

**«Assistance technique au Secrétariat ACP pour la gestion du programme UE-ACP
d'appui au Secteur Culturel (ACP Culture+)»**

EuropeAid/131180/D/SER/MULTI

Study on alternative and innovative funding mechanisms for ACP Cultural industries

Final Report

Keith Nurse

19th December 2016



Mis en œuvre par
le Secrétariat du Groupe
des Etats ACP



Financé par l'Union
européenne

Table of Contents

CONTEXT & PURPOSE OF STUDY	3
RATIONALE AND OBJECTIVES	4
APPROACH AND SCOPE OF STUDY	5
DELIVERABLES	7
METHODOLOGY	8
LIMITATIONS OF STUDY	9
CRITERIA FOR BEST PRACTICES AND TRANSFERABILITY	10
GRANT FUNDING IN ACP REGIONS	11
AFRICA CASE STUDY	14
SITUATIONAL OVERVIEW	14
TRADE PERFORMANCE	15
FUNDING AND FINANCING POLICY CONTEXT	20
CARIBBEAN CASE STUDY	32
SITUATIONAL OVERVIEW	32
TRADE PERFORMANCE	33
FUNDING AND FINANCING POLICY CONTEXT	34
PACIFIC CASE STUDY	40
SITUATIONAL OVERVIEW	40
TRADE PERFORMANCE	41
FUNDING AND FINANCING POLICY CONTEXT	42
FRAMEWORK FOR ACTION/IMPLEMENTATION	44
KEY ISSUES AND CHALLENGES	44
ASSESSMENT AND KEY RECOMMENDATIONS	45
INCENTIVE MEASURES PROMOTING INDIRECT PUBLIC FUNDING	45
THE INVOLVEMENT OF BANKING INSTITUTIONS IN FUNDING CULTURE	46
THE EXTENT TO WHICH PRIVATE INVESTMENT SUPPORTS THE ACP CULTURAL SECTOR	46
MIXED FUNDING MODELS	47
THE IMPACT OF CROWDFUNDING	47
INNOVATIVE SOLUTIONS IMPLEMENTED BY ORGANISATIONS FOR INCREASED ECONOMIC PROFITABILITY	48
TO WHAT EXTENT DO THE IDENTIFIED INNOVATIVE AND ALTERNATIVE FUNDING MECHANISMS PROVIDE SUSTAINABLE SUPPORT TO THE SECTOR?	48

APPENDICES	52
APPENDIX I - LIST OF PROPOSED STAKEHOLDERS	52
APPENDIX II – GUIDING GRID OF QUESTIONS	54
APPENDIX III - MAPPING	59

This publication has been elaborated with the help of the European Union and the ACP Secretariat. The contents of this publication are the sole responsibility of ECO and can in no way be taken to reflect the views of the European Union or the ACP Secretariat.

Context & Purpose of Study

The present study is being conducted under the Support Programme to the Africa, Caribbean and Pacific (ACP) cultural industries – ACP Cultures+ which is implemented by the Secretariat of the ACP Group of States and funded by the European Union. The programme aims to contribute to the emergence and consolidation of viable and sustainable ACP cultural industries by supporting training, creation, production, circulation, distribution and regulation within the cultural sector in ACP countries.

Supporting the growth and industrial development of the cultural industries is considered to be of increasing importance as the ACP economies work towards diversifying away from traditional export activities such as commodity exports and exploiting the opportunities in new trade arrangements like the EU Economic Partnership Agreements.¹ Investment in the cultural industries also presents other benefits such as the cross-fertilization and promotion with other sectors like tourism, manufacturing and ICTs thus exploiting the scope for destination and intellectual property branding thereby generating value-added flows that are associated with the rise of the creative class² and the contribution of creative cities³ in making economies globally competitive.

There is an emerging consensus which suggests that to achieve these benefits ACP economies will have to engage in at least six areas for intervention: access to markets, intellectual property rights promotion and protection, access to knowledge and training, networking and cluster development, governance in the area of innovation and technology, and lastly, access to finance and investment which is the focus of this study. In this regard there is a general recognition that the traditional sources of finance and investment are not structured to service the needs of the cultural sector given its specific business models and modes of accumulation. The existing financing paradigm also generally does not facilitate the growth of start-ups and youth entrepreneurship that are vital for the health of the cultural sector.⁴

In order to stimulate and strengthen the development and implementation of alternative and innovative funding mechanisms in ACP countries, the study aims to define and identify general trends characterising the alternative and innovative private and public funding mechanisms and measures in the ACP cultural sector, existing as well as those that might be implemented by providing concrete examples of easily transferable practices and policies implemented in the ACP States and internationally.

¹ Keith Nurse, "The Economic Partnership Agreement and the Creative Sector: Implications and Prospects For Cariforum" in *The Cariforum-EU Economic Partnership Agreement: A Practitioners' Analysis*, edited by A. Beviglia Zampetti and J. Lodge, London, Kluwer International 2011, 149 - 163.

² Florida, R. (2002). *The Rise of Creative Class — and how it is transforming leisure, community and everyday life*. New York: Basic Books.

³ Landry, C (2000) *The Creative City: A toolkit for urban innovators*, London, Earthscan.

⁴ Keith Nurse and Zhen Ye, (2012) *Youth Entrepreneurship and the Rise of the Creative Industries*. UNIDO, Vienna.

http://www.unido.org/fileadmin/user_media/Publications/Neue_Broschuere_Stand_08_01_2013.pdf

Rationale and Objectives

Improving the export capabilities of the creative industries sector requires the development of a complex of trade, financing and business support services along with tax incentives, access to training, knowledge and intellectual property protection and exploitation.⁵ International best practice suggests that building competitiveness of creative industries firms needs the establishment of adequate financial resources which would help to cover a range of expenses such as the cost of artistic production; to cover the fees of industry facilitators like entertainment lawyers, booking agents, publishers, promoters and technical services; to bear the relevant risks in marketing and promotion; to bundle intellectual property rights and protect them; and to be able to gain from ancillary markets such as merchandising. Improved access to finance, credit, trade facilitation and business support services are critical for start-up and export-ready firms and artists. Trade financing such as market development grants and financing for participation in trade fairs, outbound and inbound trade missions, business to business to business meetings and other forms of market entry programmes should match these measures. New mechanism for financing intangible assets such as intellectual property needs to be pioneered so that creative businesses can grow sustainably and benefit from increased access to different sources of finance (seed financing, cluster financing, export financing, debt, private equity or venture capital).⁶

The study's specific objectives are as follows:

- To identify the different types of alternative and innovative funding mechanisms in operation as well as those that might be implemented in the medium term in the public and private sector in ACP countries and internationally (including initiatives implemented at international level with transferability potential in the ACP regions and those focusing specifically on countries in the South).
- To identify indirect public support mechanisms covering measures adopted by governmental and/or public agencies, usually via legal acts, for the cultural and creative sectors, without involving money transfers from the former to the latter. This mainly concerns tax expenditures, i.e. income which local and national governments renounce because of tax breaks and exemptions granted to cultural institutions, compensatory amounts and other financial and banking mechanisms.⁷

⁵ HKU (2010) The Entrepreneurial Dimension of the Cultural and Creative Industries. Hogeschool vor de Kunsten Utrecht, Utrecht. http://ec.europa.eu/culture/key-documents/doc3124_en.htm

⁶ Cunningham, Stuart D. and Ryan, Mark David and Keane, Michael A. and Ordonez, Diego (2008) *Financing creative industries in developing countries*. In: Barrowclough, Diana and Kozul-Wright, Zeljka, (eds.) *Creative industries and developing countries : voice, choice and economic growth*. Routledge, pp. 65-110.

⁷ « Promouvoir l'investissement privé dans la culture. », UE, 2011, p 9

- To analyse the cultural encouragement and patronage mechanisms, corporate sponsorship and social responsibility programmes of companies currently in place and which could be implemented in ACP countries as support to the sector.
- To analyse the structural evolution of the project leading organisations (association with the private sector, creation of fablabs, clusters and incubators, establishment of remunerated services, funding by users...) will also have to be analysed in the context of the study.
- To identify innovative and alternative public funding initiatives and analyse the types of private support mechanisms to culture provided through investment, donation or expenditure by individuals, companies or organisations in the private sector. The research will also focus on cost containment strategies implemented by operators and on sustainable production approaches to cultural goods and services as a remedy to the decline in public funding opportunities. Crowdfunding models will also be analysed.
- To identify case studies / best practices and analysed for each of the studied mechanisms, making every attempt to respect regional balance between the 6 ACP regions. The selected best practices should be able to serve concerned stakeholders in as many ACP countries as possible.
- To put forward conclusions and recommendations that allow the different specificities of existing innovative funding mechanisms to be understood, but also to specify, based on territories and cultural sectors, the type of public and private levers, structures, projects and partnerships likely to best promote alternative and innovative financing of ACP cultural projects and ACP structures operating in the sector. Moreover, the study should provide recommendations on ways to encourage alternative and innovative public and private financing of the cultural sector across the ACP regions, knowing that distinctions between the various regions are likely to emerge and that all the ACP countries cannot be studied in detail in this context.

Approach and Scope of Study

The funding mechanisms covered by the study fall within the private sector (institutional, individual, collective and entrepreneurial) and the public sector (policies and mechanisms in the fields of culture, trade and tax). The study will analyse the issues and challenges of access to funding by ACP cultural and creative sectors. It also aims to formulate recommendations to ACP and Western policymakers, partners and investors, useful in the formulation of the cultural sector support strategies.

The areas of financing (see Table 1 below) that will be targeted in this study are:

- Grant funding (i.e. direct support mechanisms)
- Seed funding for start-ups
- Cluster, incubator funding including crowdfunding
- Debt financing
- Equity financing e.g. angel investing
- Export financing
- Indirect and complimentary measures such as tax incentives

Table 1: Financing Mechanisms, Instruments

Financing Mechanism	Financial Instruments	Incentives Supporting Mechanisms &	Delivery Mechanisms & Institutions
Seed financing for start-ups	<ul style="list-style-type: none"> ▪ grant funds ▪ micro credit 	<ul style="list-style-type: none"> ▪ business coaching ▪ shepherding ▪ technical assistance 	Industry associations, private firms involved in distribution, established lead agencies
Grant funding for clusters	<ul style="list-style-type: none"> ▪ peer schemes ▪ cooperative initiatives ▪ crowd funding 	<ul style="list-style-type: none"> ▪ incubators ▪ accelerators ▪ innovation hubs ▪ technical assistance 	Industry associations, private firms involved in distribution, established lead agencies
Equity financing	<ul style="list-style-type: none"> ▪ venture capital ▪ angel investing ▪ IP as equity ▪ unsecured loans (e.g. kicker type) 	<ul style="list-style-type: none"> ▪ tax breaks ▪ tax credits ▪ rebates ▪ tariff waivers 	National and regional development banks, Export and Import banks
Debt financing	<ul style="list-style-type: none"> ▪ loan guarantees ▪ interest rate subsidies ▪ concessionary financing ▪ IP as collateral 	<ul style="list-style-type: none"> ▪ tax breaks ▪ tax credits ▪ rebates ▪ tariff waivers 	National and regional development banks, Export and Import banks
Export financing	<ul style="list-style-type: none"> ▪ export grants ▪ trade fair support 	<ul style="list-style-type: none"> ▪ trade missions (inward and outward) ▪ B2B meetings ▪ Marketing intelligence 	Export development and trade facilitating agencies

Deliverables

The following deliverables will be provided by the end of this assignment:

1. **A study report** on the different existing public and private alternative and innovative funding mechanisms and those to be put in place to support the ACP cultural industries sector, including clear and targeted recommendations addressed to the different stakeholders (ACP policy makers, funders, partners, investors and cultural actors).
2. A detailed **mapping** of existing alternative and innovative funding mechanisms at ACP and international level (for those that demonstrate real transferability potential). The identified alternative and innovative funding mechanisms will be described in detail in an Excel spreadsheet, notably including the following information:
 - organisation/structure/implementation model
 - objectives of the mechanism
 - achieved results
 - type of support
 - selection criteria for support
 - operational modalities, tools and resources (financial, human and technical),
 - area of intervention,
 - type of targeted and reached beneficiaries,
 - sustainability, implementation procedures and modalities,
 - country and region where the mechanism is in place,
 - development and transposition/transferability modalities,
 - specific needs these mechanisms respond to,
 - conditions and prerequisites, available funding/grants,
 - types of structures supported,
 - number of produced works,
 - number of structures benefiting from the mechanism,
 - financial mass,
 - type of partnerships in place ...

The presentation of best practices/case studies will attempt to respect regional balance between the 6 ACP regions. It will also analyse the identified inventory of mechanisms that are capable of servicing the stakeholders within a maximum of ACP countries. This presentation will include:

- brief description of the objectives
- modalities
- required financial and human resources
- conditions and prerequisites
- evaluation if available, website...

Other results to be achieved (outputs):

1. Executive summary in English and French;
2. List of consulted documents, analysed sources (including websites), contacted persons, completed questionnaires;
3. Presentation (Powerpoint) in French and English with key findings, best practices, recommendations and conclusions.

Methodology

The ACP is a very heterogenous grouping with large populations among many of the African member states whereas the Caribbean and Pacific regions are predominated by small-island developing states with small populations and thus small internal markets. There is also wide income disparity and level of global integration into global markets among the ACP grouping with high trade/GDP ratios among ACP SIDS when compared with African member states many of which are Least Developed Countries. