

**Local Economic and Employment Development
(LEED)**

Culture and the Creative Economy in Colombia

LEVERAGING THE ORANGE ECONOMY



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Preface by the OECD

Colombia's Orange Economy approach can inspire other OECD countries in the design and implementation of policies to support and leverage on the full potential of the cultural and creative sectors and industries. Colombia has put culture and creativity at the heart of its development model. It does so by capitalising on its past, and the diversity of its heritage and traditions, but it also looks to the future, by supporting innovation and creativity in emerging new activities.

Colombia provides a number of inspiring policy innovations, shaped around a comprehensive policy framework of seven "I"s – Information, Institutions, Infrastructure, Industry, Integration, Inclusion, and Inspiration. Behind each of these "I"s is a rich set of measures to help address the most pressing challenges of creative firms and workers such as tackling informality and the precariousness of work, improving access to finance, building entrepreneurial skills, ensuring access to culture across the territory, attracting investment, and building capacities within local administrations to capitalise on the role of culture as a development driver.

Supporting these measures is Colombia's strong focus on data and evidence. The continuous refinement of national and, more recently, local culture satellite accounts provides a critical basis for evidence-driven action that can ensure that resources are channelled to where they are most needed.

A central element of Colombia's approach, which is rarely seen within other OECD countries, is the whole-of-government integrated approach coordinated by the National Council of the Creative Economy. Recognising the transversal nature, challenges and benefits of the sector, the Council brings together ministries and services responsible for culture, employment, SME development, education, intellectual property, finance, commerce and tourism, and national planning.

Colombia's growing policy experience with the creative economy provides a great opportunity for OECD peers to learn from. The OECD Centre for Entrepreneurship, SMEs, Regions, and Cities, and its Local Employment and Economic Development Programme look forward to ensuring these lessons are widely shared and to continuing engagement with Colombia as its creative economy policies evolve.



Lamia Kamal-Chaoui

Director

Centre for Entrepreneurship, SMEs, Regions and Cities

Preface by Colombia

Through the *National Development Plan 2018-2022: Pact for Colombia, Pact for Equity*, the Government of Colombia positioned culture at the centre of the policy agenda as a fundamental pillar of our country's economic and social development model, and as a channel for community empowerment. To achieve this goal, the Ministry of Culture implemented a set of unprecedented policies and programmes. Among a host of initiatives, Colombia created the National Council for the Orange Economy, promoted Orange Development Areas, passed a national Orange Economy policy through its National Council of Economic and Social Policy (Document 4090) and introduced different measures to finance the creative economy. Colombia also introduced new tax incentives for the sector, including audio-visual investment certificates, tax exemptions for cultural and creative economy companies and a public private partnership that approves investment incentives, the CoCrea corporation.

To complement this effort, we seek to strengthen our involvement and influence in regional and international exchanges, cooperation and dialogue to improve the understanding of the perspectives of the sector. Through international engagement, we seek to propose new and better opportunities for access to and enjoyment of cultural goods and services. The synchrony between our country and the OECD on the central role of culture in our respective priorities highlights the importance of continuous strengthening of creative and cultural processes as pillars of development and as essential tools to achieve the Sustainable Development Goals.

Beyond recognising the role of culture in human well-being, Colombia promotes culture as a source of income and wealth, seeking to build opportunities by strengthening capabilities, freedoms and cultural rights. Through this approach, the intellectual capital of people underpins the country's wealth.

The challenge set by the national government was to think of culture as a tool to build citizenship, addressing the need to establish creative, social and productive relationships that recognise Colombia's diversity, drive inclusion and adopt a territorial lens. To this end, public policy guidelines have been designed to encourage new avenues for local development.

The traditions of different Colombian regions are expressed and promoted not only in the artistic, cultural and creative sectors, but also in many other parts of the economy in which culture and creativity has an impact.

This OECD study shows the results of the National Government's main commitments to this development model, implemented over the last four years. It also shows the progress that has been made in the development of the cultural and creative economy and its local implementation, one of the most valuable aspects of the policy. Through Colombia's local approach, synergies between different sectors (public, private, academic and the cultural and creative sector) adds substantial value to decision-making to the benefit of Colombia's territories, placing culture and creativity at the centre of the agenda. Throughout the report, the potential of the Orange/creative economy and its achievements in Colombia are highlighted, setting Colombia as a model on the different issues covered by the review: a) the Orange Economy measurement system, b) the Orange Economy policy framework, c) creative districts in Colombia in an international perspective, and d) the financial ecosystem for the Colombian creative and cultural sectors.

For this reason, the Ministry of Culture has been pleased to be part of this review process. Thanks to the experience and knowledge of the OECD, it is possible to broaden the understanding of the cultural and creative industries, consolidating a baseline that becomes an important input for the strengthening, growth and development of culture in Colombia and around the world.



Angélica Mayolo Obregón

Minister of Culture of Colombia

Foreword

The creative economy – or the *Orange Economy* as it is referred to in Colombia – is an important development driver, not just through its direct economic impacts such as job creation, income generation and exports, but also through its ability to spur innovation and spill-overs across the economy. Culture-led local development strategies can transform places, making them more attractive for visitors and businesses while also addressing pressing challenges, often from new angles, from supporting the digital and green transitions, to fostering social cohesion, to promoting health and well-being.

Colombia is a pioneer in placing culture and creativity at the heart of its development model. Its comprehensive Orange Economy policy framework mainstreams culture and creativity across a number of policy agendas such as employment, inclusion, business development, foreign direct investment attraction and local development.

This report reviews Colombia's policy framework, highlights progress in policy implementation, and provides evidence on the Orange Economy trends and economic footprint. A key focus is on Colombia's push to foster creative districts as a means of local development as well as the current state of the financial ecosystem to support the creative economy in Colombia. Recommendations draw on international good practices that can better realise Colombia's creative economy opportunities.

This report is part of the OECD work on culture and creative sectors, which provides evidence and guidance to countries, cities and regions on ways to boost, and maximize the economic and social impact of culture and the creative economy. Recent and forthcoming publications include *The Culture Fix: Creative People, Places and Industries*, *Culture Shock: COVID-19 and the Cultural and Creative Sectors* as well as a series of regional reviews on *Culture and the Creative Economy* in Emilia-Romagna (Italy), Glasgow City Region (United Kingdom), Flanders, (Belgium) and Klaipėda county (Lithuania).

This report was developed by the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE), as part of the Programme of Work and Budget of the OECD Local Employment and Economic Development (LEED) Programme. The report was approved by written procedure on 4 July 2022 [CFE/LEED(2022)21].

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This report was co-ordinated and co-drafted by Ekaterina Travkina, Co-ordinator, Culture and Creative Industries in the Local Employment, Skills and Social Innovation Division (CFE/LESI), Lucas Leblanc, Policy Analyst, CFE/LESI Division (chapters 2, 3 and 4), and Martha Bloom, Policy Analyst, CFE/LESI (chapter 1). Karen Maguire, Head of the CFE/LESI Division managing the LEED Programme provided overall supervision and comments. Authors are grateful to Pier Luigi Sacco, Senior Advisor on Culture to the OECD for his contribution. Agustin Basauri, Statistician and Gina Marie Enriquez, intern, CFE/LESI, also supported the project through data analysis, research and administrative support.

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Executive summary

Colombia's Orange Economy policy framework puts culture and creativity at the centre of its development agenda

Colombia's National Development Plan (PND) 2018-2022 embeds the creative (Orange) economy within broader development objectives. The Orange Economy policy recognises culture and creativity not only for their intrinsic value, but also for their contribution to job creation, income and wealth generation and as a tool to foster local development, social cohesion and well-being. A comprehensive Orange Economy policy approach, designed and implemented through a whole-of-government effort, is structured around seven pillars: **Information** and knowledge for better decisions; **Institutions** – institutional strengthening and coordination, financing and incentives; **Infrastructure** – (territorial) infrastructure for the deployment of creative processes; **Industry** – sustainable start-ups and companies; **Integration** – networks and market development; **Inclusion** – tackling inequalities through capacity building; and **Inspiration** – audience development, intellectual property and innovation.

Orange Economy policies have helped to boost income and employment in the creative economy

Prior to the COVID-19 pandemic, the Orange Economy was an important driver of economic growth, with employment increasing by 16% between 2014 and 2019 and gross value added by 3%. While the COVID-19 pandemic hit the Orange Economy hard (21% decline in GVA and 11% decline in employment between 2019-2020), early indications show that the sector is bouncing back. For example, employment increased 8% in Q3 2021 compared to Q3 2020.

Household expenditure on recreation and culture in Colombia is lower than the majority of OECD countries

In 2019, 6.1% of household spending in Colombia was on recreation and culture, compared to an OECD average of 8.5%, which, in part, reflects the lower average disposable income per capita in Colombia and the discretionary nature of spending on cultural and creative sector products and, potentially, purchasing price differences across countries. Moreover, national survey data suggest significant differences within the country, with those living in urban areas (municipal capitals) spending, on average, over twice as much on recreation and culture than those in more rural areas.

One in three jobs in the creative economy are informal, but formalisation policies are having an impact

The Ministry of Culture estimates that one in three workers in the creative economy were informal in 2020, but there are a number of initiatives in place to address this and related challenges. The expansion of the Periodic Economic Benefits programme to creative workers, for example, has encouraged formalisation through access to social insurance (namely pension) benefits. Indeed, in 2022, the Ministry of Culture noted over 11 thousand workers had registered since the programme's expansion in 2018. Ongoing efforts to universalise social protection could consider steps to ensure creative workers are also integrated into programmes that provide other forms of protection (e.g. unemployment). In addition, a repertoire of cultural policies for vulnerable groups (e.g. *Soy Cultura* incentivises informal workers to sign up to a national registry to receive grants and support) can also help formalise workers. Policies can also capitalise on the social and solidarity economy to tackle informality. It has the capacity to reach disadvantaged groups and individuals as well as facilitate access to training, formal work, property, information, and equitable distribution of profit to its members.

Cultural participation policies can drive demand and multiply culture's impact

Evidence on culture's social impact in areas such as health, social inclusion and education is growing across the OECD. Policies to support citizen engagement in culture can maximise these effects. Cultural participation (including in free activities) is uneven across regions in Colombia, with participation rates far higher in Bogotá than in other places.

Colombia's creative economy policy has recognised the role of education from an early age to develop interest in, and an appetite for, culture, especially to boost participation in low and middle-income groups. Policy efforts are already in place, however further opportunities for cultural participation outside of the larger urban areas will also be important to develop the future talent pipeline, promote inclusion and contribute to community vitality. Calibrated voucher or pass programmes for low income or vulnerable groups could complement supply side opportunities for cultural entrepreneurs.

Subnational governments play a very important role in policy implementation, and capacity building efforts could strengthen policy implementation

In 2019, subnational governments in Colombia represented over 84% of total government spending on cultural services, compared to the OECD average of 58%. Continued coordination across levels of government, as well as capacity building efforts, could help Colombia's subnational governments seize opportunities brought by the national Orange Economy policy.

Subnational governments carry forward Colombia's national initiative for creative districts. Linked to the tax incentive for creative economy investment, Colombia's PND 2018-2022 launched Orange Development Zones (*Áreas de Desarrollo Naranja – ADN*) resulting in the creation of 96 districts across the country. ADNs strengthen creative clusters in a range of subsectors. In terms of their financing in 2021, 40% of district revenues originated from municipal governments, and 17% from national government. Programmes to further strengthen local government capacities to promote cross-overs between cultural and creative sectors and the rest of the local economy, to cultivate more public-private partnerships and financing in the ADNs and to engage citizens in district life, including in more rural areas, could help strengthen the ADNs.

The creative economy policy is evidence driven. A further refinement of measurement frameworks could support policy efforts

The progressive expansion of the Orange Economy Satellite Account, including at the local level, as well as regional mapping studies, have transformed Colombia's ability to monitor and evaluate the sector. More regular and disaggregated reporting of business trends in the Orange Economy could help in further interpreting trends in GVA and employment. In addition, enhanced reporting on the characteristics of both full and part time work (such as average hours worked, income distribution, contractual status, motivation for working in the sector) could help in identifying those in precarious forms of work. Colombia could also look to produce data on creative occupations throughout the economy (e.g. designers working in car manufacturing). As much of the Orange Economy policy concerns skills provision, gaining a greater understanding of how this policy may be enhancing employment prospects for those in cultural and creative jobs outside of the Orange Economy is needed.

A recently expanded legal and fiscal framework offers many incentives for creative economy development

A host of instruments are helping cultural and creative sectors overcome barriers to access finance, address skills gaps, and access international markets. To drive entrepreneurship, Colombia introduced a five-year exemption from income tax for creative economy actors in 2018. In addition, Colombia created a tax incentive aimed at investors. Those investing or donating in specific creative economy projects can benefit from a tax deduction on an investor's tax base equal to 165% of real value invested or donated. This instrument helps attract investors usually hesitant to provide capital due to difficulties in assessing economic potential. In addition, to address the impact of the COVID-19 crisis which has exacerbated the precarious situation of many creative professionals, Colombia introduced new social protection (as described above) and public lending measures, such as favourable credit lines within the public entrepreneurship bank, Bancóldex.

1 Measuring and evaluating the creative economy in Colombia

This chapter presents creative economy trends in Colombia and discusses Colombia's approach to measuring the sector. Colombia's new Orange Economy Satellite Account was designed to reflect the broader policy context adopted in Colombia and so, in turn, adopts a broader notion of cultural and creative sectors than that used in international comparisons. The chapter reveals potential to further develop data collection around the creative economy and to target policy towards areas of weakness highlighted by the data.

In Brief

Colombia's creative economy is strong and there are indications it has bounced back quickly following the pandemic

- The Orange Economy policy is evidence driven with progressive refinement of measurement approaches at national and local levels. To provide the evidence base on the Orange Economy, Colombia has expanded on its earlier 2005 cultural satellite account, including through updates in 2019 to include a broader range of sectors and to incorporate data on employment. The Orange Economy Satellite account now covers over 103 ISIC indicators. This methodological extension has been fundamental in broadening the information available on the Orange Economy to aid in implementing and monitoring the policy. Alongside this, Colombia has been working with local actors to create local Satellite Accounts and to produce regional level mapping studies. These studies have proved an important step in assessing the landscape for the Orange Economy policy at a local level.
- Data from the national satellite account shows value added and employment in the Orange Economy was growing before the COVID-19 pandemic (2014-2019), where GVA of the Orange Economy had increased by 3% and employment in the Orange Economy had increased by 16%. However, between 2019-2020 GVA declined by 21% and employment declined by 11%. Early indications show that the sector is bouncing back quickly, with employment increasing 7.7% in the first three quarters of 2021 compared to the same period in the previous year. Household spending and international export estimates also suggest the effects of the pandemic on GVA may have been short lived.
- Colombia introduced ReactivARTE, a set of measures to re-launch the creative economy and support cultural and creative workers through the pandemic (see chapter 4) and used support mechanisms to address issues of informality. High informality is an ongoing structural challenge for the creative economy in Colombia. In response to the pandemic, Colombia launched SoyCultura, which incentivises informal cultural workers to sign up to a national registry to receive grants and support. The Ministry of Culture estimates around 34.6% of workers in the creative economy to be informal in 2020, dropping from an estimated 39.6% in 2019.
- Comparing Colombia's cultural and creative sectors (CCS) to other OECD countries using a narrower definition than the full Orange Economy, shows Colombia has a higher proportion of CCS enterprises than many advanced economies, such as, France, Italy and the United Kingdom. Moreover, a larger proportion of CCS businesses in Colombia have at least 10 employees (10%), compared with the OECD average (4%). However, in 2018 the share of total business sector GVA attributed to CCS (0.7%) was below the OECD average (2.2%), reflecting relatively lower shares of enterprises in high GVA generating subsectors.
- System of National Accounts (SNA) data shows household spending on culture and recreation in Colombia is one of the lowest in the OECD. In 2019, 6.1% of household spending in Colombia was made on recreation and culture, compared to an OECD average of 8.5%. Moreover, national survey data suggests that spending on recreation and culture is highly uneven across geographies, with those living in municipal capital areas spending, on average, over two times more on recreation and culture than those in dispersed rural and populated areas.

- Cultural participation is also very uneven across regions in Colombia, with participation rates far higher in Bogotá than in other places. For example, in 2020, 46% of those in Bogotá had attended a cinema in the past 12 months, compared to only 22% in Amazonía / Orinoquia. Similarly, 19% in Bogotá had visited a museum, but only 2% in Caribe.

Policy considerations to enhance Colombia's data collection efforts and address issues highlighted in this analysis include:

- Enhancing data collection and reporting by, for example, producing more regular and disaggregated reporting of business counts in the Orange Economy and expanding data on Orange Economy employment, including second jobs and those working in cultural and creative occupations outside of Orange Economy industry sectors.
- Promoting growth in all parts of the Orange Economy, for example by commissioning further research into the different needs and dynamics of each sector and by targeting business support to specific groups, such as the self-employed.
- Focusing efforts towards encouraging cultural participation, especially in rural and smaller urban areas, for example by considering the use of cultural voucher schemes. Other potential mechanisms to support cultural participation are discussed in chapters 2 and 3.

1.1. Colombia's Orange Economy policy has helped promote growth in GVA and employment of the creative economy

1.1.1. Colombia's Orange Economy policy puts culture and creativity at the centre of a transformative development plan

As a developing country, Colombia has very different profile to the majority of OECD countries (Table 1.1). At 51 million people, Colombia has the 10th highest population of OECD countries (OECD, 2022^[1]). A large share of the population live in rural areas, with around 17% of the population living in areas remote from cities, compared to an OECD average of 9% (OECD, 2022^[2]). In 2021, Colombia had the lowest GDP per capita of OECD countries at USD 17 299, compared to an OECD average of USD 49 370 (OECD, 2022^[3]) and in 2017 household disposable income in Colombia was around 40% lower than OECD average (OECD, 2022^[4]). Employment rates in the country are high, however the labour market is characterised by high levels of informality.

Table 1.1. Colombia overview statistics

2019 or latest available year

Indicator	Colombia	OECD average
Population density per km ²	45.4	38.4
Population under 15 (%)	22.6	17.9
Population over 65 (%)	8.8	17.1
Latest 5-year average population growth (%)	1.4	0.6
GDP per capita (thousands USD PPP)	15.6	47.6
Exports of goods and services (% of GDP)	15.9	53.6
Imports of goods and services (% of GDP)	21.7	50.4
Employment rate (aged 15 and over, %)	60.8	57.5
Men	73.4	65.6
Women	48.9	49.9
Unemployment rate, Labour Force Survey (aged 15 and over, %)	10.5	5.4
Tertiary educational attainment (aged 25-64, %)	23.8	37.9
Gross domestic expenditure on R&D (% of GDP, 2018)	0.2	2.6
Proportion of people living below 50 percent of median income (%)	22.3	11.5
Median disposable household income (thousand USD PPP, OECD: 2017)	14.6	24.2

Note: The year is indicated in parenthesis if it deviates from the year in the main title of this table. Where the OECD aggregate is not provided in the source database, a simple OECD average of latest available data is calculated where data exist for at least 80% of member countries.

Source: (OECD, 2022^[4])

Colombia have put culture and creativity at the heart of development planning through the Orange Economy policies. The concept of the Orange Economy represents a new development model promoted by the administration of Iván Duque (2018-2022), that places culture and creativity as central axes of the development agenda. The policy considers the creative economy not from a welfare perspective (e.g. a sector requiring government intervention to maintain), but rather recognises the creative economy as a tool for income and wealth generation, encompassing the improvement of opportunities through capacity building, and the guarantee of cultural rights.

Since proposing the Orange Economy Law in 2017, the aim has been to stimulate the creative sector through seven management strategies. These guiding strategies are called the seven “Is”:

- **Information:** refers to the generation of knowledge for the creation and implementation of adequate and relevant public policies that promote development through culture and creativity. It is knowledge that makes it possible to understand the cultural and creative ecosystem.
- **Institutions:** this is the line that makes visible the financing and investment instruments of all the institutions at the national level, which seeks to benefit orange economy enterprises.
- **Industry:** refers to technical assistance that promotes the sustainability of the organisations that make up the creative ecosystem.
- **Infrastructure:** all those spaces that must be sustainable, multifunctional and in which artistic and cultural expressions take place.
- **Integration:** this is the line in charge of the internationalisation of the cultural and creative industries, the strengthening and positioning of the cluster market.
- **Inclusion:** aims at strengthening human capital, considering the promotion of the knowledge, skills and competences of the people who make up the cultural and creative sector in order to foster their development.
- **Inspiration:** line for the promotion of innovative creation, audience development and intellectual property.

1.1.2. Expanding Colombia's cultural satellite account to include all Orange Economy sectors has been a key part of the broader strategy

A key part of Colombia's Orange Economy strategy was the expansion of its cultural satellite account. Colombia had produced cultural satellite account statistics since 2005 but in 2019 the methodology of the satellite was updated and the coverage expanded to include a broader range of sectors and to incorporate data on employment in cultural occupations (see Box 1.1 for description of what is included in Colombia's Orange Economy). The expansion of the Culture Satellite Account to the current Culture and Orange Economy Satellite Account enabled more granular mapping of the value generated by the whole Orange Economy, including the partial GVA contribution of some industry sectors.

This investment in information gathering was fundamental to being able to monitor and evaluate the role of culture in Colombia, and the impact of the Orange Economy policy. Having detailed and disaggregated information for the different activities that make up the Orange Economy provides all actors in the ecosystem with data to guide their investments, help minimise risks, and assess the development of the sectors. The new methodologies adopted by Colombia in this regard, including at the sub-national level (see section 1.1.4) have been fundamental in capturing the progress and characteristics of the Orange Economy and has been hugely successful in improving Colombia's understanding of the sector.

Colombia's Orange Economy Information System (SIENA) has helped coordinate the Culture and Orange Economy Satellite Account and other statistical data. Data on the Orange Economy are available on a centralised platform on the National Administrative Statistics Department (DANE) website, gathering a total of 175 indicators on employment, firm, GVA, and other statistical items. Led by DANE, the SIENA has enabled the national government to gather information from an array of sources to create a more granular understanding of the sector. SIENA indicators differ from those of satellite account as they are based on both monetary and non-monetary data collected from cultural entities in Colombia, while those of the satellite account assembles macroeconomic information. Colombia's National Training Service (SENA) has also made a push to increase data available on the Orange Economy, working with DANE to unify professional classification codes, generating over 3 000 codes. These services also fulfil an important role in disseminating information on the Orange Economy to those working on the sector, potential investors and the wider public.

Box 1.1. Assessing Colombia's Orange Economy: what's included

National definitions of cultural and creative sectors vary widely amongst countries, according to policy priorities, local practices and data availability. Strongly influenced by the mapping studies conducted in the United Kingdom in the late 1990s and early 2000s, e.g. (DCMS, 1998^[5]), the categorisation of cultural and creative sectors (CCS) in Europe generally includes a core of cultural and artistic sectors (such as music, dance, museums and heritage sites) as well as some more market driven creative sectors (such as advertising, videogames development and architecture). Influenced more heavily by the work of the IDB and CAB, e.g. (IDB, 2013^[6]; CAB, 2009^[7]), in Latin America conceptions of CCS tend to take a more ecosystem based approach, encompassing more of the supply chain of cultural and creative goods and services and recognising the interconnectedness of subsectors.

Colombia's definition of the creative economy, as detailed in the Orange Economy policy is broader than most OECD national level definitions of CCS. As part of the broader policy which puts culture and creativity at the heart of a wider development model, Colombia has developed a definition of industry sectors to be included within statistical definitions. This definition includes sectors which “relate to the creation, production and commercialisation of goods and services based on intangible content of a cultural and creative nature, which in many cases can be protected by intellectual property rights” (DANE, 2021^[8]). Within the definition, Colombia has identified a list of 34 activities which it deems wholly within scope of the Orange Economy and a further 69 activities that partially belong to the Orange Economy, because some of the products they generate are protected by copyright (see Annexe 1.A for list of sectors included in the Orange Economy).

The Orange Economy is grouped into three areas: arts and heritage, cultural industries and creative industries. Arts and heritage is composed of visual arts, performing arts, tourism and cultural heritage, cultural education, gastronomy and handicrafts. The cultural industries are composed of publishing, phonography and the audio-visual sector. Creative industries, new media and content software, meanwhile, including digital media, design and advertising (see (National Council of the Orange Economy, 2019^[9]). These sectors cover the majority of areas typically deemed to be part of CCS, however they also include what UNESCO would define as “related domains” (UNESCO, 2009^[10]) such as cultural tourism. This brings sectors such as gastronomy and parts of the hotel trade into the scope of Orange Economy policies. Including parts of non-core CCS sectors in cultural satellite accounts is not uncommon. For example, Canada include the parts of the manufacturing sector related to craft production (Statistics Canada, 2011^[11]). These partial inclusions represent the cultural aspects of these industries, such as transport's role in supporting cultural tourism and the production of traditional foods and drinks.

The definition of Orange Economy sectors used by Colombia reflects how culture and creativity are present in many sectors of the economy. The broader definition used by Colombia captures the contribution of cultural intermediaries in the creative economy as well as a broad set of cultural domains. Moreover, this breadth of sectors reflects the breadth of artistic, cultural, heritage and creative activities operating within the economy, highlighting that there are many economic activities which, although market-oriented, have high symbolic content of great value in their creation and production. Consequently, the broader definition of the Orange Economy captures a fuller extent of the cultural and creative ecosystem.

Source: CAB (2009), Cultural Satellite Account-Methodological manual for its implementation in Latin America; DANE (2021), Culture and Orange Economy Satellite Account - Technical Bulletin, https://www.dane.gov.co/files/investigaciones/pib/sateli_cultura/2014-2020/boletin-CSCEN-2019prv-2020pre.pdf; DCMS (1998), Creative Industries Mapping Documents 1998, Department for Digital, Culture, Media & Sport, London, <https://www.gov.uk/government/publications/creative-industries-mapping-documents-1998>; IDB (2013), The Orange Economy: An Infinite Opportunity; National Council of the Orange Economy (2019), Comprehensive Policy of the Orange Economy, <https://economianaranja.gov.co/media/zpvnxtkd/comprehensive-policy-of-the-orange-economy.pdf>; Statistics Canada (2011), Classification Guide for the Canadian Framework for Culture Statistics 2011, <https://www150.statcan.gc.ca/n1/en/pub/87-542-x/87-542-x2011002-eng.pdf?st=hwZZ6qOK>; UNESCO (2009), 2009 UNESCO Framework for Cultural Statistics.

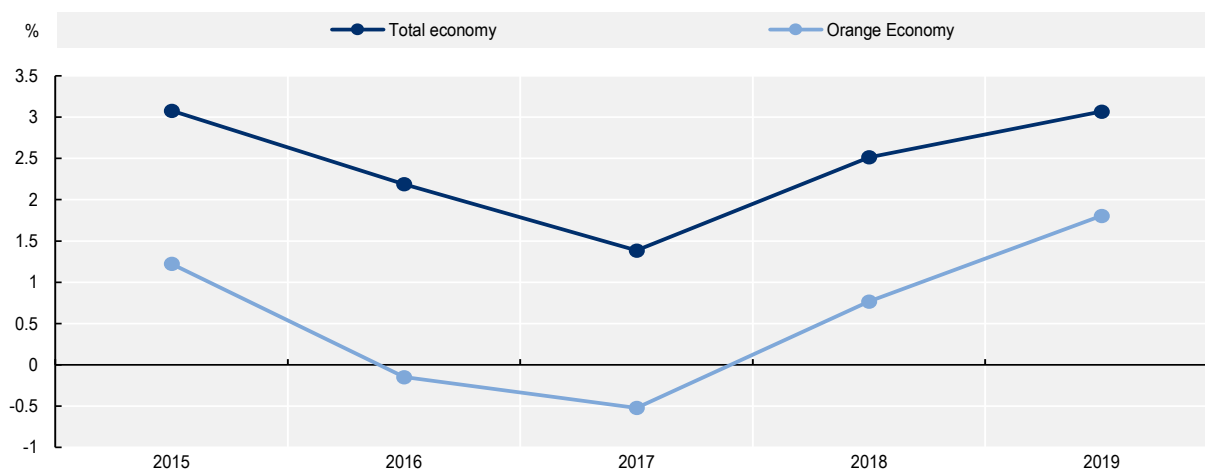
1.1.3. The Orange Economy was growing before the pandemic, and appears to be recovering well

GVA

GVA contribution varies between the different parts of the Orange Economy. GVA of the Orange Economy represented on average 2.9% of the national value added in the period 2018 -2020 (DANE, 2021^[8]). Around 12% of Orange economy GVA in 2020 came from micro enterprises, indicating both their importance to the Orange Economy and the success of Colombia's satellite account in seeking to capture additional data on this group. Around half (50.2%) of Orange Economy GVA comes from the creative industries group, with GVA driven largely by the contribution the digital software sector, which makes up around 70% of the GVA contribution of this group.

The implementation of the Orange Economy policy in 2017 marks a turning point in GVA growth trends for the sector. GVA of the Orange Economy was trending down before the implementation of the policy in 2017. Moreover, there was a large gap between GVA growth rates for the total economy and GVA growth rates for the Orange economy, with GVA of the Orange economy even seeing negative growth in 2016 and 2017. However, in 2018 GVA of the Orange Economy increased by 0.8% compared to 2017, and it increased by 1.8% in 2019 compared to 2018. The growth trajectory of the Orange Economy post 2017 resulted in a narrowing of the gap between total economy GVA growth and Orange Economy GVA growth, suggesting that early implementation of the Orange Economy was beginning to boost the economic performance of the sector.

Figure 1.1. Annual GVA growth rate Orange Economy and total economy, 2015-2019



Note: 2019 data is provisional.

Source: OECD calculations on OECD (2022^[12]), Value added by activity (indicator). doi: 10.1787/a8b2bd2b-en (Accessed on 27 June 2022) and DANE (2021^[13]), Culture and Orange Economy Satellite Account (CSCEN), <https://www.dane.gov.co/index.php/estadisticas-por-tema/cuentas-nacionales/cuentas-satelite-de-cultura-en-colombia/cuenta-satelite-de-cultura-y-economia-naranja-cscen-2019prv-2020pre#creaciones-funcionales>.

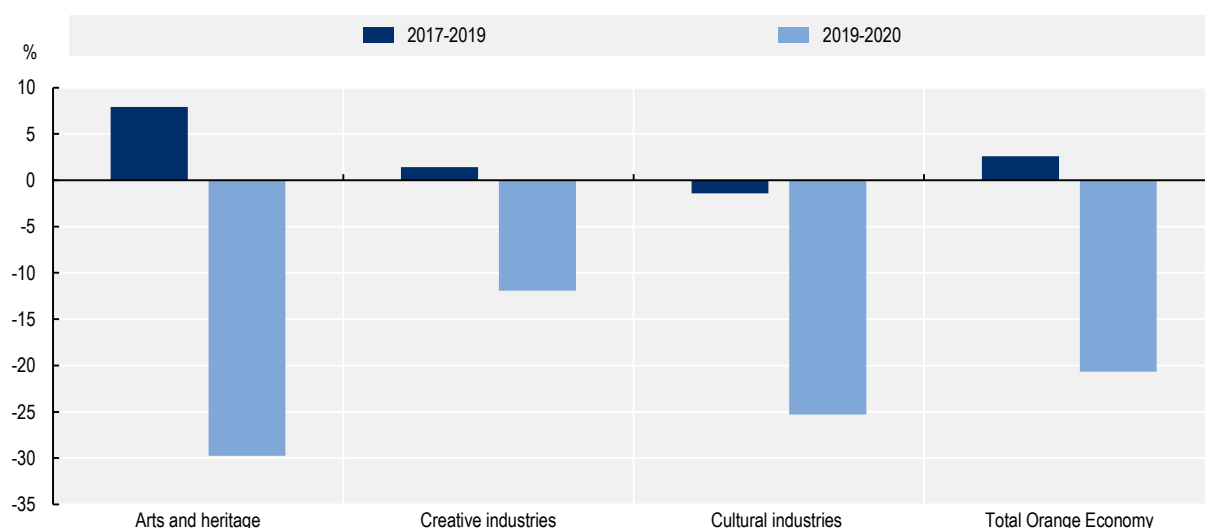
GVA of the Orange Economy had been increasing before COVID-19. Between 2017 and 2019 GVA of the total Orange Economy increased by 3% overall (Figure 1.2). The arts and heritage group saw the biggest increase of 8%, including an increase of 36% in performing arts GVA and an increase of 21% in cultural tourism GVA. The creative industries group saw an increase of 1.4%, with high growth in the digital media and software sector (18% increase) being offset by declines in the advertising (29% decline) and design (7% decline) sectors. The cultural industries group saw a decline in GVA of 1.4% over this period,

driven largely by a decline in the publishing subsector, which saw GVA decline by 10% between 2017 and 2019. The difference in growth patterns between different parts of the Orange Economy reflects both international trends (e.g. the rise in digital media and software sector and a decline in publishing) and the impact of the Orange Economy policy on target areas such as cultural tourism.

However, the pandemic had a dramatic effect on the whole Orange Economy. In real terms, GVA of the Orange Economy declined by 21% between 2019-2020 (Figure 1.2). This compares to a decline in total economy GVA for Colombia of around 7% (OECD, 2022^[12]). Though it is interesting to note that the Orange Economy was not the most affected sector, with the construction sector seeing a 27% decline in GVA over this period (OECD, 2022^[14]). GVA of the arts and heritage group declined by 30% between 2019-2020, cultural industries declined by 25% and creative industries declined by 12%. In keeping with international trends, (OECD, 2020^[15]) the largest declines in GVA came from the performing arts subsector (71% decline) and cultural tourism (66% decline), which were most heavily impacted by travel restrictions, lockdowns and social distancing measures. However, some subsectors continued to grow despite the pandemic. For example, GVA of the digital media and software subsector grew by 8% between 2019 and 2020, and the cultural education subsector grew by 9%.

Figure 1.2. Orange economy GVA growth rate, 2017-2019 and 2019-2020

2015 constant prices



Note: 2019 data is provisional and 2020 data is preliminary

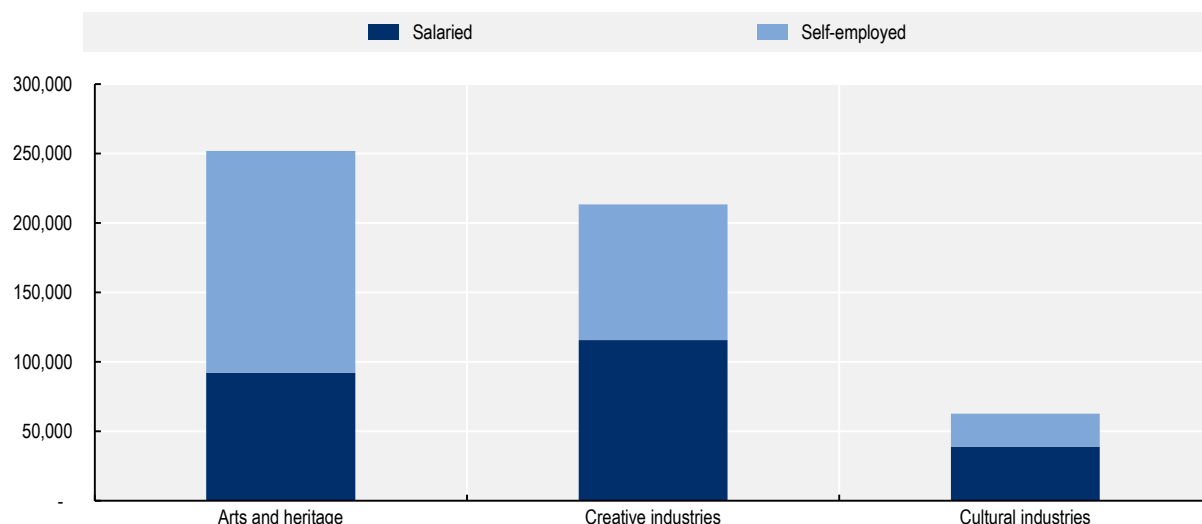
Source: OECD calculations on DANE (2021^[13]), Culture and Orange Economy Satellite Account (CSCEN), <https://www.dane.gov.co/index.php/estadisticas-por-tema/cuentas-nacionales/cuentas-satelite/cuenta-satelite-de-cultura-en-colombia/cuenta-satelite-de-cultura-y-economia-naranja-cscen-2019prv-2020pre#creaciones-funcionales>

While GVA figures are not yet available for 2021, there are indications that the sector is recovering well. For example, analysis by the consultancy firm Raddar, shows that household spending on Orange Economy goods and services in January-May 2022 exceed spending in the same period in 2019. Moreover, data shows that Orange Economy exports grew 85.7% in value in January-September 2021, compared to the same period in the previous year (DANE, 2021^[16]). Coupled with strong employment data for the first part of 2021 (see next section), this suggests that GVA of the Orange Economy is likely to have recovered quickly from the shock of 2020.

Employment

Over half of those working in the Orange Economy are self-employed. In 2020, around 2.6% of the workforce in Colombia was working in the Orange Economy (including both salaried and self-employed workers). Just under half (48%) of this employment was in the arts and heritage group, with 40% coming from creative industries and the remaining 12% from the cultural industries (Figure 1.3). As a whole, over half (53%) of workers in the orange economy were self-employed in 2020, with the highest levels of self-employment found in the arts and heritage group at 63%. While self-employment is often higher in cultural and creative sectors than in the rest of the economy (OECD, 2020^[15]), in the Colombia the rate of self-employment is not substantially higher in the Orange Economy compared to employment in general, where 51% of those in employment are self-employed (OECD, 2022^[17]).

Figure 1.3. Employment in the Orange Economy by employment type, 2020



Note: Data corresponds to the consolidated number of employed persons in the total and partial inclusion activities of the Orange Economy. 2019 data is provisional and 2020 data is preliminary.

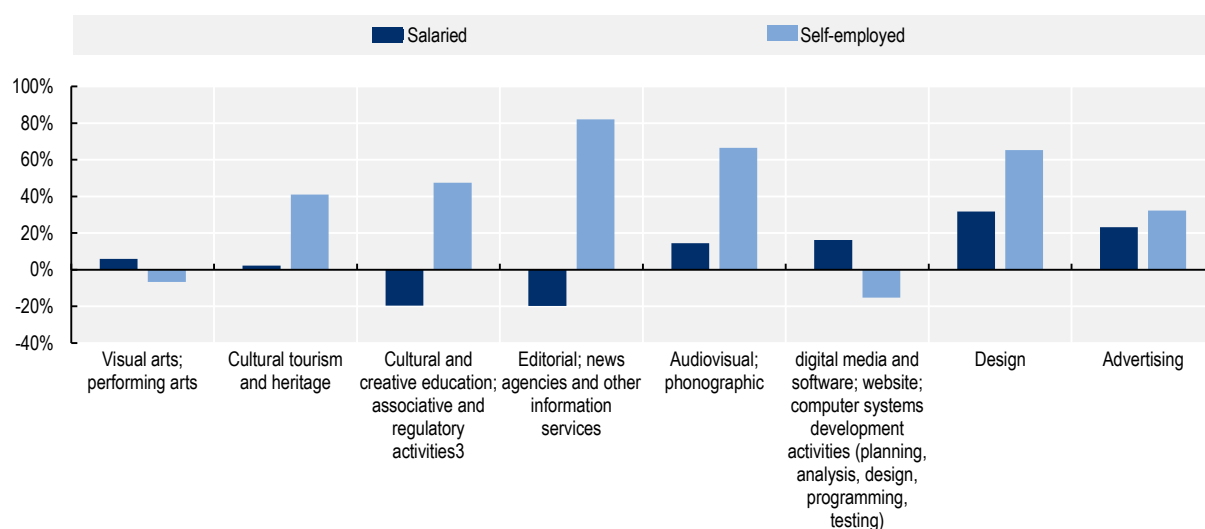
Source: OECD calculations on DANE (2021^[18]), Employed and Full-Time Equivalent Jobs (TETC) in activities of culture and orange economy 2014-2020pr, <https://www.dane.gov.co/index.php/estadisticas-por-tema/cuentas-nacionales/cuentas-satelite/cuenta-satelite-de-cultura-en-colombia/cuenta-satelite-de-cultura-y-economia-naranja-cscen-2019prv-2020pre#empleo>

Before the pandemic, self-employment in the orange economy had been growing in almost all subsectors. Total employment in the Orange economy (including both salaried and self-employed) increased by 16% between 2014-2019. The number of people working in self-employment in the Orange Economy however increased by 27%. Figure 1.4 shows employment growth for each subsector of the Orange Economy for the period before the pandemic (2014-2019). During this period, self-employment was growing in almost every subsector, with the exception of the visual and performing arts subsector and the digital media subsector. In these two subsectors, declines in self-employment match almost exactly increases in salaried employment, suggesting that many workers may have shifted into more standardised forms of employment in these areas. For the cultural education and the news services subsectors, the opposite occurred, with a general shift away from salaried work towards more self-employment. In regards to news services, perhaps reflecting wider shifts in the media landscape, with greater reliance on on-line content and freelance journalism.

The pandemic created significant loss in employment in the Orange Economy in almost all subsectors, but this loss was not necessarily felt more heavily for the self-employed. Overall employment in the Orange Economy (including both salaried and self-employed) declined by 11% between

2019-2020 (DANE, 2021^[13]), compared to a decline of 10% in overall employment in Colombia (OECD, 2022^[19]). Unsurprisingly, the biggest job losses were in the visual and performing arts subsector, which saw an overall decline of 26% (Figure 1.5). However, here salaried employment saw a more marked impact than self-employment, with salaried employment in visual and performing arts declining by 39%, compared to a decline of 24% in self-employed workers. Cultural tourism, design and advertising also saw a larger proportional loss of salaried employment than self-employment. Consistent with international trends (OECD, 2022^[20]), employment in the digital media subsector increased in 2020, but whilst self-employment in the sector had been trending downwards before the pandemic, it was this form of work which saw the largest increase between 2019-2020 (27% compared to 8% increase in salaried employment).

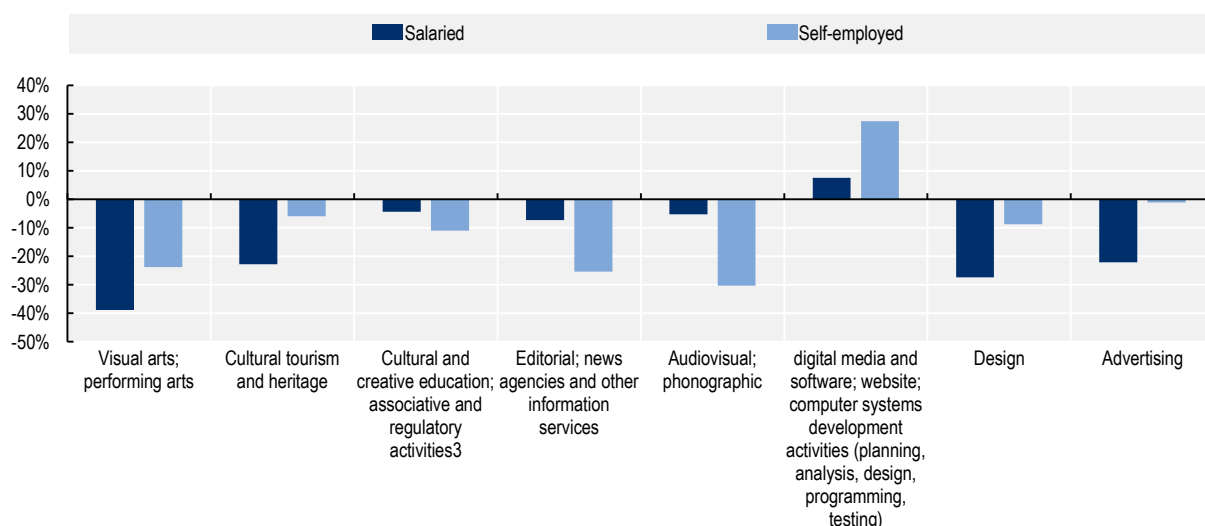
Figure 1.4. Orange economy employment growth by employment type, 2014-2019



Note: Data corresponds to the consolidated number of employed persons in the total and partial inclusion activities of the Orange Economy. 2019 data is provisional and 2020 data is preliminary.

Source: OECD calculations on DANE (2021^[18]), Employed and Full-Time Equivalent Jobs (TETC) in activities of culture and orange economy 2014-2020pr, www.dane.gov.co/index.php/estadisticas-por-tema/cuentas-nacionales/cuentas-satelite/cuenta-satelite-de-cultura-en-colombia/cuenta-satelite-de-cultura-y-economia-naranja-cscen-2019prv-2020pre#empleo

Figure 1.5. Orange economy employment growth by employment type, 2019-2020

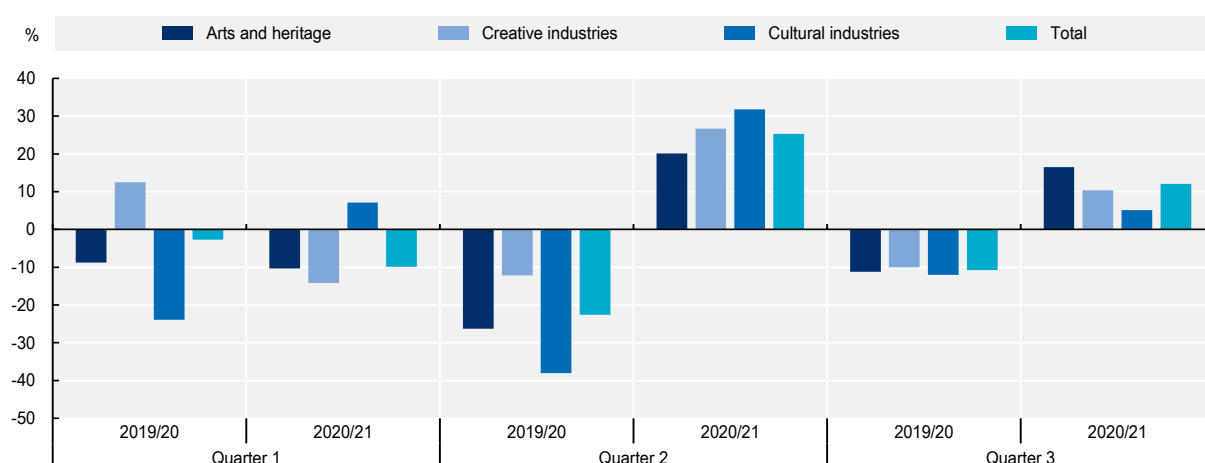


Note: Data corresponds to the consolidated number of employed persons in the total and partial inclusion activities of the Orange Economy. 2019 data is provisional and 2020 data is preliminary.

