



WHITE PAPER ON SUSTAINABLE FINANCING OF NIGERIA CREATIVE INDUSTRIES

RILWAN ADERINTO

Senior Fellow, FATE Institute Fellows Program



Introduction

The Creative Sector comprises industries that have their foundation in man or woman creativity, talent, and skills, and which have the capacity for wealth and employment generation through a combination of intellectual property and technology.

According to UNESCO, the creative economy is “one of the most rapidly growing sectors of the world economy and a highly transformative one in terms of income generation, job creation, and export earnings” (World Economic Forum, 2016).

In Nigeria, the report on mapping Nigeria’s Creative Industries by The British Council (2013) reveals that the sector comprises 10 industries such as advertising; architecture (interior décor, landscaping, etc.); arts and crafts; fashion and design; home video/film/television and radio; music; performing arts (carnivals, dance, drama, festivals, stand-up comedy, theatre); publishing (book fairs, e-resources, literature, etc.); Tourism and hospitality (museums and monuments, cuisine, night clubs, events managements, etc.); Visual art and animation (photography, painting, graphic design, drawing, sculpture, etc.).

Generally, the creative industries in Nigeria are dominated by nano, micro, small, and medium (NMSMEs) enterprises and they are largely in the informal sector of the economy. The top industries – music, film, fashion, and arts – have gained acceptance on the global scene, and have the potential to become the hub for exporting Nigeria’s culture. The country’s creative industries have made a remarkable impact and influence on music, media, film, and literacy across the globe (Akinola, 2019, Oluwole 2021). The sector has a greater than usual percentage of self-employed, microbusinesses, and SMEs. According to the 2021 MSME Survey report, the number of MSMEs in Nigeria was 39,654,385 as of the end of 2020. The creative businesses contributed 13.2% as broadly classified into accommodation and food services (11.6%) and arts, entertainment, and recreation sectors (1.6%).

Given the potential of this sector and its innovative approach, creative industries have a great prospect to create added value for the rest of the economy. As a result, it’s critical to support the growth of the creative industries and link them to other sectors of the economy. This will require adequate funding through an integration of public, private, and philanthropic financing to support start-ups and small and growing businesses (SGBs) in the sector.



Impact of the creative sector on the Nigeria Economy

Generally, there may be an underestimation of the creative industries' contribution in Nigeria as a result of their informal nature as well as the varied classification of the professions, vocations and outputs of the sector. Nonetheless, most data sources and analyses indicate remarkable past performances and bright prospects in terms of contributions to the economy and job creation across the key industries in the creative sector.

Contribution to GDP

Cultural and creative industries make a significant contribution to the world economy.

Table: Creative Industries Percentage Contribution to GDP 2022

S/N	Industry	2022
1	Textiles, Apparel & Footwear	2.71
2	Accommodation & Food Services	0.88
3	Publishing	0.02
4	Motion Pictures, Sound Recording and Music Production	0.8
5	Broadcasting	1.38
6	Arts, Entertainment & Recreation	0.17
7	Creative Sector	5.96

The NBS GDP figures (2022) show that the aggregate contributions of publishing, motion picture, sound recording, music production, broadcasting, arts, entertainment and recreation, textile, apparel and footwear to the GDP were 6%. This puts Nigeria in the ranks of nations where cultural and creative industries make a significant contribution to their economy such as Australia (6.4% as of 2017), the UK (5.6%, 2021), and the US (4.4%, 2021).

The real contribution of the industries as listed in the NBS (2022) GDP report are:

- Textiles, Apparel and Footwear –N5,394 billion
- Broadcasting – N2,748 billion
- Motion picture, sound recording and music production – N1,587 billion
- Arts, Entertainment and Recreation – N334 billion
- Publishing – N38 billion

The above-listed industries made a cumulative contribution of N11.86 trillion (US\$ 25.85 billion) to Nigeria's N202.37 trillion 2022 GDP (NBS, 2022). This is, however, far below the US\$111.7 billion contribution by the creative and cultural industries to the Australian economy in 2016–17 (6.4% of GDP) in 2017; £109bn (US\$135.16) contribution by the cultural and creative industries sector to the UK economy in 2021; and the arts and cultural economic contribution of \$1.02 trillion, in 2021 to the US economy. This implies that the Nigerian creative industries have the potential to achieve more given the appropriate support.

