



ANNEX 1

Final, In-Depth Assessment Report

(I) Summary

On-the field visit took place on 7-8 September 2017 in Riga. The on-field visit aimed to conduct a peer review, taking as a starting point the Roadmap recently drawn up. Analysis and recommendations included in the In-Depth Assessment Report will support the transposition of the Roadmap into the Regional Action Plan and provide recommendations to improve the implementation of the CCI support action, included in the ERDF ROP – “Growth and Employment” – of Latvia for 2014-2020¹.

(II) Reviewers’ assessment of the “State of the Art of the CCI Sector in Latvia”

Overall, the “State of the Art of the CCI Sector in Latvia” and Roadmap prepared for CRE-HUB in 2017 offers a comprehensive, updated and very useful set of information about the country in general and CCIs in particular. The key figures, sources (strategic guidelines, reports, laws), stakeholders, instruments, strengths, opportunities, threats and weaknesses are available and relatively well organized in the document. Although the Roadmap is a very good basis for the Action Plan preparation we propose a slight restructuring of the table of contents, definition of objectives and few additional measures/activities.

¹ http://www.esfondi.lv/upload/Planosana/FMProg_270115_OP_ENG_2.pdf





Reviewers' proposal for improving the Roadmap's structure and contents:

Proposed TOC Sections	Comments
1. Introduction	The Roadmap lacks an introductory chapter, providing the reader with a brief context about the CRE-HUB project and explaining the key questions and the Peer Review methodology.
1.1 Short introduction of the CRE:HUB project	<p><u>For example:</u> The project "Policies for cultural CREative industries: the HUB for innovative regional development" (CRE:HUB) started in April 2016 and will continue until the end of September 2020. CRE:HUB overall objective is to improve 8 programmes for Investment for Growth and Employment (TO3), to support creation and development of new SMEs in the cultural and creative sectors, through fruitful cooperation among regions with different level of capacities and experiences in CCI supporting policies.</p> <p>With this objective eight project partners, representing 8 EU regions, will exchange policies and instruments for identifying and supporting the main regional economic players that improve policies for CCI and innovative regional development.</p> <p>In the project context CCIs represent highly innovative SMEs and their promotion can effectively increase regional competitiveness and job creation capacity. For participating regions CCIs represent a strategic sector of development as underlined in many of their RIS3 documents. Despite the dynamic and innovative field of action, CCIs encounter difficulties in access to credit and lack resources to enhance their competitiveness on the global market, building effective partnerships, extending their activity to other countries.</p>
1.2 Short introduction to the Peer Review methodology	<u>For example:</u> The CRE:HUB Peer Review Methodology helps regions to improve their policies for promoting CCI development. The CRE:HUB Peer Review Methodology is developed directly to use it during the CRE:HUB project, when assessing different regions' CCI policies. The methodology standardises the relevant aspects that need to be measured, in order to enable experts with different backgrounds, to assess the regional situation in an objective way. By this, they will be able to give appropriate recommendations for CCI development in the host region. The other important advantage of peer reviews is the selection of experts, who are practitioners in the field of the assessment, which means that the recommendations given by them after the review will be practical and realistic.
2. Country Overview	This " Country Overview " could substitute chapter 1 (1. Key statistics about Latvia + 1.1 General information + 1.2 CCI Definition). We believe that CCI Definition should be part of next chapter #3 and not be included in the Country overview.





Reviewers' proposal for improving the Roadmap's structure and contents (continued):

Proposed TOC Sections	Comments
2.1 Short description of the Host Region, general overview, socioeconomic profile	<p>In general the document uses many official sources. All the economic/financial/labor market figures and official data are clear and balanced. Tables are objective, up to date and provide useful information to the reader.</p> <p>The original section (1.1 General information) can be included here. The original version of Roadmap is concise and very informative; therefore, not much additional information is needed. However, extra(brief) information on overall firm dynamics and the key economic sectors in the country could also be included.</p> <p>Data on the business environment in Latvia, as compared with other countries in the world, should be addressed. For example, according with the World Bank's Ease of Doing Business Report for 2018', Latvia has dropped five positions in 2017, taking 19th place among 190 countries covered by the World Bank's annual survey. Latvia's performance has dropped essentially on construction permits, getting electricity and solvency indexes; however, being among the top 20 positions Latvia positions as a favorable country to start and develop businesses.</p>
2.2 current and long term political priorities	<p>General information on policymaking and political priorities is important and should be organized within a specific section. This will frame the specific conditions for employment and industrial dynamics in general. The specific case of CCI are going to be discussed with detail in the subsequent chapter.</p>
3 Cultural and Creative Industries in Latvia	<p>This is the core chapter of the Roadmap. All the dimensions pertaining CCI can fit this chapter as different sections.</p>
3.1 CCI Definition	<p>This chapter should start with the CCI definition (as it is in the original document, section 1.2 "CCI Definition"). The Roadmap presents a solid definition grounded on a number of official sources.</p>
3.2 Characteristics of CCI of Latvia	<p>The description provided in the original Roadmap (2. Characteristics of CCI of Latvia) is very good. Detailed information is provided on the key industries: Architecture, Design, Information and Communication Technology, Audio-visual and interactive media (industries), visual arts and Crafts.</p>





