, e.g., universities, consultancies and municipalities;
- (e) Share evidence and approaches at the regional and international levels with a view to building new channels for exchange of professional knowledge and mutuality;
- (f) Build long-term strategic relations with the United Kingdom.

Cebu has been identified as a priority city with respect to commencement of the mapping exercise. Discussions have already been initiated with the Design Center of the Philippines on how the outputs of the present consultancy assignment can be utilized in the exercise.

5.1.3 Launch of Manila FAME+

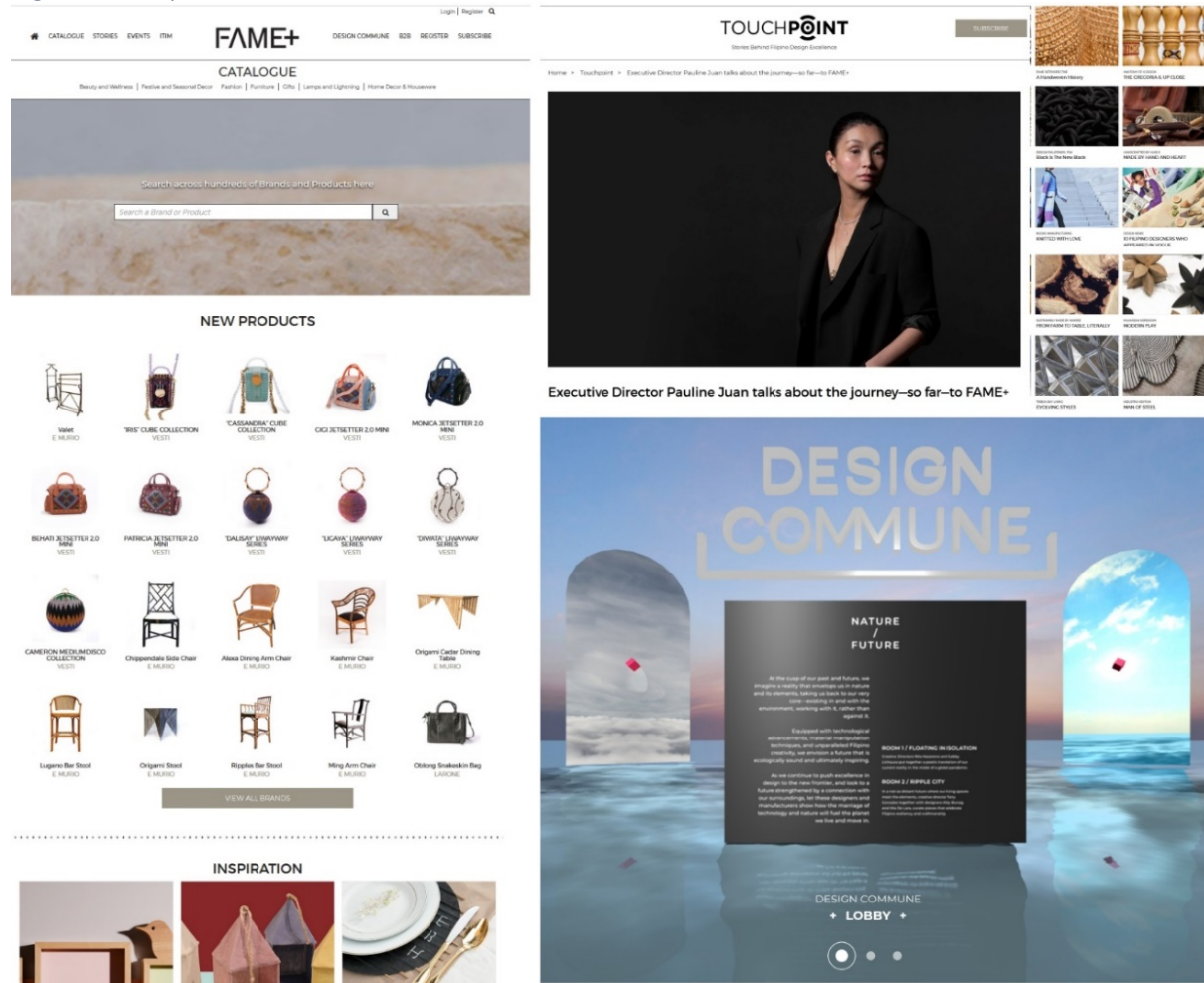
On 15 October 2020, Manila FAME, the premier design and lifestyle promotion event in the Philippines, pivoted to FAME+, a new digital trade platform for the home, fashion and lifestyle industries. FAME+ provides exhibitors with a new channel for showcasing their products and creativity to the world. This endeavour is organized by the Center for International Trade Expositions and Missions (CITEM), an agency of DTI.

