

UNDP - UNCTAD

CREATIVE ECONOMY REPORT 2010

Creative Economy: a Feasible Development Option

UNCTAD definition of the creative economy

The “creative economy” is an evolving concept based on creative assets potentially generating economic growth and development.

- It can foster income generation, job creation and export earnings while promoting social inclusion, cultural diversity and human development.
- It embraces economic, cultural and social aspects interacting with technology, intellectual property and tourism objectives.
- It is a set of knowledge-based economic activities with a development dimension and cross-cutting linkages at macro and micro levels to the overall economy.
- It is a feasible development option calling for innovative, multidisciplinary policy responses and interministerial action.
- At the heart of the creative economy are the creative industries.

Box 1.1 A creative entrepreneur: Transforming ideas into successful business

In the last 20 years, intellectual property has become increasingly important to businesses, and personal computers started appearing on every desktop, employees morphed into knowledge workers, companies began to focus on knowledge management and key information was stored in knowledge bases connected – in theory – via knowledge networks. The result was the knowledge economy, a phenomenon that has transformed the business of business and helped entire emerging economies to compete globally.

In this context, however, most of the “knowledge” on which the knowledge economy is built is actually just information – data, facts and basic business intelligence. As management guru Tom Davenport once said, “Knowledge is information combined with experience, context, interpretation, and reflection”. It is the knowledge derived from information that gives you a competitive edge. Many of us now live in an “information democracy” – if you have access to a personal computer (PC) and the Internet, you can tap into almost all the information that is publicly available worldwide. Advanced software and Web services can help trace, slice and dice the information in ways that were impossible a decade ago.

The emergence of low-cost PCs gave rise to a powerful network that has transformed opportunities for learning and communicating. The magical thing about this network is not just that it collapses distance and makes everyone your neighbour. It also dramatically increases the number of brilliant minds we can have working together – and this scales up the rate of innovation to a staggering degree.

As more and more of the world's information, commerce and communications moves to digital form, it will open the door to a new world of connected experiences that link our interests and our communities into a seamless whole that extends across home, work, school and play. Already, a new generation of technology is transforming expectations for how we will conduct business, communicate, access entertainment and much more. Increasingly, people envision a world of anywhere access – a world in which the information, the communities and the content that they value are available instantly and easily no matter where they are.

William (Bill) H. Gates is chairman of Microsoft Corporation, one of the biggest companies in software services and business solutions in the world. When Microsoft began in 1975, Mr. Gates and Paul Allen, co-founder of Microsoft, immediately recognized the implications of the microprocessor and its potential to revolutionize the information and communication technology. In 1981, I.B.M. selected the fledgling company to be the main supplier of operating systems for its first PC – Microsoft's first big step towards defining the software standards of the PC industry. Its Windows operating systems and Office productivity programmes are the dominant PC software. Microsoft had revenues of \$51.12 billion for the fiscal year ending June 2007 and employs more than 78,000 people in 105 countries and regions.

In addition, Mr. Gates founded Corbis, which is developing one of the world's largest resources of visual arts information – a comprehensive digital archive of art and photography from public and private collections around the globe. He and his wife, Melinda, have endowed a foundation to support philanthropic initiatives in the areas of global health and education.

Sources:

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<http://www.gatesfoundation.org/MediaCenter/Speeches/Co-ChairSpeeches/BillgSpeeches/BGSpeechHarvard-070607.htm>

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By Carolina Quintana,
UNCTAD secretariat.

Box 1.5 Cirque du Soleil: A very simple dream

Cirque du Soleil is an international company from Quebec dedicated to the creation, production and distribution of artistic works. Founded by Guy Laliberté in 1984, it began with a group of 73 young artists and creative entrepreneurs with a shared spirit of offering its creators the freedom to dream the wildest dreams and make them come true. Today, the business has over 3,800 employees worldwide, including close to 1,000 artists, represents

over 40 nationalities, and speaks 25 different languages. Cirque du Soleil's touring shows have made nearly 250 stops in over 100 cities around the world and more than 70 million spectators have seen a Cirque du Soleil show since 1984.

Cirque du Soleil is primarily a creative content provider for a wide variety of unique projects. The organization's mission is to invoke the imagination, provoke the senses and evoke the emotions of people throughout the world. Cirque du Soleil is a generator of new experiences, a laboratory and platform for creators. It is constantly researching new artistic avenues and innovating within the organization. In 2007, Cirque du Soleil presented 15 different shows around the world. The heart of its activity remains creating live shows and presenting them under big tops, in theatres or in arenas. Since 1984, close to 200 creators from the four corners of the globe have contributed their talents to this end.

Cirque du Soleil wants above all to take its place in society as a good citizen, with all the duties and responsibilities that go with citizenship. Since 1989, it has elected to give 1 per cent of its annual turnover to social and cultural programmes as a concrete expression of citizenship that goes beyond its business markets. Circus arts also offer young people the chance to open up, express themselves and use their marginalized status as a tool to make new links with a society that often excludes them. This is how Cirque du Soleil has developed its international expertise and leadership in social circus. Cirque du Monde is one of the greatest sources of pride for Cirque du Soleil. Set in motion in 1995, this programme is now operating in association with partners in social and cultural action such as Oxfam International and Jeunesse du Monde to assist young people in more than 80 communities in more than 20 countries throughout the world.

Cirque du Soleil also remains an active member of the artistic community. It supports artists and artistic institutions in various ways and is involved in many cultural organizations. The company offers financial support to innovative projects created by emerging artists and artistic companies.

By Charles Beraud,
Office of the Senior Vice President of Marketing,
Cirque du Soleil.

Box 3.5 Properties of creative industries

Nobody knows: Demand uncertainty exists because consumer reactions to a product are neither known beforehand nor easily understood afterwards.

Art for art's sake: Workers care about originality, technical professional skill, harmony, etc., of creative goods and are willing to settle for lower wages than those offered by "humdrum" jobs.

Motley crew principle: For relatively complex creative products (e.g., films), the production requires diversely skilled inputs. Each skilled input must be present and perform at some minimum level to produce a valuable outcome.

Infinite variety: Products are horizontally differentiated by quality and by uniqueness: each product is a distinct combination of inputs leading to infinite variety options.

A list/B list: Skills are vertically differentiated. Artists are ranked on their skills, originality and proficiency in creative processes and/or products. Small differences in skills and talent can yield huge differences in (financial) success generating hit-based, winner-takes-all markets.

Time flies: When coordinating complex projects with diversely skilled inputs, time is of the essence.

Ars longa: creative products have durability aspects that invoke copyright protection, allowing a creator or performer to collect rents.

Source: Caves (2000).

Box 3.6 Commercial practices and business models particular to the audiovisual and music industries

The “*window*” distribution system, which enables the sequential release of films, videos and television programmes in a staged process (windows) so that the product can be resold to different markets over time at little additional cost. It facilitates price discrimination and the exploitation of secondary markets.

Price discrimination. Unequal competition in secondary markets for audiovisual services has sometimes been likened to dumping because the initial costs of production have largely been recovered in the home market and the price (or licence fee) charged in secondary markets bears little relation to actual production costs. The majors have been accused of greed and some see increased levels of piracy as a direct result of their pricing policies.

Parallel import restrictions on films, videos and television programmes intended to enforce distribution windows, which also underpins the financing structures of most television and film projects and the valuation of distribution rights.

Minimum exhibition period: requirements by distributors of minimum exhibition periods for films that may force smaller exhibitors to forego particular titles and thereby diminish their commercial viability.

Blind bidding, whereby a distributor requires an operator to order a film without prior viewing.

Block booking or bundling of films and television programmes by international distributors, whereby less popular products are tied to those that are sought after; serves as a barrier to the screening of competitors' content.

"*No share*" periods imposed by major distributors that prevent a cinema from showing different titles at different times of the day and/or week that are particularly onerous for small independent exhibitors and, if excessive, make it more difficult for independent distributors to compete.

Joint purchasing arrangements by cinema operators seeking to strengthen their bargaining power with distributors by pooling their demand for feature films.

Refusals to supply and exclusivity clauses in film contracts, whereby a distributor may refuse to supply first-run prints for potential blockbuster films to two competing cinemas unless the additional audience generated is sufficient to outweigh both the loss of rentals through shared receipts and the additional cost of the print. In such cases, independent distributors often lose out because, by the time they hire the film for exhibition, demand may have waned.