Reviewers’ proposal for improving the Roadmap’s structure and contents (continued):

Proposed TOC Sections	Comments
3.3 Main stakeholders of CCI of Latvia	The key stakeholders of CCI of Latvia are thoroughly presented at the “State of the Art of the CCI Sector in Latvia” Report and Roadmap. The list includes the Ministries of Culture, Economics, Education and Science, Finance; Agencies and Centers such as LIAA, Altum, SCCF, LNCC, CCIS, NGOs such as Culturelab, IdeAllies, PULSE Hub, Creativity Lab; Associations like LCCI, CCCI Liepāja Creative Cluster, LDS, CCUL ; Incubators – LIIA, RISEBA, Creative Andrejsala, Skola 6 ; many universities and research centers as well as many other supporting actors. However, rather than describe all the stakeholders in a table (that could actually be included as an Annex) it would be very important to briefly explain how, under what circumstances and for what purposes these actors connect (or do not connect) with each other.
3.4. Policy instruments	(originally: 5. Policy instruments) We suggest that Policy instruments should be presented and discussed here after the previous sections from chapter 3. The text included in the original Roadmap is comprehensive, providing a very good overview about the key policies/strategies and relevant documents to be analyzed.
3.5 Analysis and identification of main regional experiences and lessons learnt	(originally: 6. Analysis and identification of main regional experiences and lessons learnt). It is very important that the Roadmap includes these relevant case-studies. However, these should go beyond the mere description. Extra effort could be made in order to connect these cases with the specific role played by the stakeholders and policy instruments involved. For example, how far the “RaPaPro” Program, the Communication Platform – FOLD; the LIAA Creative Industries Incubator benefitted from specific public/private policies or strategies? What is the importance of these initiatives for the ecosystem? Can/should these initiatives be replicated in the country? How? Are these cases embedded in a extended and effective network across the whole country, or are they more oriented to specific and localized niches? More analysis (alongside description) would be important here.
3.6 SWOT analysis	We believe the SWOT analysis should be part of chapter 3 because it is exclusively focused on CCIs. Additionally, it should be placed by the end of the chapter (section 3.6) as it should emerge from the vast set of information on all CCIs dimensions presented so far in the Roadmap. We believe the SWOT should directly connect with a new chapter (#4) as follows:
4 Description of Peer Review focus expected outputs of the Host Region)	At this point, with all the elements provided before, a description of Peer Review focus (why it was chosen, specific questions and expected outputs of the Host Region) is needed. It is important to include such a section; otherwise a vast number of statistics, stylized facts, policies and initiatives is described without a clear focus. A number of key concerns/problems/ questions should be highlighted and put forward. This would also be extremely helpful to guide the external experts in their assessment. For example, among all the issues discussed, specific questions on how to use specific the strengths and to take advantage of existent opportunities or how to tackle specific threats and weaknesses (as described on pages 26 and 27), could be put forward by the team in order to better center the discussion.





(III) Reviewers Key Findings and Recommendations

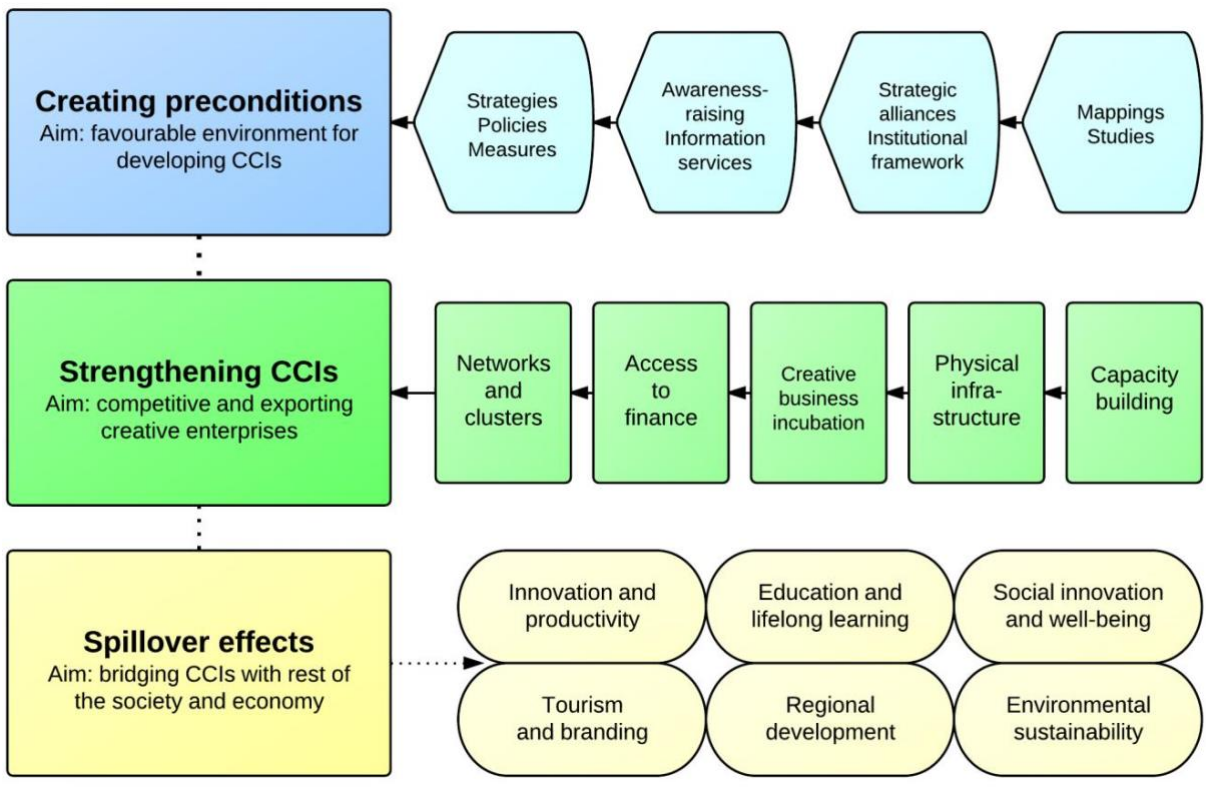
In order to better organize the present assessment, we use a specific framework for Developing CCIs, defined by EU OMC Working Group on CCIs in 2012, as depicted in the Figure below.