Through FAME+, CITEM seeks to build its community by onboarding exhibitors, encouraging buyers to register, and sharing stories and content through its online magazine, *Touchpoint*. FAME+ will also host digital events for its registered members focusing on information, creativity and entertainment, while ensuring that the experience of using the website will be an engaging one.

Among the benefits in joining FAME+ are 24/7 year-round promotion of products in a virtual showroom, a digital storefront for each exhibitor, complimentary digital content production and curation for 100 exhibitors, one-on-one consultations with product development specialists, and access to forecasts and industry insights as a means of keeping stakeholders updated on the latest trends.

The website has messaging and conferencing features designed to connect exhibitors with buyers and other brands and manufacturers. The CCIs of Cebu that engage in exportation can build their online presence and enjoy these benefits at no initial cost until October 2021.

Figure XXXIII | Manila FAME+



5.2 Private sector MSME support programmes

5.2.1 Cebu Design Week 2020

Cebu Design Week, held from 26 to 28 October 2020, marked the convening of a virtual design summit which brought together 20 thought leaders, creative trailblazers and proved innovators to discuss relevant topics, consider possibilities and offer their individual insights on how to reboot in the midst of a pandemic crisis without precedent. Each day, the summit - whose overarching theme was "the Great ReCREATE" - focused on one of several different subthemes which included a creative check-in and subthemes on deriving opportunity from adversity, and rethinking tomorrow. Over 500 participants joined over the course of the five sessions with many more expected to view the videos once they were uploaded to the Cebu Design Week YouTube channel on 30 October 2020.

Figure XXXIV | Cebu Design Week: the Great ReCreate



The Blue Mango Awards, Cebu Design Week’s vehicle for incentivizing productivity while on lockdown and reinforcing the message that creativity can be discovered every day and in everyone, launched eight timely and inclusive challenges under three different prize tiers. The business reboot toolkit (BRT), which was a component of the assignment, has been included as a major category of the Blue Mango Awards to incent onboarding. Significant cash prizes await the winners – courtesy of Cebu Landmasters, the leading property developer in Cebu, and Smart Communications, the country's largest telecommunications company. To encourage greater participation, the deadline for entries has been extended to 25 November 2020 with the virtual award ceremony to be held in the first half of December 2020.

Figure XXXV | Blue Mango Awards 2020



By the fourth quarter of 2020, Cebu Design Week will have launched a Philippine Design Book, whose purpose will be to raise awareness and appreciation of traditional Filipino design. Readers will be encouraged to utilize their creativity to reinterpret traditional forms and motifs in personal and contemporary ways, with an interactive page provided next to each figure for that purpose.

Figure XXXVI | Philippine design book mock-up



5.2.2 Creative Cebu Grid (CCG)

One of the key components of Cebu's 2019 UNESCO Creative Cities bid was a five-year developmental plan for Cebu's creative industries. A key component of that plan is the Creative Cebu Grid, which comprises local and national government, academia and the private sector. While international collaborators are not technically part of the grid, the appearance of their names in the lower part of the pictorialization signifies their importance. The CCG taps existing institutions, movements and relationships and harnesses them in a highly structured manner.

The CCG has three main functions which entail utilization of both bottom-up and top-down approaches to performing continuous resource mapping, gap analysis and strategic alignment for maximization of resources, reduction of redundancies and achievement of synergies.

Figure XXXVII | Creative Cebu Grid



The COVID-19 pandemic has delayed the full activation of the CCG and its major initiatives. It has, however, been utilized in the last few months, albeit to a limited extent.

6 | Recommendations

The present section utilizes the DTI areas of focus to frame recommendations in a coherent and relevant manner. The recommendations are not limited to the DTI and will ultimately involve other government branches and agencies, non-governmental entities, academia and the private sector.

