

# From Impact investment to Insight/Knowledgable investment for the Creative Economy

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(online papers: See google scholar)



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# Adapting generic impact investment approaches to the creative economy

- Understanding the different values of the creative economy
  - Economic value
  - Cultural value
- Short term/ immediate value
  - Long term value
  - Sustainability
- Culture and development
  - Culture as the primary object, or indirect beneficiary
  - What 'causes' development
    - Economy and/ or culture ?
  - Embedding in local cultural 'ecosystems'

# Understanding the multiple (sometimes competitive) stakeholder interests

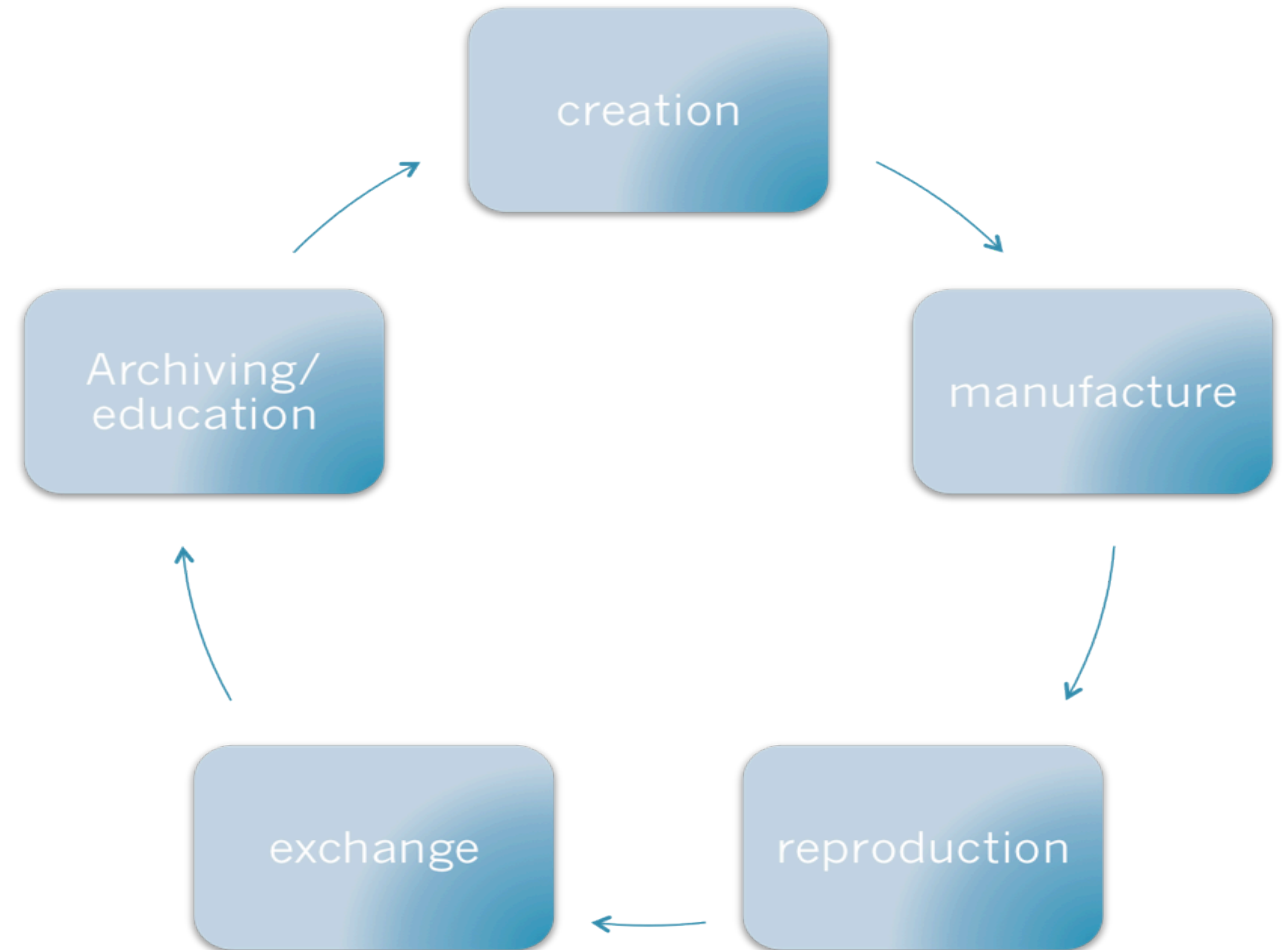
- Investors
  - Risk/return (economic; and temporal)
  - ESG goals (generic)
- Businesses/ cultural sector
  - Audiences/ consumers
  - Governance (control of flow of resources/income)
  - Representation (different value systems)
- Community
  - Response to audience/users
  - Dependency on supporting economic, social and cultural actors

# The problem with existing metrics and measures

- The metrics that we do have are limited, and don't measure the right things, they are:
  - Narrow economic (not focused on creative economy)
  - Focused on outputs not (intermediate) processes
  - Focused on individual firms not systems
- They tend to ignore the:
  - social, and environmental
  - Longer term
  - System maintenance/continuity/sustainability: capacity building
  - Local Embedding: system development,
  - Externalities: Spillover effects (positive and negative)

# Understanding the creative economy 1 : eco-system

- The production chain
  - Inter-relationship of production processes (vertically and horizontally)
  - Scale(s) of operation
- Includes both:
  - **Domain:** Visual art, performance, audio-visual, books and press, sport and health, heritage and tourism
  - **Cycle:** creation, making, dissemination, exhibition/reception, archiving/preservation, education/critique



# Understanding the creative economy 2: the creative economy in action

- Organization
  - Missing middle, informal intermediaries
  - Ecosystem
  - Micro enterprises
- Operation
  - Project based companies
  - Overlapping networks
  - Winner takes all
  - Formal AND informal
  - For and Not-for profit
- Process
  - Rapid turnover/ innovation/ product cycle
  - Massive market uncertainty
- Context
  - Local embedding (spatial, social and economic)

# How to enable investment that understands the creative economy 1

- Educate the stakeholders
  - Commission demonstration mapping
  - Understand risk profiles and dependencies
  - Don't 'pick winners', but support systems
- Choose / develop appropriate metrics
  - Not simply (limited) to final output, but intermediate stages
  - Not generic, but related to creative economy (by industry)
- Focus on processes and systems
  - Map processes – identify whole production chains
  - Portfolio investment; spread risk/ aggregate risk; bigger/diverse 'deal flow'

# How to enable investment that understands the creative economy 2

- Support intermediaries
  - Identify (and invest in) strategically important for growth
  - fix / avoid potential weaknesses
- Capacity building of strategic institutions
  - Training/ education (creative economy governance, and creative skills)
  - Attract/educate Knowledgeable finance
  - Develop Foresight knowledge (minimises risk)