Adequate (comprehensive) framework conditions and policy measures cannot solve all the challenges of CCIs on their own; their presence can significantly accelerate the development of CCIs. There is no generic (“one-size-fits-all approach”) in terms CCIs strategy that has to be applied. What works in one region does not necessarily have to work in another one, as myriads of contextual factors (including historical, economic, demographic, cultural and other developments) determine the success of the applied policy measures and framework conditions set.

Figure 1

Framework for developing Cultural and Creative Industries (CCIs)

EU OMC Working Group on CCIs, 2012



The Roadmap proposed is a good basis for the comprehensive strategy, nevertheless additional analytical efforts are needed, because there are different needs in CCIs sub-sectors as regards – for example –financing, equipment, internationalisation, space requirements, innovativeness or size. An additional concern is the life cycle of companies. Availability of funding depends on the stage of development, the type of activities or the sector where the CCI firm operates.





Implementation of policy measures will require cooperation between policy makers. Therefore coordination and integration among different regional policy instruments and measures should be strengthening. There are different potential policy measures, such as policy measures for CCIs, innovation support, support for training and education, regeneration of cities (urban policy), promotion of entrepreneurship in rural areas, promotion of innovative SMEs (start-ups) or tourism.

The following Tables summarize the Key Findings – resulting from the analysis of the Roadmap, Support reports and other documents, as well as from the field visit and interaction with several stakeholders – and put forward some Key Recommendations (in line with the EU OMC Working Group on CCIs Framework).





Pre-conditions to CCI	Key Findings	Key Recommendations
<p>Strategies / Policy / Measures</p>	<p>With regard of the Pre-conditions to CCI, and based on the research analysis prepared within the CRE:HUB (State of the art), the number of CCI enterprises and employment were calculated for the time period 2010-2015. The results show that no significant changes occurred during this period – there was a slight, but constant increase in the number of CCI enterprises (share of enterprises increased from 6.9% in 2010 to 8.2% of total enterprises in Latvia in 2015). The increase was also observed in the number of employed persons in the CCI sector (share of employed persons in creative industries increased from 5.8% in 2010 to 6.8% of the total employment in 2015).</p> <p>In Latvia, CCI are mainly dominated by micro and small enterprises. The enterprises are usually characterised by a small number of employees and low economic performance indicators. In the period between 2010 and 2015, the number of medium and small enterprises decreased, while the number of micro companies (0–9 employed) increased by around 8%, (from 7 thousand to over 10 thousand. enterprises).</p> <p>There is an obvious need to foster firm growth and innovation in the CCI. Policymakers (Ministry of Finance, Ministry of Culture and Ministry of Economics) have expressed great willingness to stimulate socioeconomic activity in cultural and creative sectors. Nevertheless, it is quite unusual that the Creative Industries Division operating under the Ministry of Culture, is only responsible for design, architecture and popular music sectors, but are not connected and not collaborating much with all others mentioned in the “Creative Latvia” as CCI (for example, dance, visual art, media, game development, film industries etc.).</p> <p>The country seems pretty much active in developing strategies and generating awareness towards CCI.</p> <p>Several Policy Instruments were created and are available in the country; starting with the National Culture Policy Guidelines 2006 – 2015, to more</p>	<p>Although the country developed several Strategic documents supporting CCI, in some cases – apart from the report “Cultural Policy Guidelines 2014-2020 – Creative Latvia” – it is not entirely clear through which specific instruments are available for companies, support organizations, entrepreneurs and professionals from the industry.</p> <p>For example, the National Development Plan mentions defines the following goals for CCI: “ <i>To develop a specialised assistance instrument, support the creative industry to develop culture-based investment and promote partnerships between culture, science and business in boosting the export capacity of businesses in the creative industries and the international competitiveness of the country. Support for design projects of the creative industries that ensure the development of new products for export and their implementation in production.</i>”</p> <p>“Sustainable Development Strategy of Latvia until 2030” recognizes that “<i>Latvia has the necessary potential in order to develop exportable creative industry on the basis of culture (festivals, movie production, computer games, music records etc.), as well as to create design products with high added value.</i>” And, based on a participatory process involving citizens and many stakeholders, propose a wide set of strategic choices and potential solutions.</p> <p>“Design Strategy of Latvia 2020” envisions a better understanding of the current situation and processes in the design of Latvia , presenting a vision, a set of goals and SWOT analysis, but not tackling specific instruments.</p> <p>Conversely, “Cultural Policy Guidelines 2014-2020 – Creative Latvia” presents many strategic objectives, action directions and expected results. The document includes information on Tasks, Main measures, Responsible/Involved institutions, Necessary financing and sources thereof and Term for execution.</p>