Employment in Nigeria's creative sector

Young Nigerians have turned film, music, and fashion into a hub for exporting Nigeria's culture across the continent and the world. Nigeria's creative sector currently employs an estimated 4.2 million people across five sectors, Media, Entertainment, Beauty and Lifestyle, Visual Arts, as well as Tourism and Hospitality (Jobberman, 2021), represent 6% of the 70,620,041 total labour force total in Nigeria, according to the World Bank (2022).

Comparatively, jobs in the creative industries represented 7% of all filled jobs in the UK economy; 5.9 per cent of Australia's workforce; and 2.04 per cent of all U.S. employees, representing 5.2 million total arts and cultural jobs for the US in 2019.

This demonstrates statistically that the creative sector is a formidable business presence globally. In Nigeria, the sector is the second largest employer after agriculture and has the potential to create an additional 2.7 million jobs by 2025. The industries drive economic growth, employment, and resilience.

• Ecosystems of impacts

There is evidence of a direct relationship between the creative sector and other sectors, with investment in creative industries creating an ecosystem of impacts. An example is the positive impact of the consumption of creative products (music, movie, tourism, and hospitality) on manufacturing of the fast-moving consumer goods (FMCG) such as alcoholic beverages. In addition, other business sectors have adopted creative producers to promote their brands (Brand Ambassadors), and this cut across FMCG, the financial sector, real estate, and construction to mention a few. Likewise, the skills and work methods of creative entrepreneurs in software design, graphic visualisation, music, movie, etc. have increasing resonance and application in other sectors of the economy.

• Leading Industries of the Nigeria Creative Sector

Fashion, broadcasting, motion pictures, and music are the highest contributors to the Nigerian creative sector.

- **Nollywood is flourishing...** Nigeria's film industry, also known as Nollywood, is the second largest producer of movies in the world, second only to India's Bollywood (PwC, 2016). The sector is worth about N1.6 trillion in 2022 (NBS, 2022), contributing 0.98% of the nation's GDP.
- **The World dances to Naija melodies...** The Nigerian music industry has been described as the second best-performing Entertainment and Media Consumer market worldwide. It is the second significant part of the arts, entertainment and recreation sector valued at N1.6 trillion in 2022, contributing 0.8% of the nation's GDP (NBS, 2022). Nigeria's music revenue grows at 13.4% CAGR and may be worth over US\$120 million in 2025 (KPMG, 2023; Coker, 2022).
- **Naija Fashion is fast-growing...** Nigeria's fashion industry has gained international recognition and grown quickly, making it a significant contribution to the creative economy. According to Euromonitor (YEAR), the Sub-Saharan fashion sector is estimated to be worth \$31 billion, with Nigeria making around 15% (\$ 4.7 billion) of that total. International interest has been drawn to the fast-expanding Nigerian fashion industry with revenue from textile, apparel, and footwear hovering around N5 trillion in 2022 with a CAGR of 16% between 2018 and 2022, and a 2.7% contribution to GDP.
- **Naija Tourism industry offers great potential...** The Travel and tourism industry contributed 3.6% to Nigeria's GDP in 2021 according to Statista (2022). The industry's contribution in 2021 was equal to around 16 billion U.S. dollars. Accommodation & Food Services is a component of this sector which recorded over N1.7 trillion in 2022 with a CAGR of 11% between 2018 and 2022, and about 1% contribution to the country's GDP.

These findings reveal that the creative industries possess both the capacity to support millions of teeming Nigerian youths and generate considerable revenue for the economy if properly harnessed and supported with relevant policies and adequate funding of startups and SGBs in the sector.