Payola, whereby record companies funnel promotional money (or ticket giveaways, concert promotions, vacation trips and other perks) to radio stations through independent promoters in exchange for airplay consideration, which excludes the majority of artists except the most heavily financed, serving to raise the costs of doing business for smaller distributors. This has a secondary effect on artists' income from royalties collected by collection societies on the basis of the number of times the work is aired.

Vertical integration of distributors into exhibition, pay-per-view services and broadcasting.

Duration and terms of contracts between artists and record companies.

Source: Caves (2000).

Box 8.4 The Biennale of Contemporary African Art of Dakar: A contribution to economic and cultural development in Africa

For several years, Africa has proposed a variety of events for the promotion of different forms of artistic expression. The Biennale of Contemporary African Art of Dakar undoubtedly makes a critical contribution to ensuring the promotion of artists and the diffusion of contemporary creative works within and beyond the continent.

The Biennale of Contemporary African Art was born from the desire of the Government of Senegal to position Dakar as a place of encounters and cultural exchange for the entire

African continent. The event started as a Biennale of Arts and Literature in 1990, with literature occupying a predominant place.

Dak'Art was organized for the first time in 1992, and since then, the visual arts component has moved to the forefront. Nowadays, 289 artists from 34 African countries, with 16 representing the African Diaspora and 13 from the rest of the world participate. Among the countries with the highest rates of participation in the Dak'Art exhibitions are Cameroon, the Democratic Republic of the Congo, Ivory Coast, Morocco, Nigeria, Senegal and South Africa.

Furthermore, in 1996, the Biennale started to incorporate the Salon of Design, which showcases the work of talented designers from Africa; 92 creators were selected to represent 15 countries from the African continent during the period 1996-2006.

Dak'Art 2006 also was attended by 63 art critics, 25 specialized press agents, 19 African journalists, 32 representatives from galleries and museums, 13 organizers of 7 Biennales at the international level and a dozen art collectors.

Several important events are scheduled for 2008. The first one is Africa Now, an important programme under the initiative of the World Bank and in honour of Africa. The second one is the first Foire d'art contemporain africain de Tenerife in Spain. In addition, the Biennale is associated with the UNCTAD secretariat for the launching of the "Creative Africa" initiative during the UNCTAD XII Ministerial Conference to be held in April in Accra, Ghana. For the occasion, an exhibition of African contemporary art will reveal the breadth of African talents in the field of visual arts, showing new approaches in art and design and raising public awareness about contemporary creations in Africa. Creative Africa will feature the work of artists from 10 African countries through paintings, sculptures and collages.

The economic spillovers of Dak'Art are linked mainly to the sales of important African art works. The event is also beneficial for several economic activities such as international tourism, international transportation, local transport, the hospitality industry and other services. In brief, Dak'Art is an illustration of the positive impact of international cultural manifestations for socio-economic development.

By Ousseynou Wade,
Secretary-General of the Biennale of Contemporary African Art, Dakar, Senegal.
Website: www.biennaledakar.org.

Box 9.2 Puppet planet

A puppet is a manmade object, usually but not necessarily representing a character, operated directly by a puppeteer or indirectly by the use of strings or by another mechanical means or by remote control. In contemporary puppet theatre, puppets are often called a “creative object”, classified under the performing arts. Puppetry involves manipulating these objects and is found in almost all human societies both as entertainment and ceremonially in rituals and celebrations such as the Brazilian carnivals.

Romania figures among the European countries that have active puppet theatres. It is one of the eight co-founder countries (jointly with Austria, Bulgaria, Czechoslovakia, France, Germany, Yugoslavia and the Soviet Union) that created the International Union of Puppet Artists (UNIMA), a decision taken in Prague in May 1929. It is noteworthy that from the point of view of cultural history, UNIMA was the first international body in the world of theatre at large. UNIMA, an NGO affiliated to UNESCO, brings together people from around the world who contribute to the development of the art of puppetry with the objective of using this art in the pursuit of human values such as peace and mutual understanding between peoples regardless of race, political or religious convictions and differences in culture, in accordance with the respect for fundamental human rights as defined in the United Nations Universal Declaration of Human Rights of December 1948. The Romania UNIMA National Centre implemented innumerable initiatives under the leadership of Margareta Niculescu, who was elected as a member of the International Executive Committee of UNIMA and then as president of this organization in 2000.

A leading UNIMA member is the Tandarica Puppet Theatre, founded in 1945 in Bucharest. In 1949, Tandarica was declared a State theatre and Margareta Niculescu was nominated director of the company. She created a strong group of competent designers, directors and puppeteers who made Tandarica world-famous. The holding of the First International Festival of Puppet Theatre in Bucharest in 1958 was a very important moment in the history of the Romanian puppet theatre. The Romanian artists had the opportunity to see the best performances of the best companies from over 50 countries.

Today, Tandarica has over 80 employees sustaining around 300 annual performances in the two theatres. As a repertory theatre subsidized by the State budget through the Bucharest Municipality, Tandarica Theatre has deliberately chosen to offer low ticket prices, a practice that opens wide the theatre doors to an audience stemming from all social categories. In an agreement with the Ministry of Education of Romania, the schoolchildren are allowed to attend performances during their school courses and the theatre provides transport from the school to both theatres. All these elements result in the children’s greater interest in these special performances.

During the 2005-2006 season, Tandarica gave performances to 70 000 people. Since its birth, it has produced over 200 creations. All of them draw their inspiration from the marvellous

tales pertaining to the Romanian as well as to universal culture. In its permanent portfolio, Tandarica offers specific puppets shows for all age groups, from small children to adults. Most of the shows are presented in the Romanian regions and on almost all the continents, with over 100 tours in more than 40 countries. The company organized six international festivals and two national ones and participated in 20 national festivals and 40 international ones, becoming one of the best-known puppet theatres, appreciated all over the world and proving to be a strong ambassador of the Romanian culture abroad.

International festivals and international tours are very important tools to stimulate a constant renewal of puppet theatre. A number of festivals are organized worldwide. The most famous is the “Festival international de la marionnette de Charleville-Mézières” in northeastern France. This event takes place for two weeks every three years, gathering puppet companies from more than 130 countries for an international public of over 130,000 spectators. In this regard, it must be stressed that governments should facilitate the free circulation of artists to present and promote their creations in global markets and offer their services. The puppet theatre should remain a valuable traditional expression of cultural diversity to advance intercultural dialogue in our society.

By Liviu Berehoi,
a master puppeteer
who has worked for more than 25 years for the Tandarica Theatre
and who is a regular collaborator on the Théâtre des marionnettes de Genève.

Box 9.7 Alphadi: The fashion caravan

Seidnaly Sidhamed, alias Alphadi, was born on 1 June 1957 to trader parents in Timbuktu, Mali. One of nine children, in Niger he grew up in the company of his siblings and liked to put makeup on his sisters and mother. He also studied the makeup of actresses in Hindu films. At a young age, this designer-to-be was already intrigued by everything that could enhance and better showcase feminine beauty. In Niger, however, fashion was taboo for boys.

While his father had envisaged that Alphadi would pursue a medical career or work in the family business, following graduation from high school, Alphadi went to Paris to study tourism. In this centre of fashion, he was able to attend fashion shows and he also took night courses at the Chardon Savard atelier. Once he had completed his studies, he accepted a director’s position at the Ministry of Tourism in Niger, but he still had a passion for fashion. While working at the Ministry, he continued to perfect his fashion skills by receiving in Niger professors from Chardon Savard.

In 1985, two years after having decided to devote his life to fashion, he presented the haute couture fashion line that he had created at his first fashion show, which was held in the City

of Light during the International Tourism Tradeshow. From that time on, Alphadi has had many successes, including the Best African Designer award from the Fédération française de la couture et du prêt-à-porter in 1987. His fashion shows are familiar worldwide – in Abidjan, Brussels, New York, Niamey, Paris, Quebec, Tokyo, Washington. In 1999, he expanded his label by creating a line of sportswear called Alphadi Bis. With Wrangler, he also created Alphadi Jeans, and 2000 saw the launch of l’Air d’Alphadi, the first perfume by an African couturier.

After twenty years of a career in fashion, with fashion shows organized all over the world, boutiques in Africa, Europe and the United States and, most importantly, an internationally respected brand, Alphadi is one of the most well-known African designers from the continent. Warm, very affable and experienced, this artist is ever ready to talk about his field. Inspired by the rich traditions and colours of Africa, Alphadi “firmly believes that fashion and culture are the industries that can lift Africa to the ranks of prosperous nations”.

Alphadi, Paris.