recent documents such as the National Development Plan of Latvia for 2014–2020; Sustainable Development Strategy of Latvia until 2030; Cultural Policy Guidelines 2014-2020 "Creative Latvia" and Design Strategy of Latvia 2020 (*Latvijas Dizaina stratēģija 2020*).

Some of the documents above have between 100 and 200 pages and lack parsimony in presenting objective instruments and results. One possible recommendation is that specific information on the implementation of the different Strategies, Roadmaps and Guidelines Laws, Programs available (mentioning how, when for what, at what cost, with what results/impacts) should be gathered into one very brief and objective document, eventually with periodically updates, allowing for monitoring all the policies, instruments and outcomes available – a sort of “Observatory for CCI in Latvia”.

It also could be placed on a website and available electronically with an open option to be updated as soon as it is necessary. Such short overview would help CCI players to understand what kind of support available. Collaboration between ministries is needed to prepare such an overview/guide.

Pre-conditions to CCIs	Key Findings	Key Recommendations
Strategic Alliances / Institutional Framework	The key stakeholders of CCI of Latvia are thoroughly presented at the “State of the Art of the CCI Sector in Latvia” and Roadmap. The list includes the Ministry of Culture, Ministry of Economics, Ministry of Education and Science, Ministry of Finance; agencies and centres such as LIAA, Altum, SCCF, LNCC, CCIS, NGOs such as Culturelab, IdeAllies, PULSE Hub, Creativity Lab; associations like LCCI, Liepāja Creative Cluster, LDS, CCUL; LIAA Creative Industries Incubator + 14 regional LIAA Business Incubators, Skola 6; many universities and research centres as well as many other supporting actors. Within the CRE-HUB Project, the Peer Review committee had the chance to interact directly with many of the actors mentioned above and engage into interviews and discussions that provided additional input to the present assessment. Although different perspectives exist among the stakeholders, we found very favorable institutional framework and conditions for establishing new strategic alliances between partners and foster CCIs.	From the discussion held with many partners in the field (particularly during the last session’s roundtable) a very interesting and rich debate took place among all the actors. The willingness to cooperate and the need to align perspectives and good practices was evident among the participants; however, it was clear (from the participants perceptions) that there are not many opportunities to held these types of meetings. Therefore, we recommend that more meetings, roundtables, workshops on CCIs involving the relevant stakeholders should be fostered at a very regular basis. Minutes from these meetings should be prepared and the creation of an online forum on the topic would also be beneficial.
Mapping Studies	“Creative Industries Statistics” available at the Ministry of Culture website (http://oldweb.km.lv/lv/starpozares/radosa/statistika.html), present a set of information on CCIs; however, the latest information resorts to 2015 and – to the best of our knowledge – there is no thorough information available in English language. Additionally, from the field visit and the several interviews with stakeholders, despite the existence of a specific definition for CCIs, we acknowledged a lack of consensus (among different Ministries, for example)	The fast-changing and cross-cutting nature of the creative industries poses challenges to both private investors (knowing the sector) and governments, which need to better understand the sector if they are to release the full potential of their creative economies and develop appropriate policies. There is a need for adequate analysis and mapping of CCIs: agreed definition, the place of creative industries in the whole economic process, influence of CCIs on different policy areas, the main actors, needs of CCIs, existing policy measures, characteristics of sectors and subsectors and legal framework. The need to carry out adequate analysis of CCIs is partially included in the Roadmap, however, can be more discussed. Based on analysis, mapping exercise and based on partnership approach comprehensive strategy should be





on the official definition and on the specific sectors/activities comprehended by that same CCI concept.

Complementarily, the “State of the Art of the CCI Sector in Latvia” explicitly mentions a “lack of regular monitoring (mapping) and research activities” and puts forward a number of possible solutions such as: **Improvement of the mechanism for compiling statistical data in the CCI sector; Implementation of systematic mapping, monitoring and economic impact assessment of the CCI; The possible compromise option - definition of the core CCI and sectors related thereto, as well as the legal form of representatives of creative industries.**

And lack of the statistical data was mentioned also as an obstacle for the further rapid development of CCIs, and for the acknowledgment of CCIs added value for the other industries and overall economic development.

prepared, in order to Create preconditions; Strengthening CCIs and Accelerate spill-over effects of CCIs. The framework proposed in Figure 1 can be used for this purpose.