6.1 Business environment

- (a) DTI endeavours to formalize the status of cultural and creative industries sector (CCI) MSMEs should be accelerated, expanding their access to government services and support. Encouragement of CCI MSME formalization requires clear and compelling communication of its benefits;
- (b) Map current policy gaps related to CCI MSMEs and recommend possible policy recommendations to be championed by ACCIB in the national Congress;
- (c) Advocate investment incentives in infrastructure conducive for MSME CCI growth with ACCIB. Many studies have suggested that investment in CCI infrastructure may be impaired in the short to medium term owing to the COVID-19 pandemic. It is therefore important to pre-empt this possible scenario by inciting new capital investments so that the sector's future prospects of are not disadvantaged.

6.2 Access to financing

- (a) Advocate with DTI and the Small Business Corporation, its financing arm, for further streamlining and simplification of loan requirements for CCI MSMEs that may not meet the current minimum eligibility standards;
- (b) Deliver online multilingual financial literacy training for CCI MSMEs;
- (c) Explore how digital financial services can accelerate the MSME formalization process as more informal-sector entrepreneurs have adopted mobile disbursement modalities owing to the massive shift to online business activities during the pandemic;
- (d) Develop, promote and expand alternative financial instruments to better serve the financing requirements of CCI MSMEs;
- (e) Institute policies and programmes for innovative financing; (f) Engage and integrate angel and impact investors in Cebu's CCI community.

6.3 Capacity-building

- (a) Conduct a more comprehensive needs assessment for Cebu's CCIs;
- (b) Map existing efforts of various government agencies, business support organizations and researchers and match them with the demands of Cebu's CCIs;
- (c) Tap key players in the new media subsector to encourage them to leverage and share their experience in the areas of e-commerce and online business with the city's other CCIs;
- (d) Continue to support Cebu Design Week as a year-round platform for information sharing, collaboration and upskilling among CCI MSMEs;
- (e) Formally include the business reboot toolkits in DTI MSME supporting policies and conduct in-person workshops in this regard whenever possible.

6.4 Access to technology and innovation

- (a) Conduct a mapping and assessment of the current DTI Shared Service Facilities (SSF);
- (b) Advocate for the inclusion of Cebu in the "Smart City" pilot of the Department of Information and Communications Technology (DICT) to improve access to broadband internet facilities; (c) Align with the Ramon Aboitiz Foundation to unlock possible synergies through the communitel hubs that the Foundation is launching in a few of the city's public schools.

6.5 Access to markets

- (a) Include a selection of CCI MSMEs in the DTI National Trade Fair website pilot on shopee.ph;
- (b) Initiate discussions with CITEM on how the FAME+ platform can be modified for the local market; (c) Explore the possibility of creating a Cebu brand for the city's CCI MSMEs which could be used for joint promotions and marketing.

6.6 Cross-cutting concerns

- (a) Philippine design economy mapping:
 - (i) Assist the Design Center of the Philippines (DCP) in formulating and implementing the mapping, as Cebu is one of the pilot cities;
 - (ii) Provide DCP with all of the outputs from the present consultancy assignment so that it can use the material to fast-track the mapping;
 - (iii) Advocate for the inclusion of subsectors that may not have been originally encompassed in the scope of the project;

- (b) Creative Cebu Grid (CCG) and Creative Cebu Portal (CCP):
 - (i) Convene a CCG steering committee with co-chairmanship to be held by the top DTI official together with the official's private sector counterpart;
 - (ii) Fully activate both the CCG and the CCP in the next six months; (iii) Accelerate small-scale proofs of concept in the interim to demonstrate CCG viability;

- (c) Youth empowerment:
 - (i) Develop a series of “business of creativity” videos targeted towards the youth for dissemination through the DTI Youth Entrepreneurship Program in order to build awareness and activate creativity while encouraging entrepreneurship; (ii) Explore means through which the Department of Education K12 Art and Design Track can be tapped and leveraged;

- (d) Vertical and horizontal scaling:
 - (i) Initiate regional clustering discussions and integrate this within DCP design mapping under 6.6 (a) (i);
 - (ii) Utilize existing networks to disseminate learning in Cebu and help scale successful projects around the country; (iii) Continue to leverage Cebu as the pilot city for testing and deploying initiatives;

- (e) Local government unit (LGU) engagement:
 - (a) Formalize linkages with the Cebu City Tourism Commission and the CCG to help legitimize the mandate of the CCG as the focal point for Cebu's CCIs;
 - (b) Initiate discussions with the city mayor on the “Digital City” pilot, with DICT to provide complimentary ubiquitous broadband access throughout Cebu City; (c) Develop and propose a plan on how Cebu's CCI MSMEs can contribute to the 2021 year-long commemoration of the 500-year anniversary of the Magellan-Elcano circumnavigation of the world;

- (f) Sustainability and resiliency:
 - (i) Anchor all CCG projects on the 2030 Agenda for Sustainable Development (General Assembly resolution 70/1) and determine which SDGs are being specifically impacted under each initiative; (ii) Replicate this process with established partners such as the Ramon Aboitiz Foundation so that other collaborators can be motivated to tie in their programming with the SDGs, thereby magnifying impact.

7 | Conclusions

There is no doubt that the COVID-19 pandemic has exerted substantial impacts around the world and will continue to do so, with no clear signs of abatement at present. While the Philippines may have been spared the worst health-related effects of the pandemic, along socioeconomic dimensions, the country has been devastated. The abrupt halting of robust growth spanning years threatens to reverse gains that took decades to achieve. The second quarter of 2020 saw unprecedented declines along nearly every socioeconomic dimension. On the other hand, the number of cases of infection has been reduced since then and most of the country is currently at the lowest quarantine level.

Cebu's CCI MSMEs were also greatly affected, as the pandemic disrupted every part of the creative industries' value chain. Some subsectors, such as performing arts, were more affected than others owing to their greater dependency on large public gatherings, close human contact and utilization of public spaces, which rendered them particularly vulnerable to the spread of COVID-19. Other sectors – most notably new media – fared much better, as they were well positioned to take advantage of the behavioural shifts that were triggered by the pandemic.

The pandemic also amplified weaknesses within Cebu's CCIs that had already been present before the COVID-19 pandemic struck. The high incidence of freelancers and persons holding multiple jobs in Cebu's CCIs signifies that many of them are in the informal business sector and are thus unable to access the full range of services that are available to those in the formal sectors. Formalizing MSMEs is already a key DTI goal but the process needs to be accelerated. Currently, a pressing challenge is how to motivate MSME entrepreneurs to formalize their business, given that past attempts were not particularly successful. The financial and different types of transaction costs connected with starting a business in the Philippines are still high. Many in the informal sector harbor a mistrust of government and are unwilling to accept the trade-offs – such as higher taxes and scrutiny – associated with formalization.

The COVID-19 pandemic also accelerated many transformational changes that were well on their way to accomplishment before the pandemic. Perhaps the phenomenon with the strongest long-term implications is the acceleration of digital adoption, which is estimated to have leapfrogged five years of growth in a matter of months. This shift to digital has unlocked many opportunities such as expansion of distribution channels, new revenue streams and the capacity to realize greater efficiency. However, this transformation also brings with it many challenges which, if left unmanaged, have the potential to further widen societal gaps and cause long-term disparities. Paramount among these is the growing digital divide, as a consequence of which already disadvantaged members of society are further marginalized. It is therefore crucial that efforts be made to bridge such gaps, through investing, for example, in the national digital infrastructure so as to expand public access to Internet facilities. From an educational standpoint, digital literacy needs to be improved in a variety of subject areas. Within the context of hardware and connectivity, access to affordable devices and fast, reliable broadband needs to be democratized.

The survey conducted in August 2020 found that 80 per cent of Cebu's CCI MSMEs expected their revenues to return to the pre-COVID-19 level by the end of 2021. With Europe and the United States of America already in the grip of the second wave of the pandemic, it is almost certain that recovery from this current crisis will be a very long process. The economy of the Philippines is heavily reliant on exports, international tourist arrivals and remittances from overseas Filipino workers – which will all be subjected to intense pressures and uncertainties over the next several months.

It may be still too early to determine how the second wave of the COVID-19 pandemic will affect the global economy and what the recovery trajectory will look like. What is certain is that the arts, culture and design sector will continue to face daunting challenges at least through the near future. Many CCI MSMEs around the world are facing existential threats – from shifts in demand to cuts in public funding – and it is important that every effort be made to preserve them.

To ensure the survival of Cebu's CCIs, the importance of CCI MSMEs needs to be recognized as well as their roles in building a sustainable future for the city. It needs to be understood that creativity is not only essential in itself, but also critical for communities if they are to flourish inclusively and

sustainably. Stakeholders in Cebu's CCI MSMEs need to (a) work more closely together and in a way that is smarter, (b) align with government and other institutions and (c) agree on a path forward that ensures maximization of the efficiency of limited resources - effectively, inclusively and sustainably for the community and its environment.

²Trademap, International Trade Center. Accessed on 27 October 2020.