

AFRIQUE
CREATIVE



INVESTING IN AFRICAN CULTURAL AND CREATIVE INDUSTRIES

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Introduction

Afrique Créative is an incubation and acceleration program for African cultural and creative businesses launched by the French Development Agency (AFD) in partnership with Africalia, I&P Conseil, the consulting branch of the investment firm Investisseurs & Partenaires (I&P), Zhu Culture and Bayimba Foundation. The first phase of the program ran from 2019 to 2021 and focused on structuring the CCI ecosystem by supporting development, capacity-building and networking of nine CCI businesses in Burkina Faso, Morocco, Senegal and Uganda.

Afrique Créative's vision is founded on human potential and the capacity of people to draw on creativity to drive change. CCIs are a potentially powerful lever for the continent's transformation if they are capacitated through finance, skills and infrastructure. Convinced of this potential, Afrique Créative hopes to draw in a wider community of investors and business supporters to engage with this strategically important sector.

This leaflet lays out four key arguments for how investment in CCIs has wide-reaching economic, social and cultural impacts. It also addresses key specificities of the CCI sector to help investors better understand the sector. A concluding section reflects on the way forward for CCI investment after the Covid-19 crisis.

What are the cultural and creative industries?

The cultural and creative industries (CCIs) are activities whose principal purpose is the production or reproduction, promotion, distribution or commercialization of goods, services and activities of a cultural, artistic or heritage-related nature. While definitions vary from country to country, the CCI sector generally includes the following subsectors: film and audiovisual, music, performing arts, publishing, visual arts, crafts and design,

fashion and gaming and entertainment software. Some CCI definitions also include advertising, architecture and gastronomy. The term CCI sometimes is differentiated from the wider term cultural and creative sectors (CCS) which also includes non-market oriented activities in the sector. This leaflet focuses on market oriented for-profit entities in the core CCI subsectors. Some data in the leaflet however, may be based on other definitions of CCI.