Government/Existing Support for the Creative Sector in Nigeria

Over 10 years, there were less than N500 billion in financial interventions specifically targeted at the industries in the Creative Sector by the government of Nigeria. Less than 1% of this amount was available as grant funds, while the remaining 99% were loans. According to CBN, BOI and other various sources, the government had introduced:

- **Cotton, Textile, and Garment (CTG) Revival Fund of N100 billion** in 2010 to revive the ailing textile industries.
- **Nollywood Fund of N32 billion** (\$200 million) in 2011 to support the entertainment industry.
- **Project Nollywood Grant of N3 billion** in 2012 to help turn around Nigeria's movie industry.
- **BOI NollyFund of N1 billion** in 2015 to support Nigeria's creative industry.
- **N1 billion Fashion Fund** in 2015 to promote the fashion industry in the country.
- **Youth Entrepreneurship Development Loan of N3 million**, in 2016, to eligible youth or N10 million for groups of 3 – 5 youths with business interest in Tourism, Arts And Crafts, ICT and other related industries.
- **Creative Industry Financing Initiative (CIFI) provided an N22.9 billion loan** in 2019, at a single-digit interest rate of 9% to eligible applicants in Fashion, Music, Movie, & Information Technology.
- **Targeted Credit Facility (TCF) of N5 billion**, in 2021, to Hospitality (accommodation and food services) and others.
- **Tertiary Institutions Entrepreneurship Scheme (TIES) in 2022, providing N5.0 million** for individual/sole proprietorship/small company projects; and N25.0 million for partnerships/company projects. The scheme covers Entertainment, Artwork, Publishing, Culinary/Event Management, Fashion, Photography, and Beauty/Cosmetics.

Generally, these financial interventions were variously aimed at reviving the ailing industries, boosting the creative arts industry, supporting movie production and distribution, capacity building for individuals and businesses, improving innovation and job creation, and fostering growth in the technology and creativity entrepreneurship ecosystem. However, how these support funds were utilized remains undetermined, and it is unclear how successful the interventions have so far been according to a KPMG report (2023).



Challenges constraining growth in the Nigeria Creative Sector

Despite the contributions of the sector to the economy, the industries are beset by multiple and intertwined factors:

- **Limited access to commercial loans and equity investment:** Due to the high degree of market demand uncertainty, high-risk perception, difficulty in getting guarantees, dearth of tangible assets for collateral, and the prolonged value development period, access to commercial loans and equity investments is restricted. The challenge of estimating the genuine economic value of the intellectual property as well as the project-based nature of much creative collateral are further limitations. Consequently, creative MSMEs frequently pass up chances to experiment with new ideas or take creative risks. Given these peculiarities, there is still a gap between private finance providers and financial access for the creative sectors.
- **Inadequate access to public funds/subsidies** - The Federal Government has prioritized funding support for the Creative Sector through loans and grants from the CBN and Bank of Industry. However, there has been no certain evidence to show that these investments reach the Creative Industries other than public pronouncements. Interviews with SME grantees indicate that Creative MSMEs are more likely to require financial intervention at the startup or early growth stages of the business. However, access to business grants by MSMEs in the Nigeria creative sector is constrained by a lack of awareness on where to access business grants, lack of qualification requirements, poor business planning and financial record-keeping skills, poor preparation of the grant application, and failure to focus pitch on innovation or expansion.
- **Piracy and ineffective protection of intellectual property** – When it comes to the protection of intellectual property, the creative sector experiences serious impediments. These include a lack of an efficient framework for copyright enforcement, a lack of training and expertise in intellectual property (IP) to address specific problems with digital copyright infringement, a lack of coordination among enforcement agencies, and expensive legal processes. All these pose considerable challenges to the operations of the highly creative industry groups, including access to finance in the form of loans and equity due to their higher risk assessment.
- **Lack of industry mapping** – There has been no comprehensive mapping of Nigeria’s creative industries causing multiple or overlapping classifications of the industries by practitioners, government, and academia. This makes it challenging to recognize and evaluate the economic impact of the many creative sectors to create effective policy responses. More importantly, it makes it problematic to understand the different business models, cost structures, and financing needs of different creative clusters.
- **Inadequate skills necessary to build and manage a business** – studies show that there are skill gaps in the creative industry and many small businesses have no effective business plan to systematically assess their future financial needs or establish their human and material needs to manage the business for growth.
- **Impact of COVID-19** - The impact of the COVID-19 pandemic on the Nigerian economy cannot be over-emphasized. The sector has equally had its fair share, where a multitude of shows, screenings, festivals, digital launches, and many cultural events was canceled and event centers locked up. Many players in the sector had to resort to multiple cuts in the workforce due to loss of income.
- **Digitalization and innovation** – There has been a pandemic-induced emergence of digital technology and innovation within the creative industries through the rise of social media platforms like YouTube and Instagram, live-streaming of events, growth of virtual tourism, etc. This has led to an emergence of a large number of creators with a strong following base globally. However, poor access to stable internet connectivity and a lack of skills to utilize digital technology have been major constraints to deriving maximum benefits from digitalization.
- **Access to markets** – It is a certain reality that global acceptance of Nigerian creative works is rising. However, some significant issues are still constraining the growth of Nigerian creative firms. These include Identifying niche markets, accessing those markets and building a visible profile within them, understanding how business practice varies from country to country, and building networks of potential collaborators, partners, suppliers, and customers.

