

Financial Support to Prompt Private Funds Impetus Injection into the Cultural Industry

Since the establishment of TAICCA, the most frequently asked questions all concern financial needs. This means that the cultural content industry is in great need of capital injection. It is indeed promising to invest in this industry. Thus, the questions are how to help investors understand this industry and how to help them realize the investment potential.

In 2019, Flash Forward Entertainment, founded by the leading producer Patrick Huang (黃茂昌), acquired a project for international film production, while it urgently needed a huge amount of cash for filming before the investment funds were in place. In the past, filmmaking loan required real property as the pledge. Now, this is no longer the case. With TAICCA's assistance, Flash Forward Entertainment was granted credit guarantee by Small & Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG), and thus successfully received the needed cash. This is the first financing case facilitated by TAICCA since its establishment.

TAICCA strives to promote effective communication between the cultural content industry and the financial sector, hoping for a breakthrough in financing restrictions. TAICCA introduces various financing solutions, credit loans, interest subsidies and one-stop service to meet different needs. Successful implementation of these mechanisms would be of great help to diversify funding sources and could bring the creators closer to market demand. This is a win-win for both industries.

During the coronavirus pandemic, the cultural content industry has been hit hard. In addition to the NT\$1.5 billion relief provided by the Ministry of Culture, several revitalization measures are taken by TAICCA – such as interest subsidies (capped at 2% rate and NT\$30 million), preferential loans, copyright collateral agreements, one-stop service for financial consultation and professional advice. TAICCA stands by the cultural industry, giving full support to the industry to get through this hard time.

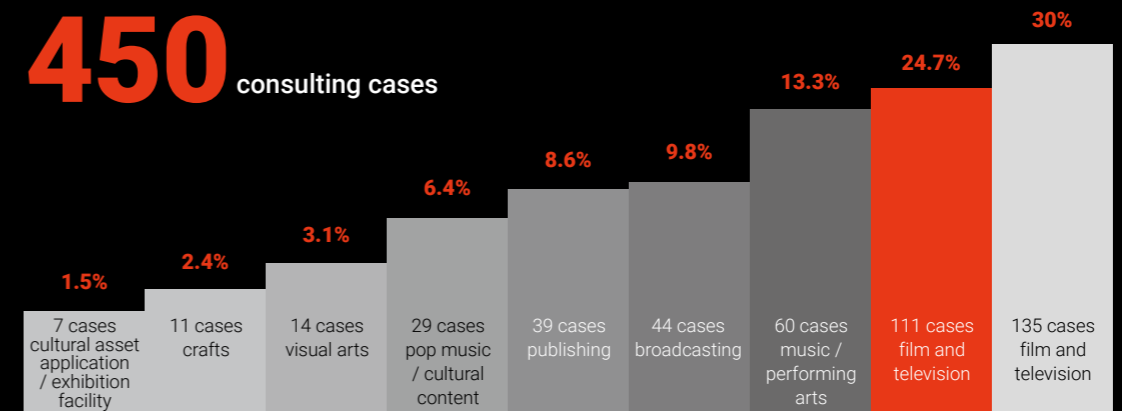
In need of the first pot of gold? youth entrepreneurship loans

Difficulty in getting a loan? preferential loans for the cultural and creative industries

In need of revolving credit? copyright collateral agreements

Further need to relieve financial stress? interest subsidies

Overview of Financing in the Cultural Content Industry



Credit Is More Valuable Than Money

10 Billion Youth Entrepreneurship Loans in the Cultural and Creative Industries

The fields encompassed in the cultural industry is fairly extensive and diversified. This makes it difficult for conventional financial sector to understand this industry. As a result, it is not easy for young people intending to start businesses to obtain financial support. A startup company often takes quite considerable time to reach profitability. If the company gets a loan, it would need to pay for the monthly principle and interest – which is financially stressful.

