Achieving the promise of African cultural exports

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I  Cultural exports: a macro perspective

II  Nigeria: A case study in what is possible

III  Recommendations and conclusions
Nigeria economy is certainly not driven by oil ...

Share of real GDP 2008

- Oil, gas and mining: 42%
- Agriculture: 18%
- Industry: 31%
- Services: 9%
Creative industries for development

- Creative industries sector lies at the crossroad between the arts, business and technology.
- A key strategic asset driving economic growth, job creation and exports expansion in developing countries.
- Accounts for more than 7% of the world GDP and is growing on average by 10% yearly.
- In the US, Hollywood movies are the second sectors in terms of export
Africa & Creative industries

Africa’s share in the global trade of creative products remains marginal despite its abundance of creative talent...

However developing countries are emerging ...

Developing countries’s export of cultural and media equipment (US$ bn)

<table>
<thead>
<tr>
<th>Year 1996</th>
<th>Year 2005</th>
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<tbody>
<tr>
<td>51</td>
<td>274</td>
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Source: UNCTAD
I Cultural exports: a macro perspective

II Nigeria: A case study in what is possible

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Nigeria at a glance
Nigeria movie production industry is surging...
The irresistible emergence of Nollywood

- Nigeria home video entertainment industry emerged in the 90s: high demand for unsophisticated local movie + digital revolution
- The film industry is the second largest employer in Nigeria after agriculture.
- Large domestic market (150 million Nigerian) and important African diaspora abroad (export opportunities).
- 56% of Nollywood films are produced in Nigeria’s local languages and the 44% in English
The Potential of the Nigerian film industry

Six main economic sectors in %GDP

- Agriculture
- Wholesale and retail trade
- Crude Petroleum and Gas
- Manufacturing
- Finance and insurance
- Telecommunication and post
The Potential of the Nigerian film industry

Six main economic sectors in %GDP

0 5 10 15 20 25 30 35 40 45

Agriculture | Wholesale and retail trade | Curde Petroleum and Gas | Movie industry | Manufacturing | Finance and insurance
Towards export opportunities?

Main export sectors in % of non oil exports

- Vehicles, aircraft and part thereof: 30%
- Plastic, rubber and articles thereof: 15%
- Prepared foodstuffs: 10%
- Raw hides and skins: 8%
- Products of the chemical and allied industries: 7%
- Paper making material: 4%
Towards export opportunities?

Main export sectors in % of non oil exports

- Vehicles, aircraft and part thereof
- Plastic, rubber and articles thereof
- Films
- Prepared foodstuffs
- Raw hides and skins
- Products of the chemical and allied industries
- Paper making material
Film Production

Support

Electronics industry (DVD production)

Tourism & Hospitality Industry

Inputs

Production Services (make-up, costumes, catering)

Advertising & Marketing agencies

Post Production services

Film Production Companies

Self Employed Producers

Film Distribution

Government Agencies:

- National Film Video Censor Board
- Nigerian Film Corporation
- Nigerian Film Institute

- Nigerian Intellectual Property Commission
Nollywood’s revenues (estimates)

Boxe office ($4.8 m)  Exports ($107 m)  Sales ($150 m)  Rental ($328 m)

Source: Nigerian Film and Video Censor Board (NFVCB)
Nollywood in comparison with Hollywood...

The chart illustrates the comparison between Nollywood and Hollywood in terms of Box office, Exports, Sales, Rental, and Product placement.
A typical developing country consumer basket ...

- Food and beverage (38%)
- Housing (18%)
- Transport and communication (16%)
- Apparel (7%)
- Medical care (6%)
- Others (4%)
- Recreation (5%)
- Education (4%)
Nigeria GDP per capita in 2008: US $1401
Population estimate: 148 million
Average annual budget for entertainment: US $70
Annual budget for movie spending: USD 20

Not much capacity to sell high quality and pricy movies...
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The value chain

Production
- Digital format
- Shooting 10 – 20 days
- Post production : 1-2 weeks
- Medium production cost of US$ 30,000

Distribution
- Direct to video stores (DVD/VCD)
- Limited formal international distribution channel
- Limited release in theatres
- Each movie sells on average between 20,000 – 30,000 copies (blockbusters over half a million)

Consumption
- Mostly rent at US$ 0.26 per rental (sold at US$ 2.3 per copy)
- 99 % of screenings occur in informal setting (at home or at video parlor)
- The African Diaspora (167 million) represents a huge untapped market
Significant potential for growth and value added but most of the revenue stream is not captured because:

- The industry is unstructured and loosely regulated
- Low quality production due to the lack of technical skills and access to finance
- High level of piracy (up to a ratio 1:10)
- Inadequacy of formal distribution (domestic and international)
- Lack of branding
Key Policy recommendations:

- Promote copyright and privacy protection through
  - the protection of IPR and the defeat of the pirates
  - public sector capacity building for IPR
  - public awareness building
  - law enforcement
- Improve distribution and marketing by
  - enhancing the access to finance (long-term loans and venture capital)
  - reinforcing the branding (packaging and joint marketing company, film festival)
  - creating distribution networks
- Promote the establishment of a Nigerian film industry