The Case for Hybrid Forms of Financing the Creative Sector in Nigeria

Why Funding Creative Sector Matters

According to CBN (Xavier-Itam and Chinedu, 2022), the MSME financing gap in Nigeria is estimated at ₦48 trillion or about US\$117 billion. Thus, the funding requirement or gap for the creative sector could be around US\$15 billion (13%) or ₦6 trillion proportionately.

General views on the Nigeria creative sector are optimistic. Based on current trends, Creative Industries could contribute close to N20 trillion (US\$43.5 billion) to Nigeria's GDP by 2027 based on a CAGR of 11%, and generate about 3 million new jobs given sustainable financial and appropriate business-enabling policy support.

There are several factors driving growth in the creative sector, and these include:

- **Rising local and global consumption** - The Nollywood, music and fashion industries have received global endorsement and will continue to experience rapid growth.
- **Unlimited creative talent** - Nigeria has cultural traditions and pools of creative talent which lay a basic foundation for creative enterprises, with a population of about 52 million youths. Investment in the Creative Sector is a way of solving youth unemployment.
- **Advancement in digital technology** - the digital revolution which provides internet access for about 104 million people, 33 million Social Media users, and online platforms offers a unique opportunity to transform the creative business and expand its influence on the world stage.
- **Readiness to collaborate** - the success of many creative businesses is their readiness to collaborate with both national and international experts to produce movies or songs earning global acceptance.
- **High potential creative exports** - Data on Nigeria's creative exports are very scarce. However, there are tremendous opportunities in the global creative market for sustainable export earnings. In the UK, for instance, creative services exports were worth £37.9bn in 2019, of which £ 18 bn was to Europe and £13.1bn to the Americas (DCMS 2021). Similarly, Indian creative exports grew from US\$ 4.4 billion in 2003 to US\$ 20.7 billion in 2019 (UNCTAD, 2022).
- **Contribution to sustainable development** - The Sustainable Development Goals (SDGs) are being supported by the creative economy in several ways, and the UN General Assembly highlighted these contributions in resolution 74/1984 in 2021, the International Year of the Creative Economy, which emphasized the need for innovative solutions to address global challenges (UNCTAD, 2022).

Need for Hybrid Forms of Funding

Public support to MSMEs in the creative sector industries has evolved from direct support through granting certain activities without the need for reimbursement, indirect funding through tax reliefs, leveraging private finance through public loan guarantees, or matching funds to promote synergy between public subsidies and private investments. Creative enterprises range in scale from independent professionals to small businesses to large studios with ranging business models, cost structures, and financing needs. For example, organizations with their infrastructure, such as museums, will have high fixed costs and possibly also a potential source of income, whereas a craft worker may have high variable costs. Similarly, audio-visual productions demand a large amount of pre-financing, but they have the potential for generating substantial revenues over time. This means there is no one-size-fits-all model for supporting industry participants.

A more diverse strategy for funding the cultural and creative industries has emerged in light of the importance that culture, and creativity can play in economic development. This strategy emphasizes generating economic returns for government expenditure on creative industries, and a more prominent role for private investors. The degree to which creative industries can have access to sustainable financing depends on the size of the available market; the fixed and variable costs for producing creative goods or content; and the potential capacity to transcend time and space horizons (Baumol, 1965; Caves, 2000).

Hybrid forms of finance for the creative sector

Findings from the FATE Institute's State of Entrepreneurship (2022) survey showed that a majority of entrepreneurs that raised finance in the last year reported personal savings (74%) and funds from family and friends (37%) as their main source of finance. In addition, 38% and 14% accessed loans and grants, respectively. However, very few, 3% each, had sourced funds from equity finance and angel investment, reflecting the fact that many businesses are not structured to attract such types of funding due to their informal nature.

Entrepreneurs in the creative sector could benefit from a wide range of public and private finance beyond reliance on self-finance or limited funding by family or friends. Governments can now play significant roles to boost creative sector financing through direct public funding – grants; indirect public funding (tax incentives); equity finance; debt finance; credit guarantee schemes; crowdfunding; venture capital and angel investment.



Direct public funding: Grants

- Grant funding provides much-needed financial assistance to help an entrepreneur get the business off the ground or keep it afloat during the early stage, growth stage, or even mature stage. It can also help nascent creative entrepreneurs build credibility and attract additional funding.
- In July 2020, the UK government introduced the 'culture recovery fund' worth £1.57bn as a 'rescue package' to be delivered through a mix of grants and loans (REFERENCE). Of this fund, £1.15bn was allocated to cultural organizations in England, delivered through a mix of grants (£880mn) and loans (£270mn).
- In the US, the National Endowment for the Arts (REFERENCE), through the Federal Funding for Creative Arts - \$162 million (2023), offers competitive grants to industry operators engaged in production studios, musical groups, and artists, producers of concert and event promotion, and fine arts schools' scholarship.

Indirect public funding: Tax Relief/Incentives

- Combined with direct funding of creative industries, many governments across the world provide indirect funding through tax incentives to encourage actors other than the State to support SMEs and innovation in the creative sector (BOP Consulting, 2017[7]; OECD, 2020[34]). It can also be used to boost inward investment.
- For example, in 2017, the Congress of Colombia introduced a zero-income tax for seven years for start-ups in the creative sector which resulted in a stark increase in foreign direct investment (FDI) projects and made Colombia the biggest recipient of FDI for CCS in Latin America in 2018 (FDI Intelligence, 2019[27]).

Equity finance

- Governments are increasingly stepping in to assume the role of the private sector in financing CS through debt and equity finance. For example, the United Kingdom's Creative England investment program offers start-up loans and scale-up capital exclusively to businesses in the creative industries (REFERENCE).

Debt finance: secured/unsecured loans

- Governments now play a major role in providing debt finance for creative industries. The culture and Creative Sector in Canada is mainly funded by the government (Wilhelm 2019), through programs like the Canada Emergency Business Account (CEBA) initiative, which is a \$25 billion investment that provides up to \$60,000 in interest-free loans to SMEs and not-for-profit organizations (Government of Canada 2020b).
- Similarly, the United Kingdom's Creative England investment program offers start-up loans and scale-up capital exclusively to businesses in the creative industries.
- The Federal government has offered close to N500 billion in debt financing targeted at the industries in the Creative Sector, through its agencies like the Bank of Industry (BOI), and Central Bank of Nigeria (CBN). However, how these support funds were utilized remains undetermined.

Credit guarantee schemes

- One of the innovations in public sector engagement in creative sector support is its role as a third-party guarantee. Credit guarantee schemes can be appropriate for creative goods and services, such as the creation of handicrafts, photography, graphic design, individual music publishing, and other creative activities that involve small-scale production.
- For example, in 2016, the European Commission set up the Cultural and Creative Sectors (CCS) Guarantee Facility which covers up to 70% of financial intermediaries' potential loss on individual loans to CCS projects and up to 25% of investor's overall CCS loan portfolio. The EU guarantee is provided free of charge to selected financial intermediaries and can be accessed by CCS SMEs or small public enterprises in EU member states. As of 2019, EUR 424.4 million of debt financing had been made available by the scheme, supporting projects worth over EUR 1.08 billion in total (EC, 2021[70]).
- In India, The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) was established by the Indian government to provide credit to micro and small enterprises without the use of collateral or third-party guarantees (REFERENCE).