Additionally, few (but very informative) recent research papers on CCIs in Latvia can be found available in online scientific repositories. **This may be connected with scarcity of up-to-date, organized and available sets of data on CCIs in the country and/or with the fact this is an emerging research topic that should be more stimulated by policymakers through specific science and higher education policies.** Assessment is done mainly by the end of the projects, which is not enough. **Not many continuous monitoring activities and methodologies seem to be into practice. The lack of continuous monitoring activities connects with the apparent scarcity of structured, comprehensive and available data.**

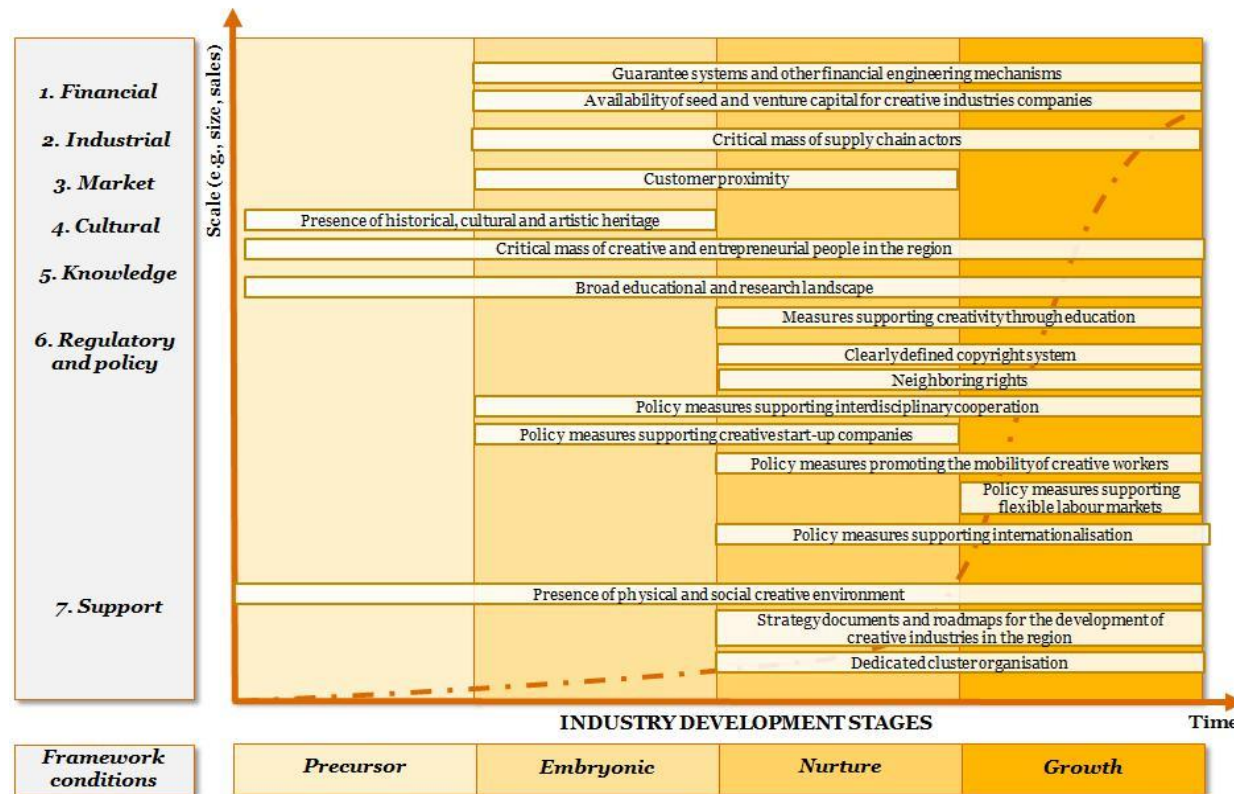


Pre-conditions to CCIs	Key Findings	Key Recommendations
<p>Awareness Raising / Information Services</p>	<p>Overall, there are ongoing mechanisms aiming to promote CCIs awareness in the country. For example, “fostering Latvian design quality and awareness raising” is mentioned in the “State Cultural Guidelines for 2014-2020”; a number of NGOs – IdeAllies, PULSE Hub, Creativity Lab, Creative week “Radi” – also contribute for information dissemination on the topic. The Ministry of Culture (see “Creative Latvia”) has been coordinating various activities with different players within the sector, envisioning awareness rising on CCI issues (e.g. platform FOLD, Creativity week “radi!”).</p> <p>Additionally, from our visit we learned that the stakeholders totally acknowledge that low awareness presents a problem, especially with regard to traditional industries, which are not aware about the benefits of cooperation with CCIs and have low business confidence on CCIs firms to bring economic benefits in common projects. Furthermore, part of the CCI (specially crafts) is not aware about their cultural and creative potential and business opportunities related with it. One of the reasons may be, eventually, the lack of more associative movements (commerce chambers, unions, etc.) connected with CCIs.</p> <p>Over the past years, different inter-sectoral and inter-generational events (conferences, seminars, start-up weekends, festivals) have been organized connecting in a free & informal way businesses, artists, designers, culture and entertainment, public administrators, potential funders, etc. Recognition of CCIs spillovers to the wider economy and in particular through the promotion of the value of culture to tourism, design and other sectors has been developed.</p>	<p>The fact “interest in & awareness of the CCI is constantly increasing” is presented in the “State of the Art of the CCI Sector in Latvia” as a Strength in the SWOT analysis. We agree with tis perspective and we see no need of many specific recommendations at this level.</p> <p>Although many initiatives have been taking place in the region, it is advisable to deliver few large-scale creative events.</p> <p>Measuring and quantifying and promotion of the achievements of the CCIs could represent essential part of promotion of the CCIs in the region.</p> <p>Events, campaigns and awareness generation should be transversal to the whole region and not polarized mostly in Riga.</p> <p>Although information is being produced and circulated, we believe it still happens in a disaggregate way – the country lacks one efficacious mechanism which is capable of concentrating information and linking all the stakeholders. The idea of developing a Multifunctional Regional Web Platform encouraging matching, cooperation and co-creation would be interesting for the country.</p> <p>As described in the strategy “Latvian Design 2020”- a design/creative industries information/centre could be a good solution to carry out interconnection with other industries, collection of the statistical data, information gathering and sharing with the sector and inter-sectors players. Such centre would give visibility to CCIs promotional and sectoral events. It would also provide information on calls, funding, stakeholders initiatives (CCICs; sector association), training opportunities, etc.</p>





Figure 2: Mapping of identified framework conditions for creative industries



Source: Creative industries Analysis of industry-specific framework conditions relevant for the development of world-class clusters, 2013.



Strengthening CCI (I)	Key Findings	Key Recommendations
<p>Networks and Clusters</p>	<p>Although many actors and initiatives related with CCIs exist in the country, from our assessment in the field, many stakeholders agree that the CCI community is not solid and established yet and some top-down endeavours are needed to stimulate higher bottom-up dynamics.</p> <p>There is a Chamber of Commerce; however, it is not specifically oriented towards CCI. CCI are not organized as an Association yet (although some efforts and steps have been taken in that direction).</p>	<p>CCIs are by nature inter-disciplinary, they combine culture on one hand, economy on the other and many other connected areas as education, innovation etc. Therefore, it is crucial to get all different stakeholders from the government, business community and non-governmental sector together to create an integrated strategy for the CCIs collaboration an interconnection with traditional industries, opening an opportunity to use Design Thinking (and other CCIs methods) for the innovation of the new products and services.</p> <p>There is need to strengthen partnerships/networking between industry, CCIs, regional authorities and other stakeholders. There are different forms: (i) Formal (Institutional) cooperation: The local authorities is itself involved in this partnership and works closely with existing stakeholders (ad-hoc working groups), but the partnership (cooperation) between stakeholders could be institutionalised (CCIs council should be renewed and involved in the decision making process); (ii) Informal cooperation: Interaction platforms (web platforms of co-creation and collaboration between artists) could develop the “supply chain” of education, training, civil society / institutions / associations, artists and cultural and creative enterprises. The proposed Roadmap addresses these problems by proposing on one hand that the Service centres should offer also possibilities for networking and the search for complementary skills, and on the other hand that the CCIs participation in the internationalization processes could be promoted by targeted EU programs’ calls (e.g. INTERREG) focusing on transnational networking.</p> <p>Developing CCIs require tailor-made programmes as the generic business support mechanisms have proven to be too robust to fulfil the very specific needs of CCIs. Many countries/regions have set up specialised organisations to support creative entrepreneurship by merging cultural and economic dimensions. These specialised organisations combine both cultural and economic knowhow to provide integrated services.</p>





Strengthening CCI (II)	Key Findings	Key Recommendations
<p>Access to Finance</p>	<p>Most small businesses in the CCIs in Europe struggle to access finance and this is one of the main obstacles to their growth. Due to the intrinsic characteristics of the CCIs (lack of physical assets, dependence on intangible assets, the consequent lack of collateral and highly uncertain market demand), creative small businesses are facing difficulties in seeking finance from banks.</p> <p>Access of CCIs to financing in Latvia is limited, similar as in other countries/regions.</p> <p>Usually, the banking sector lacks adequate businesses valuation models for CCIs businesses, both for fixed assets (intangible assets) and revenues (provided services quantification). Access to credit is hampered by: information asymmetry, procedural intricacies and inadequate targeting.</p> <p>Many sources of funding exist and were discussed during the visit/assessment, namely at the National and EU levels. At the transnational level should be stressed; for example, EEA Grants (with Norway) were considered relevant by the stakeholders.</p> <p>Despite available resources, CCIs still face difficulties in accessing financial assets. Insufficient capacity to attract investments due primarily to poor ability to promote and enhance the entrepreneurial projects to financial institutions, in a marketing logic therefore presents one of important weaknesses in the region.</p>	<p>Businesses tend to face two major challenges in accessing the finance that they need to grow. First, information on available funding and financing options is often fragmented and hard to navigate, and management teams lack experience in how to position themselves appropriately. Second, the business models of creative businesses are not always readily understood by investors and lenders, largely because a lack of data and market intelligence renders it hard to quantify value in the sector or compare across investment opportunities.</p> <p>Therefore, it is essential to act on both sides: (i) Training of CCIs and awareness raising among financial institutions on the particularities of CCIs; (ii) Strengthening existing funding opportunities and introducing new ones.</p> <p>It is important to improve the financing skill of CCIs by training/mentoring/consulting. It is important to present alternative financial opportunities as equity finance (venture capital, business angels, seed capital) and crowdfunding². On the other hand, it is important to improve investor and lender understanding of the creative sector (joint events, public support, good practices). There is a lack of existing case studies on successful growth, returns and investor exits, which often form a significant part of the market intelligence used in the due diligence process for deals involving smaller companies.</p> <p>In strengthening existing funding opportunities and introducing new ones, there is a crucial role to be played by public authorities – particularly regional authorities – in stimulating private investment and promoting public private partnerships for the benefit of their CCIs SMEs, notably through grants, guarantee mechanisms, equity financing, crowdfunding. The Roadmap does not discuss the use of crowdfunding as an alternative financing model; there could be more emphasis on building the skills for success on such platforms and services/mentors who could offer their expertise on this topic. It is important to simplify existing financing instrument and extend the eligibility to CCIs, if possible (accession to the Protocol between the Latvian Banking Association and Business incubators, Chambers of commerce for the provision of banking services tailored specifically for the cultural and creative enterprises).</p> <p>Financial support should be combined with other policy measures as training, mentoring or internationalization.</p>

² <https://crowdfunding4culture.eu/study-reshaping-crowd's-engagement-culture-now-available>.





Strengthening CCI (III)	Key Findings	Key Recommendations
<p>CCIs Incubation</p>	<p>Different actors and initiatives currently established in the country can act as important innovation anchors. From those initiatives one stress the importance of the following: (i) The existence of a 15 Business Incubators covering the region; (ii) The existence of a well-articulated strategy for Design in the country.</p> <p>There are different supporting instruments active in the country; however, few of those instruments focus specifically on CCIs. The existence of a CCI incubator is an exception and it should be used as a trigger for the creation of other infrastructures and supporting mechanisms that could act as a network specialized in CCI.</p>	<p>The 15 existent Business Incubators spread over the Latvia region are interconnected and oriented towards supporting specific activities in CCIs.</p> <p>After a visit to LIAA BUS - LIAA Creative industries BUSINESS INCUBATOR in Riga, the experts acknowledged the existence of grants for incubation. There are 2 types of grant funding available – 10k (available straight after joining the program) and 5k (after the entrepreneur has spent 1 year in the program). It is possible for the entrepreneurs to apply for grant funding 4 times per year EVERY year during their incubation period (this was decided in November 2017).</p> <p>If some entrepreneur applies on a given topic, all applications from the 15 incubators on the same topic have to be considered as well, which calls for a careful selection and match between the creative content of the business and the specialization of the existent incubators on CCIs (other type support – co-financing).</p> <p>BUS incubator seemed to be more focused on education and mentoring, but no significant efforts on production were noticed during the visit. Overall, the fact BUS represents the investment agency is very respected and mentors are interested in collaborating. The co-financing and grant investment is one of the top priorities as well. It also provides co-financing for the rental of production sites or office space. in this way it supports production (but mostly entrepreneurs there are designers which are outsourcing other companies to produce their products rather than doing it themselves, which is better at the early stages of the creative entrepreneurship). If the company is developing fast enough and there is a need to invest in their own production equipment and materials, then they can apply for the grant funding specifically for this purpose.</p> <p>CCIs are defined by the incubator by taking into consideration particular sectors, such as architecture, fashion, design, music, etc. It is important that the incubator attracts co-founders specialized on the business management and not necessarily only on the artistic contents of companies' core products.</p> <p>It is very important to stimulate networking with other Incubation spaces in the country like Tech Hub, etc.</p>





**Physical
Infrastructure**

One of the issues raised by the “State of the Art of the CCI Sector in Latvia” is the existence of well-developed infrastructure – “three major international sea ports, the largest airport in the Baltic States, railway connecting East and West, and North and South (the development of the railway infrastructure project Rail Baltic is in the process), roads and oil & gas pipeline systems, and largest naturally developed underground gas depository in the region”. **Although these are important to foster the development of CCI in Latvia and increase internationalization of the industry, specific infrastructures are needed.**

Creative quarter TabFab” is going to start operating, in the former complex of the Tobacco Factory buildings as soon as reconstruction will be done (2021) It will involve institutions of higher education (Academy of Culture, Academy of Art, Film Studio), firms operating within the creative industries and service providers supporting the sector. Prototype lab will be built across the street from TabFab, creating open eco-system for collaboration between different industries. This is a very positive initiative and it should connect with all the range of existent stakeholders and, if possible, be replicated in other locations in Latvia (not necessarily in Riga). International partners should be invited to collaborate and to generate new ideas together with local players of CCIs and other industries.