Source: OECD calculations on DANE (2021^[18]), Employed and Full-Time Equivalent Jobs (TETC) in activities of culture and orange economy 2014-2020pr, www.dane.gov.co/index.php/estadisticas-por-tema/cuentas-nacionales/cuentas-satelite/cuenta-satelite-de-cultura-en-colombia/cuenta-satelite-de-cultura-y-economia-naranja-cscen-2019prv-2020pre#empleo

Employment in the Orange Economy bounced back quickly from the pandemic. In the first quarter of 2021, employment in the Orange economy was down 9.9% compared to the first quarter of 2020 (Figure 1.6). However, in the second quarter of 2021 employment grew by 25% compared to the same period in the previous year and grew 12% in the third quarter compared to the same period in the previous year. Overall growth rates for the period suggest that employment is set to quickly return to pre-pandemic levels. While employment dropped by 11.9% between 2019 and 2020 for the January - September period, in the January - September 2021 period, employment increased by 7.7% compared to the same period of the previous year. While in many OECD countries the dramatic decline in the creative labour pool due to the pandemic has prompted fears that cultural and creative sectors may be slow to recover, this evidence from Colombia implies that the wide range of support measures targeted toward Orange Economy workers throughout the pandemic (see chapter 4) has been successful in maintaining the talent pool.

Figure 1.6. Quarterly Orange Economy employment growth, 2019-2020 and 2020-2021

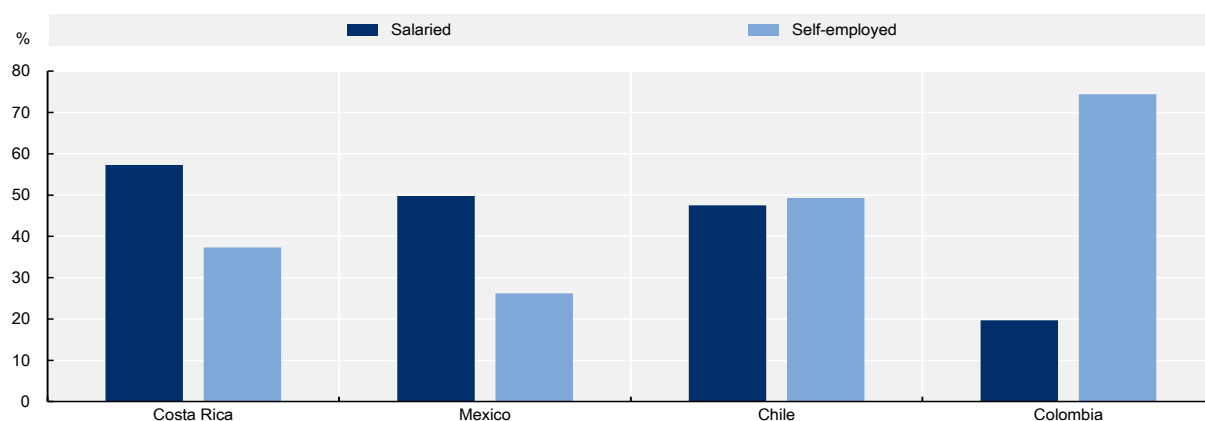


Note: Calculations made on 101 out of 103 Orange Economy activities.

Source: DANE (2021^[16]), Orange Economy/Sixth Report, <https://www.dane.gov.co/index.php/estadisticas-por-tema/cultura/economia-naranja/reportes-y-cuentas>

High informality is an ongoing structural challenge for the creative economy. The Ministry of Culture estimates around 34.6% of workers in the creative economy to be informal in 2020, dropping from an estimated 39.6% in 2019.¹ Informality is a structural challenge across labour markets in Latin America, weighing on the social protection of cultural workers. The OECD has noted informality affects more than 50% of workers in Latin America (OECD et al., 2021^[21]). In Colombia, household level data suggests 74.4% of those self-employed are informal workers across all sectors, while just under 20% of people in paid employment are informal (Figure 1.7). A lower share of people in paid employment are informal in Colombia compared to other OECD countries in Latin America, while a higher share of self-employed workers are informal. High structural rates of informality in the creative economy are a key consideration in the planning of Colombia's Orange Economy policy, as well as being addressed through other initiatives, such as those involving the social and solidarity economy (see Box 1.2).

Figure 1.7. Share of informality by status in employment, last available year



Note: Data from last available year. 2017: Chile. 2018: Colombia and Mexico. 2019: Costa Rica. The OECD Key Indicators of Informality based on Individuals and their Households (KIIBIH) database provides comparable indicators and harmonised data on informal employment, well-being of informal workers and their dependents. It currently covers 42 countries across North and sub-Saharan Africa, Eastern Europe and Central Asia, Asia and the Pacific, Latin America and the Caribbean.

Source: OECD Key indicators of Informality based on Individuals and their Households (KIIBIH).

Box 1.2. The social and solidarity economy as a pathway to formal employment in Colombia

The social and solidarity economy (SSE) has been identified as an innovative and viable vehicle to tackle informality. The SSE has the capacity to reach disadvantaged groups and individuals and facilitate access to training, formal work, property, information, and equitable distribution of profit to its members. The SSE currently represents around 4% of Colombia's GDP, and nearly 7 million Colombians are affiliated to SSE organisations such as cooperatives, mutual associations, and employee funds (Superintendence of the Solidarity Economy, 2017^[22]).

The capacity of the SSE to tackle pressing challenges is recognised in many major policies. The Pact for Entrepreneurship, Formalisation and Productivity of the National Development Plan 2018-2022 explicitly aims at promoting entrepreneurship and reducing informality. Article 164 of the Pact refers to strengthening SSE organisations through a comprehensive public policy for their promotion, protection and development (National Department of Planning, 2019^[23]; Ministry of Justice, 2019^[24]). Since 1988, more than fifteen policies and laws aiming to promote, strengthen or regulate the SSE have been implemented in the country, including the Law 454 of 1998 and the 2021 Public policy for the development of the solidarity economy. The former determines the conceptual framework that regulates the social and solidarity economy, while the latter aims to improve the development of the SSE through institutional strengthening, fostering solidarity education and improving the supervision model of social economy organisations.

Multiple programmes and initiatives based on the SSE contribute to formalisation of work in Colombia. The two following examples illustrate the contribution of social economy to tackling informality:

- **The Social Laboratory for Productive Inclusion.** This initiative, led by the Vice-Presidency implements pilot projects for income generation for informal workers and supports street vendors in 11 cities. Through this initiative, the Colombian Government expects to support the creation of 55 social and solidarity economy organisations by August 2022. By May 2022, 15 cooperatives have been created and another 22 cooperatives are in an awareness-raising and training process (OECD, 2022^[25]).
- **The Integral Intervention Programme** led by the Special Administrative Unit of Solidarity Organisations (UAEOS). It seeks to promote solidarity practices, developing social and solidarity economy organisations in the most vulnerable communities, and improving work formalisation. The programme aims to foster new SSE organisations, decent work, fair remuneration, and empowered communities. Based on UAEOS' estimates, between 2018 and 2019, the Unit supported more than 700 solidarity organisations, benefitting more than 7 000 households (UAEOS, 2020^[26]).

Note: As part of the OECD/Colombia project 'Social protection and tackling informality: building on the social and solidarity economy in Colombia', the OECD organised three workshops in 2021 and 2022. The [\(OECD 2022\) Workshop Highlights](#) provide a snapshot of the discussions and policy orientations that have emerged from the exchanges in the three workshops. The box is also based on information provided in the workshops and captured in the highlights.

Source: ILO (2021), Transition from the informal to the formal economy - Theory of Change, https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/briefingnote/wcms_768807.pdf; Ministry of Justice (2019), Law 1955 of 2019, <https://www.suin-juriscal.gov.co/view>; National Department of Planning (2019), Plan Nacional de Desarrollo 2018-2022 "Pacto por Colombia, pacto por la equidad", <https://colaboracion.dnp.gov.co/CDT/Prensa/PND-Resumen-2018-2022.pdf>; OECD (2022), OECD Economic Surveys: Colombia 2022, OECD Publishing, Paris, <https://doi.org/10.1787/04bf9377-en>; OECD (2022), Workshop highlights: Social Protection and Tackling Informality: Building on the social and solidarity economy in Colombia, <https://www.oecd.org/colombia/Social-Protection-and-Tackling-Informality-Colombia-workshop-highlights.pdf>; OECD (forthcoming), From Informal to Formal jobs, the contribution of cooperatives in Colombia; Superintendence of the Solidarity Economy (2017), Superintendente de la Economía Solidaria habló sobre el presente y futuro del sector solidario; UAEOS (2020), Implementando el Programa Integral de Intervención la UAEOS construye territorios solidarios, <https://www.uaeos.gov.co/Prensa/Noticias-la-UAEOS-est%C3%A1-construyendo-territorios-solidarios>

Formal employment in the Orange Economy was less heavily impacted by the pandemic and figures show that formal employment rates in 2022 surpassed those in 2019. Those in formal employment (i.e. those reporting social security payments) saw a far less severe decline in employment over the pandemic period (Figure 1.8). The number of formal Orange Economy workers registered in Colombia's Register of Labor Relations (RELAB) only declined an average of 3.5% between 2019 and 2020. Moreover, the number of formal Orange Economy workers increased by 4.8% between 2020 and 2021, and the first quarter of 2022 saw formal employment growth of 2.8% compared with the 2021 average. Colombia has sought to incentivise identification of cultural workers through programmes such as SoyCultura (Box 1.3). These formalisation efforts appear to be making good progress, with the number of Orange Economy workers reporting social security payments in 2022 exceeding the number in 2019.

Figure 1.8. Yearly average formal employment in the Orange Economy, 2019-2022



Note: 2022 average is for January to April only. The orange activities used correspond to 101 ISIC codes. The difference with the list of 103 activities corresponds to the two activities without a WIPO factor: "Public administration executive activities" (8412) and "Data processing, hosting and related activities" (6311). The most recent update of the orange frame, for the years 2019 and 2020, corresponds to March 12, 2022. Source: DANE (2022_[27]) Annexes: (RELAB-Orange) January 2019 - March 2022, <https://www.dane.gov.co/index.php/estadisticas-por-tema/mercado-laboral/empleo-y-desempleo#registro-estadistico-de-relaciones-laborales-relab>

Box 1.3. SoyCultura - a national registry for creative economy workers

Through SoyCultura, Colombia identifies cultural workers, contributing to formalisation efforts

In response to the crisis generated by COVID-19 for cultural workers, Colombia launched SoyCultura, a national registry for cultural workers. SoyCultura responded to a need to gather information on the number and profile of Colombia's cultural workers at a time when COVID-19 measures placed unprecedented hardship on artists and creative producers.

Soy Cultura incentivises cultural workers to register as the process has become a requirement to participate in national and local government applications for competitive culture grants. The Ministry of Culture created a web portal which accompanies cultural workers through a step by step process to register. Those registered receive specific information on creative economy opportunities.

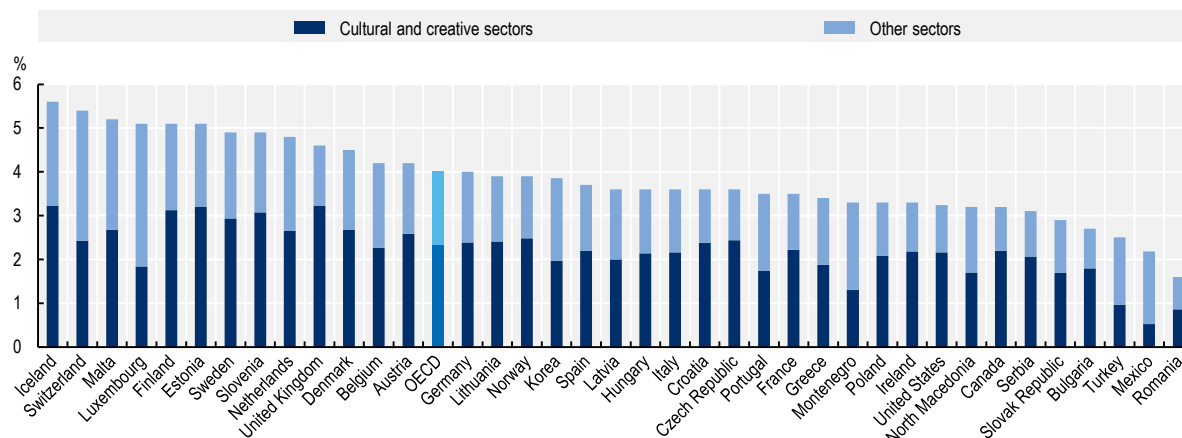
Taking stock of the high level of informality in Colombia, this programme enabled the government to gather territorial, sectoral and other information on artists and producers and to introduce tailored formalisation efforts. In doing so, the programme was able to gather crucial information on informal workers to support the formulation of public policies. Beyond its role to help formalise workers, SoyCultura is also a broader tool to connect cultural agents in a network and help gather data for a range of cultural policies. Information is linked directly to subnational governments.

Source: Ministry of Culture (n.d.^[28]) ¿Qué es Soy Cultura?, <https://soycultura.mincultura.gov.co/#/pagina/que-es-soy-cultura>; Ministry of Culture (n.d.^[29]), Regístrate en Soy Cultura y sé el primero en enterarte de las convocatorias de MinCultura, <https://www.mincultura.gov.co/prensa/noticias/Paginas/Convocatorias-de-MinCultura.aspx>.

Alongside issues of informality, employment in the creative economy is, in general, often underestimated in official statistics looking at main job. Employment counts taken from labour force surveys typically only consider a person's main activity, and exclude data on second jobs. In the creative economy, many workers have a main job in other sectors, whilst working part time in cultural or creative work (OECD, 2022^[20]). This means that data often underestimates the true scale of employment in these sectors. Collecting data on second jobs in the Orange Economy could greatly strengthen Colombia's approach.

Employment in the creative ecosystem includes not only those working in the sector, but also those working in creative jobs outside the sector. The trident approach to measuring cultural and creative employment includes all those working in cultural and creative industry sectors and those working in cultural and creative occupations in other sectors of the economy (Higgs and Cunningham, 2008^[30]). The current Orange Economy Satellite account could be strengthened by including those working in jobs related to culture and creativity, in non Orange Economy sectors (for example, a designer working for a car manufacturer). For example, evidence shows that around 40% of cultural and creative employment can be found outside of cultural and creative sectors across the OECD (Figure 1.9). Gathering data on Orange Economy workers throughout the economy could greatly strengthen understanding of how the Orange Economy policy may be supporting employment across the economy.

Figure 1.9. Cultural and creative employment as a share of total employment within and outside cultural and creative sectors, 2020



Note: Data for Canada, Mexico, the United Kingdom, and the United States are from 2019. Please refer to Eurostat (2018^[31]) for the list of cultural and creative sectors included in the calculation.

Source: OECD calculations on Eurostat (2021^[32]) Cultural Statistics, <https://ec.europa.eu/eurostat/web/culture/data/database>; American Community Survey, 2019; Canadian Labour Force Survey, March 2019; Mexican National Survey of Occupation and Employment, 2019 quarter 4; and Australian Census, 2016

1.1.4. Data at the local level is also being gathered, supplying local governments with information on the composition of local sectors

While the satellite account is mainly focused at the national level, work is underway to expand the production of territorial observatories for the Orange Economy. A Territorial Satellite Account for Bogotá was implemented in 2017, which provides similar information to the national satellite account, but at the local level. Since 2019, Bogotá has adapted the methodology used to be in keeping with the national Orange Economy satellite account and were active participants in developing the new methodology at national level. Work is also underway to expand data collection for the creative economy at a territorial level. In addition to the one located in the capital, Orange Economy “observatories” have been set up in Cali and Medellín, with the aim to develop a network of observatories across the country. These observatories aim to promote research, innovation and creativity through collaborations between state institutions, civil society, private companies and academia. Local observatories also house territorial satellite accounts. Local observatories also administer territorial data. These territorial accounts are an important step in offering regular statistical information at the local level, which can be used to help evaluate and guide policy making. Observatories are growing as a networking and coordination space for the sector.

In addition, mapping studies have been conducted to gather information at the local level. As part of its strategy, the government launched seventeen “express” cultural and creative industries mapping exercises in Colombian municipalities. The National Consulting Centre conducted the mappings locally, with support from the country’s territorial development bank (Findeter). The National Consulting Centre used methods such as geolocation data, surveys and focus groups in each municipality to gather information on local actors, challenges, bottlenecks and other aspects of the local creative ecosystem (see Box 1.4).

A main strength of these express mapping studies was their integration of data sources. Official data on orange economy businesses and workers from the Single Business Registry (RUES) and the Integrated Contribution Settlement Form (PILA) was complemented by local identification strategies. Here key networks were identified at the local level and information on local actors sourced through these networks. This approach allowed municipalities to additionally capture information on those actors who were working informally. Moreover, the studies incorporated qualitative data from interviews, workshops and focus groups as well as detailed analysis on local policies and programs.

Box 1.4. Regional mapping of Colombia's creative ecosystems

Colombia has introduced local creative economy mapping studies to better understand the specific needs of different regions in the country. During 2019 and 2020, 16 mappings of cultural and creative industries were carried out for 16 cities in the country (Bucaramanga, Barranquilla, Manizales, Pereira, Cali, Pasto, Santa Marta, Cartagena, Medellín and Valledupar, Villavicencio, Ibagué, Popayán, Armenia, Cúcuta and Nevada) (Ministry of Culture, n.d.^[33]). Each of these mapping studies included both quantitative and qualitative analysis of the local creative ecosystem, identifying strengths, weaknesses, challenges and opportunities for the sector.

These mapping studies have been instrumental in developing action plans at the local level to support the development of local creative ecosystems. Each of the mapping studies resulted in the identification of specific strategic goals, unique to each area. This enabled local level planning to respond to the specificities of each community in developing the local creative ecosystem. Moreover, these strategic objects were also used to guide local implementation of national level policies, such as the regional observatories and the Orange Economy development zones – ADNs (for more information on ADNs see chapter 3).

This bottom up approach enabled policy planning that was responsive to the differing needs of each community. The three strategic objectives identified by each city varied according to local strengths and weaknesses. For example:

- In **Barranquilla**, one objective was to develop appropriate mechanisms to disseminate information and provide knowledge to cultural and creative agents that are part of the sector, regarding strengthening instruments, business tools, access to markets, best practices, and other aspects that support the growth and profitability of their ventures and initiatives.
- In **Bucaramanga**, one objective was to contribute to improving the sustainability and profitability of the creative and cultural activities of local agents by supporting the development of managerial skills and competences that enhance the growth of their activities.
- In **Cartagena**, one objective was to promote linking the city's cultural and creative offer to its tourist dynamics, so that the different events that use the city as a stage are a platform for local agents to make local cultural goods and services known.
- In **Cúcuta**, one objective was to lead initiatives to address the needs regarding infrastructure, financing and internationalisation of cultural and creative activities in order to strengthen the sector in Cúcuta.
- In **Ibagué**, one objective was to improve access to spaces and infrastructure for the sector's performances, encouraging participation, generating articulation and promoting the dissemination of the different cultural and creative activities in the city.
- In **Neiva**, one objective was to identify and refine financing and investment instruments for cultural and creative enterprises in the city, particularly those in the growth stage.
- In **Santa Marta**, one objective was to strengthen vocational training and complementary education options, including those related to business and market consultancy, through programmes that improve the possibilities of enhancing the work carried out by cultural and creative agents and their sustainability.

Source: Ministry of Culture (n.d.^[33]), Reports from the regions, <https://economianaranja.gov.co/reportes/>; CNC (2020^[34]), Implementation Document and Strategic Plan: City Commitment and Creative Agenda of Barranquilla, <https://economianaranja.gov.co/media/52u0imxa/documento-mapeo-barranquilla.pdf>; CNC (2019^[35]), Implementation Documents and Strategic Plan: Apuesta Ciudad y Agenda Creativa de Bucaramanga (Bucaramanga's City and Creative Agenda), <https://economianaranja.gov.co/media/d2bl0zcy/documento-mapeo-bucaramanga.pdf>; CNC (2019^[36]), Integrated Implementation

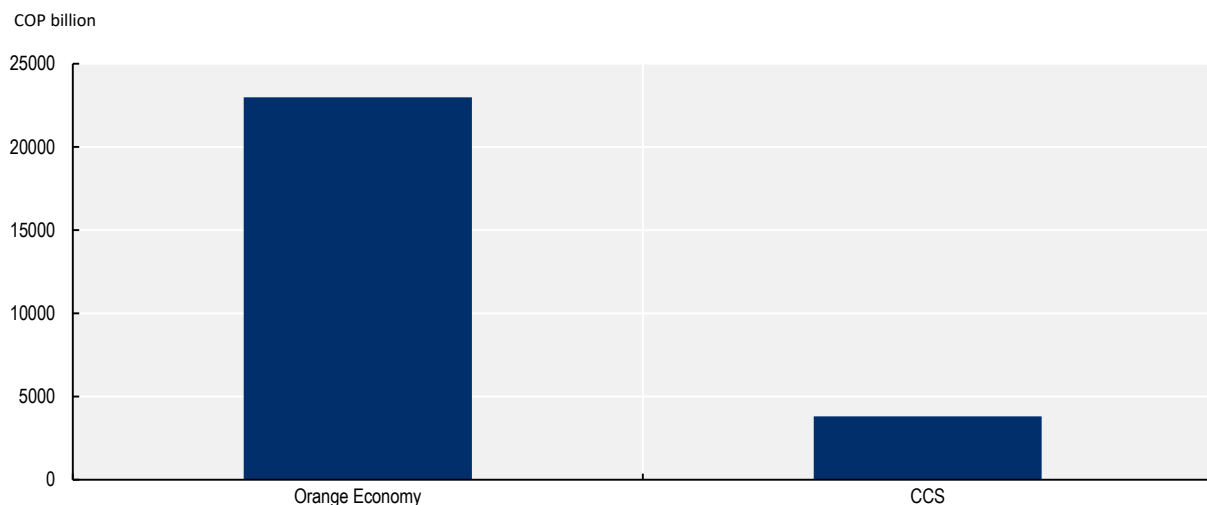
Document of the Express Mapping of Cultural and Creative Industries of the Tourist and Cultural District of Cartagena de Indias, <https://economianaranja.gov.co/media/d1gijkyh/documento-mapeo-cartagena.pdf>; CNC (2020^[37]), Implementation document, integrated analysis and strategic proposal: Express Mapping of Cultural and Creative Industries in Cúcuta, Norte de Santander, <https://economianaranja.gov.co/media/fjedq2qs/documento-mapeo-c%C3%BAcuta.pdf>; CNC (2020^[38]), Implementation document, integrated analysis and strategic proposal: Express Mapping of Cultural and Creative Industries in Ibagué, Tolima., <https://economianaranja.gov.co/media/wpchwp4o/documento-mapeo-ibagu%C3%A9.pdf>; CNC (2020^[39]), Implementation document, integrated analysis and strategic proposal: Express Mapping of Cultural and Creative Industries in Neiva, Huila, <https://economianaranja.gov.co/media/tbpe5zia/documento-mapeo-neiva.pdf>; CNC (2019^[40]), Integrated Implementation Document of the Cultural and Creative Industries Express Mapping in Santa Marta, <https://economianaranja.gov.co/media/jwmk3ypd/documento-mapeo-santa-marta.pdf>.

1.2. Cultural and creative sectors in Colombia: international comparisons

1.2.1. The definition of cultural and creative sectors (CCS) used for international comparisons is much narrower than the full Orange Economy

This section of the report uses the Eurostat definition of cultural and creative sectors (Eurostat, 2018^[31]), which was designed to capture as much cultural and creative activity as possible whilst allowing for international comparison (see Box 1.5). This Eurostat definition is much narrower than the definition of the creative economy used within the Orange Economy Policy (see Box 1.1). The second part of this chapter relates exclusively to this narrower definition. To illustrate how much narrower the Eurostat CCS definition is compared to the Orange Economy sectors, Figure 1.10 compares GVA of Colombia's CCS and GVA Colombia's Orange Economy in 2020. While GVA of the Orange Economy amounted to around COP 22 988 billion, Colombia's CCS GVA amounted to around COP 3 803 billion. As such, readers are advised that statistics relating to CCS presented here for international comparisons will differ from statistics relating to the Orange Economy, as defined by the Colombian government.

Figure 1.10. GVA of Colombia's CCS and Orange Economy, 2020



Note: CCS includes NACE Rev2. codes C18, C3212, C322, G4761, G4762, G4763, J5811, J5813, J5814, J5820, J59, J60, J6391, M7110, M741, M742, M749, R90, and R91

Source: OECD calculations on CCS data provided by DANE and DANE (2021^[13]), Culture and Orange Economy Satellite Account (CSCEN), <https://www.dane.gov.co/index.php/estadisticas-por-tema/cuentas-nacionales/cuentas-satelite/cuenta-satelite-de-cultura-en-colombia/cuenta-satelite-de-cultura-y-economia-naranja-cscen-2019prv-2020pre#creaciones-funcionales>

Box 1.5. Comparing Colombia's cultural and creative sectors: what's included

Issues with international comparisons

Compiling data on the creative economy at an international level is challenging, as it requires information about sectors at a very fine level of detail. Collecting and compiling data at this level of detail is costly and time consuming and many countries lack available resources to do so. This is particularly the case in developing countries, where a lack of detailed business statistics have been identified as a major barrier to the development of internationally comparative statistics on the creative economy (IDB, Oxford Economics, British Council, OAS, 2014^[41]).

Colombia's enhanced data collection efforts around the Orange Economy mean that some data are available at the levels of disaggregation needed to make international comparisons. Despite some limitations, comparisons can be made between the creative economy in Colombia and in other OECD countries for some statistics and for some subsectors. This section of the report uses the Eurostat definition of cultural and creative sectors (Eurostat, 2018^[31]), which was designed to capture as much cultural and creative activity as possible whilst allowing for international comparison.

However, there are also contextual considerations to take into account when making international comparisons. For example, Colombia has a high share of people living in peripheral and rural areas compared to OECD average, raising challenges in regards to access to cultural amenities, which tend to concentrate in cities and urban areas. Moreover, Colombia has lower than average household disposable income, which means people generally have less to spend on cultural goods and services. Additionally, high levels of labour informality raise challenges in regards to measuring the creative economy and therefore being able to fully understand the sector's needs.

Cultural and creative sectors: what's included

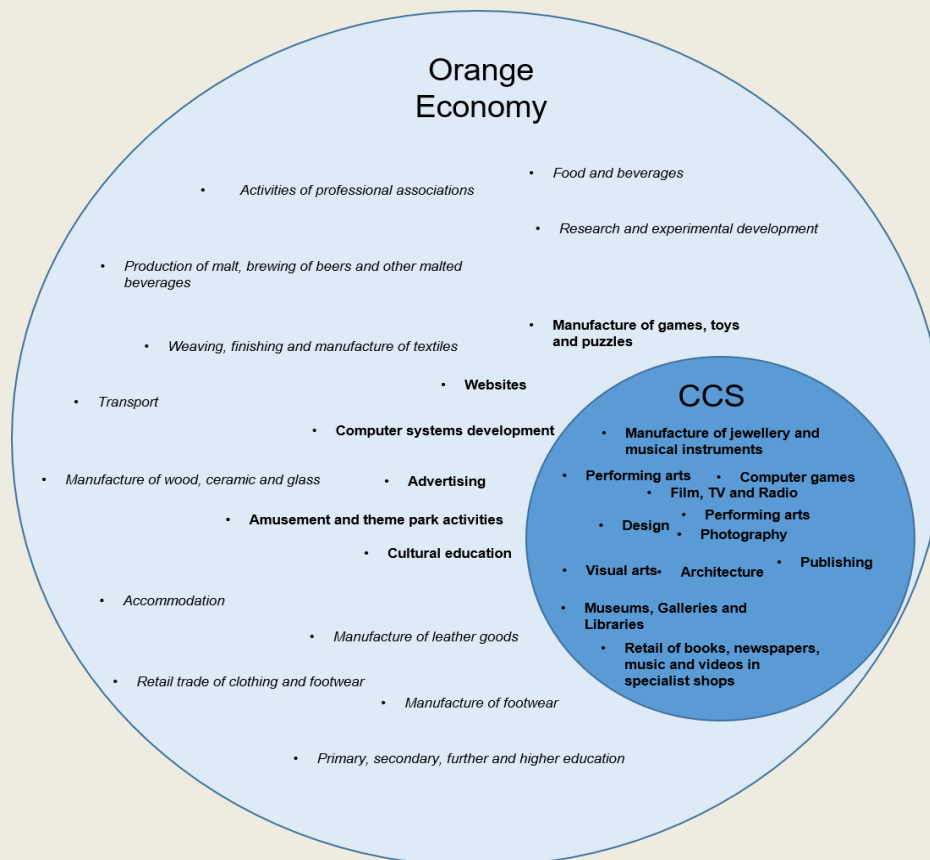
The following sectors are included in the definition of CCS for international comparisons, however the last two sectors are excluded from GVA comparisons due to data availability for OECD countries:

- Printing and reproduction of recorded media
- Manufacturing of jewellery and musical instruments
- Retail trade of books, newspapers and music
- Publishing
- Motion picture, video and television programme production, sound recording and music publishing
- Programming and broadcasting
- News agency activities
- Architectural activities
- Specialised design, photography and translation and interpretation
- Renting of video tapes and disks
- *Creative, arts and entertainment activities*
- *Libraries, archives, museums and other cultural activities*

It should be noted that in Colombia, data on the last two sectors is available. For creative, arts and entertainment activities, corresponding to ISIC code 9000, data on the sub sectors has yielded eight new codes, allowing finer identification of cultural activities.

Figure 1.11 illustrates how much narrower the Eurostat definition of CCS is compared to Colombia's definition of the Orange Economy.

Figure 1.11. Colombia's Orange Economy sectors



Note: Sectors in *italics* in Figure 1.11 are partially included. This figure includes only some of the subsectors included in the Orange Economy. See Annexe 1.A for full list.

Source: DANE (n.d.^[42]), Economic activities of the Orange Economy, <https://www.dane.gov.co/index.php/estadisticas-por-tema/cultura/economia-naranja/actividades#estado-de-actividades-de-inclusion-total-34>; Eurostat (2018^[31]), Guide to Eurostat Culture Statistics, Publications Office of the European Union, Luxembourg; IDB, Oxford Economics, British Council, OAS (2014^[41]), The Economic Impact of the Creative Industries in the Americas, <https://publications.iadb.org/en/publication/12503/economic-impact-creative-industries-americas>.

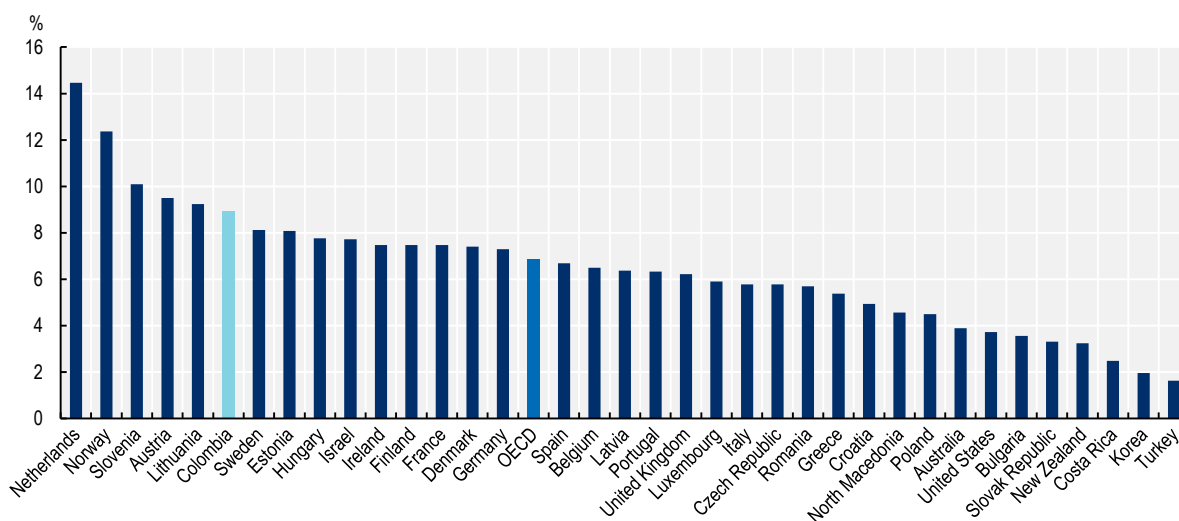
1.2.2. Cultural and creative sector (CCS) enterprises already made up a large portion of Colombia's business base in 2018

A high proportion of enterprises in Colombia were in cultural and creative sectors in 2018, one year after the launch of the Orange Economy policy. Comparing Colombia's CCS to other OECD countries using the Eurostat definition of cultural and creative sectors (see Box 1.5), CCS enterprises made up just under 9% of the total business economy in Colombia in 2018, compared to an OECD average of 7% (Figure 1.12). However, it is important to note, that this share may be slightly over inflated, as data disaggregation issues mean that some of the engineering sector is captured within the Architecture subsector for Colombia. If we exclude the Architecture sector entirely, the remaining CCS subsectors

accounted for around 6% of enterprises in the business economy in Colombia (Figure 1.13). Whilst this is slightly below the OECD average of 7%, it is a higher proportion than many other developed countries.

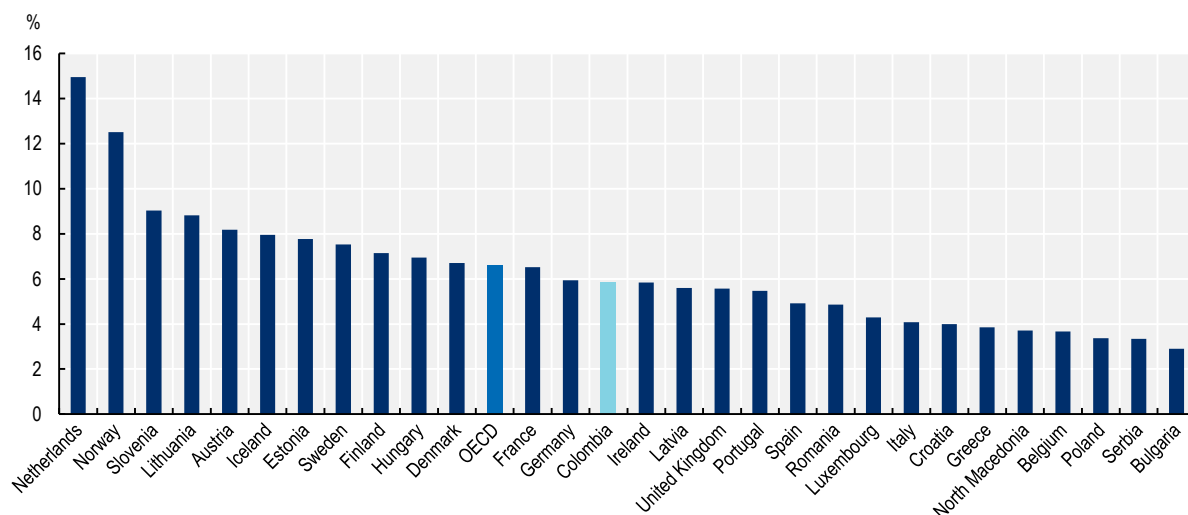
The largest proportion of CCS enterprises were found in the more creative (i.e. less traditionally cultural) subsectors of CCS. Just over a third of CCS enterprises (34%) were in the Architectural and engineering activities subsector in Colombia in 2018 (Figure 1.14). Though this is perhaps unsurprising given the slightly broader definition of this category, mentioned above, for illustration, the proportion of CCS enterprises in the architectural activities subsector ranged from 5% in Norway to 29% in Greece. Colombia also has strengths in specialised design, photography and translation and interpretation, with this subsector accounting for 31% of all CCS enterprises and in the retail trade of books, newspapers and music accounting for 13% of all CCS enterprises. This strength in retail is particularly apparent when compared to most other OECD countries, with Italy being the only other OECD country for which data was available with a share above 10%. See Annex Table 1.A.2 for information on what is included in each subsector.

Figure 1.12. CCS enterprises as a share of all enterprises in the business economy, 2018



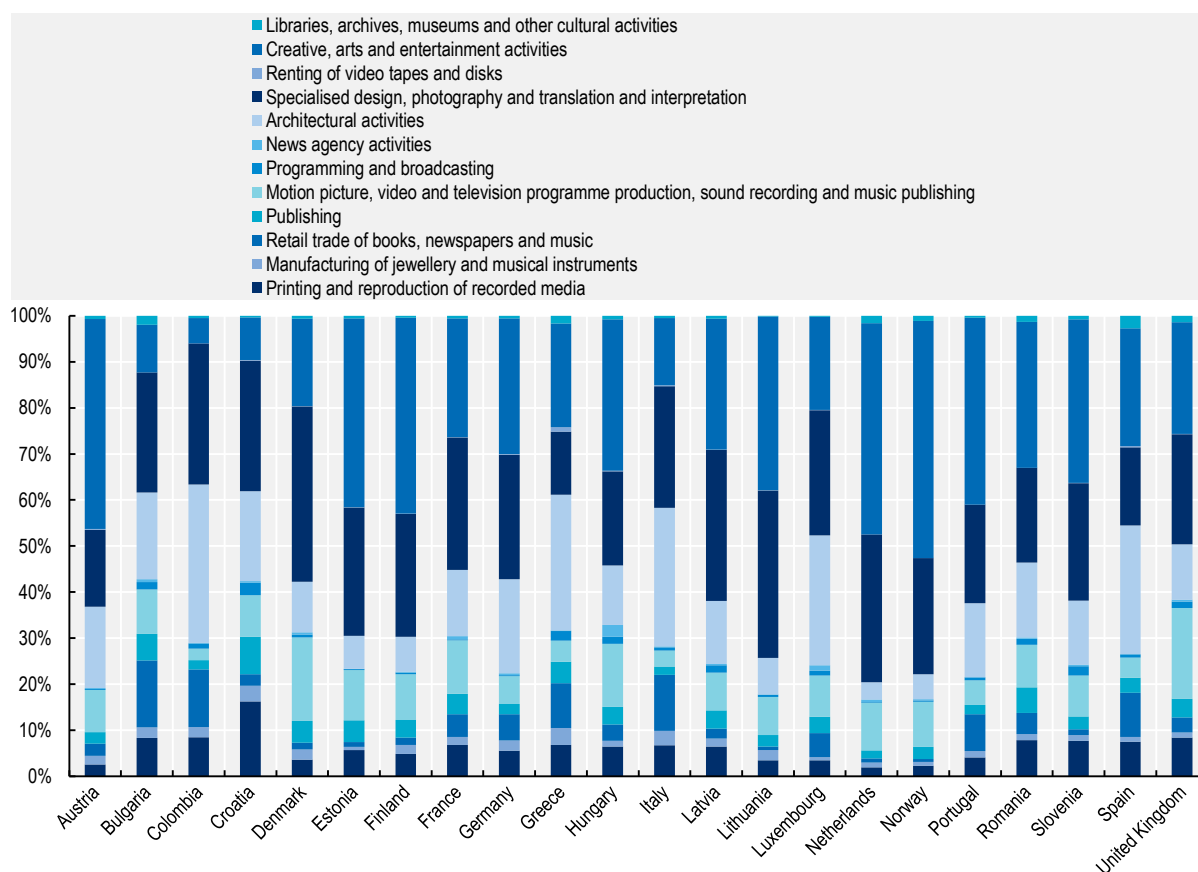
Note: Business economy here includes all economic activities in NACE Rev. 2 B to J, L to N, R90, R91, and S95. Cultural and creative sectors include C18, C3212, C322, G4761, G4762, G4763, J5811, J5813, J5814, J5821, J59, J60, J6391, M7111, M741, M742, M743, N7722, R90, and R91 for all countries with the exception of Colombia, where all of M7110 is counted. Latest data for Australia and Costa Rica are from 2017. Source: OECD calculations on OECD (2021^[43]), *OECD Regional Statistics (database)*, <https://doi.org/10.1787/6ef7b296-en> (ad-hoc data collection); Eurostat (2021^[44]), *Regional Structural Business Statistics (table sbs_r_nuts06_r2)*; data provided by DANE

Figure 1.13. CCS enterprises (excluding architecture) as a share of all enterprises in the business economy, 2018



Note: Business economy here includes all economic activities in NACE Rev. 2 B to J, L to N, R90, R91, and S95. Cultural and creative sectors include C18, C3212, C322, G4761, G4762, G4763, J5811, J5813, J5814, J5821, J59, J60, J6391, M741, M742, M743, N7722, R90, and R91. Source: OECD calculations on OECD (2021^[43]), *OECD Regional Statistics (database)*, <https://doi.org/10.1787/6ef7b296-en> (ad-hoc data collection); Eurostat (2021^[44]), *Regional Structural Business Statistics (table sbs_r_nuts06_r2)*; data provided by DANE

Figure 1.14. Share of CCS enterprises by subsector, 2018

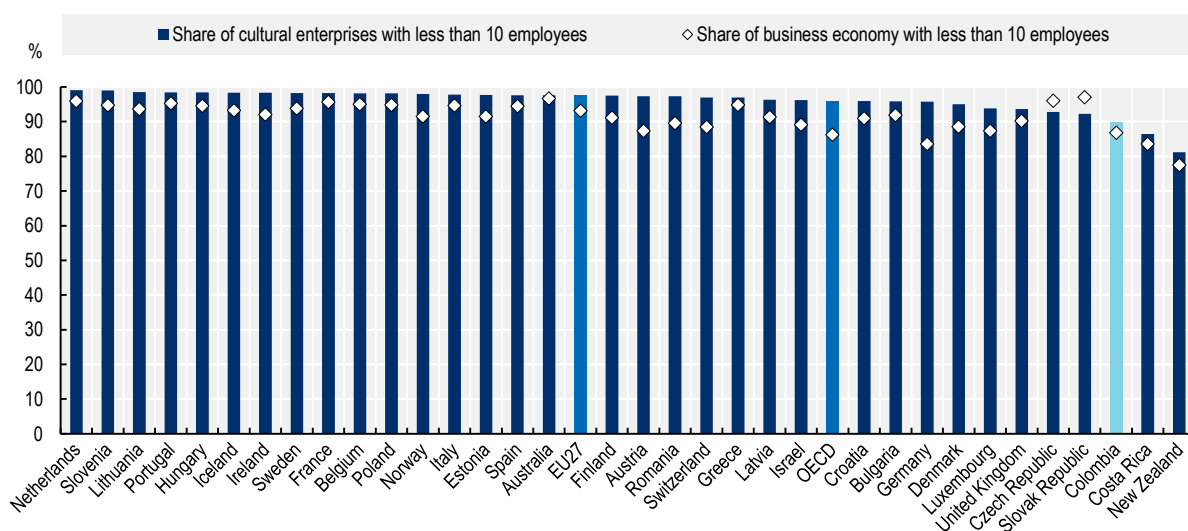


Note: Cultural and creative sectors include C18, C3212, C322, G4761, G4762, G4763, J5811, J5813, J5814, J5821, J59, J60, J6391, M7111, M741, M742, M743, N7722, R90, and R91 for all countries with the exception of Colombia, where all of M7110 is counted. Latest data for Australia and Costa Rica are from 2017.

Source: OECD calculations on OECD (2021^[43]), *OECD Regional Statistics (database)*, <https://doi.org/10.1787/6ef7b296-en> (ad-hoc data collection); Eurostat (2021^[44]), *Regional Structural Business Statistics (table sbs_r_nuts06_r2)*; data provided by DANE

Official data show a far larger proportion of CCS businesses in Colombia had at least 10 employees, compared with OECD average. Across the OECD, only 4% of CCS enterprises employed 10 people or more in 2018. In Colombia this figure is just over 10%, ranking it third among OECD countries for which data are available (Figure 1.15). Consistent with the vast majority of OECD countries however, the share businesses with at least 10 employees was smaller in CCS than in the business economy in general at 13%. It is also worth noting that 99.7% of CCS enterprises in the business economy in Colombia were SMEs (fewer than 250 employees), compared to an average of 99.9% of CCS businesses across the OECD. The highest shares of micro enterprises (less than 10 employees) were found in the Manufacturing of jewellery and musical instruments subsector (the subsector most closely linked to traditional crafts), with 97% of these businesses being micro enterprises (Figure 1.16). Publishing and Libraries, archives and museums had the smallest share of micro enterprises, 80% and 76% respectively.

Figure 1.15. Share of enterprises with fewer than 10 employees, 2018

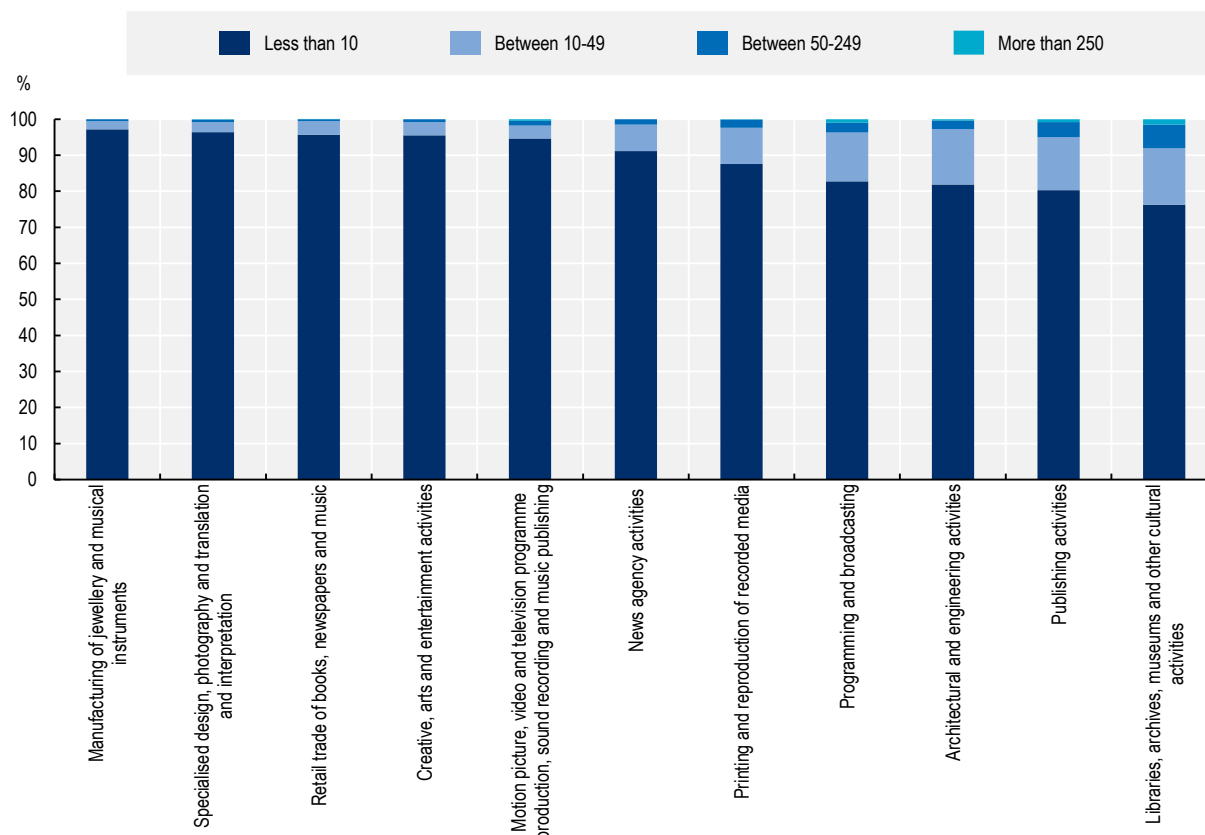


Note: Cultural and creative sectors include C18, C3212, C322, G4761, G4762, G4763, J5811, J5813, J5814, J5821, J59, J60, J6391, M7111, M741, M742, M743, N7722, R90, and R91 for all countries with the exception of Colombia, where all of M7110 is counted. Latest data for Australia and Costa Rica are from 2017.

Source: OECD calculations on OECD (2021^[43]), *OECD Regional Statistics (database)*, <https://doi.org/10.1787/6ef7b296-en> (ad-hoc data collection); Eurostat (2021^[44]), *Regional Structural Business Statistics (table sbs_r_nuts06_r2)*; data provided by DANE

Figure 1.16. CCS enterprises in Colombia by size and subsector, 2018

Proportion of firms with <10, 10-49, 50-249 and 250+ employees



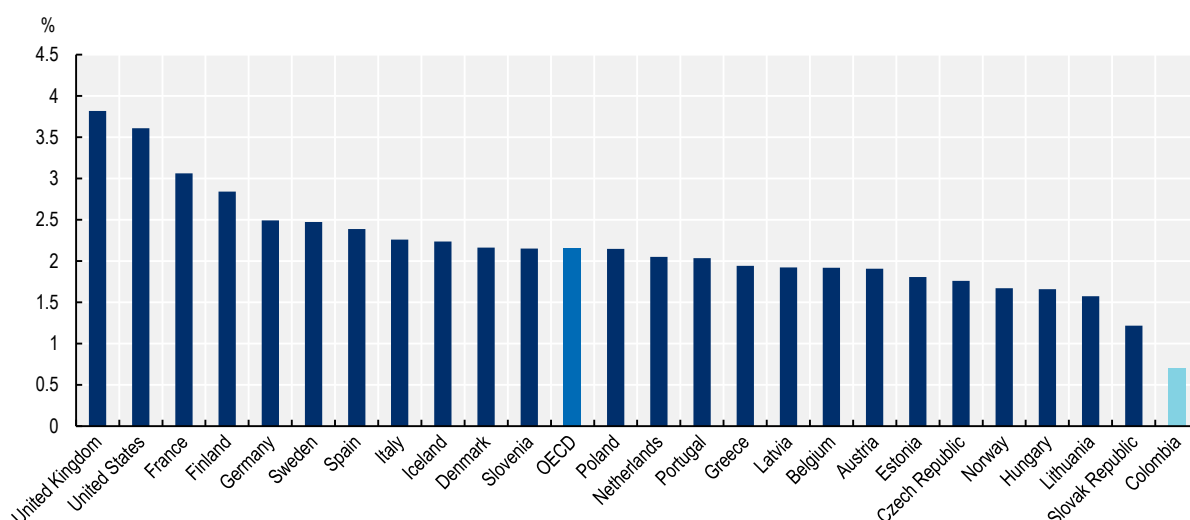
Note: Cultural and creative sectors include C18, C3212, C322, G4761, G4762, G4763, J5811, J5813, J5814, J5821, J59, J60, J6391, M7110, N7722, R90, and R91

Source: OECD calculations on data provided by DANE

1.2.3. GVA of Colombia's CCS is low compared to other OECD countries, but CCS GVA was beginning to trend upwards before the pandemic

Despite relatively high shares of CCS enterprises, their contribution to GVA was low compared to other OECD countries in 2018. In 2018, cultural and creative sectors contributed 0.7% of total business economy GVA compared to an OECD average of 2.2% (Figure 1.17). In part, this reflected Colombia's relatively low shares of firms operating in higher productivity sub-sectors such as publishing² and film, which accounted for 16% and 15% of CCS GVA respectively across the OECD in 2018 (Figure 1.18). For example, only 2% of CCS enterprises in Colombia were in the publishing sector in 2018, compared to an average of 4% of CCS enterprises in OECD countries for which data was available. Similarly, the Motion picture, video and television programme production, sound recording and music publishing sector accounted for only 2% of CCS enterprises in Colombia, compared to an average of 13% in the OECD. Colombia have invested in a number of policies targeted towards this sector (see chapter 4) resulting in an increase of 5% in the number of enterprises in this sector between 2018 and 2020.

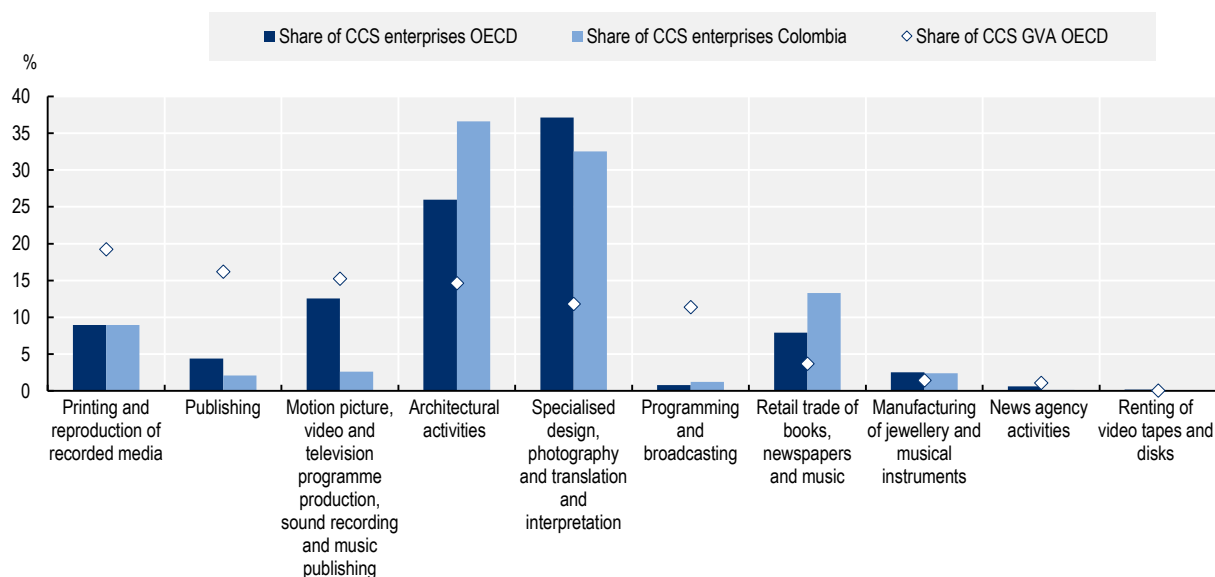
Figure 1.17. Share of CCS GVA in the business economy across the OECD, 2018



Note: Business economy here includes NACE Rev. 2 sectors B to J, L to N, and S95 for all countries with the exception of Colombia, where S95 is not included. Cultural and creative sectors include C18, C3212, C322, G4761, G4762, G4763, J5811, J5813, J5814, J5821, J59, J60, J6391, M7111, M741, M742, M743, and N7722 for all countries with the exception of Colombia, which includes C18, C3212, C322, G4761, G4762, G4763, J5811, J5813, J5814, J5820, J59, J60, J6391, M7110, M741, M742, and M749.

Source: OECD calculations on Eurostat (2021^[32]), *Value added and turnover of enterprises in the cultural sectors by NACE Rev. 2 activity*, <https://ec.europa.eu/eurostat/web/culture/data/database>; United States Bureau of Economic Analysis, *Industry Economic Accounts*; data provided by DANE

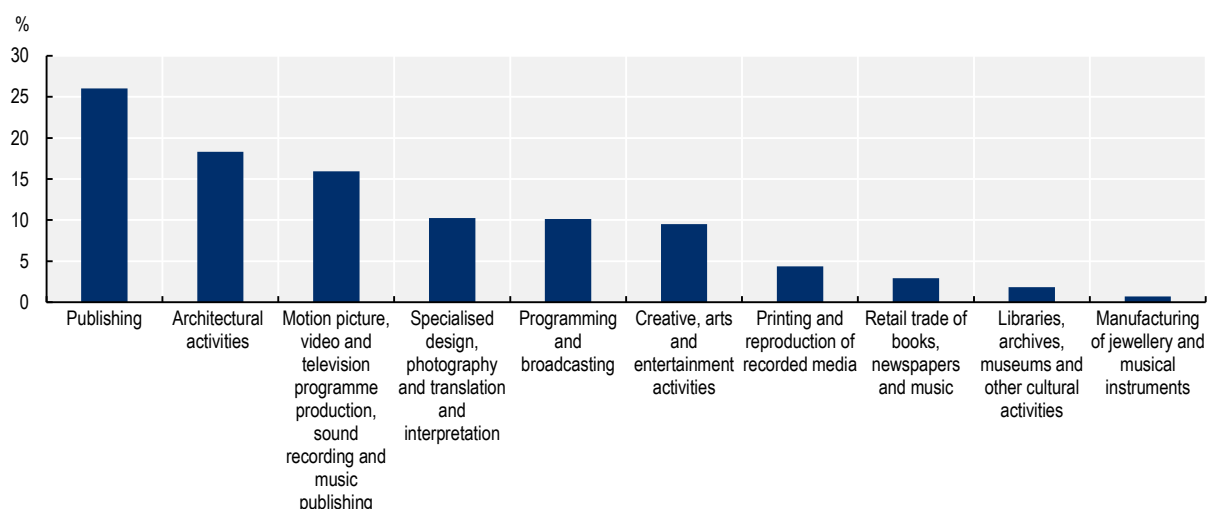
Figure 1.18. Share of CCS enterprises and CCS GVA by subsector, 2018



Source: OECD calculations on OECD (2021^[43]), *OECD Regional Statistics (database)*, <https://doi.org/10.1787/6ef7b296-en> (ad-hoc data collection); Eurostat (2021^[44]), *Regional Structural Business Statistics (table sbs_r_nuts06_r2)*; Eurostat, *Value added and turnover of enterprises in the cultural sectors by NACE Rev. 2 activity*, <https://ec.europa.eu/eurostat/web/culture/data/database>; data provided by DANE

Enhanced data collection in Colombia allows for analysis of some parts of CCS which are not typically available from international sources. The GVA comparisons above derive from sources which do not typically include GVA data for the Creative, arts and entertainment activities subsector, or the Libraries, archives, museums and other cultural activities subsector. This means that the GVA comparisons above do not account for these sectors. However, as a result of Colombia's satellite account, it is possible to assess the contribution of these sectors to Colombia's CCS GVA (Figure 1.19). Here we see that the Creative, arts and entertainment activities subsector accounted for around 10% of Colombia's CCS GVA in 2018, highlighting that the more cultural subsectors of CCS are also important sources of GVA generation.

Figure 1.19. Proportion of Colombia's CCS GVA by subsector, 2018



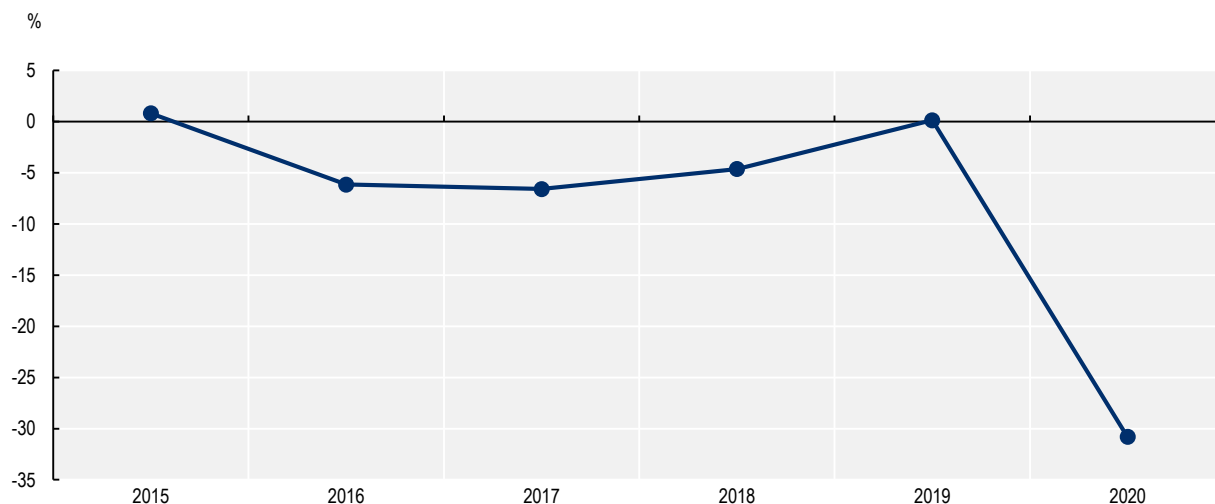
Note: CCS includes NACE Rev2. codes C18, C3212, C322, G4761, G4762, G4763, J5811, J5813, J5814, J5820, J59, J60, J6391, M7110, M741, M742, M749, R90, and R91. See Annex Table 1.A.2 for subsector breakdown.

Source: OECD calculations on data provided by DANE

GVA growth in Colombia's CCS was beginning to trend upwards before the pandemic. Annual growth of Colombia's CCS GVA was beginning to trend upwards after 2017 (Figure 1.20), mirroring the trend seen in the broader Orange Economy (see section 1.1.3). In particular, the creative, arts and entertainment sub-sector recorded an increase of 61% between 2014 and 2019 and the libraries, archives, museums and other cultural activities sub-sector recorded an increase of 22% during this period (Figure 1.21). The effects of the pandemic on the GVA of CCS in general, and on the more traditional cultural sectors heavily affected by social distancing restrictions, is especially evident. GVA of CCS declined by 31% in total between 2019 and 2020, and GVA of the creative, arts and entertainment sub-sector fell by 66%.

Figure 1.20. Annual growth of Colombia's CCS GVA

2015-2020

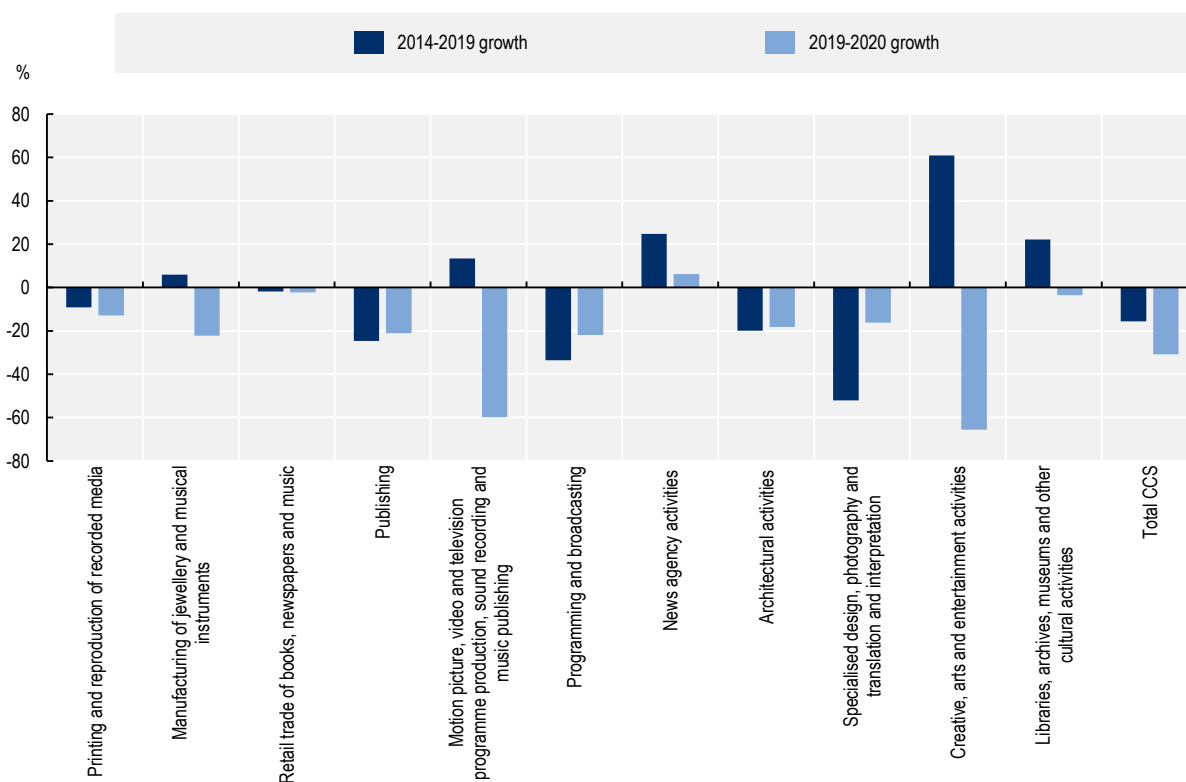


Note: CCS includes NACE Rev2. codes C18, C3212, C322, G4761, G4762, G4763, J5811, J5813, J5814, J5820, J59, J60, J6391, M7110, M741, M742, M749, R90, and R91.

Source: OECD calculations on data provided by DANE

Figure 1.21. CCS GVA growth rate, 2014-2019 and 2019-2020

2015 constant prices



Note: CCS includes NACE Rev2. codes C18, C3212, C322, G4761, G4762, G4763, J5811, J5813, J5814, J5820, J59, J60, J6391, M7110, M741, M742, M749, R90, and R91. See Annex Table 1.A.2 for subsector breakdown.

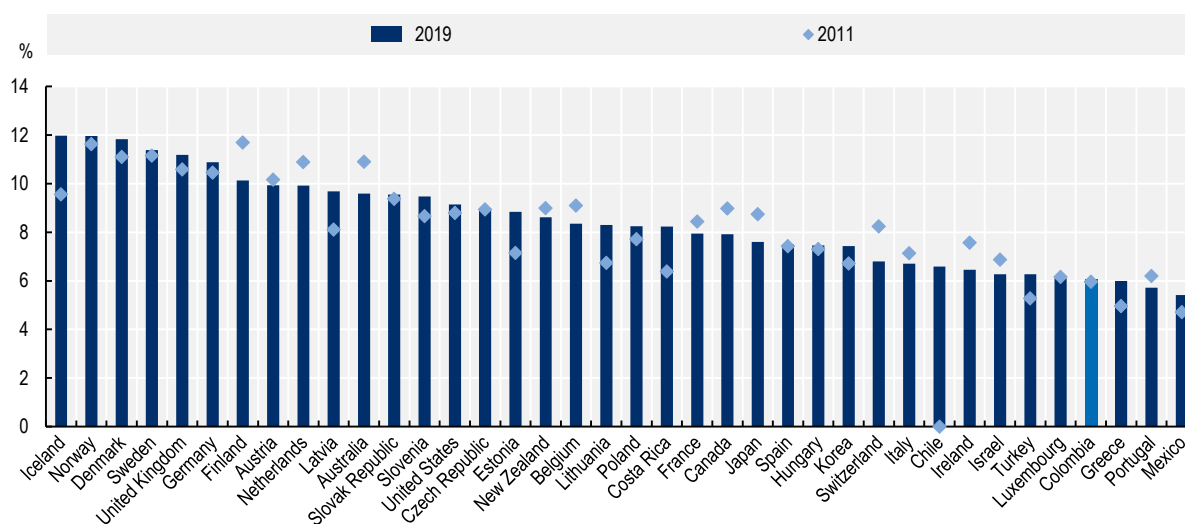
Source: OECD calculations on data provided by DANE

1.2.4. Consumption of cultural goods and services is generally lower in Colombia than in most other OECD countries, with large disparities between those living in municipal capital cities and those living in more peripheral and rural areas

The proportion of household expenditure spent on recreation and culture in Colombia is lower than the majority of OECD countries. Data from Colombia's system of national accounts (SNA) shows that in 2019, 6.1% of household spending in Colombia was made on recreation and culture, compared to an OECD average of 8.5% (Figure 1.22). This in part reflects the relatively lower average disposable income per capita in Colombia and the discretionary nature of spending on CCS products. Indeed, although household spending on recreation and culture increased in real terms between 2011-2019 its share of total household spending was stable.

Figure 1.22. Percentage of household spending on recreation and culture in OECD countries

2011-2019 or last available year



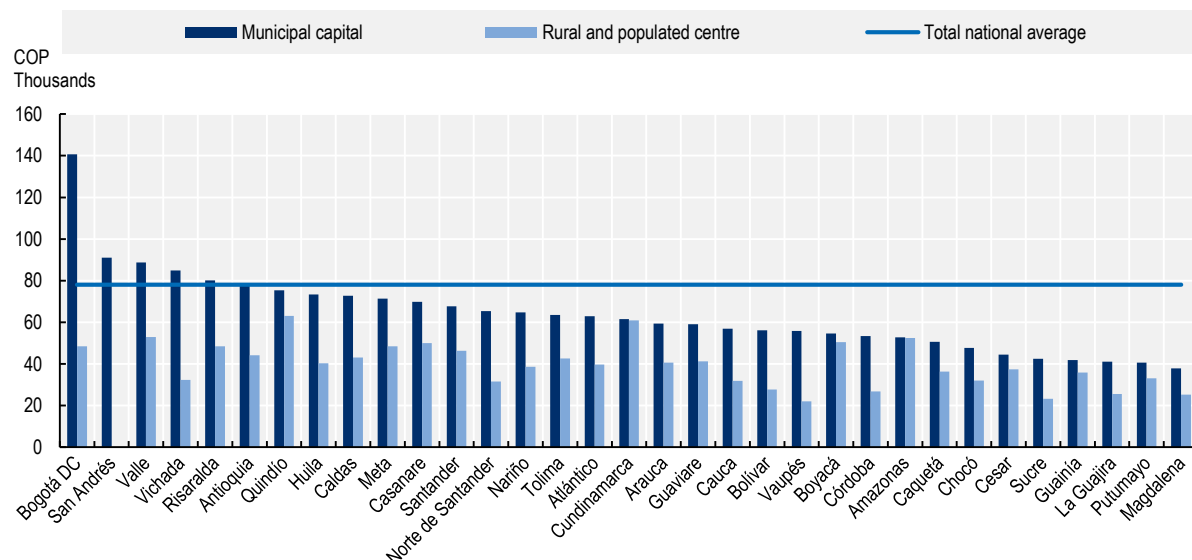
Note: 2019 data for Japan is from 2018 and Costa Rica is from 2017

Source: OECD (2022^[12]), *National Accounts Statistics - Final consumption expenditure of households*, <http://dx.doi.org/10.1787/na-data-en>

Data from Colombia's National Survey on Quality of Life expenditure module, shows that household spending on recreation and culture more than doubled in 2021, but that spending was uneven across geographies. Colombian survey data shows household spending on recreation and culture increased by 114.4% from 2020 to 2021, and showed the second largest increase of all spending categories after education (DANE, 2022^[45]). However, spending on recreation and culture remains uneven across geographies, with those living in municipal capital areas spending, on average, over two times more on recreation and culture than those in dispersed rural and populated centre areas (COP 87 000 compared to COP 41 000, per household). There is also wide variation in household spending on recreation and culture between the different territorial departments in Colombia, with average spending in the capital Bogotá over double the national average and over four times higher than the lowest spending region (Figure 1.23).

Figure 1.23. Average expenditure on recreation and culture by department and area, 2021

COP Thousands



Note: Municipal capital refers to areas clasifed by DANE as “Cabecera” and Rural and populated centre refers to areas classified by DANE as “Centros poblados y rural disperse”.

Source: OECD calculations on DANE (2022^[45]), National Survey on Quality of Life expenditure module 2021, <https://www.dane.gov.co/index.php/estadisticas-por-tema/salud/calidad-de-vida-ecv/encuesta-nacional-de-calidad-de-vida-ecv-2021>

However, household expenditures underestimate the true scale of engagement. Although expenditure on recreation and culture include some items not included under CCS (e.g. package holidays and on pets, see Box 1.6), it also excludes consumption of (or participation in) free cultural activities.

Box 1.6. Household spending on recreation and culture

What's included?

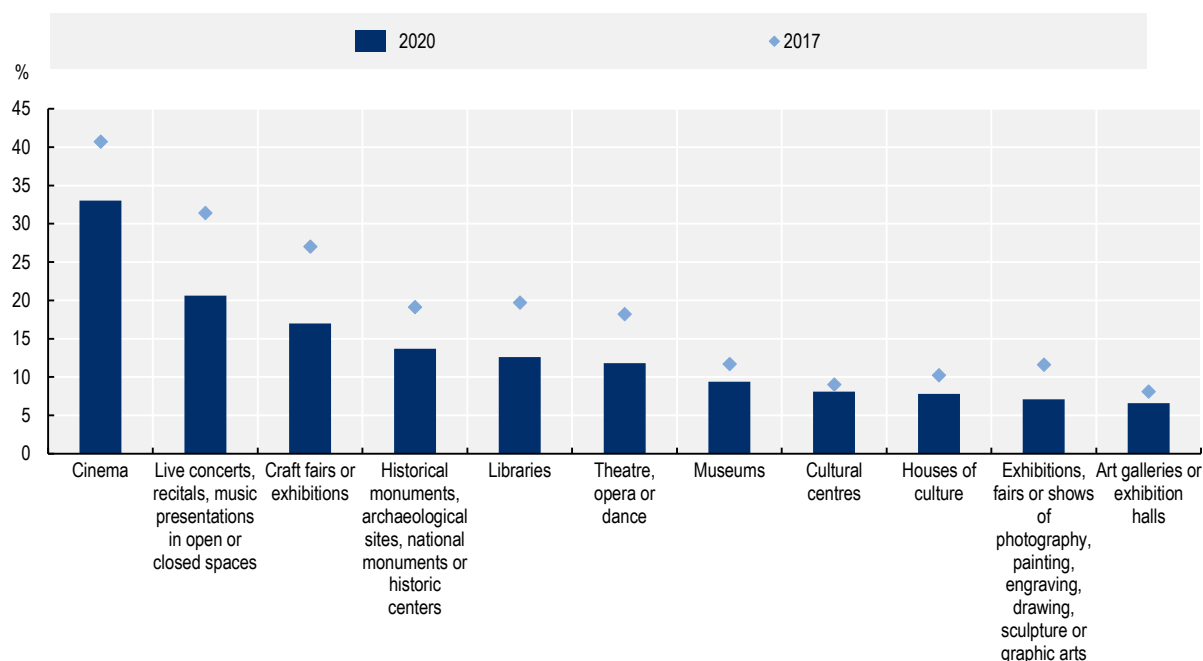
Household spending on recreation and culture includes the following categories:

- Audio visual, photographic and information processing equipment
- Other major durables for recreation and culture
- Other recreational items and equipment, gardens and pets
- Recreational and cultural services:
 - Hire and repair of photographic and cinematographic equipment and optical instruments
 - Hire, maintenance and repair of major durables for recreation
 - Hire and repair of games, toys and hobbies
 - Hire and repair of equipment for sport, camping and open-air recreation
 - Veterinary and other services for pets
 - Recreational and sporting services
 - Games of chance
 - Services provided by cinemas, theatres and concert venues
 - Services provided by museums, libraries, and cultural sites
 - Photographic services
 - Other cultural services
- Newspapers, books and stationery
- Package holidays

Source: UN (2018^[46]) *Classification of Individual Consumption According to Purpose (COICOP)*, United Nations, New York.

Colombia's Cultural Consumption Survey (DANE, 2020^[47]) **points to relatively average levels of cultural participation for some forms of cultural activity, but low participation for others.** For example, before the pandemic in 2017, just over 40% of those aged 12 and over had visited a cinema at least once in the last 12 months (Figure 1.24). This figure is broadly similar to European averages, with data from the European Union Statistics on Income and Living Conditions (EU-SILC) ad hoc module on social and cultural participation in 2015, showing, 45% of the EU27 population aged 16 and over had visited a cinema at least once in the past 12 months (Eurostat, 2015^[48]). Attending live music performances was also fairly high in Colombia, with around 30% of the population having attended such an event at least once in the last year, but only 18.2% of people had attended a theatre, opera or dance live event. Across the EU27 in 2015, an average of 42% of people had attended a live event (including music, dance and theatre) (Eurostat, 2015^[48]). Moreover, less than 20% of Colombians had participated in other types of cultural activity in 2017, such as visiting a library or a museum. In 2020, cultural participation rates for Colombia followed broadly similar patterns to 2017, with cinema attendance and live music being the most frequent forms of participation. However, participation rates fell across dramatically, with the advent of the COVID-19 pandemic and associated lockdowns and social distancing measures. For example, live music participation dropped 11 percentage points from 2017 to 2020.

Figure 1.24. Proportion of people aged 12 and over who participated in certain cultural activities at least once on the past year: Colombia

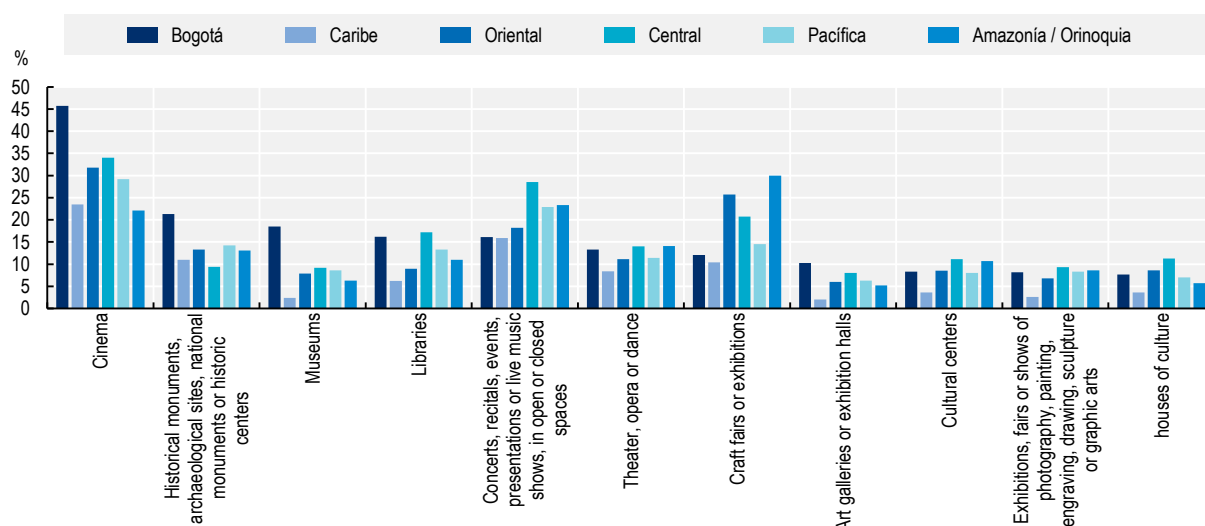


Source: DANE (2020^[47]), Cultural consumption survey (ECC), <http://www.dane.gov.co/index.php/estadisticas-por-tema/cultura/consumo-cultural>

Cultural participation rates vary widely across different regions in Colombia. Cultural participation is substantially higher in Bogotá than in other regions of the country (Figure 1.25). For example, in 2020, while cinema attendance was at 46% in Bogotá, the next highest level was only 34% (in the central region) and was as low as 22% in Amazonía / Orinoquía. Only 2% of those living in Caribe had visited a museum in the past year, only 2% had visited an art gallery or exhibition and only 6% had visited a library.

Figure 1.25. Proportion of people aged 12 and over who participated in cultural activities at least once on the past year: Colombian regions

2020



Source: DANE (2020^[47]), Cultural consumption survey (ECC), <http://www.dane.gov.co/index.php/estadisticas-por-tema/cultura/consumo-cultural>

Lack of interest appears to be the biggest barrier to cultural participation. In 2020, lack of interest or dislike was a more commonly cited reason for not participating in cultural activities than lack of money or an absence of cultural amenities for the majority of forms of cultural participation (DANE, 2020^[47]). For example, 61% of people cited lack of interest or dislike as the reason for not visiting a library in the past year, 54% of people cited this as the reason for not attending theatre, opera or dance, 49% cited this for museums and 47% indicated this same reason for non-attendance to concerts, recitals, events, presentations or shows of live music. Lack of time was generally the second most highly cited reason, with COVID-19 related restrictions, lack of money and living far away also proving to be barriers.

Survey results suggest the lack of funds may not be the primary driver of non-participation in culture in Colombia, though policy measures can still play a role. In France, although a Culture Pass was introduced in 2019 primarily as a voucher instrument, its specific measures may help address disinterest as well as lack of funds (Box 1.7). For example, its focus on secondary school students can help reinforce the cultural participation habits of citizens at an age to set trends later in life. The voucher's use of a smartphone application with targeted offers to spend, is also a way to orient participation to activities where youth may be less engaged. Finally, passes for a younger age cohort are administered through school instructors, giving leverage to teachers to strategically engage students based on their training, and complement curricular work. More evidence on the drivers of non-interest may also further inform policy action on cultural participation.

Regional variation in household spending on culture and in cultural participation indicates that there is untapped potential for strengthening the Orange Economy in these areas. Strengthening the economic outlook for the Orange Economy could be helped by developing policy towards increasing cultural participation rates in more rural areas. Cultural participation can contribute to social cohesion and community empowerment (Matarasso, 1997^[49]), can boost health and wellbeing (Fancourt and Saoirse, 2019^[50]) and can be used to tackle societal issues, such as climate change. However, cultural participation also supports a strong cultural economy. Encouraging greater interest in cultural participation, especially in more rural or less populated areas, could therefore help to both boost local creative ecosystems and to fulfil the wider principles of the Orange Economy policy in supporting community development.

Box 1.7. France's pass Culture could serve as an innovative practice to complement cultural participation policies in Colombia

France developed the pass Culture, a cultural participation voucher for young people

France's pass Culture reflects efforts to increase cultural participation by increasing young peoples' exposure to culture. Building on prior initiatives to strengthen reading and other cultural practices, the policy of the Orange Economy strengthened the role of cultural as different levels of education, including through revised pedagogical guidelines for art education, stronger teacher training in culture and a host of initiatives to develop creative digital talent through curricular links between technology and the arts.

In 2019, France introduced the pass culture, a voucher for young people to participate in cultural services and purchase cultural goods. A simplified joint stock company under French law (société par actions simplifiée - SAS), whose stockholders are the Ministry of Culture and the Bank of Territories (Banque des Territoires), administers the pass. The partnership was born out of a partnership between cultural actors, the State, subnational governments and educational actors. The government started the programme as a pilot, opening the pass to youth in selected territories, before generalising the measure.

The pass Culture provides dedicated financing has two dedicated programmes for youth of different ages. For those in secondary school, the pass Culture collaborates with the Ministry of Education to drive the cultural participation of those between 15 and 18 years old. Teachers can obtain a group pass through a dedicated website, which earmarks up to EUR 30 per student. Teachers can use the funds collected to finance cultural activities. Students can also obtain their pass through an application, which grant them between EUR 210 and EUR 30. For 18 year old, the pass grants a EUR 300 credit onto a smartphone application that can be used within 24 months.

Pass credits can be used on a host of goods and services, such as books, concerts and theatre shows, museums, music classes or online cultural subscriptions. The smartphone application through which young people access the pass and its funding also serves as a policy tool to orient, suggest and encourage young people to try new forms of participation in culture and the creative economy.

Culture and creative economy actors, meanwhile, can benefit from pass Culture funds through a dedicated professional platform, doubling the policy's impact as sectoral stimulus. The platform allows firms and non-profits to advertise their cultural and artistic goods and services to young people. To drive the policy's capacity to improve the cultural access of vulnerable youth, the government has involved institutions working with vulnerable young people, such as Second Chance Schools (Écoles de la Deuxième Chance) or the National Union of Youth Housing (l'Union Nationale des Habitats Jeunes), to ensure access to the pass Culture amongst vulnerable youth.

The pass Culture has already begun to show results on the cultural participation of young people. In October 2021, 782 000 18 year olds opened an account, estimated to reach around 80% of eligible 18 year olds. So far, bookstores have been the primary beneficiaries, receiving 78% of pass Culture funds as of October 2021. Bookstores recorded a substantial rise in sales due to funds from the pass Culture, in particular for manga graphic novels. Music purchases, including concert tickets and digital subscriptions, have also benefit, along with movie theatres and audio-visual goods. Emerging evidence from policy practitioners suggests the pass has enabled a significant share of youth participating to benefit from their first exposure to new cultural experiences, such as concerts.

Source: (French Republic, n.d.^[51]), Dispositif, <https://pass.culture.fr/le-dispositif/>; (Blanchard, 2021^[52]), Cinq mois après sa généralisation, le Pass culture cherche la bonne formule, https://www.lemonde.fr/culture/article/2021/10/22/cinq-mois-apres-sa-generalisation-le-pass-culture-reste-un-essai-a-transformer_6099477_3246.html; (Grossin, 2021^[53]), Le Pass culture pour plus de quatre millions de jeunes, "c'est une belle promesse d'espoir !", <https://www.radiofrance.fr/franceculture/le-pass-culture-pour-plus-de-quatre-millions-de-jeunes-c-est-une-belle-promesse-d-espoir-7398723>.

1.2.5. Government spending on culture is rising in Colombia

Led by subnational governments, government spending on cultural services has increased in Colombia. Between 2011 and 2019, government spending on culture increased from 0.7% of total government spending to 0.9%, compared to a net stagnation over this period of the OECD average (OECD, 2022^[54]). This increase may reflect the budgetary effects of major legislation passed to increase tax revenues for cultural services, such as the Public Spectacles Law in 2011 (see chapter 4 for details on this law). Subnational governments play a leading role in overall public spending on cultural services. Indeed, in 2019, subnational governments in Colombia accounted for over 84% of total government spending on cultural services, the fourth-highest among selected OECD countries (OECD, 2022^[54]). See Chapter 4 for a detailed discussion on public spending on culture.

1.3. Policy considerations

1.3.1. The expansion of the Orange Economy Satellite Account and regional mapping studies have transformed Colombia's ability to monitor and evaluate the sector, but there remain information needs in some areas

Increasing the information available on Colombia's CCS has been a success of Colombia's creative economy strategy. Indeed, across the OECD and G20, measurement has been a key challenge and priority area for CCS development and comparison (OECD, 2021^[55]). The Orange Economy satellite account has been instrumental in monitoring the Orange Economy at the national level and the programme to roll out regional satellite accounts will be fundamental to improving the availability of local indicators.

Despite the satellite account being a highly comprehensive resource of value generation and employment data, there remain some gaps in reporting which work could look to address. For example, more regular and disaggregated reporting of business counts in the Orange Economy could help in further interpreting trends in GVA and employment. Additionally, working towards the provision of more disaggregated data in Colombia's main System of National Accounts (SNA) could aid in international benchmarking of CCS. For example, reporting on household spending at lower levels of disaggregation would enable comparisons of household spending on cultural services, a more accurate reflection of cultural demand than the broader recreation and culture category. Similarly, reporting enterprise counts at the most disaggregated level possible would enable better identification of CCS business and thus aid in international benchmarking and guide national policy efforts.

There is also scope to improve employment data. For example, more detailed data on demographic characteristics of the full Orange Economy workforce (such as age, gender etc.) beyond only those in formal employment would be useful. Moreover, enhanced reporting on the characteristics of both full and part time work (such as average hours worked, income distribution, contractual status, motivation for working in the sector) could help in identifying those in precarious forms of work. Whilst gathering data on second jobs and on informal workers is challenging, taking steps towards improving estimates of these groups as well, would aid in gaining a fuller picture of the sector and its labour dynamics.

Colombia could also look to produce data on Orange Economy workers throughout the economy. As much of the Orange Economy policy surrounds skills provision, gaining a greater understanding of how this policy may be enhancing employment prospects for those in cultural and creative jobs outside of Orange Economy is needed. Cultural and creative workers are known to migrate in and out of cultural and creative industry sectors over their careers, bringing their skills and expertise to other sectors of the economy. Gaining an understanding of the scale of these workers throughout the economy could be a first step towards understanding the broader benefits of the Orange Economy (for example, through contributing to innovation and value generation in other industry sectors). This would require expanding the

methodology and developing occupation codes to compliment the industry codes developed through the satellite account.

1.3.2. Even before the pandemic, GVA generation in the Orange Economy was uneven across sectors and policy could look to address where productivity gaps are growing

The Orange Economy policy covers a wide range of different sectors, which will each have varying dynamics and needs. As highlighted by the different rates of GVA growth across the subsectors of the Orange Economy, each sector is influenced by different structural dynamics and external trends. For example, increased digitisation of the publishing sector internationally, is likely to be contributing to the GVA decline we see in this sector in Colombia. Policy could look to investigate productivity gaps and declining GVA at a sectoral level, by commissioning further research into the specific needs and dynamics of each part of the Orange Economy. Moreover, policy could look to further integrate sector specific advice and business support within existing national and local frameworks.

Boosting GVA of the Orange Economy also requires significant consideration of the particular characteristics of self-employed work. Before the pandemic, there was a general trend towards more self-employment in the Orange Economy. Self-employed workers in cultural and creative sectors generally work in more flexible, project-based conditions and generally experience less steady income streams than those in salaried work. Targeting business support programmes specifically towards self-employed workers could help them to navigate these complexities and boost their opportunities to generate revenues.

1.3.3. While the Orange Economy Policy appears to have stimulated the supply side of the cultural economy, a renewed focus on encouraging cultural participation could help strengthen the sector

Household spending on culture and recreation is low in Colombia compared to other countries, as are participation rates in some forms of cultural activity. Cultural participation can contribute to social cohesion and community empowerment (Matarasso, 1997^[49]), can boost health and wellbeing (Fancourt and Saoirse, 2019^[50]) and can be used to tackle societal issues, such as climate change. However, beyond the intrinsic value of cultural participation and the additional benefits it can bring to communities and society at large, cultural participation (demand side) also encourages growth of the cultural and creative sector (supply side). A greater focus on encouraging cultural participation in Colombia could therefore greatly aid the efforts of the Orange Economy policy to drive development and growth.

Addressing cultural participation in the more rural regions could be instrumental in boosting the Orange Economy and fulfilling the wider objectives of the policy. Cultural participation rates are particularly low in regions such as Caribe and household spending on culture is substantially lower for those living outside of cities. Encouraging interest in cultural participation in the more peripheral areas of the country and promoting cultural participation for underrepresented groups would offer a necessary synergy to the more supply side initiatives of the Orange Economy policy (such as business supports and tax reliefs) already implemented in these regions.

Colombia is well placed to deepen cultural participation due to its transversal policy approach for the creative economy. The National Council of the Orange Economy (*Consejo Nacional de Economía Naranja* – CNEN), for example, has already helped culture rise on the policy agenda of Ministries across the Colombian government. Stimulating the cultural consumption habits of young people, driving early exposure, may help instil adult participation habits, fostering long-term demand. The development of a culture pass for students, as has been experimented in France through a smartphone application (Box 1.7), for instance, may complement the host of policies taken to raise cultural awareness in secondary school. Another relevant example for Colombia to consider a voucher programme for youth or low-middle income groups includes Brazil's Vale Cultura pass, a cultural participation voucher destined to low and middle-

income workers that works as an employer tax incentive. Workers who receive it can use monetary credit to purchase cultural goods and services.

Colombia's National Survey of Cultural Habits could form the basis of policy action in the field. The survey already reviews a host of cultural participation activities within the population, such as the type of cultural activity citizens' participate in. Steps are being taken within Colombia's Ministry of Culture to strengthen surveying of the population's cultural participation habits. As Colombia considers new questions and methods for its survey, Chile's diverse use of surveys, such as studies on factors driving cultural participation, may be an example to consider. In Chile, for example, a 2020 study based on the country's National Cultural Participation Survey concluded that youth exposure to the arts and cultural are a predictor of adult cultural participation (Ministry of Cultures, Arts and Heritage, 2020^[56]). Chile's results echo the objectives of France's cultural pass, which incites youth participation in culture.

Other potential mechanisms to support cultural participation are discusses in chapters 2 and 3.

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Working Group on Education and Learning, Access to Culture Platform.

Notes

¹ Ministry of Culture estimate based on DANE data. Original information sources: 1.) *Gran Encuesta Integrada de Hogares: Total de ocupados en actividades económicas del sector cultural y creativo formales e informales* 2.) *Registro de Relaciones Laborales (RELAB): total de relaciones laborales formales del sector cultural y creativo que realizan pagos a seguridad social reportado a partir de la PILA (Planilla Integrada de Liquidación de Aportes)*.

² Note that publishing of computer games is included in the Eurostat definition of the publishing sector, which largely accounts for the high GVA of this sector. Computer games are not included in Colombia's definition of the publishing sector, used in the first part of this chapter.

Annexe 1.A. Sectors of the Orange Economy and the Eurostat definition of cultural and creative sectors

Annex Table 1.A.1. Sectors included in the Orange Economy

Group	Sub-sector	Sector	ISIC Rev.4
Arts and Heritage	Associative and regulatory activities	*Activities of professional associations	9412
		*Other associative activities nec	9499
		*Executive activities of the public administration	8412
		*Regulation of the activities of organizations that provide health, educational, cultural and other social services, except social security services	8413
	Manufacturing activities of the orange economy	*Production of malt, brewing of beers and other malted beverages	1103
		*Weaving of textile products	1312
		*Finishing of textile products	1313
		*Manufacture of knitted and crocheted fabrics	1391
		*Manufacture of articles made of textile materials, except clothing	1392
		*Manufacture of floor mats and carpets	1393
		*Manufacture of other textile articles nec	1399
		*Manufacture of garments, except leather garments	1410
		*Manufacture of leather goods	1420
		*Manufacture of knitted and crocheted articles	1430
		*Manufacture of travel goods, handbags and similar articles made of leather, and manufacture of saddlery and harness	1512
		*Manufacture of leather and fur footwear, with any type of sole	1521
		*Manufacture of other types of footwear, except leather and fur footwear	1522
		*Manufacture of wooden containers	1640
		*Manufacture of other wood products; manufacture of articles of cork, basketry and straw	1690
		*Manufacture of glass and glass products	2310
		*Manufacture of other ceramic and porcelain products	2393
		*Cutting, shaping and finishing of stone	2396
		*Forging, pressing, stamping and rolling of metal; powder metallurgy	2591
		*Manufacture of other fabricated metal products nec	2599
		*Furniture manufacturing	3110
		*Retail trade of clothing and accessories (including leather goods) in specialized stores	4771
		*Retail sale of all types of footwear and leather goods and leather substitutes in specialized stores	4772
	Performing arts and shows	theatrical creation	9003
		Live musical activities	9007
		theatrical activities	9006
		Other live entertainment activities	9008
	visual arts	Plastic and visual arts	9005
		photography activities	7420
	Cultural and creative education	*early childhood education	8511
		*Preschool education	8512
		*Primary basic education	8513
		*secondary education	8521

Cultural Industries		*Academic secondary education	8522
		*Secondary technical education and job training	8523
		*Establishments that combine different levels of education	8530
		*Vocational Technical Education	8541
		*Technologic education	8542
		*Education of university institutions or technological schools	8543
		*university education	8544
		*Non-formal academic training	8551
		culture teaching	8553
	Cultural heritage	*Research and experimental development in the field of natural sciences and engineering	7210
		*Research and experimental development in the field of social sciences and humanities	7220
		Amusement park and theme park activities	9321
		Library and archive activities	9101
		Activities and operation of museums, conservation of historic buildings and sites	9102
		Activities of botanical gardens, zoos and nature reserves	9103
	Cultural tourism	*Rail passenger transport	4911
		*Passenger Transportation	4921
		*River passenger transport	5021
		*hotel accommodation	5511
		*Accommodation in apart-hotels	5512
		*Accommodation in resorts	5513
		*Rural accommodation	5514
		*Other types of visitor accommodation	5519
		*Campground Activities and RV Parks	5520
		*Expenditure at the table of prepared foods	5611
		*Self-service sale of prepared meals	5612
		*Sale of prepared foods in cafeterias	5613
		*Other types of sale of prepared meals nec	5619
		*Sale of alcoholic beverages for consumption within the establishment	5630
		*Other reservation services and related activities	7990
		*Travel agency activities	7911
	News agencies and other information services	Other information service activities nec	6399
		news agency activities	6391
	Audiovisual	*Satellite telecommunication activities	6130
		Programming and transmission activities in the sound broadcasting service	6010
		Television programming and broadcasting activities	6020
		*Wired telecommunications activities	6110
		*Retail trade of other cultural and entertainment articles nec in specialized establishments	4769
		Production activities for motion pictures, videos, programs, advertisements and television commercials	5911
		Post-production activities for motion pictures, videos, programs, advertisements and television commercials	5912
		Motion picture, video, program, advertisement and television commercial distribution activities	5913
		Motion picture and video exhibition activities	5914
	Publishing	Literary creation	9001
		*Other professional, scientific and technical activities nec	7490
		*Printing related service activities	1812
		*printing activities	1811
		*Retail sale of books, newspapers, materials and stationery and stationery items in specialized establishments	4761
		book publishing	5811
		Other editing work	5819
		Publishing of newspapers, magazines and periodicals	5813

Creative Industries	Phonographic	Production of copies from original recordings	1820
		Sound recording and music editing activities	5920
		music creation	9002
	Cultural industries	Audiovisual creation	9004
		*Manufacture of jewellery, costume jewellery and related articles	3210
	Design	Manufacture of musical instruments	3220
		Manufacture of games, toys and puzzles	3240
		Specialized design activities	7410
		*Architectural and engineering activities and other related technical consultancy activities	7110
	Digital media and software	*Retail trade of computers, peripheral equipment, software and telecommunications equipment in specialized stores	4741
		Edition of computer programs (software)	5820
		Computer systems development activities (planning, analysis, design, programming, testing)	6201
		*Computer consultancy activities and computer facilities management activities	6202
		*Data processing, hosting and related activities	6311
		Website	6312
	Advertising	Advertising	7310

Note: Sectors marked with * indicate partial inclusion

Source: DANE (n.d.^[42]), Economic activities of the Orange Economy, <https://www.dane.gov.co/index.php/estadisticas-por-tema/cultura/economia-naranja/actividades#estado-de-actividades-de-inclusion-total-34>.

Annex Table 1.A.2. Cultural and creative sectors used in international comparison

Eurostat definition

Subsector group	NACE Rev2 Code and description
Printing and reproduction of recorded media	18.1 Printing and service activities related to printing
	18.2 Reproduction of recorded media
Manufacturing of jewellery and musical instruments	32.12 Manufacture of jewellery and related articles
	32.2 Manufacture of musical instruments
Retail trade of books, newspapers and music	47.61 Retail sale of books in specialised stores
	47.62 Retail sale of newspapers and stationery in specialised stores
	47.63 Retail sale of music and video recordings in specialised stores
Publishing	58.1 Publishing of books, periodicals and other publishing activities
	58.11 Book publishing
	58.13 Publishing of newspapers
	58.14 Publishing of journals and periodicals
	58.21 Publishing of computer games
Motion picture, video and television programme production, sound recording and music publishing	59.11 Motion picture, video and television programme production activities
	59.12 Motion picture, video and television programme post-production activities
	59.13 Motion picture, video and television programme distribution activities
	59.14 Motion picture projection activities
	59.2 Sound recording and music publishing activities
Programming and broadcasting	60.1 Radio broadcasting
	60.2 Television programming and broadcasting activities
News agency activities	63.91 News agency activities
Architectural activities	71.11 Architectural activities
Specialised design, photography and translation and interpretation	74.1 Specialised design activities
	74.2 Photographic activities
	74.3 Translation and interpretation activities
Rental and leasing activities	77.22 Renting of video tapes and disks
Creative, arts and entertainment activities	90.0 Creative, arts and entertainment activities

	90.0.1 Performing arts
	90.0.2 Support activities to performing arts
	90.0.3 Artistic creation
	90.0.4 Operation of arts facilities
Libraries, archives, museums and other cultural activities	91.0 Libraries, archives, museums and other cultural activities

Note: NACE refers to the statistical classification of economic activities in the European community. Revision 2 is the most recent version at the time of preparing this report.

Source: Adapted from Eurostat (Eurostat, 2018^[31]), Guide to Eurostat Culture Statistics, Publications Office of the European Union, Luxembourg

2. Policy framework for the creative economy in Colombia

Colombia pioneers creative economy approaches by embedding culture across public policy areas as part of its development model. An inter-Ministerial National Council for the Orange Economy (CNEN) steers this holistic approach. New public loan programmes and traditional grant-based funds support cultural production. New incentives help attract investment to creative projects. Ministries with non-cultural portfolios develop and implement additional entrepreneurship policies for culture, generating novel policies. Colombian skills policies support creative economy workers, while COVID-19 has raised policy attention around the social protection of creative professionals. Building the capacity of subnational government offers perspectives to further lever creative economy policy.

In Brief

Colombia pioneers a holistic policy approach to the creative economy

- The creative (Orange) economy is an integral part of the Colombia's development model that places culture and creativity as central axes of the development agenda through the National Development Plan. The Orange Economy policy introduced in 2017 is integrated across the government and beyond culture policies. It considers the creative economy not only from the merit good perspective (e.g. the need to preserve cultural heritage and ensure equal access to it across population), but recognises it as a tool for job creation, income and wealth generation, local development and social impact.
- The Orange Economy policy is structured around seven management strategies witnessing rapid implementation as well as refinement to support and reactivate the sectors throughout the pandemic and in the recovery:
- **Information** (1) gathering and mapping initiatives have reinforced information on the creative economy, increasing policy precision at national and local levels. **Institutions** (2) facilitate access to financial opportunities. Between August 2018 and December 2021, over 120 000 firms benefited from credit lines from Bancóldex, a State bank.
- The transversal policy approach is helping to develop new cultural **infrastructure** (3), drawing funding from different sources. Similarly, strategic inter-ministerial partnerships generate a diverse entrepreneurial policy for creative **industry** (4). Creative economy policy supports value chain **integration** (5) through platforms for networking, export assistance and tourism.
- Colombian skills policies are among those that have most integrated the needs of creative economy workers, driving **inclusion** (6). The National Training Service (SENA) adapts its programmes extensively to culture, such as its Entrepreneurship Fund. In 2019, Colombia introduced a National Qualifications Framework (SNC), formalising skills qualifications. As part of its **inspiration** (7) line, Colombia supports audience development, intellectual property and innovation, including through reinforced grant-based programmes for cultural producers.
- **New policy perspectives could help further leverage the creative economy strategy:**
 - Expand information channels to creative economy actors who struggle to access information, such as through the deployment of new observatories, particularly in rural and distant urban areas that have shown promising mobilisation around creative economy policy, such as through the creation of local Nodes or Orange Development Areas (ADNs).
 - Local conditions can pose a structural challenge for local governments in some rural or peripheral areas. Involving the Ministry of Agriculture and Rural Development within the CNEN may open new synergies with rural policy investments and the Ministry's push for urban-rural links. Programmes such as the Orange Road could be expanded. Links with existing rural development policies, such as Territorial Pacts, also offer potential, which could structure intra-regional cooperation.
 - As across all OECD countries, COVID-19 drew greater policy attention to the social protection of creative workers. Initial policy steps, such as Periodic Economic Benefits (BEPS), could open new opportunities to meet artists' social protection needs.

2.1. Culture as a development driver

2.1.1. Colombia pioneers a holistic approach to develop the creative economy as part of its development model

Colombia promotes culture and creativity as a development driver. Colombia's sees culture and creativity as drivers of social and economic transformation as part of National Development Plan, and as tools to meet the Sustainable Development Goals (SDGs) (National Council of the Orange Economy, 2019^[1]). The creative (Orange) economy policy is mainstreamed across policy portfolios, from industry and infrastructure to education and employment, beyond cultural policies. This policy mainstreaming helps to support culture and the creative economy not only from the merit good perspective (e.g. the need to preserve cultural heritage and ensure equal access to it across population), but also as a tool for job creation, income and wealth generation, local development and social impact.

The Comprehensive Policy of the Orange Economy launched in 2017 introduced seven strategic policy lines. This chapter provides an overview of this novel transversal policy, presents its precedence in Colombian cultural policies and assesses its implementation. For the purposes of this report, the Orange Economy refers to the specific policy framework. Creative economy refers more broadly to activities in this field in Colombia, which can include those of the Orange Economy policy. In 2017, Law 1834 on the Orange Economy (Colombian Congress, 2017^[2]) provided a legal framework for the policy structured around seven policy areas (see full description later in this chapter):

1. **Information** – strategies to generate sectoral information, data and knowledge, as well as strengthening dialogue between culture, creativity, the economy and sustainable development;
2. **Institutions** – strategies to create new financing instruments and coordination tools;
3. **Infrastructure** – strategies to create new and existing public goods and infrastructure for culture;
4. **Industry** – strategies to reinforce entrepreneurship and the creative economy ecosystem;
5. **Integration** – strategies to increase the integration of value chains and the circulation of creative and cultural goods and services;
6. **Inclusion** – strategies to develop skills and capacity;
7. **Inspiration** – strategies to raise the production of and support innovation within cultural and creative goods and services;

The lines and the Sustainable Development Goals (SDG) that they aim to fulfil are presented in Figure 2.1 as they have been developed within the Orange Economy policy.

Figure 2.1. The seven strategic lines of the Orange Economy policy



Note: Figure adapted from CNEN document.

Source: (National Council of the Orange Economy, 2019^[1]), Comprehensive Policy of the Orange Economy, <https://economianaranja.gov.co/media/zpvnxktd/comprehensive-policy-of-the-orange-economy.pdf>.

Colombia articulates the creative economy policy with the existing objectives of cultural policy, such as the fulfilment of cultural rights, with the objective of raising the sustainability of cultural activities and their support to development (National Council of the Orange Economy, 2019^[1]). In addition to its vision to increase the economic sustainability of culture and creative activities, the seven-area approach also considers policy dimensions such as education, training and knowledge transfer, labour and governance.

The Orange Economy policy builds on and expands Government cultural policies reinforced over the past decades. In 1991, Colombia inaugurated a new constitution, which recognises the role of the State in cultural policy, the cultural diversity of Colombia, and Colombian citizens' right to culture.¹ The 1991 constitution forms the legal basis for Colombia's cultural policies, expanded in the following years. In 1997 in particular, Colombia's General Law on Culture (397) created the Ministry of Culture formalising and increasing the State's role in cultural planning. Since 1997, incremental legislation built the legal basis for policy action in culture, introducing new funding streams, sectoral programmes as well as promoting cultural participation (see Box 8).

Box 8. The evolution of cultural policies in Colombia

Since the creation of the Colombia Ministry of Culture in 1997, legislation has built funding mechanisms, sectoral support programmes, institutions and instruments for culture and the creative economy:

- In 1998, Decree on Mixed Funds (1493) provided the Ministry of Culture grant mechanisms for cultural production;
- In 2001, the Culture Stamp Law (666) gave new taxation powers to subnational governments to support cultural services;
- In 2003, The Cinema Law (814) ushered in new sources of funding for Colombian audio-visual production;
- In 2008, the Cultural Heritage Law (1185) increased responsibility for heritage protection, promotion and management at the local and regional levels;
- In 2010, Public Library Law (1379) regulated and reinforces the public library network (*Red Nacional de Bibliotecas Públicas*);
- In 2011, Public Performance Law (2011) introduced a levy mechanism for subnational governments to collect tax revenue from public performances, such as concerts;
- In 2012, the Law for Cinema Development in Colombia (1556) provided new incentives for filming audio-visual productions in Colombia to drive tourism, the film industry and Colombia's image abroad.

The evolving legal framework around culture translated to the growth in public policies implemented in this field in Colombia. Since the Ministry of Culture's creation in 1997, two national programmes, the National Concertation Programme and the National Stimulus Programme, have constituted major direct public funding sources for art and culture. Between 1992 and 1994, Colombia created its National Culture System. In 2010, Colombia's Economic and Social Policy Council passed norm 3659, giving new crosscutting support to the cultural industries.

Policy attention also gave rise to cultural participation strategies. In 2006, Colombia introduced the National Music Plan for Coexistence, reflecting plans undertaken to raise engagement in culture, such as for reading (2003) or access to the arts (2006-2010). Between 2001 and 2010, a consultation-built National Culture Plan articulated a decade-long vision for cultural development in Colombia. In 2013, Colombia joined the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions.

Source: See corresponding laws and (Ministry of Culture, 2001^[3]), *Plan nacional de cultura 2001-2010: Hacia una ciudadanía democrática cultural, un plan colectivo desde y para un país plural*.

The Orange Economy policy is embedded in Colombia's National Development Plan 2018-2022.

New policies for the creative economy are articulated within a broad socio-economic agenda. This has helped ensure the policy benefits from coordination not only between ministries, but also within a host of policies with which it can complement and identify synergies. A volley of legislation was passed to give legal support to new policy instruments, including the major actions below:

- In 2017, **The National Law of the Orange Economy** (1834) introduced the creative economy as an area of strategic focus for industry, public policy and development. In 2020, Decree 1204 legally adopted the Orange Economy policy.
- In 2018, Decree 1935 created the National Council of the Orange Economy (CNEN) – an inter-ministerial coordination body.

- In 2019, Copyright Law 1915 strengthened intellectual protection for creative producers;
- In 2020, Decree 697 defined creative districts (ADN) structure (see Chapter 3), a new tax incentive for creative economy investment and the tools available to *Colombia Crea Talento* (CoCrea), a new public-private partnership (PPP) responsible for creative economy support;
- In 2020, Decree 286 ushered in a seven year income tax exemption for creative economy initiatives;
- In 2020 and 2021, in the pandemic context, Colombia passed Law 2070 and Decree 880 respectively. These measures introduced Foncultura, a new instrument for creative economy funding;²
- In 2021, CONPES 4062 reinforced intellectual protection for the creative economy creators;³
- In June 2022, CONPES 4090 set the basis for policy action in the creative economy from 2022 to 2027, such as a continued inter-Ministerial approach and over 50 actions amounting for over COP 311 000 million (DNP, 2022^[4]).

2.1.2. An inter-ministerial council supports policy attention for culture across government

The National Council of the Orange Economy (CNEN) provides horizontal governance for the creative economy. In Colombia, National Councils support the government and the President to formulate, co-ordinate and implement public policies. Prior OECD research has underlined the key role played by Councils to influence national policy, highlighting the policy importance accorded to the creative economy (OECD, 2013^[5]). Created through Decree 1935 in 2018, the CNEN formulates general political guidelines and coordinates inter-institutional actions needed for the promotion, protection, dissemination and development of the creative economy⁴ (Republic of Colombia, 2018^[6]).

The CNEN is composed of the following seven (7) ministries and five (5) national entities.

- The Ministry of the Interior
- The Ministry of Finance and Public Credit
- The Ministry of Labour
- The Ministry of Commerce, Industry and Tourism
- The Ministry of National Education
- The Ministry of Information, Technology and Communications
- The Ministry of Culture
- The National Planning Department (DNP)
- The National Administrative Department of Statistics (DANE)
- The National Training Service (SENA)
- The National Directorate of Copyright (DNDA)
- The Territorial Development Bank (FINDETER)

Civil servants or civil society can also participate in the CNEN upon invitation. Decree 1935 assigns the Council a group of responsibilities to meet its objectives, such as defining cross-ministerial strategies, developing information available on the creative economy or defining cultural policies for artistic and cultural development.

The creation of the CNEN reflects the priority the government set on cultural and creative policy. Across the OECD, few examples exist of a holistic policy strategy that inserts culture across policy domains. A recent note for the G20's Culture Working Group highlights mainstreaming culture across policies as a priority for OECD countries' policy frameworks on the sector (OECD, 2021^[7]). The presence of Ministries that drive economic development – such as the Ministries of Finance and Public Credit, as

well as the Ministry of Commerce, Industry and Tourism, calls attention to the policy's intent to develop a public financial toolkit to accompany the creative economy's development. The Ministry of Labour and the Ministry of National Education, meanwhile, help ensure training and education policies also mainstream creative and cultural skills. The CNEN offers potential for expansion to other public bodies as the creative economy evolves, such as through cooperation with Colombia's Ministry of Health and Social Protection, or Colombia's Ministry of Agriculture and Rural Development.

Public bodies sitting on the CNEN also shape the country's policy planning for the creative economy. The inclusion of the National Administrative Department of Statistics (DANE) in the Council, for example, reflects the policy's focus on developing information on the creative economy. The National Training Service (SENA) participation also helps drive culture's mainstreaming in the country's training programmes, and reinforces the policy's reach to the strong network of SENA's local offices. The country's National Planning Department (DNP) reinforces the Council's centrality in policy as the DNP implements, monitors and evaluates the country's National Development Plan, the country's socio-economic policy roadmap.

2.1.1. Subnational governments share responsibility with the State for the creative economy

Decentralisation reforms have granted greater responsibility to sub-national governments in the field of culture. Departmental (*departamento*) and municipal governments are administratively and politically autonomous in accordance with the Colombian State's organisational structure.⁵ In 1997, Colombia's General Law on Culture granted subnational governments responsibility in culture, particularly in the management of local cultural heritage and goods of cultural interest. Further reforms in 2001 and 2008, enhanced subnational government responsibility over culture, specifically in the management of cultural heritage⁶. A 2011 reform on taxation of public performances also reinforced subnational revenues and administration of performing arts infrastructure.

Subnational governments implement national cultural policy, define complementary strategies and manage local cultural heritage. Multilevel governance responsibilities are summarised in Table 2.1. Importantly, municipalities have progressively gained responsibility as economic developers of the cultural and creative sectors. For example, subnational governments are responsible for the construction and maintenance of local cultural infrastructure, and the development of local markets for the creative economy. Municipalities have also grown their function in engaging citizens in culture. In 2019, subnational government expenditure on recreation, culture and religion accounted for 84% of the total share of public expenditure in this field in Colombia (OECD, see Chapter 4).

Colombia's subnational governments have varying levels of administrative and financial capacity to exercise their power in the field of culture. OECD research identifies a degree of asymmetric decentralisation in Colombia, as the country's subnational governments of the same level have varying levels of political, administrative and fiscal responsibilities (OECD, 2019^[8]). Asymmetric decentralisation is common across OECD countries and can offer advantages. If leveraged effectively, it can foster efficiency, accommodate differences and support institutional development in multilevel governance systems. In France, governments have put in place innovative institutions to govern cultural policy across levels of government (Box 2.9). Some key differences between administrative units in Colombia include⁷:

- The special status of Bogotá Capital District (D.C.), which benefits from its special legal status since 1991, reinforced through an organic statute in 1993, which gives the city's administration greater political powers;
- Indigenous territories in departments such as Guainía, Vaupés and Amazonas benefit from specific legal powers and autonomy, particularly in the administration of State resources;

- The “special district” status of certain areas with specific political, commercial, historical or cultural characteristics, such as Barranquilla, Buenaventura, Cartagena de Indias and Santa Marta. In particular, districts can benefit from a tailored funding mechanism, and greater autonomy to administer touristic or port areas;
- Metropolitan areas (*áreas metropolitanas*), meanwhile, allow certain groups of municipalities to administer certain services jointly, such as transportation. This arrangement exists in areas such as the Valle de Aburrá, Bucaramanga, Barranquilla, Cúcuta, Centro Occidente and Valle del Cacicue Upar.

Asymmetric institutional arrangements are a reality for creative economy development in Colombia. Those subnational governments with greater powers, such as districts and metropolitan areas, may be able to leverage their stronger capacity to create policies that support the creative economy beyond cultural policies, mobilising domains such as transportation or public investment. Those with less administrative autonomy, meanwhile, may be able to benefit from stronger dialogue with the State to build capacity and expertise. Dialogue between municipalities or departments of difference capacities may also help produce policy learning processes in the medium-to-long term.

Table 2.1. Colombia’s municipalities play a leading role in defining cultural activities

Responsibility for culture across levels of government in Colombia

Legal basis	State	Department	Municipality
Law 397 of 1997	National decadal cultural plan. Responsibility for determining the nation’s national cultural plan	Regional cultural heritage. Declaring and managing cultural heritage and assets of cultural interest in departmental scope.	Local culture heritage. Declaring and managing cultural heritage and assets of cultural interest in municipal scope.
Law 715 of 2001	consultation with the National Cultural System (SNCu).		Access to culture. Promote artistic and cultural access, innovation, creation, and production.
Law 1185 of 2008	National cultural heritage. Through the Ministry of Culture, the State declares and manages national monuments and cultural assets. Artistic and cultural education. The State is responsible for the population’s education in the arts and culture. Promotion of artistic and cultural production. The State is responsible for stimulating cultural processes, projects and activities, respecting the nation’s cultural diversity. Cultural participation. The State will guarantee Colombians’ access to cultural manifestations, goods and services, with special attention to those in greatest need. Cultural infrastructure. The Ministry of Culture and national entities, provides infrastructure required by public spaces for cultural activities. Museum collections. The Ministry of Culture supports conservation and restoration programmes for the collections housed across museums.	Inter-municipal cooperation. Department coordinate municipalities to develop activities to promote arts promotion of the arts and all forms of cultural expression. Dialogue with civil society. Serve as a platform for dialogue between the State, civil society and indigenous communities for the formulation and execution of policies and cultural processes.	Information, research and education. Support and strengthen information, research, communication and education/training processes. Local cultural infrastructure. Support the construction, endowment and maintenance of municipal cultural infrastructure. Protect local cultural heritage in its different expressions and support its integration into civic life and economic development. Network development. Support the development of networks for cultural information and goods, services and cultural institutions, such as through museums, libraries, archives and bands. Municipal cultural plans. Formulate, orient and execute municipal plans, programs, projects and events, articulated with the national decadal plan. Dialogue with civil society. Serve as a platform for dialogue between the State, civil society and indigenous communities for the formulation and execution of policies and cultural processes.

Note: Non-exhaustive list of laws for legal basis.

Source: OECD and (DNP, 2003^[9]), *Competencias Sectoriales por nivel de Gobierno*, <https://colaboracion.dnp.gov.co/CDT/Desarrollo%20Territorial/Competencias.pdf>.

Box 2.9. In France, cultural policy administration has evolved to tighten links with territories

In France, the Ministry of Culture has opened local offices and created new territorial structures

As in Colombia, France has a unitary State structure where subnational governments do not share the level of political powers and responsibility as federal countries. As in Colombia, major decentralisation reforms in France also occurred in the 1980s and into the 2000s. During this period, for example, subnational governments were granted the responsibility to “experiment” in certain policy domains for determined amounts of time, a lever seized by subnational governments to grow their role in tourism. As in Colombia, a Ministry of Culture directs the country’s cultural policy, complemented by a host of organisations that support multi-level governance:

- The internal organisation of the Ministry is characterised by a division between heritage, artistic creation and media and creative industry policy;
- Regional directorates of the Ministry of Culture (DRAC) act as local relays between the Ministry and subnational governments. DRAC’s have a particularly relevant role in France’s overseas territories and departments, where geographic isolation makes these institutions a pillar of national cultural administration actions at the local level;
- Public establishments (*établissements publics*) have administrative autonomy and fulfil specific policy tasks;
- Nationally competent services (*services à compétence nationale*) take up specific roles that cannot be delegated to subnational governments, such as administration of certain national museums, research centres or archives.

Such institutional innovations may offer policy perspectives for Colombia as the country’s subnational governments articulate new policies around cultural and creative sectors such as the continued development of creative clusters and the sector’s growth across municipalities and departments.

Source: (OECD, 2016^[10]), *Actors Italia: Attrattori culturali per il turismo e l'occupazione nelle regioni del sud Italia*, https://www.oecd.org/cfe/leed/AA_Confronto_internazionale_2016.pdf.

2.1.1. Local government capacity: a lever for creative economy impact across Colombia

Asymmetric decentralisation in Colombia partially reflects differences in the administrative and economic capacity of different subnational governments. In 2014, the OECD calculated that Colombia ranked third among OECD countries, and approximately twice the OECD average, in terms of inequality in GDP per capita across TL2 regions based on the Gini index (OECD, 2019^[8]). OECD research on Colombia’s urban and rural policies have also highlighted significant differences (OECD, 2022^[11]) (OECD, forthcoming^[12]). Structural factors such as accountability in governance, historic urban/rural cleavages, civil unrest and labour market informality vary significantly across Colombia, explaining the differences (OECD, forthcoming^[12]).

Structural territorial inequalities can translate into disparities in local governments’ capacity to implement creative economy policies. In Colombia’s special districts and metropolitan areas, stronger financial capacity and staff numbers may create more favourable conditions for the creative economy to grow. The existence of creative economy clusters, an investor ecosystem and existing dialogue with the sector facilitate policy implementation. The experience of local government staff in collaborating with external actors, such as the private sector, universities and civil society, as well as strong local government ownership of creative economy development contribute to the local uptake of creative economy policy.

Political commitment can also be a relevant factor in some territories, as the association of certain creative economy policies with local political priorities may affect development. In 2020, 544 municipalities (out of 1 113 total municipalities) had adapted the creative economy in their subnational government plans⁸.

Taking stock of structural challenges, the creative economy policy has deployed specific policies to reinforce local government capacity. A specific regional development Deputy Ministry is devoted to data delivery, dialogue and capacity building with subnational governments in smaller agglomerations. Anchored in Colombia's 2018-2022 National Development Plan (PND), the Ministry of Culture accompanies local governments in the establishment of creative economy "Nodes" and "Tables", local governance frameworks based on the involvement of actors from academia, business, civil society and the public sector, actors of the "quadruple helix".⁹ Local governance boards made up of local actors were created, where actors meet, deliberate, agree on positions and forge common projects and roadmaps (Ministry of Culture, 2021^[13]). Through their regional geographic scale, Nodes are also a platform to take into account municipal differences in the development of creative economy policies. The dialogue started by Nodes and Tables have helped stimulate local stakeholder consultation and create the base for locally driven strategic planning around culture project, such as Orange Development Areas (ADN)¹⁰.

As a complement to the Nodes strategy, "Creative Agendas" also help overcome structural capacity challenges. Nodes draft Creative Agendas as roadmaps for creative economy development based on stakeholder agreement. Agendas act as strategic and operational documents that promote an integrated vision of a region's strengths and specificities (Ministry of Culture, 2021^[13]). Agendas have been a constructive initiative to encourage dialogue between local actors and foster a common place-based plan for creative economy development. They are also helpful to encourage a regional-level cultural and creative strategy based on dialogue between regional and municipal actors. Agendas have revised creative initiatives such as competitiveness and innovation agendas, tourist corridor projects, competitiveness roadmaps or registered cluster work plans. In 2022, 19 agendas have been inaugurated, composed of over 180 projects and USD 1.3 million in investment has been generated through creative agendas¹¹. Paired with the Nodes programmes, Agendas are part of a policy toolkit for local governments.

2.2. Implementation of Colombia's creative economy strategy

Seven policy fields guide Colombia's interventions as part of its creative economy policy. The seven policy lines reflect creative economy policy's objective to support culture across the creative economy value chain.¹² The Orange Economy policy has translated into an implementation across areas of government, giving rise to new organisations as well as programmes within existing institutions and links with existing policies. An overview of the implementation progress, opportunities and bottlenecks is presented below.

2.2.1. Tools are increasing policy precision, though some information shortages exist for actors

First among policy lines, a set of policies seek to drive **information (i)** available on the sector, specifically to inform policies. Information policies also involve those aiming to strengthen Colombia's capacity to analyse the creative economy, for example through studies, mapping and research. Since 2019, 17 studies mapping the cultural and creative sectors have been carried out at the local level, helping municipalities refine their understanding of the sector and its challenges. The Ministry of Culture carried out the mapping studies with the State's Territorial Development Bank (FINDETER). Studies included quantitative information on the sectors at the local level, results from local surveys and workshops as well as strategic recommendations. These studies are a resource of information for Orange Economy Nodes, Creative Agendas and broader subnational cultural policies.

Under the Orange Economy policy, Colombia reformed its cultural satellite account, first created in 2002. Colombia's satellite account reform reflects an expansion of the definition for the creative economy to recognise a greater number of actors intervening along creative economy value chains. This move aims to generate stronger coherence and complementarity between policies by recognising activities, practices and traditions that had been previously left out of statistical definitions. For instance, Colombia includes parts of alcohol production in its definition to incorporate traditional brewing and *viche* liquor production. These efforts are yielding a growing bank of information on the sector (see Chapter 1 for further details).

Information policies also involve network development. Networks allow creative economy actors to circulate information and ideas among themselves, enable a dialogue between government and business, and can support investor attraction in creative initiatives. These communication channels have been growing. The Department of National Statistics (DANE), which has led many of the information policies, launched an information system for the creative economy (SIENA), to communicate and publish statistical information on the creative economy.

Actors are more informed about the creative economy, though some isolated actors may struggle to benefit from information policies. Colombia has opened local territorial observatories for the creative economy in Medellín and Cali, under a national observatory. The institutions organise conferences, publish material, engage on social media and networks. The observatory boards are composed of actors from the “quadruple helix”, or civil society, academia, business and the public sector, in addition to an observatory leader, to foster dialogue. Territorial observatories provide a new platform to increase the circulation of information on creative economy opportunities, particularly outside Bogotá D.C. In small or medium-sized agglomerations where culture is receiving strong policy attention, such as Barranquilla or Ibagué, new observatories could build on momentum by creating a space dedicated to data and information. In rural areas or small municipalities, among informal workers and micro entrepreneurs, however, information on the creative economy's instruments may still be difficult to access.

2.2.2. Tailored financing is reaching a growing number of entrepreneurs

Institutional (ii) development includes developing strategies and financial institutions for the creative economy. Under institutional actions, Colombia recognised a need to strengthen the legal framework around the creative economy. Institutional policy also includes public loan instruments tailored to creative producers, particularly through one of Colombia's public banks, Bancóldex¹³. In 2019, Colombia also ushered in CoCrea. CoCrea is a Public Private Partnership (PPP) that administers a tax incentive for creative economy projects based on a competitive application process. Multiple other tax incentives also exist as part of Colombia's support for the creative economy. Tax exemptions recognise that creative economy financing needs are greater than the private resources available without incentives (Colombia's financial ecosystem for the creative economy is discussed in detail in Chapter 4, and includes a growing set of direct financing, public debt financing and tax incentives for creative economy entrepreneurs and investors).

Creative entrepreneurs are benefiting from this range of financial options, though low capacity firms may struggle to seize opportunities. Evidence on policy uptake reveals a large share of actors are seizing opportunities. For example, between August 2018 and December 2021, over 120 000 firms benefited from Bancóldex credit lines, revealing the policy impact (Bancóldex, 2021^[14]). Results from CoCrea show both significant policy reach to new actors, but also suggest a share of low capacity firms struggle to obtain financing due to a lack of appeal to investors and banks. In Cali, for example, a poll conducted as part of local mapping exercises showed that over 23% of actors surveyed identified project financing as the most pressing necessity facing their organisation (Ministry of Culture and FINETER, 2019^[15]). The mapping exercises also suggest some actors lack capacity to contract services, and may face difficulties commercialising their products. Capacity building programmes performed by the National Training Service

(SENA) are providing initial solutions for this group, support through dedicated financing programming may offer ways to build long-term capacity.

Reinforcing outreach to investors may also help adapt financing to the needs and specificities of creative firms. Nationally, an Orange Bonds programme (*Bonos Naranja*) helps attract investors to creative economy initiatives through financially attractive public bonds. Locally, the Nodes and Tables strategy, aiming to create local governance structures based on the “quadruple helix”, complements the new financial tools deployed to involve the private sector in discussion around local creative economy initiatives.

2.2.3. Cross-cutting policy is helping attract public and private funds to cultural infrastructure, though structural conditions challenge some rural areas

Infrastructure (iii) entails policies to develop cultural infrastructure and public goods for sectoral development. The Orange Economy policy deploys specific policy initiatives to accelerate creative economy infrastructure development. Through this line, Colombia plans new physical infrastructure projects and develops public goods needed for the creative economy, this can range from cultural spaces such as theatres or concert halls, tourism infrastructure, as well as tools needed for cultural training and education.

The infrastructure line is particularly transversal for its use of instruments across government, such as funding mechanisms from the Ministry of Commerce, Industry and Tourism. This has included links with funding instruments such as FONTUR, a tourism fund within the Ministry, or the State’s General System of Royalties (SGR), which provides funding for culture from the country’s natural resource extraction. Colombia also created new funding lines within the State’s Territorial Development Bank (Findeter), specifically to fund cultural infrastructure in territories that submit requests. Colombia encourages territories to develop creative districts, Orange Development Areas (ADN)¹⁴ including through a specific tax incentive for infrastructure development, Works for Taxes (*obras por impuestos*), which allows ADN investors to pay taxes in the form of infrastructure investment. A subject of a detailed discussion in Chapter 3, creative districts reveal a push to encourage local governments to reflect on competitive creative clusters.

Rural and less populated areas have a rich cultural offering that may be further valorised through strong infrastructure. Throughout ADNs outside of major urban areas, local governments are leveraging heritage and tourism to develop creative districts, though infrastructure may be needed to connect sites. Local development conditions, however, can pose a structural challenge in certain areas in order to benefit from the cultural infrastructure lines. Colombia’s Department of National Statistics (DANE), estimates that 24% of Colombia’s population lives in rural areas, while over 80% of Colombia’s territory is rural (Ministerio de Vivienda, 2021^[16]). Development patterns in Colombia are characterised by dense urban centres with poorly connected surrounding rural areas (OECD, 2014^[17]). Coordination between infrastructure projects, particularly linking urban cores to rural peripheries, may facilitate access to and development of cultural infrastructure in those areas facing relative isolation. Use of rural planning instruments such as territorial pacts (*Pactos Territoriales*) may offer new policy synergies.

The Ministry of Culture is engaged in capacity building missions within small municipalities, though untapped policy synergies may exist. Chapter 3 provides examples of capacity building missions carried out in rural areas or small municipalities by the Ministry. An opportunity, for example, may involve including the Ministry of Agriculture and Rural Development within the National Orange Economy Council (CNEN). Certain municipalities have recognised that extending cultural initiatives to less urban districts may also reduce unequal access. A study on rural cultural policies in Norway suggests community-building, local heritage and democratic decision-making may be particularly important factors to develop a locally driven cultural policy in rural areas or small towns (Lysgård, 2016^[18]). Although different socio-economic situations should relativize comparison, Colombia’s municipal cultural councils may be well placed to adopt a community-led approach due to their diverse composition across the quadruple helix (see 2.3.2 for policy

considerations). Reinforcing the capacity and centrality of councils in rural or less populated areas, and in particular their capacity to dialogue with State actors and other municipal government departments, may offer an avenue for local cultural projects to connect with physical infrastructure or public investment instruments from across government.

2.2.4. Programmes cater to a diverse group of entrepreneurs, while social protection for creative workers gains policy traction

Through an **industry** (iv) line, Colombia's sets out entrepreneurship policies for creative economy actors. Entrepreneurship policies are carried out through strategic partnerships with Orange Economy Council members, such as National Training Centre (SENA) or iNNpulsa, the innovation agency of the Ministry of Commerce, Industry and Tourism. Specific entrepreneurship policies include workshops to train sectoral actors on financial management, such as the *Sacúdete Crea* centres for youth entrepreneurship, or the Entrepreneurship Fund (*Fondo Emprender*) of the National Training Service (SENA), a main source of business capacity building programmes. The Entrepreneurship Fund is a particularly important source of entrepreneurship support due to SENA's presence across Colombian regions.¹⁵

The Ruta Naranja programme is a source of potential policy expansion. The programme has sent experts throughout Colombia's territories to train, advice and provide technical assistance in the creative economy, meeting a key capacity need for creative producers in remote or isolated areas. Industry support also includes programmes to support internationalisation and cultural tourism through Colombia's National Tourism Fund (FONTUR). Entrepreneurship programmes have been implemented to cover a host of needs in tandem with other CNEN actors, they are discussed in greater depth in Chapter 4.

A strategic orientation of entrepreneurship policy in Colombia involves workers in the crafts and trades. The State runs a group of initiatives with Artisans of Colombia (*Artesanías de Colombia*), a craft promotion body of the Ministry of Commerce, Industry and Tourism. Artisans of Colombia has been a key partner for the Orange Economy policy across different areas, highlighting the particular policy attention brought to the crafts sector. For example, policy enabled collaboration between the Ministry of Commerce, Industry and Tourism and ProColombia to support a web map for tourist engagement with territories where traditional crafts are produced.

In 2022, a major policy advance includes the Law of Traditional Crafts (Ley de Oficios 2184). This has been part of Colombia's efforts to structure training for crafts in order formalise the sector and lever its role as an agent of local development. The legislative act created a National Council for the Development of Trade Activity (*Consejo Nacional para el Desarrollo de la Actividad Artesanal*), a National Single Registry for Trade Workers (*Registro Único de Artesanos de Colombia*) and a Network of Trades Peoples and Traditional Crafts Workers (*Red de Pueblos Artesanales y de Oficios*). They all give impetus to the strategic development, formalisation and promotion of this subsector. The law also mainstreams the teaching of traditional crafts in formal primary and secondary education.

Social protection for creative entrepreneurs and workers has been rising on the policy agenda. Many creative economy entrepreneurs faced unprecedented hardships as the venue-based sector underwent prolonged closure (OECD, 2020^[19]). In 2018, Colombia extended the Periodic Economic Benefits (BEPS) programme to creative workers, known as "Orange BEPS" (IISA, 2018^[20]). BEPS is a 2015 social security administration (Colpensiones) programme that provides an alternative to self-employed workers not making pension contributions in a traditional employment relationship. Self-employed workers contribute capital to an account on a voluntary basis, providing them with a bi-monthly sum for life when they reach retirement age. Subnational governments, who can draw 10% of revenue from the Procultura levy, administer BEPS funds.

The BEPS system incentivises contributions as a favourable formula and is applied to initial savings made. By 2022, BEPS's expansion to cultural workers reached 783 municipalities out of 1 013 in 24 of 32

departments in Colombia.¹⁶ By 2022, COP 293 378 million have been disbursed to benefit 11 369 creators and cultural managers through both BEPS modalities, 10 400 in the form of bi-monthly payments for men over 61 and women over 56 years of age (*anualidad vitalicia*), and 969 as disbursements for a savings incentive (*motivación al ahorro*).¹⁷ Subnational governments decide benefit amounts for savings incentives, which are made to cultural workers as they contribute to BEPS before retirement age. The State complements this modality through a 20% incentive on savings, and a life insurance scheme if yearly savings reach COP 200 000 (Barranquilla City Hall, 2020^[21]). Although BEPS does not provide a full pension to creative economy workers, the sum it provides is an initial step towards more comprehensive coverage. Programmes such as BEPS have arisen to take into account high levels of informality among Colombia's creative economy workers, allowing individuals to contribute independently of their employment status.

Structural challenges such as high levels of informality and wealth inequalities in Colombia make social protection reforms the purview of a broader policy agenda. Ongoing reforms to universalise social protection, however, can consider steps to ensure creative workers are integrated into programmes that provide protection against life course risks. International experiences may offer examples of interest for Colombia to consider as choices are made regarding the social protection of creative economy workers. In Argentina, creative workers have been mainstreamed into the general social security system through specific legislation (Box 2.10). In France, the State developed specific hybrid schemes for the protection of creative workers that are tailored to their working conditions while ensuring social insurance. As across OECD countries, challenges remain to ensure social protection for creative workers encompassing adequate protection against social risks, such as unemployment, old age and occupation health and safety.

Box 2.10. Social security and labour protection for creative workers in Argentina and France

Argentina and France take different policy paths to lift social protection for creative workers

Countries have taken different approaches to ensure artists and cultural workers benefit from equal social protection as others in the world of work.

Argentina mainstreams cultural workers into the existing social protection system. The country passed laws to help actors, singers and other cultural workers benefit from a fair estimate of working years to the country's social security system. Argentine legislation accounts for the project-based and fluctuating nature of creative work by making conditions to qualify for social security adapted to creative work. The Actors law, Law No. 27.023, states that 120 days of work for this group of workers will represent one year of service for social security. Laws in Argentina also qualify all cultural workers as dependent workers, thus extending labour legislation to this group. Consequently, cultural workers in Argentina can benefit from stronger labour protections than self-employed workers.

In France, a special code within the social security system has been developed for creative workers. Like in Argentina, the French system is advantageous for creative workers as it recognises fluctuating social security contributions. France's insurance against old age for cultural workers is also unique as it collects contributions from this type of worker, and their employer, in addition to payments received through other sources of income common to creative workers, such as royalties, copyright fees or commissions. In 2018, the social security administration collected nearly EUR 300 million in total contributions. Accredited bodies, such as the Association for the Management of Social Security for Writers (Agessa), tailor contribution rules more specifically to different types of creative workers. For instance; authors, can choose to declare their insurable income contributions on three different types of income depending on their preference and specific situation, monthly copyright income, non-commercial benefits or total turnover. France also makes supplementary pensions available for different groups of creative occupations through the National Fund for Complementary Retirement for Artists-Authors (IRCEC).

Source: (Galian, Licata and Stern-Plaza, 2021^[22]), Social Protection in the Cultural and Creative Sector: Country Practices and Innovations, ILO Working Paper 28 (Geneva, ILO), https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---sector/documents/publication/wcms_781638.pdf.

2.2.5. Creative economy policy engages along the value chain, though reinforcing focus on cultural participation can amplify impact

Integration (v) policies increase circulation of cultural and creative goods and services, targeting a specific value chain link. This includes both nationally oriented and international initiatives. Nationally, the framework has seen the Ministry of Culture develop initiatives to support value chain linkages beyond production, such as distribution and consumption. These initiatives have often been prepared in partnership with strategic market institutions. For example, Colombia has strengthened distribution channels for writers and editors through the "Colombia reads" (*Colombia lee*) digital platform. The initiative, run in conjunction with the Colombian Books Chamber and Idartes, Bogotá's art institute, the Ministry of Culture created this online market platform as a circulation space to buy and sell books.