Why invest in CCI in Africa

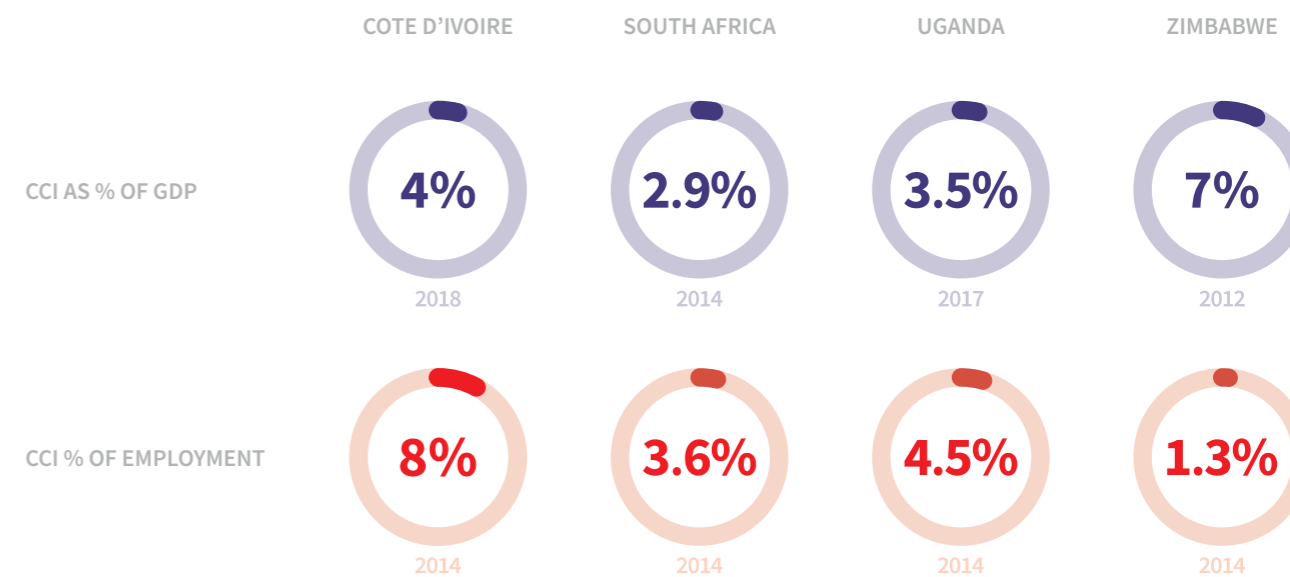


CCIs are significant generators of jobs and income

2021 is the United Nations International Year of the Creative Economy for Sustainable Development. This marks growing recognition of the contribution of CCIs to economic prosperity. CCIs were estimated to represent 3% of global GDP, or US\$ 2,250 billion, and to employ 29.5 million people in 2013¹. In France, the CCI sector was estimated to generate seven times the value added of the automobile industry in 2013². African countries are increasingly producing statistics on the economic contribution of their CCIs, however, here as elsewhere, reliability and comparability of data varies widely. While the overall contribution of CCIs in the Africa and Middle East region to GDP has been estimated at only 1.1% with 2.4 million jobs created³, estimates from individual countries are significantly higher, ranging typically from 3% to 7%.

Craft sectors in many African countries generate significant rural, as well as urban employment, and are often key contributors to GDP. In several countries fast-growing film and music sectors are also boosting cultural GDP. CCIs across the world tend to attract a disproportionate number of youth, making them a strategic sector for combatting youth unemployment. Furthermore, CCI sectors such as film have been shown to have significant multiplier effects generating benefits for a wide range of suppliers solicited during film production. In South Africa this multiplier effect has been estimated at 2.5⁴.

CCI SHARE OF NATIONAL GDP AND EMPLOYMENT



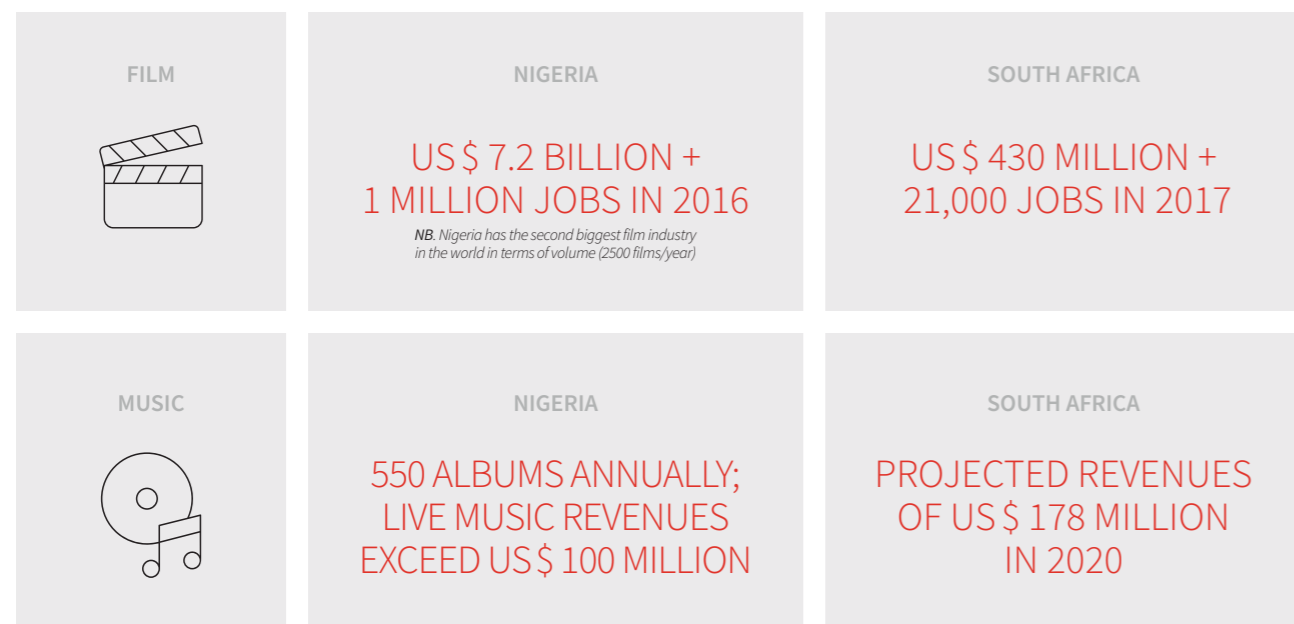
¹EY. 2015. *Cultural Times*. The first global map of cultural and creative industries

²Kancel, Serge et al. 2013. *L'apport de la culture à l'économie en France*. Inspection générale des affaires culturelles.

³EY 2015. *Cultural Times*. It is likely that combining Africa with oil-rich high-GDP Middle Eastern countries, lowers CCIs proportional contribution. Furthermore, the data dates from 2013; with the rapid growth in some subsectors in the past five years, the statistics may have shifted significantly upwards since then.