In order to boost the cultural industry and to encourage more creative youths to start businesses, TAICCA collaborates with ten banks and launches a NT\$10 billion Youth Entrepreneurship Loans in the Cultural and Creative Industries. Any company representative aged 20~45 can apply for a startup loan up to NT\$1 million without the need to submit a business proposal, provided that the company is in operation less than five years and holds certificates of cultural and creative training. YouTubers and Podcasters can make the application as well. Given this loan policy, the problems mentioned above, faced by banks and entrepreneurs are solved.

In 2020, TAICCA held twenty promotional events in Taiwan, in which the application guidelines and on-site counselling were given. Successful entrepreneurs were invited to the events to share their experiences of starting businesses in the cultural and creative industries, so as to encourage young people aspiring to enter into the industries to make good use of available resources.

For the operation of credit guarantee schemes and the implementation of preferential measures to encourage private investment, TAICCA acts as the contact point for the cultural content industry – providing assistance to applicants in the application process, so as to raise the possibility of successful application; also providing interest subsidies to relieve applicants' stress in fund raising.



September 23, 2020, a press conference on Youth Entrepreneurship Loans in the Cultural and Creative Industries

Enquiry for the Youth Entrepreneurship Loan: An Overview of Statistics		
sectors	numbers	percentage
cultural asset application / exhibition facility	12	0.7%
broadcasting	86	4.9%
pop music / cultural content	97	5.6%
visual arts	99	5.7%
film	101	5.8%
publishing	102	5.8%
music / performing arts	134	7.7%
crafts	155	8.9%
others	959	55.0%

1,745 in total

Clear-cut Application Procedure for Youth Entrepreneurship Loans in the Cultural and Creative Industries

- Collateral free: up to 10% guarantee coverage provided by the Taiwanese government
- Interest free: paid interests to be subsidized up to 5 years
- Business proposal free: application form to replace business proposal
- No need for long waiting: reviews completed within 7 days

TAICCA Is Here to Help! Startup Is Hassle-free!

- Assistance: help check the application eligibility
- Communication: help sharpen applicants' skills to communicate with financial institutions
- Subsidy: NT\$18 million loan with full interest subsidy (included in the interest subsidy for cultural and creative industries loans)
- Application: Performing arts groups registered for less than 5 years are eligible to apply

Developing Quality Works to Increase Global Market Share

For more than a decade, Korean Wave has swept the world with Korean dramas, variety shows and K-pop. Taiwanese produce many original works of excellence as well. What needed for Taiwanese works is the navigation towards more stages on which they can perform and capture audience's attention.

In 2020, TAICCA launched the "Creative Content Development Program: Book-to-Screen Adaptation Plan". Funds are provided to creators, and a matching platform where publishers, screenwriters and producers are all present is built. Producers are invited to this platform to make their own choices; they no longer need to wait for expert reviews for guidance. This would help speed up the development process and amplify the power of good stories.

Moreover, TAICCA introduces "option agreement" to the film and television industry. In the past, profits could not be made in the early stage of film production when story adaptation is in progress. This development phase used to take about six months; and now, in the digital era, it could take one to two years. Prolongation of this initial phase

might be accompanied with unexpected changes leading projects to be stillborn. In response, a foreign practice is that a potential filmmaker would make a payment to the author of source material, usually about 10% to 20% of the loyalty, to obtain the exclusive rights for development at the initial phase. The pre-production work, including scripting, casting and fundraising, will then be carried out within the contract term. Once the preliminary work is done, then come the formal authorization and filming. Such practice can minimize the risks for both the publisher and filmmaker.

With incorporation of such option agreement into TAICCA's matching services, progress of the initial phase could be speeded up. It would also be more efficient to develop a story outline appealed to investors or to draft a script.

Good stories hold the key to box office. It is not surprising that filmmakers around the world always seize opportunities to acquire good stories. In addition to the Creative Content Development Program (CCDP), TAICCA launched Taiwan's International Co-funding Program (TICP), which aims to encourage good Taiwanese stories to be adapted for international co-production, to increase the revenue received from merchandise in the global market, and to increase production value, productivity and international market share.

TAICCA Speeds Up the Process of Content Development