Strengthening CCI (IV)	Key Findings	Key Recommendations
<p>Capacity Building</p>	<p>From the assessment developed in the field, it was evident that all the strategies undertaken by policy-makers involve the participation of knowledge providers (universities, research and innovation centres) and companies from CCI.</p> <p>Universities have been playing an important role also in preparing students and a specialized workforce with high potential to engage with companies in the CCI.</p> <p>There are relevant initiatives towards university-industry connection – for example the Demola Network, which contributes to create a strong and sustainable innovation ecosystem. However, many of the stakeholders interviewed during the assessment mentioned the need for more competence building and connection between academia and industry, with particular focus on the way knowledge is being generated to address specific needs of CCIs. Additionally, there is a general perception that entrepreneurs and workers who are already engaged with CCIs still lack business skills to embrace the challenges of firm growth and internationalization. New study program “Creative Industries management” opened this year in collaboration between the Academy of Culture and Riga Technical University is a very positive fact</p>	<p>We believe the existent Education, Skills and Capacity Building in the country offer the potential to address the needs of CCIs; however, programs on business and soft skills should be reinforced. Universities can stimulate collaborations between those students and researchers with skills on engineering/design/technology and those with business sciences, economics, finance and entrepreneurship skills.</p> <p>As mentioned before within the present review, additional quantitative and qualitative information is needed on the exact number and contents of formal collaborations and joint projects developed between these actors.</p> <p>Capacity building should also be considered in terms of the production of new and rigorous research on firm demography, industrial dynamics on CCIs and internationalization. These research topics should be more stimulated among Universities and research centres in the country. Moreover, counterfactual, rigorous studies addressing the impact of EU and/or National funds on firm performance are available.</p>





Strengthening CCI (IV) (continued)	Key Findings	Key Recommendations
<p>Capacity Building (continued)</p>	<p>Few scientific papers on Latvian CCIs, published in peer-reviewed international reputed journals, can be found in specialized literature. And in some cases evidence appears to be mixed. For example, Muradli & Volkova (2015) state: “more than three quarters of the surveyed companies are aware of the essence of strategic innovation (77,5%) as well as conduct it (77,6%). Moreover, over three quarters of the managers (75,7%) evaluated the sustainability level of their companies as a remarkable one”; which can be positively biased towards founders self-evaluation and overoptimism. However, Rozentale & Lavanga (2014), discuss a set of less optimistic findings: “(...) a lack of evidence to support the claims that creative industries firms (a) are all producers of artistic, cultural or creative goods, (b) dependent on new technology, (c) are primarily intrinsically motivated, (d) produce high levels of novelty and (e) experience high risks due to demand uncertainty. While not very resilient during times of crisis, creative industries in Riga have sizeable contributions not so much to the value-added, as to the employment. With respect to export potential, most of the firms operate in local or national markets. The low levels of internationalization might be influencing the low levels of reported demand uncertainty, since well known markets involve fewer risks.” Dunska & Marcinkevica (2017) assert that “In order to provide for a focused and targeted development of ideas in the creative industries enterprises, their performance and export capacity, the Ministries of Culture and Economy of the Republic of Latvia must consider designing a joint development and support programme targeted namely at small enterprises.”</p> <p>Additionally, and to the best of our knowledge, no counterfactual, rigorous studies addressing the impact of EU and/or National funds on firm performance are available. This is even more evident in what concerns CCI in the country.</p>	<p>With regard of Internationalization, in 2010, the Green Paper “Unlocking the potential of cultural and creative industries” the European Commission (2010) stresses that CCIs, especially SMEs require support to establish contacts and to have their activities promoted abroad. In order to support the international reach of CCIs, specific tools such as industry-to-industry dialogue, scouting missions and market intelligence, and collective representation in international fairs could be provided. Furthermore, facilitating artistic exchanges with third countries is also important to stimulate cultural diversity.</p> <p>There are different instruments developed in other countries/regions as: (i) support for training activities and programmes for CCIs and intermediaries (as Chamber of commerce, National trade councils), because intermediaries are often weak in adapting to the needs of creative industries³; (ii) export advice and information; (iii) export finance (as Internationalisation Vouchers) or credit guarantee measures; (iv) promotional activities (e.g. trade missions, supporting participation in exhibitions or trade fairs, etc.); (v) support for platforms, clusters and networks; (vi) support for (pilot) projects.</p> <p>Internationalization instruments are horizontal (CCIs internationalisation strategy) or/and sectoral (music, film, theatre or culture in general). It is important to support positioning the CCIs on international markets. The Roadmap (at the Barrier & Solution Matrix) adequately proposes activities to develop the CCIs capacity for internationalization even further by providing internationalization paths and services designed for CCIs and involving sector business associations.</p> <p>There are few options available that should be object of wide debate among the key stakeholders: (i) A dedicated strategy for CCIs exports and/or internationalisation; An international strategy focusing broadly on the internationalisation of culture; (iii) A general export strategy, which also includes cultural and creative sectors; (iv) Various measures and/or institutions supporting CCIs exports, mainly through a sector-based approach.</p>

³ <http://www.eciapplatform.eu/wp-content/uploads/2014/06/Thematic-paper-Internationalisation-Nantes.pdf>





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