⁴Olsberg SPI. 2012. *Building Sustainable Film Businesses: the challenges for industry and government*. For comparison, UK's film multiplier effect is estimated at 2.0.

SIZE OF FILM AND MUSIC SECTORS IN AFRICA'S TWO BIGGEST ECONOMIES



Source: see endnote⁷

Overall, however, African countries with their rich and diverse cultural heritages are far from fully realizing the potential of their CCI sectors. When fully leveraged, value creation from the CCI sector can rise to above 10% of GDP as is the case in the US and in Brazil, which as a developing country, grew one of the most successful TV series industries exporting telenovelas across the globe⁵. Prior to the Covid 19 crisis, the CCI sector was one of the fastest growing sectors globally, with emerging sectors like gaming growing particularly fast. Increasing global exchanges have also fueled strong growth in creative economy trade, with growth averaging 7% between 2002 and 2015⁶.

Afrique Creative, jobs and income

In 2020, the nine Afrique Créative entrepreneurs employed or contracted a total of 1284 professionals. For example, the fashion house *Sébastien Bazemo* generated regular income for its 20 tailors, while multimedia publishing house *Langages du Sud* worked with more than 150 3D animators on its new series *Lina et Adam*.

African governments are increasing their engagement with the CCI sector (see 'CCIs Transform Societies'), but private sector investment remains low: in 2019, only 1.1% or US\$22 million of total African start-up investment went to entertainment companies⁷. There is plenty of opportunity for investors to leverage the unexploited potential of Africa's CCI's.

Demand in African CCI sector is growing strongly

CCIs in Africa are poised to see tremendous growth in the next decades if they are capacitated to grab opportunities. Investors are well aware of how Africa's rising middle class has fueled general consumer demand since the 2010s. There are additional trends particularly favourable to demand for creative content. 60% of Africa's population is under the age of 25 and the

continent is projected to have the world's largest share of young adults. Africa is also experiencing rapid urban growth. Urban youth are key drivers of demand for creative content across the world. Lastly, internet penetration is fast improving across the continent, increasing avenues for distribution and consumption of creative content.

GROWTH IN ENTERTAINMENT CONSUMER SPENDING

CONSUMER SPENDING ON PAY TELEVISION IN SUB-SAHARAN AFRICA FORECAST TO GROW FROM¹



⁵Oxford Economics. Nd. "The Economic Impact of the Creative Industries in the Americas". Organization of American States/IDB/British Council

⁶UNCTAD figures reported in Creativity, Culture & Capital. Impact Investing in the Global Creative Economy. 2021

⁷The Africa Report. "Coronavirus: Now is the time to invest in Africa's creative industries". 25 June 2020.

While Africa continues to import a lot of creative content, demand is increasingly geared towards local content. The explosion of African music on the continent is evidence of this. External demand for African content is also growing rapidly and expanding beyond the traditional Euro-American markets. Translations of African books into Chinese increased by 63% between 2018 and 2020². Senior officials in the Chinese State Administration of Radio and Television, have expressed interest in bringing Nollywood films to China's highly regulated film market.

The keen interest of international players in the African market is a clear indicator of how strong the market potential is. As Netflix, Universal Music Group, Apple Music and others jostle to position themselves in the African market, the question of how much of the potential revenues can be grasped by African players needs to be raised. Some optimistic signs are there. Several home-grown African video-on-demand (VoD) and music streaming platforms already exist (South African Showmax, Nigerian IrokoTV, Kenya's Viusasa and Tanzania's Mkitto Music for example). In addition, the ecosystem of CCI intermediaries providing support (incubation, market intelligence, training and so on) in many countries is growing. African CCI businesses in coming years may be better capacitated to directly leverage opportunities and negotiate fair terms with international players.

The example of the birth of the Nollywood film industry, pulled forward by huge demand for local content and somehow thriving with little supportive policy or structured investment, shows just how much demand can fuel industry growth. However, opportunities can be leveraged better and faster with a mix of support instruments. Investment in particular can help grab the huge, and for now largely unrealized, potential in intra-African trade of creative content, especially in the film sector.

Demand for African creative content attracting international players

- By 2020, all three of the world's music majors – Sony Music, Universal Music Group and Warner Music Group – had set up offices on the continent, particularly in Cote d'Ivoire, Morocco, Nigeria and South Africa. They are signing artists and acquiring African record labels.
- Music streaming platforms – Apple Music, Spotify, Deezer, Boomplay and Tencent – have all recently expanded their African coverage. Chinese-owned Boomplay raised US\$20 million in 2019 in Series A financing to support its African expansion.
- Netflix, which acquired its first African film only in 2018, set up a Nigerian office in 2020 and plans to expand into the Kenyan market. The company estimates African streamers will earn it \$1.2 billion a year by 2025³.
- Canal+, currently one of the biggest producers of TV series in West Africa, acquired Nigerian film company Iroko's production studio business in 2019.

Afrique Créative, seizing demand opportunities

With rising incomes in Kampala, booking live music at events has become a current affair. Fezah saw an opportunity to facilitate transactions in the booking process through an app that puts clients in contact with musicians and eases trust obstacles during transactions. By smoothing the process, Fezah is helping further grow demand for live bookings. During the Covid crisis, Fezah also developed a platform for streaming concerts. It has furthermore developed a monitoring tool used by the national copyright society to track music aired by broadcasters, thus improving the revenue system for musicians.



¹ Goethe Institut & 234 Media. 2018. Framing the Shot: Key Trends in African Film 2018.

² Brittle Paper. "Chinese Translations of African Writing Rise 63 percent since 2018". 13 January 2021

³ Insider. "Netflix in Africa: How the global streaming superpower showed it was serious about telling African stories with local voices" 23 Sep 2020.

CCIs to diversify and boost tourism

Many African countries have built tourism industries around a mixture of sun, sand and safari. While this model generates jobs and revenue, it often has difficulty stimulating domestic tourism, without which, tourism is extremely vulnerable to shocks such as pandemics or security threats. Diversifying into cultural tourism can help increase local tourism and improve resilience.

Cultural events-based tourism is one evident avenue for diversifying African tourism. Big festivals, such as the Gnaoua Essaouira Festival (Morocco), Saint Louis Jazz (Senegal) and Fespaco Film Festival (Burkina Faso) attract an influx of international and national visitors, generating revenues in the hospitality sector as well as other arts sectors, notably crafts. Beyond headline events, a generally lively arts scene often leads visitors to extend their stays in the country, or to diversify itineraries to include a few days in the city, in addition to safari or beach destinations. Investors in the hospitality sector thus have clear benefits to reap from also investing in cultural events.

Economic impact of the Gnaoua Essaouira Music Festival

The Gnaoua Essaouira festival was created in 1997 by private-sector actors. While the small town of Essaouira had attracted famous Western musicians from the 1960s, the festival was the first structured regular music event. A 2014 study on the impact of the festival by Fondation Valyans found that the number of hotel nights increased from 145,000 in 2001 to 472,000 in 2013, and the number of hotels in the town had grown from 6 in 1997 to 200 in 2014. The festival was key in projecting a positive image of the town, boosting tourism beyond just the festival period. Moreover, spillover effects during the festival are significant: riad guesthouses double their turnover during the festival, and restaurants see turnover multiplied by a factor of five. At the municipal level, the study found that 1 dirham invested in the festival directly generated 17 dirhams in revenues for the town.



In addition to cultural events, the museum and heritage sector in many African countries has strong potential that is insufficiently developed. While heritage development requires investment from central and local governments, private investment can also be a game changer. In some countries, management of heritage infrastructure is becoming more professional and more effective at reaching audiences, revealing strong latent demand. For example, when the Zinsou Foundation organized an exhibition on the Abomey king Béhanzin in Benin in 2006, temporarily repatriating artefacts from a French museum, the exhibition received 275,000 visitors in just three months.

CCIs, in particular film, also have an indirect effect on tourism, helping to build the image of a country or location on the global stage. There are several studies demonstrating the effects of film-induced tourism. One striking example comes from New Zealand: following the filming of The Lord of the Rings trilogy in that country, it was found that 72% of current and potential international visitors to New Zealand had seen at least one of the trilogy films. Film commissions across the world, aware of this potential side-effect, have long put in place incentive schemes to attract foreign film shoots. Singapore’s “Film in Singapore” scheme is run by the Board of Tourism, making the cross-fertilization links clear. The scheme provides subsidies for up to 50% of qualifying expenses for films shot on location portraying the country in a positive light. In Africa, film commissions in Morocco, Namibia and South Africa have also developed strong incentives to attract film shoots, both for the opportunity of projecting their unique landscapes and cultures to the world, as for the multiplier effects that film shoots generate for the economy.

Afrique Créative and the festival tourism

Anya is known for its Visa for Music event held in Rabat (Morocco), a gathering of music professionals to generate greater opportunities for African and Middle Eastern musicians. Seven annual editions of Visa for Music have brought to Rabat a total 5,700 professionals and 39,000 spectators to watch 500 musicians on stage. Visa for Music has established a name as a major international event and it is listed on Rabat’s official tourism page. As well as receiving regular coverage from African press, the festival has been featured in major European press outlets such as Euronews.

CCIs transform society

The African Union theme for 2021 is “Arts, Culture and Heritage: levers to build the Africa we want”. The Sustainable Development Goals recognize the multidimensional role that culture and CCIs play in education, social inclusion, peace-building and economic prosperity. Combining economic, social and cultural identity dynamics, the CCIs are a unique impact investment opportunity for those wishing to contribute to shaping the trajectories of societies.

CCI products – literature, films, music, theatre, visual arts – supplement mainstream education programs in crucial ways, developing critical reasoning skills, empathy and, when there is diversity in products, improving intercultural understanding. These factors are all formidable barriers to extremism and polarization. Furthermore, within the right urban design frameworks, CCI infrastructure such as libraries, film and theatre halls, and museums can become places bringing together people from different segments of society to foster a sense of belonging and community involvement.

Cultural products that reflect a people’s past and present realities are also a critical input for development. Burkinabè historian, Joseph Ki-Zerbo famously noted that you do not become developed, you develop yourself. To be successful, development processes need to be underpinned by societal self-confidence to develop home-grown visions and take the initiative to realize these visions. Local cultural production plays a key role

in instilling that kind of confidence, creating a sense of shared destiny, as well as leveraging local knowledge to drive endogenous innovation.

On a local level, a rich cultural offering is a key factor in a city’s or a region’s attractiveness, improving quality of life and attracting global talent. In the European Union, cities keen to attract top professional talents and cement their reputation as a global destination invest on average 10-15 % of their public budget on culture¹. While several African cities still face challenges providing basic services (water, sanitation, health and electricity), local governments with foresight would be wise to integrate some cultural planning to prevent or alleviate social tensions in rapidly urbanizing areas.

Leveraging the potential of CCIs to transform societies requires good policy frameworks and ground-laying public investment. While much remains to be done, there are some positive developments. In 2019, 60% of African countries had a recent cultural policy or strategy document, a significant increase from decades past². Two-thirds of African countries are today signatories to the 2005 UNESCO Convention on the Protection and the Promotion of the Diversity of Cultural Expressions, and can access advice on establishing enabling environments for their cultural industries. As a result, we increasingly also see specific CCI strategies, within a wider cultural policy, or even specific CCI sub-sector strategies for film or music, for example.





An array of funding initiatives have also been launched by African public institutions. Of note, is the Afreximbank US\$ 500 million creative industries credit facility launched in 2020. In 2019, the Central Bank of Nigeria launched the Creative Industry Finance Initiative for fashion, film, ICT and music. The African Development Bank has also for the first time branched out into the CCI with its Fashionomics program aimed at building skills and infrastructure for a regional fashion industry.

Examples of national strategies in CCI³

Kenya tabled a Film Bill in 2020 that outlines the national film policy and the planned establishment of a film fund and a film academy. The country also has a 2015 National Music Strategy.

Cote d'Ivoire passed a Bill in 2015 on its book industry which aims at professionalizing the sector and promoting exports of Ivorian books.

Morocco's 2014 Maroc Culture 2020 strategy was hailed for its departure from a previously folkloristic vision of culture. The strategy's implementation has deployed numerous instruments to strengthen value chains in the publishing, film, visual arts, music and festivals.

Afrique Créative shaping societies

Crossroads Media and Langages du Sud both know how important it is that children see themselves reflected in media. They are invested in developing books and/or animation with children in Uganda and Morocco in mind. Crossroads Media is furthermore actively engaging more women in animation with a special training program, conscious that who tells the stories also shapes a society's worldview.



¹ KEA & PPMI. 2019. Culture and creative sectors in the European Union – key future developments, challenges and opportunities. European Parliament.

² UNESCO. 2019. Culture and Public Policy for Sustainable Development.

³ UNESCO maintains a database of CCI measures that is searchable by country or subsector. This is a useful resource for investors wishing to understand the enabling environment for CCI in African countries: <https://en.unesco.org/creativity/policy-monitoring-platform>

Understanding CCIs



Several of the lessons that investors and business support initiatives have learnt in other sectors may be transposed onto the CCI business sector. Nonetheless, the CCI sector presents some particularities that it is important for entrepreneurs, investors and policy makers alike to be aware of and take conscious action on.

This section highlights four such specificities examining the challenges as well as the opportunities they entail. The diversity within the subsectors of the CCI sector should however be kept in mind. Not all subsectors present each specificity to the same extent. The fashion and design sector tends to be closest to conventional business sectors.

For each specificity, non-CCI sectors facing similar challenges are highlighted. Investors and support facilities who regularly engage with these other sectors could have useful ideas and strategies for how to address the challenge in question.

Understanding intellectual property



The issue

One key feature of the CCI sector is its heavy reliance on intellectual property (IP), which serves as the sector's raw material. Copyright and, in the fashion and design sectors, trademarks and design rights, often constitute the main assets of CCI businesses.



The challenge

Unlike physical property which can be enjoyed by only a limited number of people at any given moment, intellectual output can potentially be used by an unlimited number of people. Once a car is made, it can only be sold to one client. Once a film is made, it can be reproduced on a DVD or broadcast on a streaming platform an infinite number of times. This makes CCI output particularly vulnerable to free-riding and capturing of economic benefits by pirates.

Other industries facing similar challenge: Research-intensive pharmaceutical and tech industries



The opportunity

While upfront costs may be high, copyright-based products tend to have low to zero marginal production costs. The opportunity to recoup creative investment are potentially boundless, and if copyright protection is in place, highly lucrative. Furthermore, copyrighted material can be licensed into multiple product formats: a character from a children's book for instance can be licensed into a cartoon series.

Leveraging the opportunity

Entrepreneurs and business support:

CCI businesses need to have good in-house or external legal advice, and clear solid understanding of copyright and contracts.

Investors:

Investors should improve their capacity for IP valuation, all the more so as an increasing proportion of assets in other sectors is also shifting towards intangibles. In economies with mature copyright legislation, new investment models are coming up: for example, Hipgnosis Song Fund is buying the rights from prominent artists to their music back catalogues, to offer a chance to investors to make money from the royalties. Bob Dylan sold his back catalogue for a record estimated US\$ 300 – 400 million¹.

Policymakers:

policy needs to address gaps and lack of enforcement in copyright protection systems. CCI players and investors should lobby to ensure swifter developments on copyright issues.



¹ Market Watch. "5 reasons musicians like Bob Dylan, Neil Young and Stevie Nicks are selling their song catalogs right now". 6 Jan 2021

Understanding digital markets for CCI products



The issue

Digitalization has led to radical transformations in CCI sectors. Creation is more widely accessible than ever before, and digital platforms have become the major players in distribution in the music and film sectors. Digitalization has been less disruptive in sectors such as publishing, visual arts and fashion, but nonetheless has opened up new methods as evidenced by Congolese Anifa Mvuemba's headline-making 3D virtual fashion show in 2020. Changes can happen rapidly and the ability to understand developments is crucial.



The challenge

With a fast-shifting digital terrain, slow-movers who do not understand the changes run a high risk of getting locked out of markets. There is thus a need to constantly keep abreast of the digital possibilities in CCI value chains. Without this, a private or public investor cannot make decisions such as, do we invest in more brick-and-mortar cinemas or do we invest in a local streaming platform? The digital platform sector also has high concentration tendencies – 73% of streaming subscription revenues in the streaming market in Europe for instance accrued to Netflix and Amazon Prime in 2018¹. If plurality of creative content is to be assured, investments that challenge the near monopolies of large global platforms is necessary.

Other industries facing similar challenge: Digital tech industries, news media industry



The opportunity

Digital distribution offers opportunities to reach markets beyond one's borders with unprecedented ease. Licensing agreements with streaming platforms can potentially place an African film in households on all continents. A luxury handbag designer in Niger can potentially sell their bags to Lagos and Abidjan elite without constant travel.

Leveraging the opportunity

Entrepreneurs and business support:

CCI entrepreneurs generally need to keep abreast of the digital possibilities in their value chains. Those in film and music need a keen understanding of streaming remuneration models and licensing agreements across different geographies in order to leverage financial returns. Video game entrepreneurs need a keen understanding of monetizing models.

Investors:

Transitioning to or creating new digital platforms often requires high upfront investment. Investors capable of identifying opportunities can be game-changers removing bottlenecks to digital deployment.

Policymakers:

Connectivity needs further improvement as data costs remain high relative to average income in many countries. Investments in the delivery infrastructure for physical goods ordered digitally, such as fashion products, particularly between African countries, are also necessary.



¹ KEA & PPMI. 2019. Culture and creative sectors in the European Union – key future developments, challenges and opportunities. European Parliament.

Primacy of supply over demand



The issue

Almost every CCI product is an innovation for which demand is as yet unexpressed. Car-industry pioneer, Henry Ford, famously quipped “If I had asked my clients what they wanted, they would have said a faster horse.” CCI businesses may carry out market research, but reaction to their products remains highly unpredictable, more so than in other sectors. The flip side of the coin is that CCI products also have the ability to create their own demand. When a fashion designer puts out an entirely new cut, this can potentially create demand for a previously non-existent design.



The challenge

The CCI sector can be characterized as an industry producing prototypes. Significant production costs are engaged before a product goes to market. And the creative process may require a high number of ‘failures’ that do not even make it to market. In Hollywood for instance, it is estimated that roughly 50,000 screenplays are registered each year; yet the US only releases about 700 films a year, of which only roughly 50% make a profit¹. CCI businesses need to be able to field a portfolio of projects, to have the chances of successes cushioning the financial damage of flops and interrupted product development.

Other industries facing similar challenge: tech sector, car manufacturing



The opportunity

The primacy of supply over demand gives CCI businesses and the wider ecosystem the agency to proactively shape consumer tastes. Audience tastes develop based on what is offered, and sometimes audience education is needed to shift previously entrenched tastes. Once new tastes are established, markets can grow in spectacular ways. China today has one of the biggest art markets in the world, including for paintings. Yet decades ago China did not have a culture of paintings in visual arts. The activity of galleries and private museums helped curate a taste for paintings which today are big sellers, alongside antiquities and Chinese drawings.

Leveraging the opportunity

Entrepreneurs and business support:

Audience education and cultural mediation can create bigger markets for CCI products. A healthy ecosystem of art critics and journalists, online rating or curating systems of local content, and festivals are key instruments.

Investors:

Providing CCI businesses with the capacity to wield larger portfolios may be essential to helping them scale up towards profitability.

Policymakers:

Arts education in schools is important for ensuring future local cultural consumption.



¹ Screenplay figure from: Scott Meslow, “How Hollywood chooses scripts” in The Atlantic, which however cites a wrong figure for annual film releases. Film releases and profitability estimates come from the Stephen Follows blog “How many films are released each year” and “Do Hollywood films make a profit?”

Dealing with hybridity



The issue

An entrepreneur in the CCI sector is rarely driven purely by economic motivations. Artistic motivations may be a strong consideration in running the business, as may social motivations. The hybridity of motivations is mostly a strength fueling resilience and creativity, however it can also lead to pitfalls from a business viewpoint¹.



The challenge

An imbalance in motivations may lead CCI entrepreneurs to neglect the commercial side of their business, particularly the critical issues of marketing, financial projection and contracting, leading to poor business performance. The imbalance may also occur at a macro-level. CCI sectors in African countries for many years focused on the creation and production functions of the value chain. In Francophone film industries, until the 2000s, artistic considerations were main drivers of decisions on what was to be produced. These countries gained a reputation for high quality cinema, but had sparse production and even sparser revenue generation. Both private and public actors neglected distribution issues.

Other industries facing similar challenge: private health sector



The opportunity

The hybridity of motivations is what enables CCI businesses to have such wide societal impacts. A publishing house may have the ambition to build self-esteem of children not used to seeing themselves reflected in media. A fashion house may revive devalued dyeing skills providing new economic opportunities for marginalized women dyers. A film production company may ambition to make poetic films that change the discourse on climate change. Ensuring that these ambitions are supported by a sound business framework helps make them viable.

Leveraging the opportunity

Entrepreneurs and business support:

Awareness of the full skill set required to make the CCI business viable is the necessary first step. Then CCI businesses need to access those skills, whether by training, by hiring or by contracting business services. A thriving ecosystem of creative intermediaries, such as incubators and legal experts specialized in creative industries, is important.

Investors:

In some contexts, it is advisable that financial support includes capacity-building or access to external business skills². This will become less necessary as the creative intermediary ecosystem develops.

Policymakers:

Ensure that public investment does not neglect distribution issues. Provide support for the social and artistic dimensions when not economically viable but of strong social utility.



¹ In this leaflet we are addressing profit-oriented CCI business, and not non-profit entities of the cultural sector whose activity and mode of operation can be justified on many non-economic as well as economic grounds

² This has been the approach of Afrique Créative.


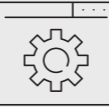


General SME challenges transposed to the CCI sector

The African private sector is largely composed of small and medium sized businesses (SMEs) which face some specific challenges beyond access to finance that have been widely documented. CCI businesses share these general challenges. Investment firms engaging with

Africa, such as I&P – partner in Afrique Créative – have growing experience and insights in how to address these constraints. This wealth of experience can be mobilized when engaging with the CCI sector too.

THE TABLE BELOW HIGHLIGHTS COMMON SME CHALLENGES AND HOW THEY AFFECT THE CCI BUSINESSES IN AFRICA.

<p>HUMAN RESOURCE CONSTRAINTS</p> 	<p>CCI businesses wishing to grow often need to strengthen their managerial capacity. They also need to engage staff or contractor retention strategies as most subsectors are characterized by high turnover due to the project-based nature of work and revenue streams. An adequate arts training environment is necessary to ensure that CCI businesses can find qualified creative, technical and legal staff.</p>
<p>NETWORKING AND INFORMATION CONSTRAINTS</p> 	<p>Market information on CCI sectors in Africa is growing but still sparse. CCI businesses seeking growth may need support in accessing or commissioning market research. They should also be supported in developing their networking outside of the artistic functions, so as to connect with partners that can provide assistance on marketing and other business aspects. Opportunities for networking with the financial and investment sector should also be fostered.</p>
<p>EQUIPMENT AND INFRASTRUCTURE CONSTRAINTS</p> 	<p>With digital distribution predominant in some subsectors, ensuring access to affordable and fast internet connections is essential. Similarly, access to specialized software and digital tools, which can sometimes be costly, needs to be assured to facilitate production of top-quality products and use of effective dissemination tools. Public and private infrastructure investments may be needed to provide ample opportunities for live events and cinema screenings.</p>

CCIs in the post-covid recovery



The Covid-19 pandemic has hit most of the CCI sectors hard. Live performances generate almost all the revenues for performing arts sectors, and a significant part of revenues for the music sector. Cinema releases are key in many countries, for revenue and for generating further distribution opportunities. Book sales are drummed up by public book signings and author talks. These functions of the CCI sectors were debilitated by restrictions on gatherings and travel. Digital distribution platforms, however, saw a strong rise in demand, because the Covid crisis did not dampen the appetite for creative content: in many lockdown situations it even heightened it, as citizens everywhere turned to the arts for distraction, meaning and hope.

The Covid crisis has highlighted the need for CCI entrepreneurs to acquire digital skills and understanding. It has also further underscored the potential for African digital platforms selling creative content, as well as the need to improve and amplify options for online payments and delivery services of physical goods, particularly between African countries. Investors and business support can make a difference here. Public policy will need work faster and harder on the copyright and digital environment to ensure the enabling conditions are in place for a digital transition.

The crisis has also highlighted the precariousness of livelihoods for artists, the creators of the raw material for CCI businesses. Strong public policy measures related to the working conditions of artists are urgently required. There is also an opportunity to improve artists' livelihoods through impact investing in digital platforms committed to fairer remuneration models.

Culture has always been the glue that holds communities together; it must continue to be so in the post-Covid recovery. There has never been a more rewarding time to invest in the CCIs.

Afrique Créative: Three ways of adapting to the Covid crisis

Preparation for recovery

Karoninka's team focused on developing new scenarios for future film productions. Kaala, a design company, focused on increasing the technical carpentry skills of its team for improved production.

Digital innovation

Fezah, an event booking company, quickly deployed a concert streaming platform in response to Covid restrictions. Anya successfully reinvented a fully digital version of its Visa for Music festival.

Giving back to the community

Fashion house, Sebastien Bazemo, contributed to the Burkinabe government's cloth mask production scheme. Crossroads used its animated series characters to spread messages on Covid prevention measures.

The next step for Afrique Créative

In June 2021, Afrique Créative launched its second phase recruiting a new cohort of CCI businesses for its acceleration program. 17 business from Burkina Faso, Cameroon, Cote d'Ivoire, DR Congo, Ghana, Morocco, Senegal, Tunisia and Uganda will take part in a 3-month pre-incubation scheme. 8 of these businesses will be selected to continue the full 12-month course consolidating their business models for upscaling, benefiting from business and creative training and mentorship, and accessing investment funding and advice for raising further funds in the equity market. This second program will run until October 2022.

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