Internationally, Colombia's export and FDI promotion body, ProColombia, has developed multiple activities to support creative economy actors. The body provides targeted FDI and export support through trade missions, networking events, expositions or roundtables to display Colombian firms to potential investors, or position creative economy exports in international markets. Examples from across ProColombia's activity portfolio have included foreign market research to better leverage international

tourism markets, the promotion of Colombian cultural events within the *Marca País* national branding strategy or participation in multi-sector trade events outside Colombia.

Integration policy has engaged multiple policy efforts related to expanding tourism potential based on identified cultural assets. The Ministry of Culture engages the Deputy Ministry of Tourism to support joint commercial initiatives or projects, such as the “Colombia at the table” (*Colombia a la mesa*) strategy to promote Colombian gastronomy to potential visitors. Integration has also included efforts to develop and promote the Colombia’s gastronomic production, particularly for tourism. For example, the 2021 Law of Viche (Ley 2158) provided protected heritage status to *Viche* alcohol, with strong links to the Afro-Colombian community of the Pacific coast. Orange Development Areas (ADNs) offer strong articulation potential with the value chain approach of the integration line, to strengthen the circulation and commercialisation of creative economy goods and services.

Cultural participation

National plans to raise readership and library capacity are potentially replicable programmes to raise cultural participation. Cultural participation relates to the ways and forms individuals access or create cultural goods and services (OECD, 2022^[23]). The creative economy policy includes a volley of educational policies that increase engagement of people in preschool to secondary school in culture. For example, Colombia has created pedagogical and curricular guidelines for artistic and cultural education in primary and secondary school. Policies to support citizen participation in culture after secondary school, particularly to those facing obstacles, offers potential to further raise social impact while stimulating demand for the creative economy. The country’s history with cultural participation policies offers experience to replicate or innovate, such as through policy links with new areas including health and well-being, or rehabilitation of those in the criminal justice system.

The New European Agenda for Culture may provide policy perspectives for Colombia in the field of cultural participation. The New Agenda emphasizes links between cultural participation and specific inclusion-oriented objectives (Box 2.11). Colombia is pioneering a transversal policy to support entrepreneurs along the value chain, strengthen an ecosystem and generate new information. Demand-side policies may constitute a complementary area for cross-policy development. Cultural participation policies can help raise participation in key areas of creative economy development, such as raising domestic engagement in Colombian art, as well as benefiting from positive social crossovers from culture’s links with social policies. In France, for example, the Ministry of Culture collaborates with the Ministry of Health to run a common policy for access to arts and culture for those in the medical system, a link which has been fruitful to fight isolation of those in retirement homes (French Ministry of Culture, 2022^[24]). On a local level, across the OECD, examples are growing of new policy links between culture and social policies (OECD, 2022^[23]). In Montreal, Quebec, Canada, museum visits are encouraged for those over 65 suffering from mental or physical illness (France Culture, 2018^[25]). **International practice supports recommendations in Chapters 1 and 3, which suggest ideas to advance cultural participation in Colombia.**

Box 2.11. The New European Agenda for Culture, 2018-2022 includes policy lines for cultural participation

The EU's latest cultural agenda encourages coordinated policy actions to support culture's social and economic dimensions

The New Agenda is meant to give EU Member States policy direction and coherence to mobilise the cultural and creative sectors in the Union's 27 Member countries. Three over-arching objectives guide the EU's cultural agenda, merging both cultural policies and policies supporting the cultural and creative industries. The Agenda considers the following objectives for cultural policy across the EU:

- Social objectives: Supporting culture and cultural diversity for social cohesion and well-being
- Economic objectives: Mobilising culture-based creativity for education, innovation, jobs and economic growth
- The EU's external action: Strengthening cultural relations between the EU and outside countries.

The New Agenda places specific emphasis on cultural participation. The Agenda quantifies some of the positive effects of citizen participation in culture, such as Eurobarometer data that reveals 71% of Europeans agreed living in places close to cultural heritage sites could improve quality of life. The European Commission also cites data that suggests cultural access as the most important determinant of psychological wellbeing, other than the absence of illness. Cultural participation also has a role in facing challenges confronting the European Union, such as the integration of migrants or an ageing population through its ability to bring people together, empower individuals and promote understanding.

The Commission, however, notes that over a third of Europeans do not participate at all in cultural activities. Important financial and social obstacles prevent a large share of the population from participating in cultural activities. The Agenda calls for a new approach to cultural participation policy, based on cultural capability. According to this approach, States can make a host of cultural activities available, put in place specific pathways for disadvantaged parts of the population to participate and tighten connections between cultural and fields such as education, social affairs and innovation.

The Commission is launching specific initiatives to raise cultural participation in new ways. The body is supporting new research on the cross-over potential of culture, or its ability to impact in new fields such as health and wellbeing. The Agenda is also mobilising funds through programmes such as Creative Europe to put in place a programme on cultural participation in cities.

Source: (European Commission, 2018^[26]), A New European Agenda for Culture, COM(2018) 267 final, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018DC0267&from=EN>.

2.2.6. Colombian skills policies recognise creative economy needs

Colombia implements policies for **inclusion** (vi) based on skill development and education. Creative economy policy is also harmonised with education policies that reinforce the artistic and cultural exposure of children and youth, comprising a push to reinforce cultural participation in the country. The Ministry of Education has paired up with the Ministry of Culture to update pedagogical and curricular orientations to reinforce the role of creative, artistic, cultural, technological and socio-emotional competencies.

The Ministry of Labour's National Training Service (SENA) tailors its course and programme offering to the creative economy. SENA is a particularly strong partner for developing the creative

economy in rural areas and small municipalities due to its presence across Colombian territory (2018). In 2018, SENA leadership aimed to reach 7 million individuals with the institution's programmes (SENA, 2018^[27]). Channelling a training offer through SENA is way to reach a large share of the population, and mainstream creative economy training to wider labour priorities such as skills certification, upskilling and formalisation.

SENA's offer has evolved to include a greater number of courses related to cultural enterprise or geared towards prospective cultural and creative workers. SENA has led or contributed to multiple initiatives to develop the skills dimension of Colombia's creative economy strategy, including the following:

- Integration of SENA regional offices into local creative economy governance, such as Nodes;
- The integration of technical training in creative economy skills within dual degree programmes within secondary education;
- The deployment of the Entrepreneurship Fund for creative economy entrepreneurs;
- Collaboration with DANE to harmonise Colombia's CNO (National Classification of Occupations) with ISCO; integration into the Single Classification of Occupations for Colombia (CUOC);
- Ongoing efforts to certify skills in culture and creativity learned outside of formal training and education through the Evaluation and Certification of Labour Competences (ECCL) group, specifically in sound and circus arts;

A National Qualifications Framework (MNC) catalogues creative economy skills. This cataloguing has contributed to a group of initiatives. Colombia provides technical support to universities to create new or adapt existing programmes based on the framework. Colombia is also leveraging the qualification programme to consolidate the National System of Artistic and Cultural Education (SINEFAC), which will help certify skills acquired outside of formal education or training. Based on the MNC and SINEFAC, Colombia is also developing its course offering within Education for Work and Human Development programmes (ETDH), a system of certificate-based training run by the Ministry of National Education.¹⁸ Work around the MNC in Colombia also benefits from cross-border knowledge transfer through the Cultural Technical Group of the Pacific Alliance.

Creative economy policy links with existing skills programmes in arts and culture through the "Memory in the Hands" (*Memoria en las Manos*) strategy. The strategy is anchored within the National Development 2018-2022 (PND). In particular, this strategy links with the successful "National School Workshop: Tools of Peace programme" (*Programa Nacional Escuela Taller: Herramientas de Paz*) (DNP, 2018^[28]). Run by the Ministry of Culture since 2009, the programme mobilises traditional craft (*oficios tradicionales*) workers to train vulnerable individuals such as youth, women and victims of armed conflict in their profession. The "School Workshops" are a place for training, knowledge transfer and production, linked with local knowledge.

Colombia reinforced the landmark Workshop School programme under the PND 2018-2022. Colombia created four new Workshop Schools in regions where traditional trades may be at risk (DNP, 2018^[28]). Under the PND, Colombia also created 200 "Workshop School" (*Talleres Escuelas*) that work as satellite to the Workshop Schools. The complementary programme helps graduates start their own business in the traditional trades, offering services such as seed capital and credit. An Orange School Workshop (*Escuela Taller Naranja*) was also created under the PND as a central entrepreneurship hub for programme graduates to further consolidate their entrepreneurship skills in traditional crafts. Another example of crosscutting policy involves the development of a standard of good practices for the hygiene of traditional foods for gastronomy entrepreneurs through dialogue between the Ministry of Culture, the Ministry of Health and a national institute responsible for drug safety (Invima).¹⁹ Going forward, harmonising the qualifications established by the Workshop Schools programme with those of the Ministry of Labour and the Ministry of National Education may offer perspectives for the programme to dispense a range of qualifications.

2.2.7. Cultural policies present synergies with the creative economy

Finally, **inspiration** (vii), aims to raise the quantity and quality of creative and cultural content. Colombia reinforced and added new orientations to the country's two capstone grant programmes for cultural producers, the National Stimulus Programme (PNE) and the National Concertation Programme (PNC). In 2022, for example, the stimulus programme included four application areas, creation, training, circulation and investigation (Ministry of Culture, 2022^[29]). Under the Orange Economy policy, Colombia also supported traditional public funding mechanisms outside the Ministry of Culture, such as the Film Development Fund (FDC), which suffered a fall in funding in 2020 due to COVID-19.

The inspiration line also connects with competitive grant programmes outside culture. For example, Colombia created a joint initiative between the Ministry of Culture and the Ministry of Technology, Innovation and Sciences, the "Create Digital" programme (*Crea Digital*) for digital content production. The framework also set to use copyright as a lever of creative development through a host of specific programmes. The inspiration lines makes key links with Colombia's traditional grant-based programmes for cultural production, creating potential to further leverage synergies with cultural policies.

Intellectual protection is also growing for creative economy production (National Council of the Orange Economy, 2019^[1]). In 2019, Colombia passed a Copyright Law to update and reinforce protections for producers. In 2019, cooperation between the public craft association of Colombia (Artesanías de Colombia) and the National Copyright Department (DNDA) yielded new protections for traditional products, including eleven for artisanal products and three for gastronomy (National Council of the Orange Economy, 2019^[1]). Finally, in 2021, the National Social and Economy Council (CONPES) passed a national intellectual property policy, reinforcing intellectual protection for producers across the economy. Traditional handicrafts and cuisine have been the particular focus of efforts.

Initial output indicators show creative economy policy may be having an impact on intellectual property registration. National Orange Economy Council (CNEN) actors organise a virtual platform, seminars, talks and conferences on copyright and intellectual protection issues. In 2019, 16 266 people benefited from these capacity building programmes, while in 2019 alone, 86 250 works, acts and contracts were registered within the DNDA (CNEN, 2020^[30]). Potential may exist to further inform actors of their intellectual property rights by reinforcing information and registration assistance within existing capacity building structures, such as SENA programming, Workshop Schools or iNNpulsa programmes.

Colombia's cultural policies offer synergies with the creative economy. The wealth of cultural policies, often engaging vulnerable populations, empowering indigenous people or fostering democratic values and reconciliation offer opportunities for policy learning outside Colombia.²⁰ Cultural policies in Colombia go through a vulnerable population "screening" to ensure policies reach low-income territories and ethnic minority populations. The population lens may offer policy expansion opportunities for creative economy tools that are reaching high numbers of creative producers, but may struggle to reach certain vulnerable groups.

Within the Ministry of Culture, a Populations Department (*poblaciones*) is dedicated specifically to formulating programmes for vulnerable groups. In 2020, for example, the Ministry of Culture ran the "Women Narrate their Territory" programme (*Mujeres Narran su Territorio*), providing tools for vulnerable women to generate written production based on stories of place. In 2020, in response to COVID-19, the Ministry of Culture also opened the *#ComparteloqueSomos* programme for new grant based funding, providing COP 24 000 million for cultural producers with specific territorial and ethnic dimensions (Ministry of Culture, 2020^[31]). Those cultural producers that are recipients of cultural policies may offer links to benefit from creative economy policies to raise the sustainability of cultural production. Links may be strengthened, for example, between the cultural production resulting from cultural policies, and the internationalisation tools provided by the Ministry of Commerce, Industry and Tourism.

2.3. Policy considerations

2.3.1. Consider reinforcing information channels between creative economy actors and government

Creative economy policy has brought a needed focus to gathering information on the creative economy. Policy precision and potential is expanding as a result, crucially for local governments to formulate relevant local policies to support the local creative economy. The high level of uptake of public financial opportunities among creative entrepreneurs also reflects policy reach. The low engagement in creative economy opportunities among some rural or less populated communities or vulnerable groups, however, reveals an opportunity to refine communication tools.

The rise of territorial observatories in Medellín and Cali is already drawing civil society, business and academics outside Bogotá to local policy discussion. Small-scale observatories in smaller urban areas, for instance in the capitals of departments, may help engage with new actors. Targeted communication campaigns for actors with low digital access or outside urban centres may also constitute a policy option. Strengthening programmatic links with the national cultural system (SNCu) may also be an opportunity further disseminate information on the creative economy and its opportunities.

In rural areas or small municipalities, policy reach may require bringing policy closer to residents. Initiatives such as the National Programme of Itinerant Libraries (*Programa Nacional de Bibliotecas Itinerantes*), in which public library satellites provide services to the population, or the *Ruta Naranja* programme, which involves itinerant entrepreneurship assistance, provide policy experience for Colombia to potentially replicate.

2.3.2. Explore potential synergies between rural policies and the creative economy to build local government capacity

The Ministry of Culture engages in a host of capacity building programmes for local governments in rural areas or small municipalities. A dedicated Deputy Ministry for Regional Development within the Ministry advises and provides support to cultural councils and local administrations. Under the Orange Economy policy, the nodes and creative agenda strategies help local governments create sound governance structures to seize opportunities. OECD field interviews suggest these policies have an effect to reinforce governance. As a structural challenge, capacity building in rural areas is a long-term process requiring continuous investment. Creative economy policy cannot surmount the complex challenges associated with asymmetric local government capacity in Colombia, though its actions can embed themselves in wider State efforts to build subnational capacity across policy areas. Lateral thinking at the local level, as exists within the national creative economy policy, may help yield new synergies that may not require large-scale resources.

Existing tools offer the potential to be further mobilised to build capacity in the area of culture. For example, across Colombia, decade-long cultural plans may be a promising tool to reinforce strategic foresight of, give continuity to and reduce the high level of politicisation of creative economy policies. With greater sectoral information, competitiveness commissions (CRC), engaged in Nodes and Creative Agendas, may also be able to mainstream and increase policy continuity. Municipal cultural plans offer the potential to reinforce the role of municipal culture councils in cultural policy planning.

Municipal culture councils may provide a fruitful avenue for capacity building projects as they are often composed of actors from across the quadruple helix. In Piedecuesta, Santander, field research suggests the municipality was able to engage members of a more isolated agricultural population group in a degree of cultural activities, such as presenting agricultural and artisanal products in public contests, or by engaging individuals during livestock fairs or other community events (Pérez Pinzón, 2019^[32]). Many of

the municipality's most impactful actions were associated with coordination within the municipal culture council and guidance provided by the decadal cultural plan.

Stronger links with existing regional development tools may be a promising avenue for creative economy development. For example, joint projects across municipalities through existing rural development instruments, such as Administrative and Planning Provinces or Regions (*Provincias Administrativas y de Planificación*), may offer perspectives to pool resources for cultural infrastructure, common tourism corridor projects or cultural heritage management when funding gaps exist or synergies are possible. In municipalities far from urban hubs and departmental governments, the OECD has also identified the role of territorial pacts, or agreements between levels of government, to advance projects linked to the national development plan (PND).

2.3.3. Continue building an adapted social protection system for creative workers

The COVID-19 crisis revealed the difficult socio-economic situation of creative workers across OECD countries. The OECD has explored employment in the creative economy (OECD, 2022^[23]) noting that non-standard work is relatively higher in the creative economy compared to the rest of the economy. This includes jobs other than full-time salaried work, such as fixed-term contracts, self-employment or part-time work. This type of contractual arrangement tends to be more precarious than other types due to lower contract stability, fluctuating income and weaker access to social protection.

The extension of BEPS to creative workers opens the way to better social protection. Structural labour market conditions in Colombia make the expansion of social protection for creative workers a gradual process. A high level of labour market duality pose obstacles to adapting Colombia's protection system to universal coverage, though social protection is evolving to meet challenges.²¹ Those challenges faced by creative workers across OECD countries may be particularly noted in Colombia due to high levels of informality and growing levels of self-employment in this group (see Chapter 1). The expansion of the Periodic Economic Benefits programme (BEPS) to creative workers is a strategic step in integrating this group into a social insurance programme for old age. In 2021, the Ministry of Culture noted over 11 369 cultural workers had already benefited in 783 out of 1 103 municipalities, revealing early signs of impact. Colombia could reflect on strategies to systematise registration in BEPS in tandem with subnational governments, for example when creative workers register their activities through *SoyCultura*, or through the multiple creative economy programmes involving craft workers.

As the creative economy grows, policy examples from across the OECD could provide interesting policy insight for best adapting social protection systems to include creative workers. In Argentina, working hour conditions for social security inclusion are adjusted to the specific working arrangements of creative workers, which may record less consistent hours due to the nature of project-based and intermittent work. In Colombia, such a scheme may be considered as BEPS registrations grow, and based on the long-term evolution of the broader social security system. Colombia could consider mirroring the inclusion of creative economy workers in BEPS to other social insurance programmes, such as those destined for unemployment insurance or occupational health and safety. The creative economy policy is well placed to reflect on these policy orientations due to the inter-Ministerial approach of the creative economy strategy. Indeed, Colombia could consider broadening the National Council of the Orange Economy (CNEN) to include the Ministry of Health and Social Protection to encourage dialogue between social protection administrations and others involved in the creative economy.

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Notes

¹ See, in particular, Articles 70-72 of the 1991 Constitution highlighting Colombians' right to culture.

² A group of decrees, such as Decrees 468 (2020) or Decree 475 (2020), also expanded financing sources for the Orange Economy (see Chapter 4).

³ See for more details:

<https://economianaranja.gov.co/media/hzipmasi/documento-conpes-4062-de-2021.pdf>.

⁴ Article 1 of Decree 1935 (2018) defines its role as as “organismo asesor y consultivo del Gobierno Nacional, encargado de formular lineamientos generales de política y de coordinar las acciones interinstitucionales necesarias para la promoción, defensa, divulgación y desarrollo de la economía creativa”.

⁵ Department will be used throughout this report to refer to the *departamento* administrative level.

⁶ Law 715 (2001) and Law 1185 (2008).

⁷ Please see (OECD, 2019^[8]) and (OECD, 2014^[17]) for more details on Colombia's multilevel governance system.

⁸ Information provided by the Colombian Ministry of Culture.

⁹ Nodes often work at the departmental level, while Tables concern a more local administrative level, such as neighbourhoods, and can be more adapted to less populated territories.

¹⁰ See Chapter 3 for a discussion of the role of Nodes and Tables in ADNs.

¹¹ Information provided by the Colombian Ministry of Culture.

¹² See *Comprehensive Policy of the Orange Economy* for a conceptual basis of creative economy policy (National Council of the Orange Economy, 2019^[11]).

¹³ Note: Second tier bank, though first tier lending capabilities have opened since legislation passed during the COVID-19 pandemic modified the bank's lending options.

¹⁴ ADNs are the focus of an in-depth discussion in Chapter 3.

¹⁵ See Chapter 4 for discussion on SENA's Entrepreneurship Fund.

¹⁶ Data provided by the Ministry of Culture.

¹⁷ Ibid.

¹⁸ ETDH constitutes a public lifelong learning offer meant to complement formal education and provide certifications.

¹⁹ Colombia's National Development Plan (DNP) details all policy links made under the Memory in the Hands strategy (DNP, 2018^[28]).

²⁰ Certain Colombian cultural policies have gained international recognition. In 2020, for example, the Paris Peace Forum selected the National Music Plan for Co-existence (Plan Nacional de Música para la Convivencia) as a best practice (Ministry of Culture, 2020^[54]).

²¹ See, for example, (ECLAC, 2015^[55]) for a historic overview of advances and challenges facing social protection in Colombia.

3. Creative district policy in Colombia

This chapter reviews Colombia's creative districts policies. A pioneer in the OECD, Colombia's national creative district strategy encourages subnational governments to develop cluster-based comparative advantage in the creative economy. The Ministry of Culture is helping build local government capacity to govern, finance and administer districts. In rural areas and less populated municipalities, heritage-based districts are growing, though governance challenges exist. Mainstreaming creative districts into local policy agendas is an opportunity to harness them for development. Municipal funding drives districts revenues, though financial diversification needs are growing.

In Brief

In Colombia, policy supports creative districts as tools for local development

- A pioneer among OECD countries, Colombia introduced a national strategy for creative districts, known as Orange Development Areas (ADN). When an ADN is declared through local legislation, Colombian law can provide district investors with a deduction in an investor's tax base equal to 165% of the amount invested or donated. Creative districts encourage territories to draw on broader policy planning and reflect strategically on comparative advantage. In 2022, 96 ADNs existed in 50 Colombian municipalities.
- National capacity building tools accompany subnational governments as they develop creative districts. The Orange Economy Nodes and Tables strategy accompanies local governments to build inclusive governance systems. Creative Agendas serve as roadmaps for local governments to develop the ecosystem around districts.
- Some districts are specialising, while others focus on leveraging spillovers between value chains in different sectors. In Cali and Ibagué, ADNs La Licorera and Capital Musical strengthen municipal support around existing clusters in the performing arts and music respectively. In Bogotá and Medellín, meanwhile, ADNs such as the Science, Technology and Innovation ADN or the Perpetuo Socorro districts, respectively, aim to stimulate innovation across sectors.
- ADN policy allows municipalities facing socio-economic challenges to deepen strategic thinking on the links of their tourism with cultural heritage. 35% of ADN's declare cultural, heritage or environmental tourism as their main purpose. In San Jacinto, Bolívar, Colombia the Ministry supported the creative district by providing musical instruments, recording equipment and teaching materials through the Music in Movement programme. Valledupar, Cesar has developed three ADNs to attract tourists to heritage sites, drawing private financing.
- **Based on international practices, the following policy perspectives emerge as ADNs develop:**
 - Local governments seize the opportunity brought by creative districts, but strengthening links with municipal policy may offer synergies between policies and reinforce policy continuity. Encouraging district inclusion in dedicated municipal culture plans may help foster long-term strategic thinking around ADNs. Inter-municipal cooperation may be an opportunity to embed districts in department-level planning, and coordinate strategy more broadly.
 - Governance design is an opportunity to further include creators, investors and citizens in district development. Initial data on ADNs reveals artist representatives are rarely involved in district management, with national and municipal governments driving decision-making.
 - ADNs are an opportunity to drive cultural participation through local actions. ADNs could be encouraged to integrate specific cultural participation plans into their broader strategies to increase citizen participation in ADN activity.
 - Diversifying financial resources available to districts could provide greater financial sustainability. According to a survey of Colombia's districts, 23% listed external financing as the area of greatest focus, the highest of any priority. Tailoring Colombia's tax incentive for creative districts may offer avenues to provide more adapted offering to local entrepreneurs and investors. Stronger links with existing creative economy instruments offers further perspectives.

3.1. Why creative districts?

Cultural and creative sectors tend to “cluster” in certain places, and these clusters can promote local growth. Cultural and creative clusters tend to arise in certain locations where there is a history of cultural and creative practice or a strong cultural heritage, which is further reinforced by strong institutional governance (Lazzeretti, Capone and Boix, 2012^[1]). These clusters often build organically on existing competences and the image of a location to attract further talent, building dense networks of cultural and creative workers and firms, which benefit from agglomeration effects, such as shared infrastructure, knowledge spillovers and a dynamic labour pool, supported by freelance creative workers (Scott, 2006^[2]). While creative clusters tend to be associated with large cities and urban areas, smaller “microclusters” can also be found in rural and peripheral areas, with recent research suggesting that the determinants of clustering is broadly similar for both urban and rural geographies (Velez et al., 2022^[3]).

Governments can encourage the formation of creative clusters through targeted strategies and the formalisation of creative district policies. Formal creative districts differ from more general creative clusters in that they generally refer to neighbourhoods or areas which benefit from some form of policy recognition or intervention in their maintenance or development. Much like in broader creative clusters, creative districts can drive local regeneration, create wealth and jobs, contribute to place making and have positive spillover effects (such as knowledge and innovation) to other industries through social networks, labour mobility and supply chains.

Cities and regions have been experimenting with creative district policies for decades. In the past the most prominent local culture-led regeneration initiatives were often designed around a high-status cultural institution (e.g. a museum or theatre). With the recognition of the economic and social impact of cultural and creative sectors, many local governments focus their regeneration strategies around the development of cultural and creative districts as spaces for creative production. Strong institutional support and a tailored approach to creative district policy is fundamental to developing either cultural amenity led or industry led creative district programmes (Santagata, 2002^[4]).

Local governments can use a range of mechanisms to support creative district policy (OECD/ICOM, 2019^[5]). This includes investing in cultural infrastructure, affordable housing requirements, subsidising rents on workshop space in cultural districts for artists, artisans, and designers, and aligning innovation, start-up and business development services to the needs of creative sector professionals. These efforts aim not only to support an innovative work force, but also to change the identity of the place as creative and modern, attracting further talent and investment. In addition, the recognition of the benefits of cultural participation has led many local governments to seek to widen access to and participation in the arts, support local cultural production, and utilise heritage and the arts to strengthen community identity. For example, local governments in many cities have turned vacant properties into community cultural centres, funded arts education, and stimulated interest in local heritage and culture.

Creative districts can transform local areas, but there are also risks associated with their development. Projects that lead to a massive increase in tourism or that cater to high-income consumers may have negative effects. Without proper planning, these and other factors can contribute to population displacement and gentrification and the crowding out of artists and creative sector professionals through increased property and rent prices (Zukin and Braslow, 2011^[6]; Cameron and Coaffee, 2005^[7]). Moreover, while strong cultural heritage in a region or city represents a significant asset, over commercialisation or “commercial misappropriation” of local cultural heritage can be deeply damaging to local communities (UNESCO and The World Bank, 2021^[8]). These risks need to be tackled by both local governments and cultural and creative stakeholders to ensure that cultural district policies keep the local community, artists and creative sector workers at the heart of regional or city life.

3.2. Creative districts in Colombia

Colombia has pioneered creative district development as part of a national creative economy policy. Creative districts have grown across OECD countries as knowledge, creativity and innovation-based development strategies have gained increasing recognition as drivers of local development. In Colombia, the formation of creative districts, or “Orange Development Areas” (*Áreas de Desarrollo Naranja* - ADN), was a core element of the Orange Economy policy and its role in Colombia’s broader 2018 – 2022 National Development Plan (PND) (DNP, 2018^[9]). The PND emphasizes the potential positive economic, environmental and social effects of creative districts. Specifically, the country’s development strategy recognises districts’ potential to advance urban renovation, economic agglomeration effects, entrepreneurship, creative employment, tourism, heritage promotion, environment protection, knowledge transfer, a feeling of belonging, social inclusion and citizen access to culture and creativity (DNP, 2018^[9]). The PND defines ADNs as delimited geographic spaces recognised through local government instruments or administrative decisions that aim to incentivise and strengthen cultural and creative activities, as defined in the Orange Economy Law of 2017 (Law 1834).

3.2.1. Creative district policy in Colombia

Colombia embeds its creative district strategy within the country’s creative economy policy. Few policy examples exist of countries who have mobilised creative districts in such a systematic way in national policy to achieve creative economy objectives¹. In particular, Colombia stands out among OECD countries for using both traditional tools of industrial districts, such as tax incentives, with a policy toolkit that encourages subnational government to take ownership of creative district development. ADNs are seen as an opportunity to congregate people, ideas, industry and policymakers around creative economy projects that lift innovation, raise artist revenues and generate positive impact on urban renewal (Ministry of Culture and Pontificia Javeriana University, 2021^[10]).

ADNs enable the dynamics sought by creative economy policy, such as innovation, value chain integration, creative entrepreneurship and urban renewal. Creative districts can be a way to leverage greater socio-economic benefits from a geographic clustering process through links with local policies while helping support creative industry competitiveness. Moreover, creative districts in Colombia build on existing competencies and heritage to promote areas of culture most relevant to local communities. For example, in Cali, the municipal government recognised its rich cultural heritage in traditional Colombian dance, salsa and the performing arts. The municipality opened the La Licorera ADN for dance and choreography, a lever for the region’s cultural attractiveness, and for the urban renewal of the neighbourhood (Ministry of Culture, 2020^[11]) (Box 3.1).

By providing a legal framework and presenting policy objectives for districts, Colombia provides policy coherence for its approach across territories. The creative economy is well placed for district-based development as its activities source their competitive advantage from their local social and historic environment (Santagata, 2002^[12]). In this way, district policy encourages the consolidation or leveraging of existing clusters of creative activities, giving rise to a diverse group of districts in Colombia. The literature has produced ideal types for creative districts to characterise their diversity within and across countries. The Global Cultural Districts Network (GCDN), for instance, identifies “bottom districts”, driven by grassroots actors, and “top down” districts in which policy drives cluster formation (GCDN, 2018^[13]).

Policy recognises that ADN development is within the purview of subnational governments and their local partners. The Ministry of Culture has focused its policy efforts on guidance and advice on municipal regulation, governance and financing of creative districts. ADN regulation specifies territorial legal or administrative instruments as the founding legal basis for creative districts. Subnational legal frameworks for districts can include diverse instruments, such as Territorial Ordinance Plans (POT) or administrative decisions. The place-based dimension of Colombia’s policy reflects local policy

responsibilities in heritage preservation, cultural infrastructure, cultural service provision and creative economy development (see Chapter 2).

Two tax deduction instruments stimulate creative district creation. Once an ADN is officially decreed by a subnational government, selected creative economy projects based in ADNs are eligible for the 165% deduction on the investor's tax base of the real invested or donated value, a tax exemption mechanism established by 2019 legislation.² Tax incentives can only be awarded to those initiatives included in the 103 International Standard Industrial Classification (ISIC) codes identified as Orange Economy activities. This tax incentive functions through applications accepted within Colombia Crea Talento (CoCrea), a public-private platform that supports creative economy entrepreneurs, discussed below. The deduction mechanism is not reserved only for ADNs, though projects located within districts receive additional positive consideration when evaluated. Since 2021, this tax instrument is supplemented by a Works for Taxes (*obras por impuestos*) incentive, in which tax paying natural or legal persons can pay up to 30% of income tax (over the accounting equity of the contributor) and selected taxes as investment in ADNs, with deduction and investment requirements established by law (Republic of Colombia, 2021^[14]). This incentive originally applied to those territories most affected by the armed conflict (ZOMAC) and those with high socio-economic vulnerability (PDET).

In 2022, Colombia's territories had created 96 creative districts. Districts concentrate in departments (departamentos) housing Colombia's large metropolises, such as Cundinamarca (34 districts) and Antioquia (10 districts)³. Bogotá contains 15 creative districts recognised by local administrative acts or territorial planning instruments. A share of districts have also emerged in rural areas or smaller communities, particularly those in the relative proximity of economic hubs. The geographic patterns of creative district creation in Cundinamarca in particular reflect this trend. Home of the country's capital, districts in the department have grown in Guatavita, La Mesa, Sopó or Tocancipá, all within 100 km of the capital region. ADNs have emerged in 50 of Colombia's 1 103 municipalities, revealing a degree of geographic spread.

Box 3.1. In Cali, the La Licorera creative district supports national dance and performing arts

The La Licorera project received State and departmental funding for an urban renovation and competitive cluster project

Cali is the largest city in Colombia's Valle del Cauca department, bordering the Pacific coast. Cali is known as a hub of performing arts, such as traditional Colombian dance, represented in a host of festivals, such as the Festival of Salsa, the Festival Mercedes Montañño - Danza for folklore dance, Delirio, Ensálsate, the Guacarí dance festival and the biannual international of dance in Cali. Digital and audio-visual arts as well as fashion are other local strengths to lean on for ADN development. The city houses three ADNs.

The La Licorera dance and choreography centre is a pillar of the ADN's activities. La Licorera seeks to develop a cultural and creative ecosystem for dance and the performing arts, while preserving local tradition. The Ministry of Culture played an important role in its development, investing COP 15 463 million, in addition to funding from the Valle del Cauca government and the national tourism fund, FONTUR. The investment helped convert an abandoned winery into a centre for training, circulation of and entrepreneurship in dance.

State investment in La Licorera may also reflect strategic intention to develop Cali's clusters as part of Colombia's international competitiveness in the performing arts. This approach has already shown results. In 2022, for example, the city hosted "Cali Distrito Moda 2022", an international fashion industry event.

Source: (Ministry of Culture, 2019^[15]), *Se inaugura 'La Licorera', el centro de danza y coreografía más importante de Latinoamérica*, <https://www.mincultura.gov.co/prensa/noticias/Paginas/Se-inaugura-La-Licorera-el-centro-de-danza-y-coreograf%C3%ADa-m%C3%A1s-importante-de-Latinoam%C3%A9rica.aspx>.

3.2.2. National policy builds on the prior experience of subnational governments in Colombia

Creative district policy builds on growing attention to cultural and creative sector clusters in Colombia, particularly through activity in Bogotá. In 2021, the Bogotá city council passed local legislation promoting creative districts as city-wide policy⁴. The capital launched the Bronx Creative District in 2018, with a strong emphasis on urban renovation. Planning around the city's science, innovation and technology district, also declared as an ADN, also began in 2009 (Bogotá D.C., 2022^[16]). The Ministry of Culture's guide for creative district creation was partially based on a roadmap developed by the Bogotá municipal government, reflecting the city's early engagement in creative districts (Ministry of Culture, 2020^[17]). In 2021, the capital city inaugurated a network among the city's 15 creative districts, known as the District Network of Creative Districts.

Creative district policy finds synergies with city-level efforts to develop creative economy clusters. The UNESCO Creative Cities Network reflects efforts made in Colombian cities to promote specific creative economy clusters. Since 2004, this UNESCO network allows cities to participate in international knowledge sharing around municipal creative activity, and converge around good practices. Eight Colombian cities are members of the network for different clusters, including Popayán and Buenaventura for gastronomy (2005, 2017), Bogotá, Medellín, Valledupar and Ibagué for music (2012, 2015, 2019, 2021), Santiago de Cali for digital art (2019), and Pasto for crafts and popular art (2021).

3.2.3. Public policy encourages subnational governments to develop districts as drivers of local development

Cognisant of structural inequalities between municipal administrations, Colombia leveraged the Nodes and Tables strategy as a governance tool to reinforce local capacity to plan and manage ADNs.⁵ Within the multi-level governance framework brought by Nodes, municipalities are encouraged to create adapted governance structures. Involvement from actors across the quadruple helix are a supporting factor for the long-term sustainability of districts by bringing diverse input for financially, socially and environmentally balanced development (see Box 2). To meet these objectives, the Ministry of Culture developed a step-by-step guide for local governments when implementing ADNs (Ministry of Culture, 2020^[17]). The Ministry of Culture encourages local governments to take the following steps:

- Identify tools that give legal force to ADNs and strengthen delimitation and implementation;
- Quantitative sectoral diagnostic;
- Registration of cultural and creative economic activities;
- Capacity evaluation of cultural assets on-site;
- Cluster delimitation;
- ADN declaration;
- Strategies and instruments for district governance;
- Defining priority projects and creative agendas;
- Monitoring and evaluation throughout ADN development.

Creative Agendas have yielded a host of department-level roadmaps which encourage Nodes to reflect strategically on ADN position within a wider policy agenda. In Bucaramanga, Santander's Creative Agenda, for example, the ADN Centro Fundacional Bga is recognised as housing the city's principal administrative services, while integrating activities related to tourism, museums, editing and a historic core for the city (Ministry of Culture and Santander Orange Economy Node, 2020^[18]). Bucaramanga's Manzana Creative Cluster and Metropolitan Tourism ADN, meanwhile, sees the creative district as part of an ongoing effort to create a touristic hub in the city around the Municipal Arts Schools (EMA) and a cultural centre for eastern Colombian culture. Creative Agendas also encouraged subnational governments identify synergies with competitiveness and innovation agendas, tourism corridor projects or registered industrial clusters (Ministry of Culture, 2021^[19]).

For ADNs, Nodes and Agendas are an opportunity to develop inclusive governance structures and reinforce the local ecosystem. The dialogue instigated by Nodes between members of the quadruple helix can generate the base for a governance structure to formulate Agendas, and in turn, an inclusive administrative structure for a creative district. ADNs are also a place where actors within and outside the creative economy can exchange, learn and develop joint initiatives that rely on synergies between different parts of the value chain. The State's role in Nodes and Tables, often through direct representation in Nodes structures, could help link ADNs with broader Orange Economy opportunities. Nodes can function as relay channels to inform entrepreneurs and help them access national creative economy opportunities. The role of the Nodes strategy and Creative Agendas as part of the broader Orange Economy policy is described in Chapter 2.

Box 2. Colombia introduced a multi-dimensional idea of district sustainability

Sustainability entails recognising the capacity a district requires to meet its objectives over the long-term

In 2021, the Ministry of Culture worked with the Pontificia Javeriana University to provide renewed capacity building efforts to Colombia's ADNs. The Ministry of Culture and its university partners define creative district sustainability as the capacity to create, promote, and above all, maintain activities and results in time, aiming to maintain the cultural values and traditions of a community.

Sustainability allows creative districts to foster educational programmes, generate revenue and catalyse urban and environmental renovation to the benefit of ADN stakeholders. Colombia adapts a Global Cultural Districts Network (GCDN) framework to creative district development over time, highlighting the importance of a (i) cultural and creative, (ii) social and educational, (iii) infrastructure and (iv) economic dimensions.⁶

Colombia has introduced capacity-building tools to local government to accompany its holistic sustainability model. In 2021, the Ministry of Culture identified a sustainability roadmap for (*Ruta para la Sostenibilidad*) creative districts, which presents a series of monitoring indicators for district governance, cultural and creative, social and educational factors, infrastructure and economic activity. These indicators are to be measured throughout a district's development, from its structuring phase through to consolidation.⁷ The Ministry complemented these indicators with a capacity-building toolkit and field activities for the country's ADNs. For instance, in November 2021, the Ministry and its university partner organised sustainability workshops for ADN administrators. This approach reflects the country's unique countrywide approach to creative district policy among OECD countries.

Source: (Ministry of Culture and Pontificia Javeriana University, 2021^[10]), *El proyecto de Fortalecimiento de Áreas de Desarrollo Naranja*, Convenio de asociación n°. 4407 de 2021 suscrito entre el Ministerio de Cultura y la Pontificia Universidad Javeriana, https://economianaranja.gov.co/media/uytl3jco/informe_adn_javeriana.pdf.

3.2.4. The Nodes strategy complements the Ministry of Culture's regional development initiatives to reduce capacity gaps for ADN development

The Ministry of Culture engages in regional development policy more broadly. The Ministry of Culture benefits from a dedicated Deputy Minister for Regional Development and Heritage, reflecting attention placed on culture's potential to create jobs, formalise work and draw investment to economically disadvantaged territories. ADN development in rural areas and smaller municipalities faces obstacles, such as high levels of informality or poor infrastructure, structural challenges that can also inhibit other policies. In certain cases, subnational government officials may not have the experience or resources to forge private sector partnerships, invest municipal budgets strategically in ADNs or communicate with citizens on ADN opportunities.

Staff from across the Ministry of Culture regularly consult and advise subnational governments. The Ministry develops joint working plans with local authorities, propose Ministry tools and deliver information on the creative economy through the Regional Development Information System (SIFO). For example, the Ministry of Culture supported San Jacinto by mobilising capacity-building programmes from across the Ministry's policy portfolio. In its regional development mission, the Ministry can mobilise policy tools reserved for territories affected by armed conflict (ZOMAC), such as specific funds and capacity building instruments. In San Jacinto, the Ministry of Culture provided the ADN with musical instruments, recording equipment and teaching materials for the cultural centre through the Ministry's Music in

Movement (*Música en Movimiento*) programme, which has donated musical production equipment to 236 municipal music schools throughout Colombia (Ministry of Culture, 2021^[20]). San Jacinto also benefits from a School Workshop (*Escuela Taller*) programme, known as the Living Museum (*Museo Vivo*), where visitors can see local crafts people at work, reflecting synergies achieved between Colombia's traditional cultural programmes and district policy.⁸

3.2.1. Some subnational governments are mainstreaming ADNs in their policy agendas, though opportunities exist to generalise efforts across Colombia

Some subnational governments in Colombia have integrated creative districts in wider municipal policy. In Bogotá, creative districts are a pillar of the capital's public policy for the cultural and creative economy 2019-2038. In 2021, the city also founded the District Network of Creative Districts, aiming to tighten cooperation between the city's creative districts and the organisations that support their development. In Medellín, the Perpetuo Socorro ADN is a policy tool within the city's Development Plan 2020-2023 "Medellín Futuro" to consolidate the creative economy ecosystem and improve quality of life (Medellín City Hall, 2020^[21]). Similarly, Bucaramanga's Manzana 68 district has embedded its district plans into its Decadal Culture and Tourism Plan.

As districts mature in Colombia, the inclusion of districts in municipal planning instruments can help ensure all policy synergies are explored. These tools also support district continuity can be supported across political cycles. Municipal planning instruments can include decadal culture plans, as well as economically-focused creative economy policy.

3.2.2. Colombian districts are specialising and leveraging spillovers, while districts in rural areas and smaller municipalities harness heritage for tourism

Most Colombian districts house a diverse set of cultural and creative sectors. In Bogotá, in particular, the capital is home to a diverse set of cultural and creative sectors. The capital city has developed twelve ADNs, while the department of Cundinamarca, which houses the capital, contains 34 districts. For instance, the city's Science, Technology and Innovation ADN, still under development, will seek to generate spillovers between technology-intensive sectors and the cultural and creative sector to generate new value added for the creative industries. In Evigado, Antioquia, the Innovation Valley ADN, another innovation-centred district, gathers over 1 500 enterprises from across the cultural and creative sectors. These examples also show how Colombian municipalities have made use of ADN legislation to support existing clusters of creative industries. Similarly, in Medellín, the Perpetuo Socorro district gathers entrepreneurs from a range of sectors, ranging from the visual and performing arts to marketing. The Perpetuo Socorro project also involves a strong urban renovation dimension.

In some cities, existing clusters of creative industries leverage a single or targeted group of sectors. Ibagué, Tolima developed an ADN based on an existing cluster of musical activities. The ADN Capital Musical, for example, is a 25-hectare area in the city's historic centre, including the landmark city institutions such as the Tolima Theatre, the Music Park and the Tolima music conservatory. The ADN is part of the city's branding as a music capital, and complements broader municipal government activities such as the city's musical agenda. In Cali, the La Licorera ADN is similarly anchored around development of dance and the performing arts. The district redeveloped urban spaces into performing arts spaces for a host of activities related to different value chain dimensions, such as learning, research, production circulation and entrepreneurship. The focus of such districts centres on leveraging a clustering effect from within a sector or smaller group of sectors to draw on synergies within a value chain or the potential to engage larger markets.

Outside major cities, local heritage and tourism tend to lead creative district specialisation. Indeed, data released by the Ministry of Culture reveals 35% of ADN's declare cultural, heritage or environmental

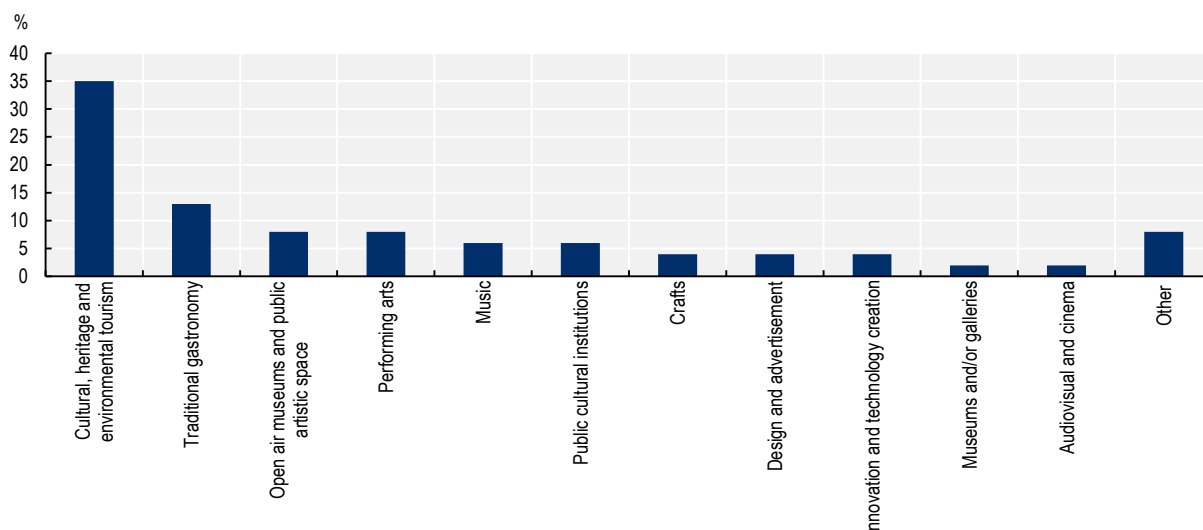
tourism as the main vocation of their activities, the most common specialisation for districts after traditional gastronomy, at 13% (Figure 3.1). The high share of districts in this category may reflect the large number of less populated municipalities or peripheral areas that have seized the opportunity to introduce a creative district in their town. The high share of heritage-driven districts may also reflect the Ministry of Commerce, Industry and Tourism's Cultural Tourism policy, which has placed emphasis on the potential of heritage-based tourism (Ministry of Commerce, Industry and Tourism, 2021^[22]).

District policy allows smaller municipalities to deepen strategic thinking on the between tourism and cultural heritage. In Villa del Rosario, Norte de Santander, the municipality has inaugurated multiple ADNs dedicated specifically or partially to heritage-based tourism, including supporting the workforce's skills in traditional crafts. The old town ADN (*Villa Antigua*) valorises and renovates the town's historic heritage sites. A district in the municipality's Piedecuesta neighbourhood complements the old town ADN with its historic colonial-era architecture. In the Juan Frío area of the municipality, another ADN has been activated, with a focus on both cultural tourism and traditional manufacturing activities. Many small districts are seizing districts as opportunities to further spill overs between craft production, heritage valorisation and tourism. In Juan Frío, the area is also a memorial site for the victims and those resisting paramilitary violence during the armed conflict, reflecting the role districts can play to fulfil post-conflict memory objectives.

In the country's northern Cesar department, Valledupar, reflects heritage-specialisation in a context of economic and social challenge. Valledupar is listed among the country's municipalities for Territorially-Focused Development Programmes (PDET). PDETs are 15-year national territorial development instruments destined to 170 selected municipalities most affected by violence, poverty, drug trafficking and institutional weakness. Valledupar has created three ADNs within the municipality, all reflecting strategically on driving tourism around cultural heritage clusters. The Old Valledupar (*Viejo Valledupar*) ADN draws on the town's historic heritage designation as a Site of National Cultural Interest Site (*Bien de Interés Cultural Nacional*) and local *vallenata* musical tradition to attract visitors. The ADN also involves efforts to restore historic buildings. The municipality's Paths of the Valley (*Caminitos del Valle*) district has been declared in a natural and cultural crossroads near the Guatapurí river, benefiting from a host of institutions such as the Popular University of Cesar, the Rio Luna events centre and a park. Finally, the Confidences ADN (*Confidencias*) has been formed around a cluster of gastronomic activities near Novalito park.

Figure 3.1. Tourism leads among creative district missions in Colombia

Declared creative district vocations in Colombia



Source: Ministry of Culture. <https://economianaranja.gov.co/reportes/>.

Both broader innovation based clusters and more sector specific clusters are encouraged to connect to the wider business community in the local area. Partnerships with local business clusters are an opportunity for ADNs to generate new connections between value chains (Ministry of Culture and Pontificia Javeriana University, 2021^[10]). Integrating creative businesses within the wider business ecosystem can stimulate innovation through knowledge exchange and crossover projects. Moreover, raising the profile of cultural and creative businesses within the wider business community can help drive business to business (B2B) sales and promote the use of creative skills and talent across the local economy.

3.2.3. Districts offer spaces for cultural participation

Community participation in creative districts helps ADNs strengthen access to cultural rights. Literature on system-wide cultural districts highlights education of the local community and local citizen involvement as conditions to generalise participation in culture and create a district that is sensitive to change (Sacco et al., 2013^[23]). Empowering the local community to learn, communicate and share their territory may help a creative district root itself in a shared vision (Nuccio and Ponzini, 2017^[24]). District engagement by the local community may also help citizens reap the social benefits of culture, such as those increasingly documented related to health, wellbeing and social inclusion (WHO, 2019^[25]).

In Colombia, cultural participation is best levered when ADNs collaborate with civil society and seek the buy-in of the local community. 14% of ADNs in Colombia declare their main objective as the creation of a physical meeting space for residents around local customs and traditions, while 12% of ADNs state their main goal as the creation of spaces for artistic and creative education⁹. These orientations rank as the fourth and fifth most common objectives for ADNs, revealing an intent among districts to foster cultural participation. This is facilitated when districts build on existing institutions, such as a popular festival, educational institution or artistic facility with ties to the community. In Barranquilla's Barrio Abajo ADN, for example, participation in the district is favoured by links to the city's festival, and co-construction of the district's agenda in open public meetings.

Districts can also lean on partnership with social policies such as health, social protection or youth strategies to tie participation to positive crossovers. In Tunja, Boyacá, the Biocultural Cuna de Conocimiento ADN engages artists to centre the district around the town's experimental theatre (*Teatro Experimental de Boyacá*) and cultural activities for the community, generating spaces for expression and exchange (Ministry of Culture and Pontificia Javeriana University, 2021^[10]). In Bucaramanga, Santander, the Manzana 68 Creative and Touristic Metropolitan Cluster ties musical education with health services, fostering a local hub for innovation in music-based therapy. The district embeds its project within the orientations of Bucaramanga's Decadal Culture and Tourism Plan. Such vanguards offer examples for replication or inspiration elsewhere in Colombia, where links with community-based institutions may reinforce local participation.

3.2.4. Governance models are consolidating, though some local governments require support

Colombia's creative districts make different choices around governance. Colombia's Ministry of Culture defines ADN governance as the capacity through which those quadruple helix actors involved coordinate and take decisions related to their objectives and mutual interest (Ministry of Culture and Pontificia Javeriana University, 2021^[10]). No one-size-fits all model exists to include all stakeholders in the decision-making process. ADNs governance frameworks are influenced by the administrative or legal structure they are given when they are created.¹⁰ The Global Creative District Network (GCDN) also highlights the important role of political dynamics in explaining a district's governing structure, and importance of partnership-oriented governance models anchored in a place's creative ecosystem (GCDN, 2018^[13]). Local settings shape the conditions under which creative district governance takes form in Colombia. Geographic location, financial resources available, objectives of an ADN, leadership and local capacity influence choices made about the actors to involve and the structures to create to govern a district.

Due to the strong policy drive behind ADNs, creative districts in Colombia tend to be led by local government. The publicly-led model of district governance is common in Bogotá, where the municipality has been a major impetus behind the development of creative districts throughout the city. In other cities in which districts have grown, such as Bucaramanga, Cali or Ibagué, municipalities also lead district development. Data collected by the Ministry of Culture and a partner university also suggests the national government is involved across ADN governance areas, taking decisions related to resource assignment in 50% of districts and project development in 29% of districts (Figure 3.). Municipal governments, through local creative economy committees, take decisions related to strategy definition and project development in 25% and 21% of ADNs respectively. Data reflects the high level of national and municipal government involvement in district development. Artist representatives, meanwhile, are rarely involved in district decision-making across surveyed ADNs. Although a sign of initial policy uptake and strong policy links, the low share of ADNs with strong artist engagement may reveal a need to strengthen links with local creative communities.

In smaller towns and rural territories, municipalities are also actively engaged in governance. Municipal governments are well placed to lead district development in these areas due to their responsibility for promoting and preserving cultural heritage, a major creative economy activity in smaller cities or peripheral areas. For example, in Villavicencio, Orinoquía, the Centro Gramalote ADN is housed partially within public municipal buildings. The district emphasizes urban renovation, development of local trades, social participation, and links with heritage protection plans. Because of its strong focus on heritage and location within municipal buildings, public actors play a frontline role in its governance, including the Ministry of Culture, multiple local government departments, the Meta regional infrastructure agency, the department's tourism institute, the SENA regional office and the municipal cultural corporation (CORCUMVI).

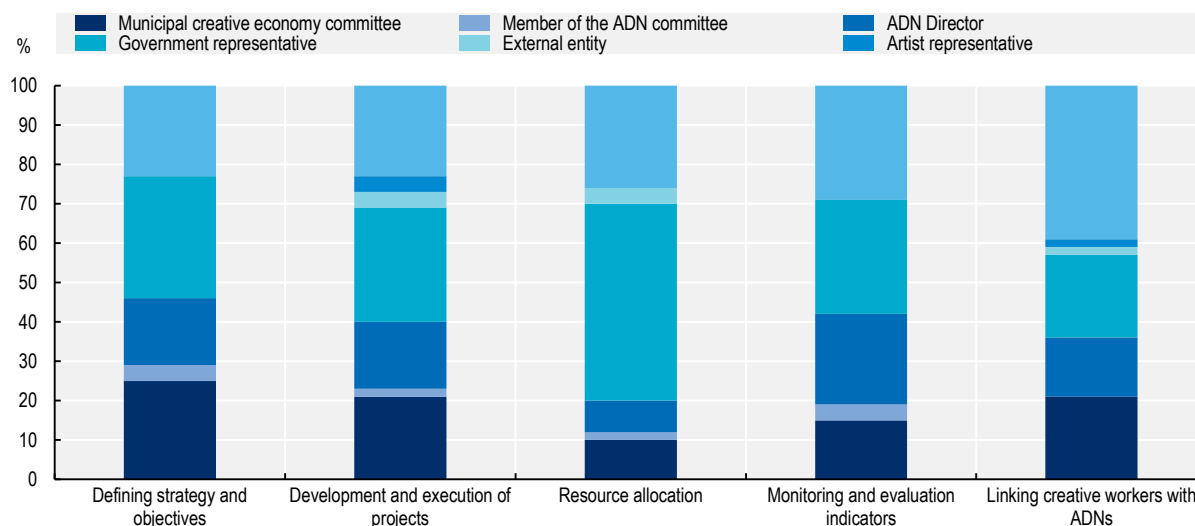
A publicly led governance structure helps ensure strong strategic links with municipal policy. In Municipally led districts also benefit from close links to public financial opportunities, such as the Ministry of Culture's grant schemes (see Chapter 4).

Self-organisation by entrepreneurs or civil society can play a greater role when a cluster of creative activity exists and civil society takes a leadership role. Prior to the creation of Medellín's Perpetuo Socorro district, for example, the arrival of the Mattelsa fashion company incited creative economy organisations to agglomerate in the area. The city's Family Compensation Fund, Comfama, and the Pontificia Bolivariana University supported firm clustering. The organisations helped form the Perpetuo Socorro Corporation, a PPP which helped give rise to an ADN in the neighbourhood. In Salmona, Caldas, the University of Caldas has played a forefront role in the creation of the town's creative district. The Faculty of Arts and Humanities provided the impetus for the districts, in collaboration with the Faculty of Engineering, highlighting the role that can be played by universities. Local governments encourage firm or artist-led districts through dialogue with actors, understanding needs, objectives and the support needed from the municipality to help a privately or non-profit-led district grow.

In many ADNs, still in their early stages, district governance is an ongoing process set to consolidate as local governments engage stakeholders as districts develop. Policies have helped local governments create inclusive governance structures for ADNs, though little experience with districts and weak capacity can still challenge some territories. Nodes and Creative Agendas have helped local governments enter district development with the backdrop of existing dialogue between quadruple helix actors. As districts exit their initial growth phases, more formal inclusive administrative structures may help districts ensure their continuity. International examples offer a host of examples for Colombia's ADNs to follow, ranging from formal public-private governance boards or direct municipal administration, to community - or member-led models where neighbourhood organisations take the lead.

Figure 3.2. Municipal and national government are involved in district governance across areas

Structures participating in different decision-making processes of creative districts in Colombia



Note: Percentages reflect the share of creative districts surveyed in Colombia in which the labelled actor takes the decision.

Source: Ministry of Culture. <https://economianaranja.gov.co/reportes/>.

3.2.5. High municipal funding for ADNs reflects strong policy take-up, though greater diversification can reinforce sustainability

The high level of municipal resources devoted to ADNs reflects strong policy take-up. In Colombia, districts have adopted different financing models, reflecting the diversity that exists across OECD countries. In Colombia, initial data on ADNs shows over two thirds of district revenue comes from public sources (Ministry of Culture, 2022^[26]). According to the same source, 40% of district revenues comes from municipal government, 17% from the national government, 7% from departmental governments and 6% from public culture applications.¹¹ The high level of municipal resources, particularly in ADNs early stages, may be a sign of strong interest in creative districts by subnational governments across the country. Business represented 10% of ADN revenues, while 4% of revenues were generated by capital provided by enterprises within districts and 3% from district events.

The publicly oriented financial structure of creative districts likely reflects ADNs legal structure.

Colombia's PND 2018-2022 states ADN must benefit from an established administrative act to gain the ADN label, and accompanying tax incentive eligibility. Indeed, 96% of ADNs have links with municipal cultural departments, 94% have links with the municipal government as a whole, while 89% benefit from links with the local tourism office.¹² Links with local government helps ensure financial sustainability, particularly through the operation of public institutions onsite (i.e. universities, national training office, etc.) or public investment in cultural infrastructure.

Diversifying financial resources available to districts can provide greater financial sustainability.

Indeed, among ADNs, the most pressing effort concern sourcing external sources of financing for district development. According to Ministry of Culture data, Colombia's districts, 23% listed external financing as the area of greater focus, while 21% declared the primary effort to be promoting the competitiveness of local products and services (Ministry of Culture, 2022^[26]). The potential to diversify funding outside municipal public sources is tied to factors such as location, ADN strategic orientation, leadership and network, member finances, the attractiveness of local goods and services to investors and interest in drawing alternative forms of financing, such as philanthropic or crowdfunded donations (see Chapter 4).

In Colombia, some ADNs reflect higher levels of private financing. The Old Valledupar ADN (Viejo Valledupar) in Valledupar, Cesar, focuses on drawing visitors to experience its heritage sites, traditional music and local gastronomy. A high flow of tourism and strategic alliances with the local chamber of commerce, business groups and the family compensation fund, COMFACESAR, likely contribute to its financial situation. Deepening private partnerships may be a medium to long-term process for those districts with weaker networks and relative geographic isolation from investment centres. Strategic governance choices, for instance with the business community within the department, may be a particularly important step for the private or philanthropic sector actors to take stock of revenue potential, but also districts' contribution to culture and creativity. Crowdfunding may constitute another avenue to attract funding from a larger pool of investors and donors, and showcase a district's ability to draw funding prior to seeking larger private investors.

The group of funding instruments introduced by the Orange Economy policy may be an opportunity to diversify funding. Some steps have already been taken through existing programmes, such as within the National Stimulus Programme (PNE), which has allocated grants specifically to strengthening ADNs. Securing funding for grant-based artistic activity within ADNs can also contribute to district cultural and creative sustainability. This year, those ADNs that received grants benefited from COP 40 million.¹³ CoCrea applicants located on ADNs or requests for debt financing could benefit from tailored capacity building as part of the creative district sustainability roadmaps. Internationalisation, for example through closer ties to ProColombia's creative economy programmes, also presents an opportunity to export ADN products and services or attract investment and visitors.

3.3. International creative districts: policy options for Colombia

3.3.1. Guadalajara's digital creative city benefits from strong articulation with municipal and national policies

In 2010, the federal Mexican government helped drive policy momentum for the creation of Guadalajara's Digital Creative City district, (CCD) in Guadalajara, Mexico. As the Orange Economy seeks to promote Colombia's creative economy, the creation of the CDD district articulates with broader policy to promote Mexico's audio-visual sector. Mexico's policy sought to include a place-based element to its policy through the creation of a globally oriented district. Mexico's federal government organised a countrywide call for proposals. Guadalajara, the capital of Mexico's State of Jalisco, was selected among eleven applicant cities.

Guadalajara developed the district around Parque Morelos, where the municipal government could mobilise public property. According to its institutional plan, the zone was best fit for the development of a creative district due to the physical heritage located within the neighbourhood, as well as infrastructure well adapted to the growth of a digital hub (Agencia para el Desarrollo de Industrias Creativas y Digitales del Estado de Jalisco, 2019^[27]). A "Master Plan" (Plan Maestro) was developed for the creative district by international experts, which acted as an action-plan for district development. The plan also considered the social-spatial dimension of the CCD, including its potential to reshape living styles and the urban fabric, and also commissioned a social impact evaluation study.

Guadalajara's CCD reflects a multi-actor policy approach to creative district creation. Indeed, although Mexico federal government drove its creation, mobilising political and economic capital, the district was able to materialise and grow through municipal government support and buy in from actors from actors across sectors. Different government bodies were created to systematise stakeholder buy-in and governance (Ulloa, 2017^[28]). For example, actors created a dedicated fund, a directing committee chaired by the federal government's Ministry of Economy and a regional government agency with responsibility over the CCD, the Agency for the Development of the Creative and Digital Industries in

Jalisco. University, education and training actors have also been involved in the project, now providing digital skilling programmes linked to the CCD entrepreneurial fabric (Agencia para el Desarrollo de Industrias Creativas y Digitales del Estado de Jalisco, 2019^[27]). The CCD 2019 institutional plan highlights the CCD has helped draw prestigious institutions to the site, such as the Laboratorios Pisa or Tec de Monterrey. The Jalisco government, however, highlights challenges such as a relative investment gap to meet objectives and a degrading social situation around the CCD.

The CCD may provide lessons for Colombia's ADNs for stronger articulation between local comparative advantage and the State's industrial policy. The CCD's development echoes federal policy to promote Mexico's media sectors, such as audio-visual production. In Colombia, national coordination among the country's 96 districts may reinforce articulation between national industrial policies, such as the array of policies supporting Colombian cinematographic production, and district policy concerning local clusters. Bogotá's city-wide District Network of Creative Districts may also serve as an example for creating a central knowledge-exchange and coordination framework on a national scale.

3.3.2. Barcelona's 22@ innovation district encourages spill over between value chains

In 2000, Barcelona's local government approved plans to build an innovation district within the Poblenou neighbourhood, a former industrial area. The plans were centred around reactivating the area through a new agglomeration of different knowledge-intensive sectors, R&D and education institutions (Barcelona City Hall, n.d.^[29]). The government sought to attract knowledge-intensive industries to 22@, with a particular focus on creative industries, such as design, edition, culture, and multimedia sectors. The municipality's vision for the district imagined a high level of interaction and synergy between the remaining industrial enterprises in the neighbourhood and new knowledge-intensive arrivals. Physical and digital infrastructure construction constituted a major investment to attract target enterprise, such as a fibre optic network, a new electrical distribution network and underground galleries to transit between buildings¹⁴. To support the project's social objectives, social housing construction and public transportation were also included in renovation plans.

22@ has yielded results. Today, over 1 500 media, IT, energy, design and research companies operate in 22@, with many companies lodged in former industrial buildings that have been refit for the needs of knowledge-intensive companies (Barcelona City Hall, n.d.^[30]). Although the local government funds infrastructure related to the district's development, the private sector has a primary role in support 22@ financially. 22@ has contributed to shaping the city's image and economic weight as a hub for ICT. In 2019, the ICT sector accounted for nearly 60 000 jobs in the city, representing 5.5% of all employment (Collboni, 2020^[31]).

22@Barcelona functions under a flexible adaptive governance system, in which members of the quadruple helix all participate. Government, companies, academia and NGOs, dialogue and compromise within a central committee, the 22@ Office (Gianoli and Palazzolo Henkes, 2020^[32]). The 22@ Office liaises with the City Council.

@22 has also accompanied the city's strong engagement to attract talent, such as foreign students, researchers and professionals. City planning recognises talent as a driver for social innovation and competitiveness in the global marketplace (Collboni, 2020^[31]). Indeed, as part of its Barcelona Green Deal strategy for future development, the municipality will open an International Welcome Desk Centre within @22 space, a "one-stop-shop" for international professionals to facilitate administrative procedures and access social opportunities. For ADNs, articulation with talent attraction may be an opportunity to come, especially for those districts housing universities or training institutions.

@22 is an example of mainstreaming an innovation district within municipal policy. Although @22 is not dedicated solely to creative activity, the district may be a reference for Colombia's technology and innovation-focused ADNs, such as Bogotá's innovation district or Medellín's Perpetuo Socorro. Anchoring

the district's in all dimensions of municipal policy, such as public transit, FDI attraction and social housing, all support the value chain integration and social interaction that help districts flourish.

The @22 district's evolution, through greater sensitivity to the green transition, social issues or the needs of the digital economy, also reveals the importance of policy learning to Colombia's districts (Barcelona City Hall, 2020^[33]) In 2020, for instance, Barcelona published a new strategy for the district based on a citizen consultation started in 2017. New initiatives include adapting the district's urban regeneration strategy, driving innovation, expanding the governance structure to new actors and heritage preservation efforts. As ADNs develop, holding regularly citizen consultations, and adapting district policy to new priorities supports more resilient districts.

3.3.3. The Quartier des spectacles in Montreal, Québec, Canada, created an inclusive governance model

Launched in 2003, the Quartier des Spectacles (QDS) reflects a district in which artists, academics and non-profit representatives significantly shape the district. The QDS was first proposed by the Québec Association for Disk, Performance and Video Industries (ADISQ), showing the role a sectoral association can play in district foundation. The City of Montreal launched the QDS Partnership in 2003 as a non-profit. The QDS Partnership's mission has grown over time, now overseeing QDS activities, including programming, public space management and cultural activity.

Local government, however, also helps guide and govern the QDS. Compared to entirely self-operated districts, the QDS partnership gives a significant voice to the municipal government to shape operations. Over 80% of the Partnership's revenue comes from the Montreal municipal government. Actors from the local municipality, the City of Montreal and Quebec's Ministry of Culture and Communications sit as observers. The QDS Partnership board is composed of a diverse group of quadruple helix representatives (Quartier des spectacles Montréal, n.d.^[34]). Voting board members include representatives from the creative sector, such as the Cinéma Impérial, but also include actors from the University of Quebec in Montreal, KPMG or the Metropolitan Montreal Chamber of Commerce.

For Colombia, the QDS governance structure reflects a sector-led district with strong links with government. Through the inclusion of a host of non-profit, academic and more commercially oriented actors, governance mechanisms need to help facilitate compromises and common strategy. Districts such as the Perpetuo Socorro in Medellín, where private or university actors lead, may be able to turn to the QDS governance framework as they reflect on ways to include local government. Across Colombia, the QDS offers policy options for how to create a governance framework as districts mature.

For its 2022-2026 strategy, the QDS Partnership organised a stakeholder consultation. 350 people participated in the consultation, feeding over 2 000 ideas into strategy brainstorming (QDS Partnership, 2022^[35]). Based on the process, QDS produced five axes for future development, including post-COVID recovery, cultural dynamism, territorial planning, synergy creation as well as local and international outreach. Public consultation can be a useful tool for ADNs to democratise district development, and minimise risks associated with urban redevelopment.

3.3.4. The Exhibition Road Cultural Group in London, UK self-operates, while membership fees help fund district activity

The cultural and educational organisations in South Kensington, London, jointly operate and promote its cultural district. Incorporated in 2006, the Exhibition Road Cultural Group (ERCG) is the official partnership charity composed of the neighbourhood's cultural and educational actors.¹⁵ Members of the Road Cultural group largely reflect the scientific, academic and heritage-orientation of the district.

Rather than establishing a creative district through public policy, the Road Cultural helps tighten dialogue within a pre-existing intellectual quarter. The group strives to improve the attractiveness for living, visiting and studying of South Kensington. For ADNs, including neighbourhood attractiveness for living, studying or working can be a way to anchor districts in municipal policy. The Exhibition Road Cultural Group liaises with relevant London municipal authorities on policy issues relevant for the district. In 2020, for example, ERCG supported a planning application to provide step-free access to the district through the South Kensington station (Exhibition Road Cultural Group, 2021^[36]). For ADNs, engagement in municipal zoning can help support infrastructure development to increase district access.

The group also plays a lead role in promoting the district's attractiveness to visitors, students and residents. Chiefly, the group promotes the district by advertising the offering of its different organisations. The organisation also organises district-wide events that help synergise the district's strengths around common cultural and educational programming. For example, in 2018 and 2019, the group organised the multi-stakeholder Day of Design Festival, bringing together different partners for events supporting the London Design Festival. In 2021, the group helped re-open to district after COVID-19 restrictions. The ERCG is a primary promoter of its cultural institution membership.

A Board of Trustees helps govern the Exhibition Road Cultural Group. Members include representatives from partner organisations, including a representative from the Westminster City Council. A small team of staff and a team of volunteers help run activities. In Colombia, the ERCG model may offers perspectives for ADNs in Colombia where district-based organisations show interest in and capacity for joint governance.

The ERCG raises funds through subscriptions from members, private donations and events organised with partners. The relatively small and member-based governing structure of the south Kensington district reveals a self-governed district with limited involved from local government. For Colombia, membership fees may be an avenue to explore to supplement revenues and tailor membership within districts.

International engagement and peer learning is also a systematic activity of the Exhibition Road Cultural Group. The organisations engages with peer creative districts internationally through the Global Cultural District Network. In Colombia, some districts are already engaging internationally, such as in the Boyacá, where the ADN Biocultural Cuna de Conocimiento has forged links with the academic sector in Mexico and Argentina. Peer learning with international districts may be an activity that can be facilitated by the Ministry of Culture of Colombia through its international network.

3.3.5. A public private partnership governs the West Kowloon Cultural District in Hong Kong, China

Hong Kong, China founded the West Kowloon Cultural District Authority (WKCD) in 2008 as part of a vision to develop Hong Kong's cultural sector. The WKCD is a public private body tasked planning, developing, operating and maintaining the cultural and creative infrastructure in the WKCD (WKCD, 2022^[37]). The local government's spearheading role reflects the project's strong publicly planned vision. The government held consultations with the city's creative economy actors ahead of construction. Hong Kong, China decided to create a culture and arts-focused district, with facilities such as performing arts infrastructure, an exhibition centre and a museum. The district's first artistic installation opened in 2019.

The Hong Kong Legislative Council provided initial funding for the high upfront cost for district construction. Hong Kong, China provided the WKCD with a HK 21.6 billion grant to develop. In addition to the initial grant, funding for the WKCD is drawn from programming revenue.

Although public sector leadership is a landmark feature of the WKCD, the district governing Authority embodies a shared public and private governance model. The WKCD is divided into two

parts, the Board and the Consultation Panel. The Board functions as the Authority's executive structure, composed of thematic committees, which recommend policy-specific actions to the Board, and subsidiaries, the companies owned by the WKCD to execute specific elements of the WKCD's strategy (WKCD, 2022^[37]). District-owned enterprises are a specific facet of the WKCD that could offer policy perspectives for publicly-led districts to directly operate certain cultural infrastructure, along privately-administered activities. According to the WKCD website, nineteen individuals sit on the WKCD board, including a Chairman, Vice Chairman, three government officials and fourteen standard members. Board members include representatives from Hong Kong's private sector and government. The Consultation panel, meanwhile, is composed of members of the community involved in the local creative economy, ranging from business actors to educational representatives and artists. As Colombia's districts reflect on ways to involve communities in governance, forming a consultation panel which advises a governing board may be considered.

3.3.6. Porto Alegre's District C is driven by local artists and entrepreneurs

Porto Alegre's District C was founded in 2013 through the initiative of a start up. The founding company, UrbsNOVA, delegated district design to the entrepreneurs and artists present in Porto Alegre's District C (Distrito C, 2022^[38]). District C's mission centres on stimulating interaction between artists, entrepreneurs and their social surroundings. In 2022, the district was composed of over 100 artists and entrepreneurs.

District C distinguishes itself from most creative districts as it does not envision the transformation of the neighbourhood into a sectoral hub. Rather, the district seeks to integrate artists and entrepreneurs into the neighbourhood's traditional economic activities. The district defines itself as a platform for the interaction of the creative economy, the knowledge economy and the experience economy. Core artistic activities are seen as the core of the district's ecosystem. Beyond its economic objectives, District C also valorises and protects the physical heritage of District C. For many Colombian districts where local economic activities may form a dense cluster of activities, the Porto Alegre model may be an interesting policy option to focus a district on supporting local artistic activity.

District C's governance model also reflects this vision, empowering local artists and entrepreneurs to govern the district. Members include both private and public organisations located within the district. District C engages in dialogue with the city's public administration, universities and media. UrbsNOVA envisions District C as an informal organisation based on flexible collaboration (Distrito C, n.d.^[39]). District C's informal organisational model is meant to support, not bypass, pre-existing neighbourhood organisations. District planning is organised by its founding company, though the organisations leaves decision-making to district members through regular collaboration on specific actions and general planning. A neighbourhood-led working group offers structure for neighbourhood participation in the project. The District C method may be a way to formulate or adapt Colombian ADN governance structures to existing organisations that benefit from legitimacy and experience within the community.

Internationalisation is a part of District C's long term strategy. As other creative districts around the world, District C identifies the opportunities for ideas, talent, market access and investment related to engaging with artists, export markets and investors outside Brazil. As part of this effort, Porto Alegre's District C is developing a partnership with Barcelona's 22@ creative district. Bilateral international partnership that consider foreign market engagement, beyond peer learning, may be a novel method for ADNs seeking internationalisation.

Through "internalisation", District C seeks to share its artistic experiences with cities in inland Brazil. To do so, the District provides art donations, organises events and workshops and shares its experience creating an innovation district a model for other cities. District C also engages with public authorities for public art displays and for urban development issues. The district's inland outreach process may be an interesting policy perspective for Colombia's urban ADNs which may be well placed to form a

strategy to engage with a city's periphery or surrounding municipalities. In Bogotá, for instance, the city's 15 districts could consider a strategy to reach out to populations in the capital's periphery, whose cultural access is rising as a policy priority within local policy planning.

District C has created a sustainable development model through diversified sources of support.

District C engages with the city's government as well as the State for institutional support. The district seeks financial support from private philanthropy, mainly from large companies located within the District. The district stresses its contribution to urban renovation and its capacity to attract visitors and investors to attract philanthropic support. To a smaller extent, District C also mobilises crowdfunding, government grants, prizes and donations.

3.3.7. The city government of Buenos Aires, Argentina spearheads the Metropolitan Design Centre, while different tax incentives target diverse actors

The Buenos Aires city municipal government established the Metropolitan Design Centre (CMD) in 2001. The CMD is a fully public institution administered by the municipal government's Ministry for Economic Development and Production, emphasising the district's economic focus. Due to its direct policy links, the CMD is embedded within the city's broader strategy for the design sector. Indeed, the creation of the CMD supported the city's designation as a UNESCO City of Design in 2005 (British Council, 2011^[40]).

The district aims to act as a public policy lever for the economic, social and cultural development of design. The CMD has four missions focused on helping the design's sector competitiveness and innovative capacity: (i) contribute to the sector's commercial dynamics, (ii) help design entrepreneurs lever their capacity to innovative and compete, (iii) promote good management in the design sector as a strategic factor for innovation and quality of life and (iv) position the CMD as a global reference point for design.

The CMD, located in Buenos Aires's Barracas neighbourhood, also works as an urban renovation initiative. Barracas contain a rich social and cultural heritage as the location of one of the city's historic industrial neighbourhoods as a naval and rail transportation hub. In 2007, the city legislature declared the areas around and within the CMD a historic preservation area.

Municipal legislation introduced a tailored set of tax incentives for the CMD. Law 4761 (2013) institutionalised a tax incentive system for the district's businesses (City of Buenos Aires, 2013^[41]). The beneficiaries of the district's tax instruments are limited to design-related sectors, defined as design service activities, intensive design activities, CMD infrastructure investors and educational centres. These firms benefit from full or partial exemption from the city's gross revenues tax (*Impuesto a los Ingresos Brutos - IIBB*) and exemption from municipal real estate tax. CMD resident initiatives can also benefit from advantageous bank credits from the city's public bank. Firms benefit from additional tax and fee exemptions based on project and firm specifics. The CMD's tiered tax incentive system may be a source of policy examples for Colombia to tailor the current tax incentive system, offering adapted opportunities for actors or investors based on district specifics.

The district's tax incentives are completed by the CMD's networking, capacity-building and internationalisation activities. The CMD provides a spaces and encourages interaction and synergies between designers, business executives, academics and public policy practitioners (City of Buenos Aires, n.d.^[42]). The district also supports firm internationalisation through global engagement events, such as the CMD's International Design Festival. The CMD offers a host of start-up incubation, acceleration and a dedicated technology laboratory to provide technical advice to entrepreneurs. The design district also delivers scholarships to connect to vocational education institutions within the district, including textile and furniture schools. Strong use of innovation and internationalisation policies within the CMD may be an example for certain ADNs who are developing a tailored innovation or attractiveness strategy.

The City's Ministry for Economic Development and Production funds the district's operations, though private and non-profit investment play a major role in the CMD. Municipal legislation identifies

the city's economic development Ministry as the responsible financial entity. The district complements funding with private investment into the district. For example, the district orchestrated investment from relevant chambers of commerce from the design sector and non-profits to fund and operate training courses in trades within the CMD.

3.3.8. In Dallas, Texas, US, the private sector leads district governance

The Dallas Arts District was established in 1984 as part of municipal efforts to help encourage clustering of the city's creative industries in the city's northeast. The district covers over 47 hectares and major institutions from across the cultural and creative sectors, such as the AT&T Performing Arts Center, the Dallas City Performance Hall or the Morton H. Meyerson Symphony Center. The inception of the arts district offers parallels with Colombia's Creative Agenda strategy, as the Dallas city government and key sectoral actors reflected strategically on advancing a clustering process in the city based on existing strengths.

The district's development has been defined by municipal policy coupled with self-organised planning from private or non-profit actors within the district. The Arts District is closely integrated within the Dallas Cultural Plan 2018, which sees the district as a core platform for the city's cultural policies (City of Dallas, 2018^[43]). The Dallas city government continues to support multiple cultural institutions financially within the district, such as the AT&T Performing Arts Center/ATTPAC (DAD, n.d.^[44]). Compared to many publicly led creative districts, however, the private sector is a primary mover and planner in the district's evolution.

The Dallas Arts District (DAD) is a non-profit that champions and stewards the district. The district's organisations and properties sit on the Board of Direction of the DAD and spearhead its operations. Board membership ranges from major institutions within the district, such as the Perot Museum of Nature and Science, to commercial firms such as Oglesby-Greene Architects or religious organisation located within the district, such as the Guadalupe Cathedral. City development organisations, such as the tourism and investment-promotion agency, VisitDallas, also participate on the board. The municipal government also sits on the DAD board through its Office of Arts and Culture.

The DAD benefits from representation of a host of stakeholder firms, cultural institutions and city development organisations, along with the Dallas City government. Its broad composition helps it propose and advance district development plans. The DAD engages citizens and non-profits outside the arts district through consultations ahead of major planning changes. For example, ahead of proposed municipal zoning changes needed for district development, the DAD organised consultations with local organisations such as Downtown Dallas, Inc., Uptown, Inc. or the Texas Trees Foundation (TTF) and public hearings to receive input.

The DAD and district operations are financed by members, donors, business sponsors and the Dallas municipal government. The DAD also receives financial support from the Texas Commission of the Arts. The district's financial stability has been supported by a high influx of visitors. A foundation, the Dallas Arts District Foundation (DADF), also contributes to district operations and cohesion, in particular through its DADF grant programme. The DADF has given 450 grants to local creative organisations, representing USD 1.2 million. The DADF also communicates to Dallas residents about district activities and resources. In Colombia, district foundations may be an opportunity to reinvest in district artists through local grant programmes to complement existing national programmes.

3.3.9. The MuseumsQuartier in Vienna, Austria is a State-led initiative leveraging heritage and tourism

The original core of the MuseumsQuartier is based on a dense cluster of heritage sites in Vienna's city centre. Since its opening in 2001, the forum evolved into a district housing diverse cultural institutions,

such as events spaces, theatres and a range of museums. In 2022, the district's website defines the MuseumsQuartier as a cultural district for artistic creation, new discourses and the circulation of ideas.

The major national heritage status of the MuseumsQuartier has contributed to its position within Austria's broader policies for the creative and cultural sectors. At inception, the project echoed views to raise the city's competitive position for tourists and investments (De Frantz, 2005^[45]). The neighbourhood's strong heritage status, contributed to a dialogue, from 1980 to 2001, before an agreement was reached between citizens, government and different stakeholders on the form and evolution of the MuseumsQuartier. The prolonged debate around the use of heritage reflects its role as public goods, which benefit from best use when citizens are involved in their adaptation for economic purposes, such as tourism. The district has evolved to include new activities, such as artist residences and debate spaces. Artist-focused uses of district space are an opportunity for Colombia's heritage district to diversify the targets for their activities outside of tourism, for example by drawing artists on-site through a unique cultural offering. Vienna's experience with creative districts, as in other examples, also highlights the importance of consultation and buy-in from the public around a heritage district, respecting a community's connection with and use of a heritage site.

Austria's federal government provided the initial momentum for the project while involving Vienna's local government. For example, at its founding in 1980, the agency charged with developing the project (*Messepalast Errichtungsgesellschaft*) involved 75% State ownership and 25% city ownership. The initial major renovations conducted on the site reflected this fully public model, with the State and the city government providing capital grants and loans to the MuseumsQuartier Company (*MuseumsQuartier Errichtungs- und Betriebsgesellschaft*). The district also continues to benefit from direct or indirect public funding for its museums and cultural entities, as well as a model benefiting from rent collection from cultural entities leasing premises within the quarter.

3.4. Policy considerations

3.4.1. Local governments lead creative district growth, though links with municipal policy may be leveraged further

Ties to broader municipal policy enable creative districts to support the broader social, urban, environmental or economic objectives. ADNs can function as levers to meet some of Colombia's structural challenges, such as inequality and poverty. Across international examples presented, creative districts are often major elements of local or regional development strategies. In Montreal, Canada the Quartier des Spectacles is a major element of the city's cultural policy, while the district is also a focus of policy within the Quebec provincial government. In Barcelona, Spain the @22 innovation district has become a recurrent subject and policy tool in the city's policy planning documents. In Dallas, US, the arts district is also a centrepiece of broader municipal policy.

Some subnational governments in Colombia have integrated creative districts in municipal policy, though a stronger comprehensive policy approach at the local level may favour resource synergies, greater visibility and inclusion across policies. The Ministry of Culture supports local governments to reflect strategically on the position of creative districts as a centrepiece of a local creative ecosystem. The Nodes, Creative Agenda and regional mapping strategies (see chapter 1) complement longstanding regional development initiatives within the Ministry of Culture, such as regular missions, data exchange and capacity building programmes. These have helped bring impetus to ADN development.

Inter-municipal cooperation may be an opportunity to embed districts in department-level planning, and coordinate strategy more broadly. Departments may be well placed to coordinate activities, develop joint offers or specialise in complementary ways due to their involvement in Creative Agendas and contact across municipalities. Inter-municipal cooperation is a particular opportunity to tie urban creative districts

to those in surrounding peripheral areas. Cooperation between local governments, for instance, could yield common tourism corridors that bring visitors through creative districts across municipalities. In cities such as Bucaramanga or Barranquilla, cooperation between municipalities over transportation or economic development issues may be particularly facilitated by their metropolitan area legal status, which may allow joint planning around infrastructure related to ADNs. The Ministry of Culture may be well placed to convene targeted municipalities where competitive synergies may exist. The Federation of Colombian Municipalities (*Federación Colombiana de Municipios*) may be another actor to engage for inter-municipal coordination.

3.4.2. Governance design is an opportunity to further include artists, firms and citizens in district development

Governance process can help increase engagement of actors outside government in district activity. A global survey of creative districts performed by the Global Cultural District Network (GCDN) revealed districts around the world are concerned with private sector and artist involvement in district governance (GCDN, 2018^[13]). In Colombia, there is no single model for governance as the local setting will weigh into governance structure. In Barranquilla's Barrio Abajo ADN, for example, members of the quadruple helix are represented in governance, while district administrators hold regular meetings to invite the public to co-construct the district's creative and cultural agenda. In the Perpetuo Socorro ADN in Medellín, a partnership between business and university governs the district, while government involvement is developing. Artists, local citizens and firms, however, are not always involved in district governance structures across Colombia. The involvement of actors of the quadruple helix in the decision-making process, enables a positive dynamic in which those involved in the district can contribute to its development. Ongoing district development offers an opportunity to further engage artists and citizen groups more closely by exploring ways to embed these groups in governance structures across all ADNs. Similarly, encouraging greater integration of the wider business community in ADNs across the country could help to further embed cultural districts within local business ecosystems.

District governance structures are consolidating in Colombia, though capacity gaps may challenge development in peripheral areas. In Colombia, municipalities are central actors in ADN governance. Municipal leadership can lever proximity to other policy areas, integrate into long-term thinking, provide an accountability system for citizens and access to sources of public funding. In some less populated municipalities or those most distant from urban centres, governance choices may be challenged by weak municipal ties to the sector, or structural challenges such as high levels of informality among the artistic community, or low levels of cultural participation.

International examples offer policy options to develop adapted governing institutions. Hong Kong, China's WKCD may offer some ideas for engaging civil society and local business in a formal administrative structure. In the WKCD, city administrators organised a public consultation process prior to district construction, while city business executives sit one of two governance boards. A consultation panel, meanwhile, is composed of artists and community representatives. Together, the structures steer the WKCD's development, offering an example of a way to formalise business and civil society's role in ADNs. In Montreal, Canada, members of the artistic community partake in governing institutions. Taking a different approach, in Porto Alegre, Brazil, the firm that founded the district entrusted district governance to existing neighbourhood associations, without re-creating formal administrative structures. The Porto Alegre model is an empowering choice to give communities leadership over a district, though may be best adapted to districts in Colombia with a strong pre-existing network of actors.

3.4.3. Encourage creative districts to develop cultural participation plans

At the national level, cultural participation is a historic area of policy engagement in Colombia. Cultural participation has a host of benefits, including raising the demand for creative economy services, as well as maximising the positive impact of culture on citizens through fulfilment of cultural rights and

raising wellbeing. Chapter 2 highlighted some of Colombia's capstone policies for cultural participation. In 2003, Colombia enacted the National Plan for Reading and Libraries (*Plan Nacional de Lectura y Bibliotecas*), in which the Ministries of Culture and Education took steps to raise reading and writing levels and library access across Colombia¹⁶. The National Programme of Itinerant Libraries (*Programa Nacional de Bibliotecas Itinerantes*) is another national initiative which sought to increase cultural participation in less populated areas of the country. The programme entailed satellites of the public library network bringing capacity building programmes to rural or remote communities, including technical support and provision of library materials to develop rural library projects (Ministry of Culture, 2022^[46]).

At the local level, some ADNs in Colombia are leading the way with efforts to engage the community. For example, the municipal government of Ibagué, Tolima planned the Zona G ADN as a space for dialogue between civil society and firms to forge a common creative agenda (Ibagué Mayor's Office, 2021^[47]). In Barranquilla's Barrio Abajo ADN, district administrators hold regular meetings to invite the public to co-construct the district's creative and cultural agenda. In Bogotá, gallery managers of the San Felipe district coordinate monthly events to provide different spaces for community engagement with art.

Library and reading policies offer a potential source of inspiration for local cultural participation policies in Colombia. Locally, certain Family Compensation Funds (*Cajas de compensación familiar*) are supporting populations to access cultural activities, such as through subsidies for cultural events, offering an avenue for municipal partnership. Policies, for example, could foster citizen participation in creative districts (ADNs) within a region, offering subsidies or transit to attend district programming on specific days. Policies could also look to use the ADN network to expand outreach in more rural and peripheral areas, following a similar path to the outreach initiatives developed in Colombia's Library and reading policies.

Policy could also look to expand on the success of those ADNs which have developed cultural participation initiatives by encouraging all districts to develop cultural participation plans. Such an approach could enable cultural participation initiatives to be targeted towards issues and barriers specific to each local community. Moreover, linking demand side policies with already implemented supply side programme could greatly strengthen the whole creative ecosystem at the local level.

Driving activity co-construction, inter-community dialogue and social appropriation of cultural spaces can require specific efforts that empower the community to take ownership of district activities. In Porto Alegre's District C, empowerment of neighbourhood associations to help govern district activity provides a strong link to existing social structures, facilitating engagement. In Porto Alegre, an "internalisation" programme supports district artists to bring cultural activity to the region's inner areas, supporting access for those communities far from urban cultural hubs. Renewed focus on culture in primary and secondary education introduced as part of the Orange Economy policy offer avenues to develop young peoples' cultural awareness and interest. Municipalities can also work with local business or civil society to open certain cultural events to youth or vulnerable people free-of-charge.

The departmental level may be particularly well placed to organise dialogue between municipalities due to their role as coordinators of cultural policy. Departmental governments in Colombia may play a stronger coordination role to help municipalities find strategic and cost-saving synergies, such as through the location of new cultural amenities, such as museums, galleries or concert venues. In Emilia-Romagna, Italy, for example, decades of regional government efforts have yielded a relatively more even distribution of cultural amenities across the region's territory (OECD, 2022^[48]). Policies that stimulate partnerships between cultural institutions, such as museums or theatres, and non-cultural ones, such as hospitals, retirement homes or schools can help stimulate new forms of cultural participation (OECD, 2022^[48]).

3.4.4. Support creative districts to diversify funding sources

Diversifying sources of funding for creative districts is an opportunity for Colombia's creative districts. According to a survey of Colombia's ADNs, 23% listed external financing as the area of greater focus.¹⁷ According to the same data source, 40% of district revenues originate from municipal governments, 17% from national government, 6% from national grant applications and 10% from the private sectors. Although core municipal funding is an asset for district sustainability, statistics highlight the greater potential role to be played by alternative sources of funding.

Tailoring Colombia's tax incentive for creative districts may offer avenues to adapt benefits to the nature of firms. The current tax incentive system for districts is based on a 165% deduction in investors' tax base for companies based on the real value of the investment made in the projects based in the ADN. The tax incentive¹⁸ is based on Decree 697 of 2020, the same applied to all projects selected through the competitive CoCrea application process. As some ADNs may struggle to attract investors, often due to low expertise, network or access among actors or subnational government, a more differentiated tax incentive system for ADNs may provide a more targeted offer to potential investors. The Buenos Aires city government may offer policy learning for Colombia, particularly due to the strong public municipal structure of the CMD that may offer parallels with the Colombian approach.

Firms benefit from a differentiated and city-specific set of tax deductions in the Metropolitan Design District (CMD), Buenos Aires. For example, a list of specific creative activities benefit from deferral from city tax on gross income for a period of two years, under certain conditions, such as administrative registration within the CMD system (City of Buenos Aires, 2013^[41]). Those recognised as carrying out design-intensive activities within the CMD may also deduce income generated from exports of manufactured products from the city's gross income tax based on a formula. Another tax incentive provides within the CMD includes a tailored incentive for infrastructure investment related to design, amounting to a potential 25% deduction of the amount invested on city gross income tax. Registered actors also benefit from stamp tax exemptions. Although comparison should be qualified due to the autonomous status of Buenos Aires, granting the city specific fiscal powers that may not be available to Colombian local governments. Such a targeted incentive system may offer ideas for potential future adaptation of the ADN incentive system, for example with specific provisions for tailored incentives according to activities of focus within a district.

For some creative districts, membership fees may be an option to raise additional revues. In London, UK the Exhibition Road Cultural Group raises funds through membership subscriptions from institutions composing the group. Although this structure may not fit all districts in Colombia, those whose locations offer strong economic appeal, for example as a crossroads for attracting tourists or with market proximity, may be able to leverage membership fees to reinvest in activities or administration. In South Kensington, London, group members benefit from the organisation's set of activities, and join a historic community of cultural institutions that allows them to potentially identify synergies, craft joint projects, pool resources, access national and international networks and expand their customer or participant base. In Colombia, the tight links of many districts with cultural heritage clusters may be an opportunity to foster this sense of common mission among organisations, and use pooled membership resources for agreed objectives, such as the creation of joint activities or investor prospection.

Existing creative economy instruments offer funding opportunities for creative districts. As main district administrators, local governments can play a role in linking ADN projects with national funding instruments. Certain projects within ADNs may be candidates for the Ministry of Culture's Concertation (PNC) or Stimulus (PNE) programmes, for example, and may benefit from guidance and support to these sources of funding. Opportunities from commercial banks, such as those relaying favourable Bancóldex loans for creative economy actors, may be another source of financing with adapted support from local government.

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Notes

¹ Examples of region-led creative district examples exist in some countries, such as the regional (state) government's certification programme for creative district in the United States (US) state of Colorado. In Colorado, certified creative districts receive direct regional government funding, technical assistance, marketing support and a host of other public programmes (see (Colorado Office of Economic Development and International Trade, n.d.^[58]) for more information).

² ADN regulation established in Decree 697 of 2020. See Article 180 of Ley 1955 (2019), Article 71 of Law 1943 (2018) and Article 800 - 1 of the Fiscal Code (Estatuto Tributario) for information on the investors' tax deduction mechanism.

³ Department used throughout the Chapter for the *departamento* administrative level.

⁴ See Agreement 709 of 2018 of the Bogotá city council.

⁵ See Chapter 2 for discussion of Nodes and Table strategy.

⁶ *The government's sustainability approach draws on the "values" model suggested by the Global Cultural Districts Network (GCDN), in which artists, educational, social-communitarian, urban-environment and economic value form five impact streams for districts to provide balanced and encompassing impact on the community (GCDN, 2021^[59]).*

⁷ *A statistical database is available online with indicators on dimensions such as developmental stage, legal structure, financing source. See: Sostenibilidad de las ADN en Colombia, <https://economianaranja.gov.co/reportes/>.*

⁸ Information on ADNs drawn from Orange Economy website: <https://economianaranja.gov.co/areas-de-desarrollo-naranja-adn/>

⁹ See: <https://economianaranja.gov.co/reportes/>

¹⁰ When a district is created, the governments of municipalities belonging to metropolitan areas (*áreas metropolitanas*) and Bogotá Capital District benefit from greater levels of administrative and fiscal autonomy. Metropolitan status may shape ADN administration as they allow a group of municipalities to administer certain city-wide public services together, such as transportation, which may offer greater opportunities to connect ADNs across municipalities. Chapter 2 discusses Colombia's multi-level governance arrangements in greater detail.

¹¹ See: <https://economianaranja.gov.co/reportes/>

¹² Ibid.

¹³ Figures provided Ministry of Culture.

¹⁴ Infrastructure for 22@ was developed largely from municipal budget lines, such as the Metropolitan General Plan Amendment (MPGM), the Special Infrastructures Plan (PEI) and the 22 Arroba BCN, S.A. municipal company.

¹⁵ The following members compose the Exhibition Road Cultural Group: Natural History Museum, the Science Museum, Victoria and Albert Museum, Imperial College London, Goethe-Institut, Institut français, the Ismaili Centre, Kensington Palace, Royal Albert Hall, Royal Borough of Kensington and Chelsea, Royal College of Music, Royal Commission for the Exhibition of 1851, Royal Geographical Society (with IBG), Serpentine Galleries, Westminster City Council, The Royal College of Art, The Royal Society of Sculptors, South Kensington Estates, The Royal Parks, the Design Museum and Japan House London.

¹⁶ An impact evaluation undertaken for National Plan for Reading and Libraries, suggesting the policy had a positive effect on reading levels compared to municipalities who did not benefit (Parra Osorio and Corzo C., 2008^[54]). National Public Library Network (*Red Nacional de Bibliotecas Públicas*) provides services to rural municipalities across Colombia, allowing citizens to access books and other services.

¹⁷ See: <https://economianaranja.gov.co/reportes/>

¹⁸ Spanish: *deducción de renta*.

4. Colombia's public financial ecosystem for the creative economy

Colombia has mainstreamed financial instruments for the creative economy extensively across government. Colombia's direct public financing mechanisms build on good practice and reinforce the creative economy strategy. Subnational governments benefit from specific tax instruments and are the direct funders of cultural heritage, infrastructure and cultural activities. State-owned banks have grown their role. Financial instruments have been rapidly adjusted to support the creative economy through the COVID-19 crisis. A financial ecosystem is maturing around CoCrea, a Public Private Partnership (PPP), which is developing its role as a network coordinator and tax credit emitter.

In Brief

A diverse set of financial tools are empowering the creative economy in Colombia

- Between 2011 and 2019, spending on cultural services rose from 0.7% to 0.9% of total government spending in Colombia, while this figure stagnated on average in the OECD. This increase has brought the share of national government spending on cultural services closer to OECD average of 1.1%.
- Colombia is among OECD countries with the highest share of spending on culture at the subnational level. In 2019, subnational governments in Colombia accounted for over 84% of total government spending on cultural services in the country (compared to OECD average of 58%). Diverse instruments support local government expenditure, such as national contributions, taxes, levies and local sources.
- The Ministry of Culture's Concertation and Stimulus competitive programmes provide grant-based funding for Colombian cultural and creative actors. Local government and sectoral grant programmes complement core funding provided by these programmes.
- The National Council of the Orange Economy (CNEN) has helped mainstream financing instruments for culture across ministries. Some examples of creative economy support outside the Ministry of Culture include the National Training Service's (SENA) Entrepreneurship Fund (*Fondo Emprender*), or the Ministry of Commerce, Industry and Tourism's iNNpulsa. A state-owned business development bank, Bancóldex, finances a host of tailored credit lines for first-tier banks. Between August 2018 and December 2021, the public development bank invested over COP 3 500 billion in the creative economy, reaching nearly 120 000 firms.
- In response to COVID-19, Colombia introduced ReactivARTE, a set of measures to re-launch the creative economy, including Foncultura, a new fund for direct financing of culture.
- A multifaceted tax incentive system has developed for the creative economy. A tax incentive for investors (*deducción en la renta*) offers a deduction in an investors' tax base equal to 165% of the value of investments made. Other tax incentives include a five-year income tax exemption (*renta exenta*) for creative economy entrepreneurs, run by the Ministry of Culture. CINA, run jointly by the Ministry of Culture and the Proimágenes public entity, works as a negotiable tax certificate for audio-visual investment. Colombia Crea Talento (CoCrea) is a public-private intermediary between actors and investors that approves projects for deduction in investors' tax base (*deducción en la renta*).
- **The following policy consideration emerges as the financial ecosystem develops:**
Tailored instruments have grown to fill a financing need, though technical capacity building instruments that could help a greater share of disadvantaged entrepreneurs benefit. Those projects without established investors face challenges to attract capital. Longer-term or targeted capacity building may help this group, such as through accompanying specific projects through the CoCrea process, or reinforcing coordination between the host of organisations providing capacity building to sectoral actors.

4.1. Financial ecosystems to support cultural and creative sectors

Cultural and creative businesses have difficulties in accessing finance for a number of reasons (OECD, 2022^[1]). Firstly, businesses in these sectors produce value which is largely intangible in nature, meaning that they typically have fewer tangible resources to secure against debt-based financing and are viewed as high risk by lenders and investors. Secondly, many CCS businesses are unaware of the opportunities for public financing, or the full range of public support which may be offered by their country or region. This information gap significantly impedes businesses and organisations from taking full advantage of the financing opportunities available to them. Thirdly, those working in CCS often lack the skills, knowledge and competencies to produce robust business plans necessary to secure investment from the private sector. Similarly, securing grants, donations or subsidies from the public sector often requires significant time investment and skill. Finally, the vast majority of CCS businesses are SMEs or micro enterprises, which further reduces the likelihood of such businesses having the expertise or resources to secure financing.

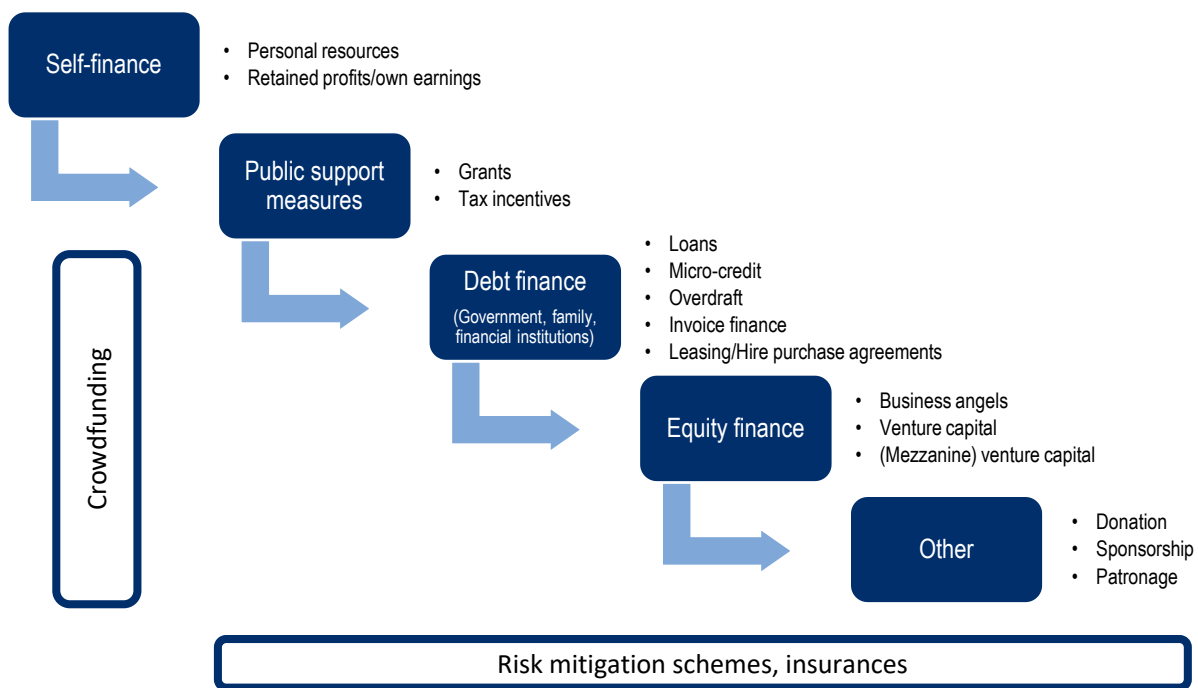
The emerging financial ecosystems account for the diversity of financial needs within CCS (OECD, 2022^[1]). Indeed, cultural and creative sectors include non-for-profit (e.g. libraries, museums, cultural centres) and for-profit (e.g. design and architectural companies) organisations, institutions and firms with diverse business models, cost structures and financing needs. Moreover, cultural and creative organisations and firms increasingly adapt mixed business models and can pursue both for-profit and non-for-profit objectives, reaching out to diverse sources to finance their activities. Hence, a more complex ecosystem of financial support for CCS has developed across OECD countries, encompassing public, private and philanthropy funding and investment. Governments are transforming their participation from that of direct support, although it remains important for the subsidised parts of CCS, towards more intermediation with the private sector and philanthropy. Partnerships and alliances (public-private, public-public and public-civic partnerships) are at the core of the emergence of new financial ecosystems for CCS.

Cultural and creative sectors rely on diverse sources of funding, from self-finance to public and private finance (see Figure 4.1). Broadly speaking, there are five main sources of finance for cultural and creative businesses and organisations:

1. **Self-finance** which for many start-ups and SMEs may include personal investment, and for more established organisations is likely to be the result of reinvestment of existing profits.
2. **Public sector finance**, in the form of either direct grants or in a range of potential tax incentives.
3. **Debt finance**, including both secured (where some form of collateral is offered if the loan is not repaid) and unsecured (where no collateral is offered) loan arrangements.
4. **Equity finance**, in which money is exchanged for part-ownership or shares in the company.
5. **Sponsorship and patronage**, where money is freely offered for communication, charitable or philanthropic reasons.

From this typology a number of key actors can be identified: the firms and organisations themselves, governments (both national and sub-national), financial institutions, business angels and venture capital investors and audiences, publics and communities.

Figure 4.1. Typology of CCS funding sources



Source: OMC (2016^[2]), *Towards More Efficient Financial Ecosystems*, <http://dx.doi.org/10.2766/59318>.

4.2. Direct public financing for the creative economy in Colombia

4.2.1. Public spending on cultural services is growing in Colombia

In Colombia's financial ecosystem for the creative economy follows the growth of cultural policy in the country. Echoing the model of continental European countries, Colombian law recognises the state's primary role in valorising the nation's cultural heritage and supporting cultural processes, projects and activities (Republic of Colombia, 1997^[3]) (OECD, 2016^[4]). Since 1991, multiple laws, decrees and administrative decisions have built the public financial infrastructure for the creative economy, positioning the Ministry of Culture as a central actor. However, the Orange Economy policies have, to a certain extent, shifted the focus of cultural policy in Colombia towards the incorporation of more market-centred approaches. While cultural policy continues to support arts and heritage through direct grants and funding, a slew of new approaches to driving investment and market based growth of the creative economy has been adopted. By the end of 2021, the Ministry of Culture's budget reached COP 615 billion, among the highest amount of resources assigned to the cultural portfolio in Colombia (Ministry of Culture, 2020^[5]).

Colombian law allocates state revenues to operate cultural services across different levels of government. The 1991 Constitution, Law 60 from 1993 and other legislations define the base of public financing for culture in the country and the division of responsibilities in culture between different levels of government. Set out by the 1991 Constitution, and updated through laws in 2001 and 2007, the General System of Participation (*Sistema General de Participaciones* - SGP) sets out central tax revenue disbursed by the State to subnational governments, including for culture. The Procultura levy (*Estampilla ProCultura*) introduced in 1997, reformed in 2001 and 2003, allows local governments to create a local tax at their own initiative of between 0.5% and 2% to raise funds for cultural services. Local governments use Procultura levy revenue to fund cultural production, cultural activities, infrastructure and training (Republic of Colombia, 1997^[3]). Other laws have complemented funding for specific cultural services. In 2010, for

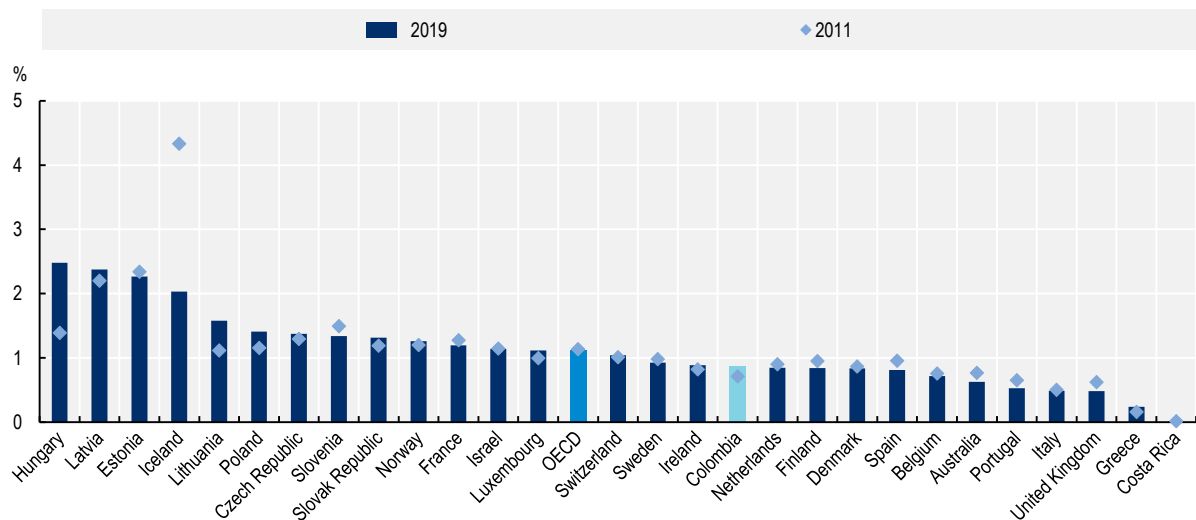
example, a public library system reform in Colombia updated funding sources for libraries throughout the country, including state resources and tax incentives (Republic of Colombia, 2010^[6]).

A source of financing for culture also includes resources raised from the taxation of cellular phone services through the National Consumption Tax on Cellular Phones (Impuesto Nacional al Consumo Telefonía Móvil - INC). In 2012, Law 1607 dedicated 4% of taxes raised on cell phone services to social investment, including 25% of which are earmarked for municipal, district and regional (departamento) governments to use on cultural development and sport¹ (Republic of Colombia, 2012^[7]). Compared to the sectoral levies, cell phone tax revenues in Colombia can support a host of cultural services, including financing for the country's national library system, the development of culture and artistic activities throughout the country and heritage policies. However, driven by rising use of data on smartphones, the relative importance of this source of financing has decreased as a result of declining use of cellular phone lines.

Specific levies also play a major role in reinforcing public revenues for culture in Colombia. In 2003, Law 814 on cinematography created a para-fiscal levy on different value chain actors, including those exhibiting cinematographic productions, distributors and feature film producers, amounting to 8.5%, 8.5% and 5% respectively on defined sales (Republic of Colombia, 2003^[8]). Revenue raised is channelled to cinematographic producers through grant-based mechanisms (discussed below). In 2011, Law 1493 on Public Performances introduced a similar para-fiscal levy of 10% on the total value of ticketing sales for defined public performances (Republic of Colombia, 2011^[9]). The law benefits from a strong territorial dimension, as revenues are collected by the Ministry of Culture, but disbursed directly back to those districts or municipalities where ticket sales occurred. Subnational governments use public performance revenues for public performance infrastructure, such as concert halls, as well as to support the production and circulation of performing arts. The reform also ushered in a tax relief mechanism of 100% on cultural infrastructure built for the performing arts.

OECD data may reflect the growing public resources channelled to culture in Colombia. Tax mechanisms have raised new revenue streams for government support to cultural services. According to OECD data based on national accounts, relative spending on cultural services rose by 0.2 percentage points between 2011 and 2019, increasing from 0.7% of total government spending to 0.9%, compared to a net stagnation over this period of the OECD average (Figure 4.2).² Among 27 OECD countries, Colombia ranks as the country with the fourth-highest relative increase in government spending on cultural services between 2011 and 2019, potentially reflecting the budgetary attention brought to this policy area through new tax mechanisms.

The increase in public spending has reduced the gap between Colombia and the OECD average for government spending on culture. In 2019, the share of government spending on cultural services in Colombia (0.9%) remained 0.2 percentage points below the OECD average of 1.1%. Government spending in this category, however, was higher than some advanced economies such as Spain (0.8%), Italy (0.5%) or the United Kingdom (0.5%).

Figure 4.2. Cultural services as a share of total government spending, 2011 and 2019

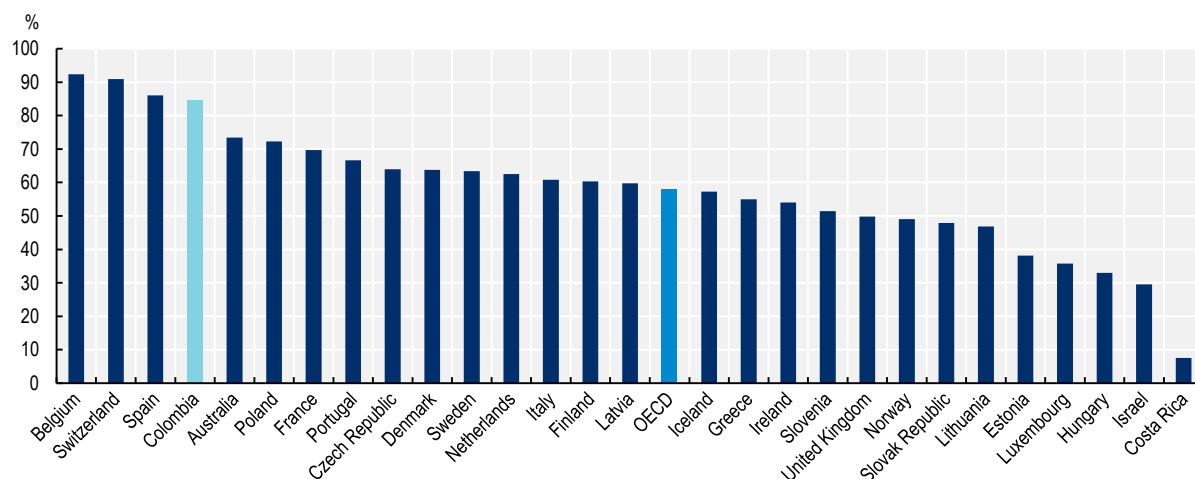
Note: Data for Israel in 2011 refers to 2013, data for Costa Rica in 2019 refers to 2017, and data for Costa Rica in 2011 refers to 2012.
 Source: Drawn from (OECD, 2022^[11]). Originally from OECD (2022^[10]), *National Accounts Statistics - Government expenditure by function (COFOG)*, <http://dx.doi.org/10.1787/na-data-en>.

Subnational governments play a primary role in administering the resources from these tax instruments. Colombia's subnational governments have significant responsibilities in policies in culture and the creative economy, such as through the support for artistic activities, valorising cultural heritage and making municipal culture strategies. The state's funding structure for cultural services reflects this division of responsibilities. The state disburses a share of tax revenues, public budgets and special levies, discussed above, to subnational governments, while subnational governments can also draw on own revenues, such as those generated by the ProCultura levy (*Estampilla ProCultura*). The Orange Economy policy has also involved Colombia's public territorial development bank, Findeter, in the financing of cultural infrastructure projects through loans to local governments (Box 4.1).

Colombia is among OECD countries with the highest relative share of spending on culture at the subnational level. In 2019, 84% of total government spending on cultural services in Colombia came from subnational governments (Figure 4.3). This represents the fourth-highest share in OECD countries for which data was available, and is 26 percentage points higher than the OECD average of 58%. This high share of cultural services spending at the subnational level may reflect the broader decentralisation of governmental structures in the country, and the tax instruments subnational governments can harness to finance their cultural spending. In a 2021 study, the Inter-American Development Bank (IDB) suggested that the total culture budgets of subnational governments in Colombia represented 4.7 times the budget of the Ministry of Culture, compared to a proportion of 3.7 in Brazil, further suggesting the importance of subnational spending in Colombia (IDB, 2021^[11]).

The share of subnational government spending on culture as a proportion of total government spending in this field has also risen over the last decade. The proportion of subnational government spending as a share of total government spending rose by 24 percentage points in the last decade, from 60% in 2010 to over 84% in 2019 (Figure 4.3). The increase may reflect the role of a new levies, such as the Public Performance Law of 2011, which has increased subnational revenues available to spend on culture.

Figure 4.3. Subnational government spending on cultural services as a share of total government spending on cultural services, 2001, 2010, and 2019



Note: Israel data for 2010 refers to 2013; Data for Costa Rica in 2010 refers to 2012, and data for 2019 refers to 2017.

Source: Drawn from (OECD, 2022^[1]). Originally from *National Accounts Statistics - Government expenditure by function (COFOG)*, <http://dx.doi.org/10.1787/na-data-en>.

Box 4.1. Findeter, Colombia's Territorial Development Bank, supports subnational governments with specific financing needs for creative economy infrastructure

The bank complements local government financing for culture

In 1989, Colombia created a public regional development bank (Findeter). The bank's shareholders include the state, which holds 92.53% of shares, and thirty of the country's regions (departamentos), holding 7.47% of shares. Amongst a host of instruments, Findeter functions as a second-tier credit-granting institution. The government identified Findeter as a national actor with strong potential to fill financing needs faced by the creative economy in Colombia.

Findeter's role in the creative economy reflects its growing role in Colombia's national development policy (PND). For example, the PND designates Findeter as an organisation to finance higher education infrastructure or the integration of green technology in Colombia's industry. Findeter is traditionally active in infrastructure investment such as providing credit for energy sector investment. As part of the country's push for Orange Economy development, Findeter has opened new tailored credit lines for subnational governments to develop or maintain cultural infrastructure. For example, in 2017, the government and Findeter established the "Reactiva Colombia" line, which includes a volley of funding for cultural and social infrastructure. The funding line started with over EUR 280 million (COP 1 200 billion) in potential credit for clients, a sum which has since grown.

Findeter also helped undertake tailored mapping studies of the creative economy in selected Colombia cities.³ Studies generated actionable quantitative and qualitative information on the sectors. For example, questionnaires were sent to local creative economy actors asking targeted questions on challenges, funding, market access and other subjects. Analytical findings were presented in a set of reports, which also led to recommended actions to help resolve local bottlenecks.

Source: (DNP, 2018^[12]), *Plan Nacional de Desarrollo 2018 – 2022*; (La República, 2018^[13]), Gobierno lanzó el programa 'Reactiva Colombia' para apoyar economía regional, <https://www.larepublica.co/economia/gobierno-lanzo-proyecto-reactiva-colombia-para-reactivar-economia-regional-2771688>.

4.2.2. The Colombian Ministry of Culture runs dedicated grant-based programmes for creative economy producers

The Ministry of Culture provides grant-based funding to cultural producers. Such direct state funding for cultural production often takes the form of selective applications for public grants. Primarily, this includes funding provided directly by the Ministry of Culture to creative economy producers. Since the country's General Law on Culture was passed in 1997, the Ministry of Culture has run a cultural funding programme, the National Stimulus Programme (PNE).⁴ The PNE functions through Colombia's National Cultural System (SNCu). The Fund grants three types of stimuli, including awards for cultural processes, recognition for cultural work and scholarships for developing or finishing a specific cultural project. In 2021, the PNE made COP 18 600 million available, as part of over COP 91 000 million in stimuli for the 2018-2022 period (Semana, 2021^[14]). This type of competitive application echoes models introduced elsewhere in the OECD, such as Chile's Cultural Funds (Fondos de Cultura), which have a sectoral focus with specific conditions or objectives (IDB, 2021^[11]) (Ministry of Cultures, Arts and Heritage of Chile, 2022^[15]).

The PNE grants funds to Colombian artists, creators, researchers and cultural managers in three funding areas. First, a funding line supports training activities to promote artistic and cultural excellence, knowledge gathering and the protection and promotion of cultural heritage. Second, a fund stream is dedicated to supporting research and creation. Last, the PNE channels funds to strengthen circuits that distribute cultural and creative goods and services. When the annual call for application opens, candidates

submit applications that are reviewed by the Ministry of Culture or relevant entities (Ministry of Culture, 2021^[16]). In 2022, the PNE introduced a novel focus on supporting youth creative labs and value chain integration with non-cultural sectors. The PNE also benefits from a special focus on vulnerable groups, such as ethnic minorities, women, victims of the armed conflict in Colombia, cultural creators with special needs and displaced people.

The Ministry of Culture's National Concertation Programme (PNC) also funds cultural projects directly. The Concertation programme also works through a competitive application process, but the PNC is only open to legal persons. Like the PNE, the grant-making programme works through the country's SNCu, Colombia's network of public and private actors in the field of culture. In 2022, the National University of Colombia led the selection programme. In 2022, applications were accepted along eight thematic categories, for a total sum of COP 49 900 million. In the 2018-2022 period, the PNC's total budget amounted to COP 480 000 million. Compared to PNE grants, Concertation programme awards focus more specifically on cultural projects.⁵ The Concertation programme also benefits from a differentiated approach, in which vulnerable territories are given priority in funding selection. Finally, local governments further support cultural producers through complementary funding to the Concertation or the PNE. Cities such as Bogotá and Medellín, for example, have created their own grant programmes. Specific sectoral grant programmes, discussed below, also supplement funding provided across culture and the creative economy by the PNE and Concertation programmes.

4.2.3. A dedicated public body provides funding for Colombia's film production

Funding for the Colombian film industry is a source of direct public funding for the creative economy. In 1997, the Colombian government created Colombia's mixed fund for film development (*Fondo Mixto de Promoción Cinematográfica*), Proimágenes Colombia. Proimágenes is a non-profit public corporation. Colombia's Film Law 814, passed in 2003, enabled the expansion of financial infrastructure for the cinematographic sector. Since 2003, Proimágenes benefits from a unique funding structure based on supplementary tax collection on the film industry to administer the corporation's major film fund, the Fund for Cinematographic Development (FDC) (Republic of Colombia, 2003^[17]). Other OECD countries have also chosen to create dedicated public bodies for cinematographic development. In Mexico, for example, the Mexican Institute for Cinematography (IMCINE) runs grant programmes and tax incentives for cinematographic development in the country.

The FDC is a competitive grant mechanism for domestic film production. The National Arts and Culture Council in Cinematography (CNACC) set the strategic directions of the FDC. The FDC finances not only film production, but also training, promotion, film heritage promotion, research, dissemination and access.

Proimágenes Colombia also supports funding for foreign film production in Colombia, reinforcing the country's attractiveness for creative economy investments. These attraction initiatives are run by the Colombian Film Commission (*Comisión Filmica Colombiana*), a joint initiative between Proimágenes, the Ministry of Culture and the Ministry of Commerce, Industry and Tourism. Proimágenes administers the Colombian Film Fund (FFC). The FFC was created in 2012 through Law 1556 as a subsidy for foreign film production in Colombia (Proimágenes Colombia, n.d.^[18]). The FFC reimburses 40% of the value of expenses made in Colombia and 20% of expenses incurred in accommodation, food and transport. In 2020, under the Orange Economy policy, Decree 474 created the audio-visual investment certificates (CINA) to further encourage foreign investment in audio-visual production in Colombia. Similarly to many OECD countries (see Box 4.2), the CINA is managed by *Proimagenes* for foreign producers who invest resources in the country for production or post-production. The nominal value of the certificate is equal to 35% of the value of investments made, and is applied to income tax after calculation.⁶

Box 4.2. Tax incentives to support film and TV in selected OECD countries

- **Australia** offers a range of tax incentives to support film and TV sectors, including a 30% tax rebate for non-feature projects, and 40% rebate for feature projects for Australian productions and Official Co-productions; a 30% tax rebate for productions who undertake post, digital and visual effects in Australia; and a 16.5% tax rebate on Qualifying Australian Production Expenditure for international productions filming in Australia.
- **California, USA**, offers a 25% transferable tax credit for independent films and a 20% non-transferable tax credit for feature films and TV series that are made in California. It also uses tax credits as an incentive to move existing TV production into the region by offering a 25% non-transferable tax credit for TV series which had been filmed outside California, but relocate to the region.
- **France's** Tax Rebate for International Production (TRIP) supports non-French projects that are completely or partly made in France. The amount allocated comprises 30% or 40% of the film eligible expenditures incurred in France, and caps at € 30 million per project. The foreign producer needs to contract with a French company to handle the shoot in France or/and the making of the animation / VFX shots via a production service agreement.
- In **Germany**, the German Federal Film Fund offers a grant of up to 20% of approved costs for feature, documentary or animated films which spend at least 25% of their production budget in Germany. Germany also offers grants and incentives for TV production in Germany, or with German partners for international TV productions.
- **New Zealand** offers a screen production grant, which covers both film and TV production. It offers a 20% rebate for international productions filming in the country and a 40% rebate on qualifying expenditure for domestic productions.

Sources: (OECD, 2022^[19]), Culture and the Creative Economy in Emilia Romagna, Italy, 10.1787/20794797; (ausfilm, n.d.^[20]), Screen Tax Incentives, <https://www.ausfilm.com.au/incentives/>; (California Film Commission, 2022^[21]), Application, <https://film.ca.gov/tax-credit/application/>; (German Federal Film Fund, 2022^[22]), Welcome to the German Federal Film Fund (DFFF), <https://dfff-ffa.de/en.html>; (New Zealand Ministry of Business, Innovation & Employment, 2019^[23]), New Zealand Screen Production Grant, <https://www.mbie.govt.nz/business-and-employment/economic-development/screen-sector/new-zealand-screen-production-grant/>; (French Film Commission, n.d.^[24]), film France, <https://www.filmfrance.net/v2/gb/home.cfm?choixmenu=taxrebate>.

Proimágenes has also benefited from an increase in resources. In addition to the resources it receives from its dedicated tax levy, the Ministry of Culture added COP 7 000 million to the FDC under the Orange Economy policy. In 2020, FDC revenue was negatively affected by the temporary closure of the venue-based sector due to social distancing measures. In response, the Ministry of Culture added a sum equal to 47% of the FDC's budget in 2021.⁷

Direct public funding for the creative economy in Colombia has grown to the benefit of artistic and creative creation. Both funds provided by the Ministry of Culture and Proimágenes Colombia are based on competitive applications. These programmes are common across Latin America, such as the National Culture Fund in Brazil (1991), the Culture Fund in Chile (1992), or the Competition-based Funds for Culture in Uruguay (2020) (IDB, 2021^[11]). Direct funding is a key part of a national the creative economy strategy in order to stimulate creative production. In the southern Cone, the IDB has identified that countries such as Uruguay and Argentina have complemented their grant-making programmes with direct funds based on fixed criteria and expert assessment, outside of a competitive application process.

4.2.4. Direct creative economy funding has also grown through links with funding mechanisms from across government

Public policies have strengthened direct public funding through links with non-traditional sources. Colombia's innovative policy links also reflect institutional reforms, such as the creation of the National Council of the Orange Economy (CNEN), and the growing strategic importance given to the creative economy across government. Access to new public funding sources reflects Colombia's efforts to mainstream support to the creative economy across government ministries and entities. Few countries in the OECD benefit from a legally mandated inter-ministerial coordination body for culture. Initial research suggests the Orange Economy policy has had a particularly strong effect on resources devoted to culture in public institutions outside the Ministry of Culture, which are estimated to have increased resources devoted to culture five-fold in 2019 alone (IDB, 2021^[11]).

Links with tourism have allowed the creative economy to benefit from funding mechanisms within the Ministry of Commerce, Industry and Tourism. In 2021, the Ministry released a Cultural Tourism Policy jointly with the Ministry of Culture, setting a complementary policy framework to develop cultural tourism in the country (Ministry of Commerce, Industry and Tourism, 2021^[25]). The new policy introduces a broad set of actions to drive cultural tourism, including its environmental sustainability, competitiveness and capacity to include local communities. This collaboration echoes a new focus brought by the Ministry's National Tourism Fund (FONTUR) for creative economy projects. FONTUR funding has been made available to local cultural infrastructure projects when proposals present the potential to increase tourism, such as through the restoration of cultural heritage sites. FONTUR advisors held roundtable discussions to review projects with municipalities, who are the administrators of FONTUR-funded projects. For example, in 2021, FONTUR funds helped the Chinchiná municipality in the Caldas department complete the first phase of a heritage restoration project of a historic coffee route.⁸ OECD countries promote such routes through dedicated programmes and certification (see the example of European Cultural Routes Box 4.3) which could be particularly useful to drive tourism to smaller municipalities and more remote regions.

Box 4.3. Cultural Routes of the Council of Europe Programme

The Cultural Routes programme, launched by the Council of Europe in 1987, promotes travel and discovery of the diverse heritage of Europe. Over 45 Cultural Routes cover a range of different themes, from architecture and landscape to religious influences, from gastronomy and intangible heritage to the major figures of European art, music and literature.

The networks implement activities on five main priority fields: co-operation in research and development; enhancement of memory, history and European heritage; cultural and educational exchanges for young Europeans; contemporary cultural and artistic practice; cultural tourism and sustainable cultural development. Through its programme, the Council of Europe offers a model for transnational cultural and tourism management and allows synergies between national, regional and local authorities and a wide range of associations and socio-economic actors.

The certification “Cultural Route of the Council of Europe” is a guarantee of excellence. In 2010, the Enlarged Partial Agreement on Cultural Routes of the Council of Europe (EPA) was established in order to strengthen the programme politically and financially. Cultural Routes are evaluated regularly by the EPA and are certified by the Council of Europe based on the following criteria:

- involve a theme that is representative of European values and common to at least three countries in Europe;
- be the subject of transnational, multidisciplinary scientific research;
- enhance European memory, history and heritage and contribute to interpretation of Europe’s present-day diversity;
- support cultural and educational exchanges for young people;
- develop exemplary and innovative projects in the field of cultural tourism and sustainable cultural development;
- develop tourist products and services aimed at different groups.

Source: (Council of Europe, 2022^[26]), Cultural Routes of the Council of Europe programme.

The Ministry of Commerce, Industry and Tourism’s funds have also been mobilised beyond infrastructure to finance broader creative economy policy objectives. For example, FONTUR was mobilised to support tourism-linked competitiveness, such as through knowledge exchange and training events for the gastronomic sector. For example, after an official consultation yielded an agreement with the Movement of Indigenous Authorities of South Western Colombia (*Movimiento de Autoridades Indígenas del Sur Occidente* – AISO), the Ministry of Commerce, Industry and Tourism has worked with the Misak indigenous community to develop ecotourism and training courses in cultural tourism.⁹ FONTUR is one amongst multiple examples of Ministry mobilisation in favour of the creative economy. Indeed, the Ministry of Commerce, Industry and Tourism has been particularly active in integrating the creative economy across its portfolio, including ties to its entrepreneurship development bank, Bancóldex, and a host of innovation and business support agencies. These programmes are described in more detail in sections 4.2.6, 4.3.4 and 4.3.5.

The Ministry of Science, Technology and Innovation has also contributed to new sources of funding for cultural content, drawing on its expertise with innovation policy. The “Create Digital” (*Crea Digital*) programme with the Ministry of Culture, for example, introduced a new grant-based programme for creative production. The programme is reserved for enterprises registered in Colombia. Through this programme, the ministries deliver 58 grants to projects related to the cultural industries and the development of software and digital content. Specifically, Create Digital provides grants in

complementary categories (including a category related to ethnic minorities), both for the development and execution of, digital animation, video games and transmedia content. Between 2018 and 2021, 123 creators benefited from the programme, benefiting from COP 9 948 million. The Create Digital programme complements existing PNE and PNC competitive processes.

Financing programmes have arisen across Ministries, mobilising new public resources for the creative economy's different needs. The crosscutting dimension of the Orange Economy policy is described in further detail in Chapter 2. These collaborations have yielded new financial opportunities, such as the Ministry of Finance and Public Credit's leverage of a territorial development bank, Findeter, to fund new infrastructure projects in Colombian territories (Box 4.1). The Ministry of Labour has also been particularly active in the creative economy through mobilisation of the National Training Service (SENA). Beyond its training offer, SENA also mobilised its Entrepreneurship Fund to provide capital to prospective creative economy entrepreneurs (see 4.2.6).

Colombia has also sought to mobilise resources from natural resource extraction for creative economy development. Colombia's General System of Royalties (SGR) redistributes financial resources from mineral and natural resource attraction. Some of the specific objectives of the SGR include distributing resource to low income parts of the population, promoting regional competitiveness and investing in socio-economic development in those territories where resource extraction occurs (DNP, n.d.^[27]). To target a greater share of these resources towards creative economy development, the National Planning Department (DNP) tailored instructions for SGR funding to the Orange Economy policy. To help local governments, the Ministry of Culture also benefits from a dedicated royalties technical advisory group to liaise with subnational governments in their SGR applications. SGR funds are best adapted to cultural infrastructure projects. Between August 2018 and December 2021, 153 projects were approved by the SGR, amounting to a total investment of COP 523 857 trillion in 27 departments.¹⁰

Box 4.4. Colombia anchors its creative economy policy internationally, both through the exchange of knowledge and practices and the management of economic resources for the cultural and creative industries

The Ministry of Culture engages internationally to strengthen its public policies in the field of culture, both by receiving and investing in technical cooperation and financial resources. Between 2018 and 2022, the Ministry's cooperation strategy managed technical and financial resources representing COP 62 394 million, of which 75% went to projects related to the creative economy.

One of the commitments and lines of work implemented to promote the Ministry of Culture's strategic initiatives and projects has been coordination with multilateral and regional integration organisations. Since 2019, Colombia, headed by the Ministry of Culture, held the pro tempore presidency of the Technical Group on Culture of the Pacific Alliance, the Inter-American Committee on Culture of the OAS and the Andean Community. It also promoted spaces for the exchange of experiences, knowledge and the development of consensus on issues such as the circulation of cultural goods and services, the safeguarding and protection of heritage, territorial development and the strengthening of cultural and creative industries, with organisations such as Mercosur, the Ibero-American General Secretariat, the IDB, the CAF and multiple UN Agencies, such as IOM, UNFPA, UNDP, WIPO, UNWOMEN and UNCTAD.

Colombia also created the International School of the Orange Economy to share best practices and public policies implemented around the Orange Economy with Latin American and international partners. The School is composed of two major initiatives. First, the Great Forum of Arts, Culture, Creativity and Technology (GFACCT). GFACCT is a space to foster strategic alliances and promote dialogue and consensus around the creative economy, present results and progress of public policies and private initiatives at the global level and advance the protection and promotion of the diversity of cultural expressions and the SDGs. Second, the Open, Massive and Online Course (MOOC) Colombia Crea Valor, aims to provide concepts and practical tools for the strengthening and development of the capacities of cultural and creative organisations, public entities, governors, officials, agents of the ecosystem and the general public, both at the national and international level.

The Ministry of Culture has been particularly engaged with the UN system. Collaboration with UNESCO is carried out through a number of mechanisms, such as the governance instruments of UNESCO's cultural conventions. Colombia has made progress in implementing the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, to which it acceded in 2013. Colombia also hosted the 2019 intergovernmental committee of the UNESCO Convention for the Safeguarding of Intangible Cultural Heritage, the first time a Latin American and Caribbean country hosted the committee. Colombia also collaborated with UNDP, in projects such as the methodological strengthening of the Orange Entrepreneurship Route, for COP 1 005 million.

Colombia has also participated in bilateral cooperation around the creative economy. The Ministry of Culture helped organise binational cabinet meetings with peer countries such as Ecuador and Peru, or joint commissions for the transfer of knowledge on specific topics. Under this cooperation scheme, joint initiatives have been undertaken with Chile, Guatemala, Uruguay, Paraguay, Mexico and Panama, among other countries, on issues related to institutional strengthening in the field of cultural and creative economy. Likewise, the Ministry has been engaged in high-level dialogues with the United States, approving bilateral projects to promote the creative economy through innovation and creativity as a source of integration and inclusion.

Source: (Ministry of Culture, 2022^[28]), Cooperación internacional para la economía creativa en Colombia, 2022.

4.2.5. In response to COVID-19, Colombia developed new financing instruments for culture, including through a reactivation law

The COVID-19 pandemic created an unprecedented shock to the creative economy across the OECD. The OECD has estimated that the creative economy has been amongst the sectors most affected by the pandemic, along with sectors such as tourism and food services and accommodation (OECD, 2020^[29]). Across the OECD, support measures were put in place by many national and local governments to help support cultural and creative sectors through the pandemic (see Box 4.5).

In Colombia, support measures for the creative economy had to take into account the large share of informal workers in this sector. The Decree 475 (2020) introduced the *Beneficios Económicos Periódicos* (BEPS Naranja) programme, supporting the social security of creative workers (see Chapter 2) (Ministry of Colombia, 2020^[30]). The decree also reoriented revenue originally destined to the performing arts to support the broader sector. The government also introduced flexibility into the calendars of artists benefiting from the Ministry of Culture's Stimulus and Concertation programmes. Colombia also introduced targeted social protection programmes, reflecting an additional mobilisation of support based on creative workers' specific socio-economic conditions. For example, this included the Solidarity Revenue Programme (*Programa Ingreso Solidario*) aimed at informal creative workers or those who cannot benefit from broader economic support, amounting to COP 4000 000 per household in its 2022 cycle (Department of Social Prosperity, 2022^[31]).

The country also introduced programmes to support access to culture and sustain demand for creative production. In this field, the #MuseosEnCasa y #TuCasaesColombia campaigns provided a virtual offering for Colombia's museums (Ministry of Culture, 2021^[16]). The campaigns were also mobilised for the long-term objective of formalisation and institutionalisation of the country's museum sector by encouraging those museums not registered for the Nacional Colombian Museum Information Museum System (SIMCO) to register. Training and education in the arts were also made virtual. For instance, the Music Plan (*Plan de Música*) was mobilised to help over 1 000 municipal music schools shift their courses on-line during the public health emergency.

At the end of 2020, the country built on initial support measures through ReactivARTE, a set of measures to re-activate the creative economy in the country. Introduced through Law 2070 (2020), one of ReactivARTE's main policy innovations involved the creation of Foncultura, a new fund meant to disburse funds to the creative economy (Republic of Colombia, 2020^[32]). CoCrea, the country's public-private entity responsible for issuing tax relief certificates for creative economy projects, is responsible for Foncultura and its administration. Foncultura constitutes a notable addition to existing creative economy policies and is meant to cover multiple policy areas, echoing the Orange Economy's cross-sectoral approach. Moreover, Foncultura significantly expands the role of CoCrea (discussed below), expanding its role as a direct financier of cultural projects. Law 2070 (2020) defines the field in which Foncultura finances initiatives and projects as the following:

- Those established in original legislation on cultural activity, Law 397 (1997);
- Orange Economy projects, as defined in Law 1837 (2017);
- Research, identification, social appropriation, protection, management, safeguard and cultural sustainability or the country's cultural heritage;
- Cultural and creative tourism and infrastructure;
- Training and stimulus initiatives for creators, cultural producers and artists in need of resources;
- Audio-visual projects as defined by Law 814 (2003);
- Training, building capacity and accompanying creators, cultural producers and artists.

At least half resources coming from Foncultura must be disbursed to Colombian municipalities with lower socio-economic indicators, known as category 4, 5 and 6 municipalities (Republic of Colombia, 2020^[32]).

ReactivARTE also introduced a new tax relief measure. Since 2020, actors listed under the 27 activities with ISIC codes fully associated with orange economy activities benefit from a 4% reduction in withholding tax rate on fees, commissions and services (Republic of Colombia, 2020^[32]). Upon passing ReactivARTE, the National Council of the Orange Economy (CNEN) announced the reactivation plan for culture would mobilise a total of COP 6.5 trillion in 2021 (Ministry of Culture, 2021^[33]).

Box 4.5. COVID-19 related funding initiatives for cultural and creative sectors across the OECD

During 2020 and 2021, governments across the world implemented a range of policy initiatives to support CCS hit by the global pandemic. The table below shows the type of public funding offered by national governments to CCS as of September 2020. While a number of other types of support have been offered (e.g. employment support, deferral of payments and easing administrative procedures, etc.) and a number of regional administrations within these countries have also provided additional funding in these areas, the table demonstrates the range and scale of public investment from national governments around the world.

Table 4.1. Public funding measures to support CCS in response to COVID-19, as of September 2020

Country	Grants and subsidies for cultural sectors	Grants and subsidies for individual artists	Compensation of losses	Loan provision and guarantee	Investment incentives
Australia	x	x	x	x	
Austria	x	x	x		
Belgium					x
Canada	x			x	
Chile	x			x	
China					
Czech Republic	x	x	x		
Denmark	x	x	x		
Estonia	x	x	x		
Finland	x	x	x		
France	x	x	x		x
Germany		x	x	x	
Greece	x				
Hungary		x			
Ireland	x	x	x		
Italy	x	x	x	x	
Japan	x	x		x	
Korea	x	x	x	x	
Latvia	x		x	x	
Lithuania	x	x			
Luxembourg	x	x	x		
Mexico		x			
Netherlands	x	x	x	x	
New Zealand	x	x		x	x
Norway		x			
Poland		x			
Portugal	x		x		x
Slovak Republic		x			
Spain	x			x	

Sweden	x			x	
Switzerland	x	x	x	x	
United Kingdom	x	x		x	
United States	x	x		x	

Source: OECD (2020^[29]), Culture shock: COVID-19 and the cultural and creative sectors”, https://read.oecd-ilibrary.org/view/?ref=135_135961-nenh9f2w7a&title=Culture-shock-COVID-19-and-the-cultural-and-creative-sectors.

4.2.6. Public agencies support entrepreneurs with seed funding, marketing and internationalisation assistance

Colombia’s entrepreneurship policies reflect the country’s transversal policy approach to support the creative economy. Colombia’s entrepreneurship policies are led by public entities such as iNNpulsa, a business innovation and entrepreneurship agency that works in tandem with the Ministry of Commerce, Industry and Tourism. Founded in 2012, iNNpulsa helps promising initiatives incubate and grow through financing and support. For example, for companies with a strong digital footprint, iNNpulsa collaborates with Starter Company to connect start-ups with investment, sources of financing and strategic visibility. iNNpulsa also runs Digital Entrepreneurship Transformation Centres (*Centros de Transformación Digital Empresarial* - CTDE) with the Ministry of Commerce, Industry and Tourism as well as the Ministry of Information Technology and Communications. CTDE helps microenterprises and SMEs integration strategic technologies into their operations to raise their productivity and competitiveness. Colombia has driven iNNpulsa to build on these packages to develop tailored programmes for the creative economy, reflecting the Orange Economy’s transversal policy approach.

Colombia’s creative economy benefits from a comprehensive financing package for eight iNNpulsa programmes, known as “iNNpulso Naranja”. The programme was created to channel seed funding, incubation, acceleration and other support to creative economy start-ups and firms specifically. The effort has introduced a group of new creative economy-tailored business support programmes in Colombia, such as the Orange Village (*Aldea Naranja*), which has helped creative economy entrepreneurs access strategic advice and links to financial capital (iNNpulsa, 2019^[34]). The Orange Capital (Capital Naranja) programmes provide non-refundable seed capital to creative economy start-ups. The Mega-I Orange (Mega-I Naranja) targets medium and large companies to help them identify new market opportunities in the creative economy. Other Orange Economy policy actors, such as Bancóldex have provided technical support to implement multiple initiatives launched by the Ministry of Commerce, Industry and Tourism. iNNpulsa’s diverse programming for the creative economy build the sector’s capacity while providing direct financial services.

iNNpulsa has also been a focal point for innovation in creative economy finance. The Orange Road (*Ruta Naranja*) programme, for example, works with the state’s Sacúdete centres, which provide health, culture, sport, technology and entrepreneurship services. As part of the Orange Road, iNNpulsa teams travel to deliver training, consultancy and technical assistance for the development of creative economy projects, it is a practical way of bringing available strategic financing and business growth information to local creative economy. The Ministry of Culture also collaborated with iNNpulsa and the Colombia Value Fund (*Bolsa de Valores de Colombia* - BVC) to launch a national crowdfunding platform for the creative economy (Box 4.6). The Orange Cluster programme (Clúster Naranja) helps local actors identify potential creative economy clusters in their region.

iNNpulsa cultural programming has also included a group of initiatives to organise entrepreneurship camps and workshops. The agency organises Colombia’s Emprendetón and Heroes Fest (Héroes Fest) programmes, national workshops that mobilise speakers, mentors and networking to support business ventures across industries. iNNpulsa has devoted specific workshops to Colombia’s

creative economy entrepreneurs within these annual programmes with financial support from partners such as regional government or universities. Likewise, since 2019, the *Emprendetón* workshop devoted awareness raising and networking activities specifically to the creative economy.

The Ministry of Commerce, Industry and Tourism adapted programmes of its export support agency, Productive Colombia (Colombia Productiva), to the creative economy. For example, Colombia Productiva's Buy from Us (*Compra Lo Nuestro*) programme provides digital marketing for creative economy firms. Colombia Productiva also directed its Productivity Factories (*Fábricas de Productividad*) programme to creative economy companies to drive their productivity, working with local actors such as Chambers of Commerce (Colombia Productiva, 2021^[35]). These programmes complement existing seed funding programmes from the Ministry of Culture, such as Colombia's Film Development Fund (FDC) or the Ministry of Culture's Incentives Portfolio.

Colombia also mobilises existing creative economy programmes to support social economy enterprises in the sector. The Ministry of Culture's Programa Nacional de Concertación Cultural includes dedicated funds to strengthen arts, cultural heritage and cultural and creative industries. The concertation programme supports those initiatives that seek to democratise access to different cultural goods, services and manifestations. Access to SENA training centres is also open to social entrepreneurs in the creative economy. Specific programmes for social enterprises in culture could not only reinforce the sector's role in both growing the creative economy, but also to increase its social impact.

National Training Service (SENA) programmes have also been oriented to creative economy entrepreneurship. SENA's Entrepreneurship Fund (*Fondo Emprender*) is a seed capital funding programme created in 2002 as part of Law 789 on employment and social protection. Before its additional emphasis on the creative economy, this SENA fund worked as an independent account exclusively destined to those attending or having attended state-recognised education or training, including SENA training courses (SENA, n.d.^[36]). SENA accompanies applicants through the enterprise development process, including through registration and advice, business plan evaluation, funding and business development. As part of the Orange Economy strategy, Colombia reoriented part of the Fund's resources specifically to Orange Economy initiatives. SENA's rural entrepreneurship programme (*Emprende Rural - SER*), has also been adapted to and promoted amongst interested potential creative economy entrepreneurs.

Box 4.6. Crowdfunding in the creative economy

Crowdfunding presents an alternative form of financing for creative economy firms in Colombia

Crowdfunding raises money for creative economy projects through the collection of small or medium-sized contributions from different individuals. Crowdfunding reduces the number of intermediaries between a project and its financiers. Different crowdfunding models have arisen, including:

- Equity-based in which investors contribute money for a share of equity in the project;
- Lending-based in which investors provide debt-financing;
- Reward-based and donation-based in which capital is offered on a philanthropic basis of for a non-monetary reward.

Crowdfunding offers multiple advantages for creative economy projects. This instrument can raise capital for creative economy projects which may struggle to raise find financing through intermediary institutions such as banks or public lending institutions. Indeed, funding for the cultural and creative sectors across the OECD is often based on specific projects calling for smaller piecemeal financial packages, rather than traditional firm-wide financing needs. Crowdfunding is also highly adaptable to the different value chain positions of creative economy firms, and can provide signalling value for those firms seeking traditional investment following or alongside crowdfunded capital. Crowdfunding, however, can also pose risks when competitors exploit publicly available ideas on crowdfunding platforms without adequate intellectual protection.

Colombia's Orange Economy policy has identified the opportunities brought by crowdfunding.

As such, Colombia helped develop a crowdfunding pilot for creative economy projects. The Ministry of Culture has worked with the Colombia Value Fund (*Bolsa de Valores de Colombia* – BVC) to connect creative economy firms to a2censo, a crowdfunding platform developed with iNNpulsa and BVC for SMEs across sectors. a2censo helps firms connect with investors and market their initiatives to a broader audience. In Colombia, crowdfunding may offer a particularly promising alternative financing mechanism due to the share of microenterprises and SME that may not meet the requirements of traditional lending institutions due to their lower capacity levels. Initial financial engagement with crowdfunding platforms may help Colombia's creative firms build confidence with traditional lending institutions.

Across OECD countries, however, little data is available on the success of crowdfunding models in the creative economy. A study published in 2017 based on 75 000 crowdfunding campaigns in the EU suggests that around half reached their financing objectives. The study also reveals money raised for the sampled campaigns was also concentrated in donation-oriented contributions, rather than equity or debt finance-based giving.

Source: (OECD, 2022^[1]), The Culture Fix: Creative People, Places and Industries, <https://www.oecd.org/publications/the-culture-fix-991bb520-en.htm>; (De Voldere and Zeqo, 2017^[37]), Crowdfunding: Reshaping the crowd's engagement in culture, Luxembourg: Publications Office of the European Union, 10.2766/011282.

4.3. Indirect public financing and support for private financing of the creative economy

4.3.1. Tax incentives have grown as a source of financing for entrepreneurial activity in the creative economy

Throughout OECD countries, changing norms and growing awareness of the economic dimension of culture have contributed to diversifying the financial landscape. Governments have taken measures to diversify sources of funding. Tax incentives and debt finance, for example, grew as public policy for governments seeking to support the sector in new ways and recognise its economic potential alongside its social impact (Figure 4.1). In Colombia, the growth of the Orange Economy strategy has ushered a host of new indirect financing mechanisms to support the sector's financial sustainability and growth. Tax incentives have been at the forefront of strategy to draw private investment to creative economy.

Colombia grants income tax relief to creative economy companies to simulate entrepreneurship.

In 2018, the government introduced new tax relief measures for creative economy companies that develop technological value added and/or creative activities, as defined by 103 selected International Standard Industrial Classification of All Economic Activities (ISIC) established by Law 1943 (Republic of Colombia, 2018^[38])¹¹. 27 ISIC codes are considered to fully pertain to the creative economy, whose activities are exclusively linked to the development of cultural and/or creative activities, while others benefit from partial inclusion. Those tax incentives aimed at the creative economy complement existing instruments developed to promote cultural activity on a sectoral basis. In 1993, for example, legislation introduced a tax incentive for book and literature editors, who can benefit from a twenty-year exemption from income and other forms of tax (Republic of Colombia, 1993^[39]).

In 2020, Colombia introduced an exemption from income tax for creative economy companies to stimulate entrepreneurship in this area. Passed respectively in 2020 and 2021, decrees 286 and 1843 regulate the “income tax exemption” incentive (*rentas exentas*) for creative economy enterprises. The incentive functions as a five-year exemption from income tax for those firms fully included in the Orange Economy as part of the 27 selected ISIC codes. Companies operating under these 27 codes receive this incentive upon meeting specific conditions.

Conditions have been tailored to best target a group of core creative economy entrepreneurs.

Companies must create at least three jobs and invest a minimum of COP 151 000 000 in their company. For companies to benefit from the tax measure, the Ministry of Culture also evaluates the financial sustainability of companies based on applications submitted by firms. In 2021, the Social Investment Law (2021) loosened certain conditions for creative economy tax benefits by removing minimum investment conditions for creative economy enterprises (Republic of Colombia, 2021^[40]). The Social Investment Law of 2021 also expanded the reach of the Works for Taxes (*Obras por Impuestos*) incentive, which allowed for tax payment through public investment works in municipalities under Territorially-focused Development Programmes, PDETs (*Programas de Desarrollo con Enfoque Territorial*). Decree 1147 extended this mechanism to Orange Development Areas (ADN), the country's system of creative districts (see Chapter 3). The regulation of this extension is in process at time of writing.

Tax relief is also granted to individuals who partake in cultural heritage protection and conservation. Owners of officially recognised Cultural Interest Goods (*Bien de Interés Cultural* - BIC), including real estate, can reduce 100% of spending made as part of Special (heritage) Protection Plans (PES) and cultural conservation activities. This approach reflects recent efforts to incentivise private owners of historical property and real estate to invest in cultural conservation efforts.

Under the Orange Economy policy, Colombia complemented its entrepreneurship-focused incentives with an investor incentive. Decrees 697 and 624, in 2020 and 2022 respectively, regulate

the investment tax relief for investments or donations made in cultural and creative projects (*Deducción en la renta por inversiones o donaciones a proyectos culturales y creativos*). The National Development Plan (PND) ushered in this tax deduction on an investor's taxable base corresponding to 165% of the value invested or donated for the taxable period in which the investment is made. The deduction is applied before tax calculations. The incentive is endowed through certificates, known as Certificates of Investment and Donation (CID), issued by the private public partnership corporation that acts as an intermediary between investors and projects, Colombia Crea Talento (CoCrea), discussed below. The tax incentive also applies to investments made within the country's creative districts, ADNs. Incentives introduced across sectors complement the sector-specific cinematographic investment incentive introduced under the Orange Economy policy, CINA, discussed in 4.2.3.

4.3.2. A private-public body, CoCrea, coordinates the application programme for tax deductions for creative economy investment

Colombia Crea Talento (CoCrea) is an intermediary platform between entrepreneurs and investors that provides tax incentives for specific creative economy projects. The government created CoCrea as a non-profit public corporation with the mission of strengthening the value chain ecosystem of the creative economy actors across Colombia (Presidency of Colombia, 2020^[41]). The Ministry of Culture, the Ministry of Commerce, Industry and Tourism, along with the Chamber of Commerce of Bogotá and Comfama, the family equalisation fund of Antioquia, launched CoCrea in 2020 (CoCrea, 2020^[42]). Decree 697 (2020) allows CoCrea to review projects submitted through its application process and endows a special tax reduction certificate, the Creative Economy Investment or Donation Certificates (CID), to approved projects (Presidency of Colombia, 2020^[43]). The CIDs allow those who invest in creative economy projects to benefit from the investor's tax incentive discussed in 4.3.1. Projects that can apply include those in the following areas, meant to cover a wide arrange of actors across the creative economy's value chains:

- Orange Economy projects, including:
 - Arts and heritage;
 - Cultural industries;
 - Creative industries;
 - New media and content software;
 - Orange Development Zones (ADNs);
- Special Safeguard Plans (*Planes Especiales de Salvaguardia*) for cultural manifestations registered as immaterial heritage;
- Public performance and scenic art infrastructure projects.

Projects apply under three different CoCrea listing streams. The first stream is targeted at microenterprises or SMEs that bring forth projects with their own contributions, known as Projects with Own Contribution (*Proyectos con Aportes Propios* - PAP). A second stream is targeted at natural or legal persons who benefit from established third party investors, known as Projects with Identified Investor (*Proyectos con Aportes de Terceros* - PAT), while a third stream targets projects for natural or legal persons that submit projects without established investment, known as Projects without Identified Investor (*Proyectos sin Aportante Identificado* - PAI).¹² In 2020, 89% of accepted projects (303 projects), were PAI projects, while 8% and 3% respectively were PAT and PAP projects (CoCrea, 2020^[44]).

CoCrea has helped grow and stimulate investment in creative economy projects accepted after project approval. In 2020, CoCrea received 522 projects, of which 339 were approved for tax incentive and listing on the CoCrea website (CoCrea, 2020^[44]). In the same year, cultural education, live music and audio-visual creation projects were among the most popular sectors approved, while 36%, 12% and 10% of projects respectively were concentrated in Colombia's most populous regions, Bogotá DC, Antioquia

and the Valle del Cauca. In April 2022, Colombia's Minister of Culture announced that a total of 69 companies had received CoCrea's tax exemption certificates for investing in the creative economy, generating over COP 17 000 million in investment for the country's creative economy (CoCrea, 2022^[45]). According to OECD field interviews, CoCrea has been particularly successful at accompanying CoCreemos projects, who benefit from pre-established investor ties, or coming from applicants with a high level of project conception capacity. Those projects lacking pre-defined investors or low capacity meet challenges to find funding through the listing process. CoCrea has taken steps to accompany candidate projects, such as through meetings with potential investors, promotional events and assistance through its website, webinars and meetings, though challenges remains to bridge applicant capacity differences (CoCrea, 2020^[44]).

CoCrea is learning from its first call for projects to maximise the impact of its services within the creative economy ecosystem. In 2020, CoCrea drew extensive attention from creative initiatives seeking CoCrea's tax deduction certification. Project applications, however, also revealed projects require a host of different needs, both in terms of financing and entrepreneurial capacity. CoCrea may not have the internal capacity or mission to provide tailored capacity building assistance to all those projects without established project financing partners. As such, there is an opportunity to guide those actors requiring greater assistance to organisations with capacity-building abilities, such as SENA, local governments, universities or entrepreneurship agencies. CoCrea is taking steps to modify its application process for PAI projects to a "portfolio system" in which a group of leading applicants receive tailored capacity building help, while a broader set of approved projects receive CoCrea's networking support.

CoCrea faced a high diversity in its applicant pool. The high level of applications within CoCrea is a sign of policy uptake, though the high share of PAIs – 303 projects, or 89% of the total – also suggest CoCrea's role as a market intermediary is met with need. Through its intermediary role, CoCrea supports uptake of its investment tax deduction instrument, reducing the potential complexity of using an investment tax instrument independently. In Chile, a comparable body, the Committee of Cultural Donations, plays a similar role as a project evaluator for tax incentives available as part of Chile's Cultural Donations Law. According to published 2020 figures, 72% of projects within CoCrea were associated with ISIC codes related to the arts and heritage, while on 14% and 12% respectively for the cultural and creative/new media industries, also revealing sectoral specialisation of projects around core artistic and cultural enterprises (CoCrea, 2020^[44]). According to its 2020 annual report, CoCrea held a host of networking events to help connect projects with investors in 2020, such as 38 meetings with large firms, and 31 showcase events.

High candidate diversity can be a challenge for the often disparate needs it can entail from CoCrea staff in the face of different application needs. High applicant diversity also presents challenges to ensure those with less capacity and investor attraction potential can still benefit from the opportunity to access indirect financing opportunities.

CoCrea is also significantly expanding its role because of the resources it is gaining from a COVID-19 creative economy reactivation fund. In 2022, CoCrea's applicants may be able to benefit from financing from Foncultura (Republic of Colombia, 2020^[32]). Foncultura's broad objectives, ranging from R&D, cultural tourism, infrastructure and cultural production, are likely to significantly support CoCrea's ability to help those projects requiring direct links with financing. Credit lines are being developed with Foncultura to support specific categories of artists, such as adding a stronger territorial focus to CoCrea's activities. Reflecting a growing focus on place-based policy, CoCrea is holding information sessions on its activities in remote areas of Colombia, such as Casanare, in the country's east, where it has drawn interest from potential investors to finance a group of smaller or medium projects.

4.3.3. A public investment bank provides debt financing to the creative economy, filling a key financing need

Innovative indirect financing mechanisms have been created to strengthen the financial sustainability of Colombia's creative economy actors. Across OECD countries, firms in the creative economy face specific obstacles to access financial capital to start or upscale their businesses. Microenterprises, freelance workers and SMEs all tend to be over-represented in the creative economy compared to other sectors, creating a barrier to access mainstream private debt instruments which may privilege larger companies that meet the financial requirements related to collateral or risk guarantees (OECD, 2022^[1]). The OECD has highlighted that creative economy firms also often provide goods or services with high symbolic value, which may meet challenges when investors seek low-risk or safe investments. The intangible assets produced by the creative economy also lack widely available evaluation methods to properly assess their value for credit opportunities.

Colombia has strategically mobilised its state-owned banks to open new lines of credit for creative economy actors. Colombia's use of state-owned commercial and development banks for the creative economy is a leading practice to help bridge the gap that exists between the needs of creative SMEs and open market-provided credit opportunities. Indeed, external finance plays an important role to help SME grow and fulfil essential entrepreneurial activities such as capital investment or employee training. In 2020, based on data on the financing needs of SMEs in Colombia, sub-sectoral data and current public banking investment, the IDB estimated that creative economy firms could reach USD 615 million per year (IDB, 2020^[46]). Research also suggests external credit opportunities for SMEs contain a strong spatial component, with those SMEs in rural or peripheral areas, or those firms geographically far from financial centres, benefiting from far fewer financing opportunities (Zhao and Jones-Evans, 2017^[47]) (Brown, 2018^[48]) (Ughetto, Cowling and Lee, 2019^[49]).

Colombia's enterprise development bank, Bancóldex, is a pillar of Colombia's creative economy financing strategy. To meet the need of the creative economy strategy, Bancóldex developed a dedicated multi-faceted strategy, involving four types of activities.

- First, Bancóldex's funding of the creative economy started with funding first-tier financial institutions through loans reserved for creative economy firms, as defined by the 103 ISIC codes associated with the Orange Economy.
- Second, its activities complement funding with direct training and support for capacity building.
- Third, Bancóldex expanded its investment in venture capital, which begun across the economy in 2009, into creative economy capital funds. This action is meant to stimulate the funding environment beyond debt financing for the Orange Economy, which was evaluated not to meet sectoral needs (Bancóldex, 2021^[50]).
- Finally, the bank's funding model evolved significantly with the introduction of Decree 468 in 2020, at the outset of the COVID-19 public health emergency in Colombia (Presidency of Colombia, 2020^[51]). Decree 468 allows public banks to open credit lines directly to businesses without passing through first-tier credit institutions, expanding the bank's role in tandem with the deployment of Foncultura within CoCrea, discussed in 4.3.2.

The bank's strategy covers all stages of business growth - from pre-seed capital to business expansion - through these instruments (Table 4.2). To help ensure the uptake of loans among microenterprises and SMEs, Colombia has also associated Bancóldex to the management of certain national guarantee mechanisms, discussed below.

Table 4.2. Bancóldex's activities help meet creative business needs throughout their growth cycle

Bancóldex activities for the creative economy

Business financing need	Pre-seed	Seed	Early stage	Scale up	Consolidation	Expansion
						Direct corporate credit
				Direct credit to SMEs		
				Capital funds investment		
			Traditional and targeted lines of credit			
Capacity-building and training						

Note: Table modified by OECD.

Source: (Bancóldex, 2021^[50]), 5 hitos en el impulso a las industrias creativas y culturales.

4.3.4. Bancóldex has deployed tailored and traditional debt financing for creative firms, as well as entrepreneurship programmes

Bancóldex financing employs both traditional credit lines along with tailored financial instruments.

Targeted credit lines are adapted to the financial specificities of the creative economy, such as progressive payment schemes, extended grace periods and beneficial interest rates (Bancóldex, 2021^[50]). In addition to the deployment of additional capital, new credit instruments have sought partnerships with strategic actors within the creative ecosystem.

Major targeted credit lines have grown out of partnerships, such as local governments, national ministries or private sector actors. Synergies have been created with actors such as the Ruta N corporation in Medellín, the Popayán City Hall, the Cauca Chamber of Commerce, the Ministry of Commerce, Industry and Tourism, the Ministry of Culture, the Ministry of Information Technology and Communications, Bogotá's Department of Development (Fitic) and the Huila regional government (gobernación de Huila). Credit lines developed with financial allies take the form of loans to first-tier financial entities, who in turn provide debt financing directly to creative firms.

The bank created a total of eight special credit lines to first tier institutions with a host of tailored objectives, such as innovation, supporting capital investment, tourism, SME financing or territorially-focused financing. These special tailored credit lines represent 27% of investment made by the bank in these sectors, while the bank's traditional credit lines represent 32% of investment made in the creative economy by the bank (Bancóldex, 2021^[50]).¹³ These partnerships not only raise dedicated capital for the creative economy, but help raise awareness of the sector's impact, financial needs and capabilities. Colombia's push for driving debt financing in the creative economy through public investment banking can be found across OECD countries. In France, for example, the State's public investment bank, Bpifrance, launched la French Touch, a host of favourable debt-financing instruments for the cultural and creative industries (bpifrance, 2021^[52]).

Bancóldex also runs non-financial services such as training, capacity-building and technical assistance. These services help creative economy entrepreneurs build their capacity, as many actors in the creative economy are characterised by weaker or less traditional business structures. As part of this line of work, the bank introduced programmes such as the Orange Productivity Factories from 2019 to 2020, in partnership with the Ministry of Industry, Commerce and Tourism, the Productive Transformation programme and the Bogotá Chamber of Commerce. As part of the programme in the Cundinamarca

region, 77 enterprises received up to 80 hours of tailored technical assistance (Bancóldex, 2021^[50]). Other programmes included, for example, a financial education programme for crafts workers in 2020, organised with the crafts workers association of Colombia, *Artesanías de Colombia*, and Asobancaria, Colombia's national association of banks and financial institutions. The programme organised four virtual modules on financial education for a total of 186 participants.

Bank results reveal Bancóldex's creative economy activities have raised the sector's capacity to access finance, reaching firms of different sizes across the country. Between August 2018 and December 2021, the public development bank invested over COP 3 500 billion in the sector through its credit lines, including those who benefit from partnerships with national and local actors. In this period, funds reached nearly 120 000 firms. Lines of credit created with strategic partners, which include both tailored credit lines and the bank's traditional instruments, in particular were able to reach a relatively large share of creative economy microenterprises, reaching 27% of all disbursements made for partnership loans. Credit lines made with strategic partners were also able to reach a diverse group of Colombian territories, benefiting upwards of 937 municipalities in 32 departments, although over 67% of investments were made in country's ten most populous cities (see Annex 4.A)¹⁴.

4.3.5. Colombia has developed venture capital and bond instruments for the creative economy

The financial situation and strategy of certain creative economy companies may require injections of capital outside of debt financing. Governments have mobilised public guarantees, incentives and other mechanisms to attract equity and other forms of capital investment into the creative economy. For investors, investment in creative economy firms is gaining momentum as interest and method for social impact investment grow. Since 2009, Bancóldex has invested in venture capital to stimulate investment, including a venture capital fund (Capital Fondo de Fondos), which has supported seventeen funds across the economy. Of these funds, ten have invested in 29 creative economy firms, for a total of nearly COP 339 200 (Bancóldex, 2021^[50]). In many of these operations, venture capital investments take place alongside Bancóldex investments, which may help attract investors and increase the impact of investment.

Bancóldex has also released unique tailored public bonds for the creative economy. The bank's Orange Economy bonds (Bonos Naranja) are meant to stimulate private sector investment in creative economy initiatives through the emissions of financially attractive bonds. The bonds follow Bancóldex's other bond programmes, such as Green Bonds, Social Bonds or Reactivation Bonds (Bancóldex, 2021^[50]). They provide an alternative form of attraction for private investors who are not drawn to the bank's financial products for first-tier financial institutions. Bancóldex drew on its previous experience with public bonds and international standards related to the use of funds, evaluation and selection, fund management and analysis to create the targeted bond programme. In 2020, Bancóldex issued over EUR 152.5 million (COP 656 billion) in creative bonds, up from nearly COP 467 billion in 2019 (Bancóldex, 2019^[53]) (Bancóldex, 2020^[54]).¹⁵

Bond investment has reached both large companies and SMEs. In 2020, according to the bank's annual report on this instrument, bond investment reached large companies and SMEs in the same proportion, 47, while 6% was issued to micro firms. The funds drawn from the bonds were able to supplement the bank's financial programmes for creative economy companies. Compared to the bank's credit instruments, creative bond funds were issued to a greater extent to firms in Bogotá, representing the location of just over 50% of recipients. 32% of bond recipients were concentrated in television programming, 16% were located in the textile production sector and 11% in architecture and engineering, sectors which may be more traditionally adapted to the programme's revenue-raising profile for investors. Beyond their financial utility to companies, bonds are a tool to increase the sector's visibility and densify the sector's financial ecosystem with more financial opportunities.

4.3.6. A National Guarantee Fund helps SMEs access private credit lines, while the Ministry of Culture is taking steps to evaluate intangible assets

The high level of diversity and specific nature of creative economy firms can challenge their access to traditional credit schemes. Indeed, the creative economy is comprised of an array of firms operating in different sectors with highly varied missions, business models, operations and cost structures. For instance, live performance firms may have high variable costs with a more limited market composed of a physical audience, while a museum may have a high fixed cost, its own physical infrastructure and receive a large share of public subsidies (OECD, 2022^[1]). Some firms facing the need to finance their activities, particularly in the performing and creative arts, may require longer periods to repay a loan and recognition of intangible assets, such as an upcoming music album or cinematographic production.

The Ministry of Culture is taking steps to develop methods to evaluate intangible cultural and creative assets. In 2022, the Economic and Social Council document (CONPES) recognised the valorisation of intangible assets is seen as a strategic step of facilitate access to finance, reinforcing policy momentum behind this process (CONPES, 2022^[55]).¹⁶ Symbolic value is recognised as difficult to measure due to its association with elements such as tradition, talent, relationships or other factors. In response, the Ministry of Culture, jointly with the Superintendent of Companies (*Superintendencia de Sociedades*), is developing a guide for the valuation of intangibles, and a diffusion strategy to ensure key institutional actors develop this skills set. This exercise is being carried out with organisations from the cultural sector as well as academic institutions, such as the Technical Council of Public Accounting (*Consejo Técnico de Contaduría Pública* - CTCF). A distribution campaign is planned between 2023 and 2025.

In Colombia, a National Guarantee Fund (FNG) helps firms facing obstacles to access credit with a set of dedicated tools. Those entities that can receive assistance include independent workers, microenterprises, SMEs, large firms and households (FNG, 2021^[56]). FNG services include a range of financial services tailored to SMEs, such as individual guarantees for investing in fixed assets and working capital, or microcredit schemes a host of business needs (Table 4.3). FNG services are made available through the intermediary credit-granting organisation such as bank of loan agency.

In the creative economy, Bancóldex has worked as an intermediary for organisations seeking FNG support. Between 1 January and 31 October 2021, the FNG supported over 100 000 entrepreneurs in the creative economy, as defined by the Orange Economy statistical codes. This group accessed a total of over 110 200 FNG guarantees, helping creative economy firms access credit lines provided by first tier organisations. The structural challenges posed by low actor capacity to access credit, however, highlights need to continue deploying loan guarantee mechanisms that recognise the specificities of many creative firms with low capacity. Developing loan guarantee programmes further may be supported by loan guarantee schemes that recognise the longer periods of return on investment, and that foster ties with capacity-building programmes and work formalisation programmes.

Table 4.3. National Guarantee Fund financial services

FNG financial services accessible to creative economy firms

Financial product	Financial need	Description
Global Revolving Quotas Guarantee	Working Capital	Supports operations aimed at financing working capital needs through the revolving quota scheme.
Multipurpose Business Guarantee	Business operations	Supports loans for working capital, acquisition of new or used fixed assets and business capitalisation.
Individual Guarantee	Fixed Asset Acquisition	Supports credit operations to invest in working capital, acquisition of new or used fixed assets, and all those required to start the

		business operation.
Leasing Guarantee	Business Leasing	Supports contracts to finance assets used in the production and/or marketing of goods or the provision of services; such assets may be classified by the Bank as having high or low marketability.
Microcredit Guarantee	Business Capitalisation	Supports loans required by Colombian microenterprises for working capital, fixed investment, business capitalisation and economic development, among other financing needs.
SME Preferential Guarantee	Business operation	Supports credits for working capital, acquisition of new or used fixed assets and business capitalisation.

Source: Drawn from (FNG, n.d.^[57]), *Respaldamos a la Industrial Cultural y Creativa*, https://www.fng.gov.co/ES/Paginas/Economia_Naranja.aspx.

4.4. Policy perspectives

4.4.1. Tailored instruments fill a financing need, though technical capacity building instruments could help a greater share of disadvantaged entrepreneurs benefit

Funding opportunities have grown in Colombia, meeting a key financial need. Artists and cultural producers can apply for grants through the National Concertation Programme (PNC) and the National Stimulus Programme (PNE). Opportunities turned towards the creative economy such as those provided by Bancóldex have come to complement existing programmes with debt financing opportunities. The COVID reactivation fund, Foncultura, is a new source for both debt financing and grants for the creative economy ecosystem. The chapter describes the diverse financial infrastructure Colombia is building to meet the specific needs of creative economy actors, as identified by the OECD. Some of these challenges include identifying collateral to access bank credit based on intangible assets, or the project-based nature of work, which can generate fluctuating revenue (OECD, 2022^[1]). Initial results show these schemes have multiplied creative entrepreneurs' access to funds. For example, between August 2018 and December 2021, Bancóldex's new creative economic lines of credit benefits over 119 400 entrepreneurs, representing over COP 3.5 trillion (Bancóldex, 2021^[50]).

Despite the web of strategic support offered and tax certificates received, a share of PAI projects may still struggle to draw investors. The challenge faced by those projects accepted by CoCrea may also reflect a broader challenged face by creative economy entrepreneurs in Colombia who may not have the expertise or business capacity to mount projects that secure investor commitment. Candidates face the common obstacles confronting cultural entrepreneurs, such as proper evaluation of their intangible assets, small business structures or low levels of collateral. Applicants within the CoCrea scheme include mature businesses with an entrepreneurial record, along with entrepreneurs with more limited technical capacity to apply. In 2022, CoCrea has already begun responding to this challenge by announcing it will select 40 specific PAIs that will benefit from dedicated business support. For CoCrea to fully lever its role as a market intermediary, it may also require policy choices to have its role evolve, for example through greater resources or mandate to provide business capacity building to local actors, or by delegating this role to other state actors. CoCrea, moreover, is already taking steps to accompany targeted projects which may require greater technical support. CoCrea plans to accompany a group of 40 targeted projects in its future application cycle through specific capacity building.

Efforts being made may be complemented by longer-term or targeted capacity building already undertaken in within Colombia's institutions. To best guide creative actors to adapted financing schemes, inter-institutional dialogue between financial actors may help guide actors to the most adapted

form of support. Public or semi-public institutions such as CoCrea, Bancóldex, iNNpulsa, SENA and the Ministry of Culture all undertake capacity buildings for entrepreneurs, in addition to programmes provided by government for actors outside the creative economy. For example, iNNpulsa's Ruta Naranja programme could reinforce links with CoCrea and other actors to help accompany prospective entrepreneurs through the CoCrea process. Those responsible for the Concertation and Stimulus programmes within the Ministry of Culture may also play a role by guiding applicants or former policy recipients to other creative economy opportunities. The upcoming Ministry guide on evaluating intangible assets may also enable greater recognition of the potential of certain projects. Finally, the National Guarantee Fund (FNG) may be another tool to tailor further to the needs of micro entrepreneurs in the creative economy without traditional collateral. Colombia is well placed to make inter-institutional partnerships occur in this field due to the cross-cutting legal and institutional framework existing, particularly through the National Council of the Orange Economy (CNEN).

4.4.2. Crowdfunding offers further opportunity to develop alternative means of micro financing cultural and creative projects

Colombia has made advances into the area of crowdfunding at the national level. Building on the success of the a2censo crowdfunding platform, The Ministry of Culture has collaborated with iNNpulsa and the Colombia Value Fund (*Bolsa de Valores de Colombia* - BVC) to launch a national crowdfunding platform for the creative economy. This venture has the opportunity to significantly increase visibility of creative economy businesses and help to increase access to funding.

Access to crowdfunding can be eased by enabling the technological and financial environment as well as by addressing skills gaps such as financial literacy (OECD, 2022^[1]). Crowdfunding provides access to financial resources to artists and creators that otherwise would not occur, especially in early-stage finance of their careers. Regional and national authorities may consider actions to provide an enabling technological and financial environment. Crowdfunding platforms need internet access, bank accounts and online payment systems. There is also a need to ensure cyber-security, design prevention mechanism, and dispute and resolution mechanisms, as well as to increase the financial literacy of entrepreneurs and citizens (OECD, 2015^[58]).

Supplementing such endeavours with an expansion into more patronage and donation based services could help to facilitate microfinancing for not-for-profit organisations within the cultural sector.

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Notes

¹ Concerning the National Consumption Tax on Cellular Phone (Impuesto Nacional al Consumo a la telefonía móvil - - INC). The law was updated through Law 1819 (2016) to include cell phone data in the levy, aiming to support revenue continuity.

² See Annex for statistical definition of cultural services.

³ Mappings conducted in Bucaramanga, Barranquilla, Manizales, Pereira, Cali, Pasto, Santa Marta, Cartagena, Medellín and Valledupar, Villavicencio, Ibagué, Popayán, Armenia, Cúcuta and Neiva.

⁴ In 2022, the government set aside COP 5 155 million (EUR 1 258 000) for 150 PNE grants (Ministry of Culture, OECD questionnaire, 2021).

⁵ In 2022, project categories included reading, artistic training programmes, heritage research cultural routes and circuits and strengthening the cultural practices of those with disabilities (Ministry of Culture, 2022^[70]).

⁶ More information on CINA can be found in Decree 474: (Departamento Administrativo de la Función Pública, 2020^[71])

⁷ Data based on OECD questionnaire sent to Ministry of Culture (2021).

⁸ Ibid.

⁹ Information based on OECD questionnaire sent to Ministry of Culture (2021).

¹⁰ Figures provided by the Ministry of Culture

¹¹ Law 1943 on Appropriations (Ley de Financiamiento). Creative economy entities are defined by 103 selected International Standard Industrial Classification of All Economic Activities codes (ISIC).

¹² CoCrea application streams include: 1) Projects with own contributions: Under this modality, micro, small and medium-sized enterprises, liable for income tax, whose corporate purpose is of a cultural, creative or social nature, and who wish to invest in their own projects associated with the cultural or creative industries for the purpose of accessing the tax benefit, may participate. 2) Projects with contributions from third parties: This modality is open to natural or legal persons whose corporate purpose is of a cultural, creative or social nature, and who present projects framed within the eligible fields defined in this call for proposals. For this modality, there must be at least one contributor eligible for the tax certificate, fully identified and committed to provide the resources required by the project holder for its implementation. 3) Portfolio of projects without an identified contributor: This mode is open to natural or legal persons whose corporate purpose is of a cultural, creative or social nature, who submit projects within the eligible fields defined in this call for proposals and who do not have a contributor willing to finance the project. In this case, CoCrea may take steps to find contributors who can obtain the tax benefit.

¹³ Other major shares include those for emergency credit lines, representing 15% of total credit to creative economy firms, re-activation lines, which reached 3% of creative economy firm, and other special credit lines, such as those for exports, victims of armed conflict or energy-efficiency credit, which account for 24% of credit lent to creative economy companies.

¹⁴ Loans made with financial partners represent the majority of Bancóldex debt financing operations to the creative economy. They amount to over COP 3 300 billion, and reaching over 118 700 creative economy firms. Direct credit lines, made possible due to COVID-19 legislation, meanwhile, represent COP 188 million in investment from August 2020 to December 2020, reaching a little under 700 creative economy firms. Direct credit lines have been particular successful at reaching a large share of small firms, which represent 50% of creative economy firms having received direct credit. This share of small firms may be due to the high degree of financial strain faced by this group of firms during the pandemic, meeting conditions for targeted COVID-19 credit.

¹⁵ Totals up to August 2020 and August 2019, for each respective year.

¹⁶ See CONPES 4090.

Annex 4.A. Financial ecosystem spatial data and source information

Financial ecosystem source information

Annex Box 4.A.1. Components of government spending on recreation, culture, and religion

What's included?

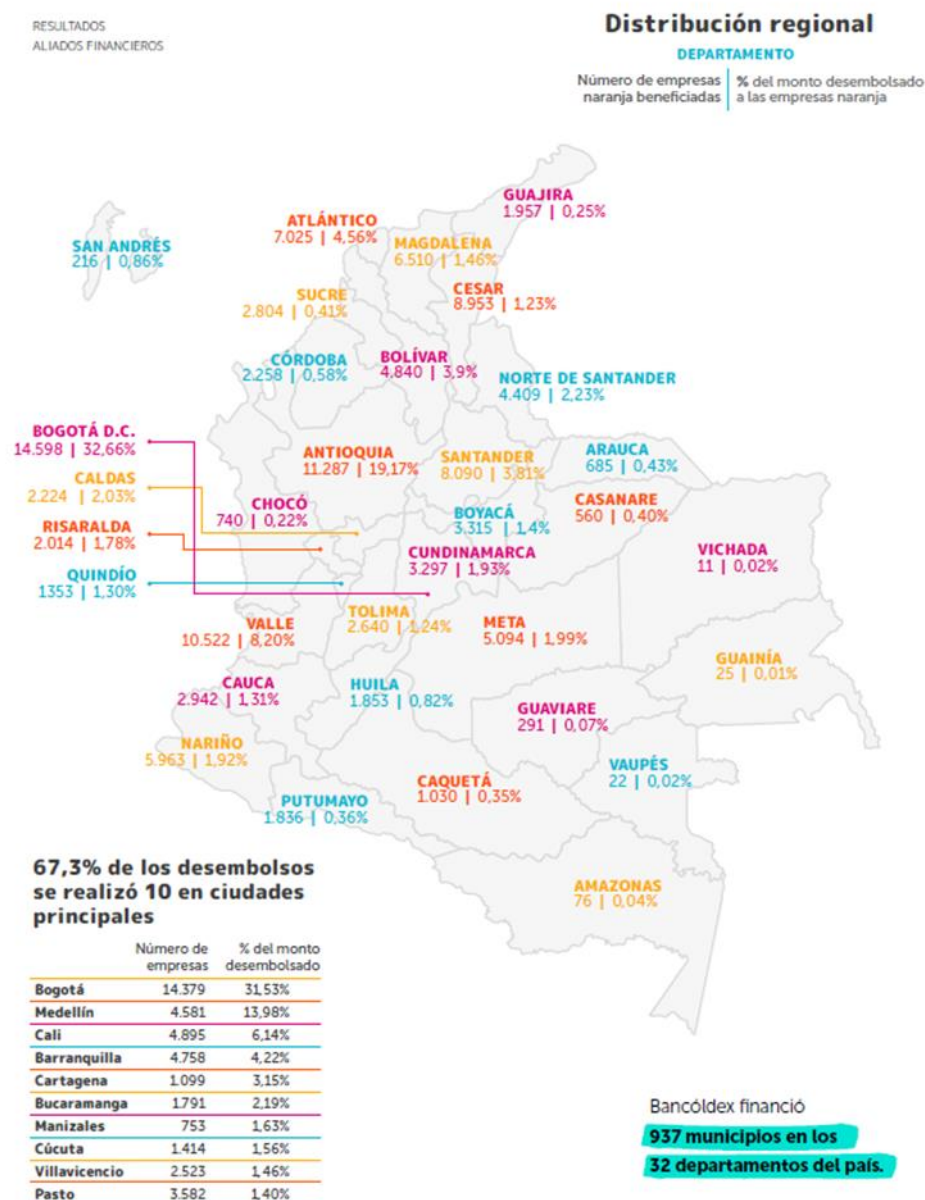
Government spending on recreation, culture, and religion includes expenditure on services provided to individual persons and households, expenditure on services provided on a collective basis, as well as capital expenditure (capital transfers and direct investment). Individual expenditure is allocated to groups (1) and (2); expenditure on collective services is assigned to groups (3) to (6). Collective services are provided to the community as a whole.

1. Recreational and sporting services
2. Cultural services:
3. Provision of cultural services; administration of cultural affairs; supervision and regulation of cultural facilities; operation or support of facilities for cultural pursuits (libraries, museums, art galleries, theatres, exhibition halls, monuments, historic houses and sites, zoological and botanical gardens, aquaria, arboreta, etc.); production, operation or support of cultural events (concerts, stage and film productions, art shows, etc.); grants, loans or subsidies to support individual artists, writers, designers, composers and others working in the arts or to organizations engaged in promoting cultural activities. Includes: national, regional or local celebrations provided they are not intended chiefly to attract tourists. Excludes: cultural events intended for presentation beyond national boundaries (01.13); national, regional or local celebrations intended chiefly to attract tourists (04.73); production of cultural material intended for distribution by broadcasting (08.30)
4. Broadcasting and publishing services
5. Religious and other community services
6. R&D recreation, culture, and religion
7. Recreation, culture and religion n.e.c.

Source: Eurostat, Manual on Sources and Methods for the Compilation of COFOG Statistics, European Union, Luxembourg.

Annex Figure 4.A.1. Regional distribution of Bancóldex credits made with financial partners to creative economy firms

Number of creative economy firms receiving credit and share of credits by Colombian region, 2018-2021



Source: (Bancóldex, 2021^[50])

Local Economic and Employment Development (LEED)

Culture and the Creative Economy in Colombia

LEVERAGING THE ORANGE ECONOMY

In 2017, Colombia launched a novel public policy to stimulate the creative economy, building on the success of previous policy initiatives to support the cultural and creative sectors. The Orange Economy policy is unique for its transversal approach to supporting the creative economy and mainstreaming culture across diverse policy portfolios, beyond cultural policy. The report provides a comparative overview of Colombia's culture and creative sectors relative to OECD peers and reviews progress in policy implementation. It provides a specific focus on Colombia's push to foster creative districts as tool for local development across the country, including policy examples based on nine districts across the globe. The report maps the financial ecosystem for the creative economy in Colombia. Recommendations draw on international good practice to suggest ways Colombia can best leverage creative economy opportunities.



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