Nigeria has a similar scheme that should benefit entrepreneurs and micro and small businesses in the creative sector. However, how many creative enterprises have accessed the scheme remains to be determined.

Crowdfunding

Some governments are also harnessing the power of crowdfunding to encourage private sector investment and individual giving to creative small- and medium-sized enterprises (SMEs) and entrepreneurs.

For instance, Kickstarter is a well-known platform for creative projects based in the United States since 2009. It has since raised over USD 600 million for more than 40 000 creative projects across 15 eligible categories: Art, Comedy, Comics, Dance, Design, Fashion, Food, Film & Video, Games, Journalism, Music, Photography, Technology, Theatre, or Writing & Publishing.

Similarly, The Australian Cultural Fund (ACF) is a fundraising platform for Australian artists. In 2020/21 the ACF supported fundraising campaigns of 490 independent artists, and arts organizations. Together they generated 9 811 donations from 8788 art lovers to invest more than AUD 4.4 million into arts and cultural projects.

Venture Capital and Angel Investors

For enterprises requiring a larger capital injection, venture capital or angel investment can be a suitable source of funding. This is because venture capital firms have a longer time horizon for their investments and invest in businesses involving greater uncertainty, whereas an angel investor provides a large cash infusion of their own money to an early-stage startup. For instance, China's state council approved a \$30 billion state-led venture capital fund to support start-ups in emergent industries to facilitate the implementation of Internet Plus (Reuters 2016).

Out of the \$1 billion venture capital investment in Nigeria in 2021, just 1 per cent went to the Creative industry. Nigeria can also establish a government-sponsored venture capital fund with the sole purpose of promoting enterprises in the creative sector (REFERENCE).

Recommendations on Sustainable Financing of the Creative Sector in Nigeria

Nigeria's creative sector offers great potential or prospects for employment, poverty reduction, wealth creation, and economic growth and therefore deserves all the attention given by policymakers. To address the funding gap in the Nigerian creative sector, the Government and the industry stakeholders should work closely together to develop a hybrid form of funding to support creative businesses at all stages of their development.

This white paper makes the following recommendation to policymakers, development agencies, and investors to fully realize the potential of Nigeria's creative industries.

Conduct clear mapping of the Creative Sector

The first step in realizing the potential of the creative industries in Nigeria is to map out the industry. There is a need to improve on the collation, analysis, and interpretation of data on the contribution of the Sector to the GDP so that policymakers, development partners, and other experts can make a case for favorable policies and funding for the industry.

Increase access to direct funding – business grants

The government should establish strategic grant funds to support creative entrepreneurs at the start-up stage, particularly NMSMEs with innovative ideas across different industries – film, fashion, music, etc. The business grant should be designed to address specific needs, with a defined impact in mind, and work with other funders on specific areas of interest that all agree to support. The government should be a willing partner rather than the usual top-down relationship. Such a grant-making strategy will involve all stakeholders deciding on funding aims and objectives, funding needs, selection criteria and guidelines, promotion and communication strategy, and monitoring and evaluation.



Introduce creative industry development fund

The new creative industry development fund should be apportioned to cover:

- **Creative skills development** – that focuses on creative education and training that combines both professional and vocational skills to support the sustainability of creative industries. Young people in Nigeria have a lot of potential for employment in the creative sector but most lack the technical and entrepreneurship knowledge to operate successfully.
- **Creative clusters development** - to build geographical clusters of creative businesses, workers, and other institutions linked to the value chain such as higher education institutions, cultural institutions, incubators, accelerators, shared hub space and studios, trade associations, and governmental organizations that assist the cluster in various ways. This will allow the more efficient provision of business support services including financing to the creative industries. The clustering of MSMEs has been successfully implemented in many fast-growing economies like India.
- **Creative hub development** - a portion of this new investment should be made available for creative hubs that will help nurture and incubate the next generation of creative entrepreneurs and small business start-ups. Through this investment, Nigerian creative talent will have access to spaces where they can build their entrepreneurial skills, create, collaborate, and innovate, and help generate new markets for Nigerian creativity. Nigeria's government has already begun to invest in the National Theater, and this should extend across Nigeria. a hub connecting practicing artists, academics, and cultural industries working in digital technologies.
- **Technology and digital infrastructure development** – to provide modern production technology and digital infrastructure, including superfast broadband connectivity and flexible, low-cost workspace identified as the basic infrastructure required for growth.
- **Promotion and access to market** – to support the creative sector by promoting national and international trade fairs and exhibitions, or by helping creative enterprises build the relationships and networks necessary for them to enter new markets. through promoting prizes and contests or by helping enterprises build the relationships and networks necessary for them to enter new markets.

Ensure a stable IP Protection

- Funding in the creative industry can only be stimulated by a copyright system that is compatible with international best practices and that would ensure that owners of work, investors, and other parties with commercial interests – derive maximum economic benefits from their investments of time, energy, talent and money in creative productions.

Ease access to debt financing

- Increase access to government funds for debt financing of MSMEs within the creative industries (particularly fashion, broadcasting, motion pictures, music, and information technology) by allocating more funds up to N2 trillion, which represents about one-third of the estimated financing gap for the sector.
- Improve access to the N200 Billion Small and Medium Enterprises (SME) Credit Guarantee Scheme (SMECGS) by the CBN by setting measurable targets for outreach and ensuring that participating financial institutions are assessed based on the outreach performance and not just the absolute value of loans deployed under the scheme.



Promote access to equity finance

- Government should consider policy actions to provide an enabling technological and financial environment that will promote the availability and access to venture capital, angel investment, and crowdfunding. Such actions should include cyber-security mechanisms, design prevention mechanisms, dispute and resolution mechanisms, as well as addressing the skills gap and increasing the financial literacy of entrepreneurs in the creative sector.
- Nigeria can establish a government-sponsored venture capital fund for creative enterprises requiring a larger capital injection, as practiced in China. Otherwise, the government may offer counterpart funding to support desiring venture capitalists.
- Government should also establish Angel funds for creative industry SMEs with high growth potential to give them the capital they need to develop further. This should comprise secured funds from government and business angels.
- Finally, the government should exploit the power of crowdfunding to encourage private sector investment and individual giving to creative small- and medium-sized enterprises (SMEs) and entrepreneurs. This is practiced in Australia and the United States.

Innovative Transformation via the Nigeria Creative Industries Development Bill (NCID)

The Federal Government's decision to launch NCID is a laudable policy aimed at boosting the creative sector. The bill seeks to establish a legal, regulatory, and institutional framework for the industry in Nigeria to grow in a sustainable environment, by the provisions of the United Nations Educational, Scientific and Cultural Organisation (UNESCO) 2005 Convention of the Protection and Promotion of the Diversity of Cultural Expressions, and Aspiration 5 of the African Union Agenda 2063.

To ensure the bill is all-inclusive to achieve its transformative agenda, the following recommendations are proffered:

- The bill should pass through the extensive consultation process, including online participation, social media, expert roundtable discussions, and stakeholder workshops, to help shape a pragmatic policy for creative sector development.
- The government needs to become more strategic, targeting interventions that increase the supply and sustainability of creative talent, that encourage demand for and development of local IP, and foster a more efficient and robust creative ecosystem.
- The government should consider it is time to conduct a comprehensive mapping and baseline assessment of the creative sector to determine which industries are contributing most to the economy and where the growth potential exists. It's also critical to identify the various stakeholders—from colleges to investors—who can support the expansion of the creative industries. (Baumol, 1965[38]; Caves, 2000[39])

The government can develop a strategy based on this assessment, defining the parameters of the public sector's involvement, identifying innovative businesses to support, and prioritizing areas where public-sector interventions can have the biggest impact. Finally, possible interventions can be designed and tested among stakeholders to decide which ones will be most effective.

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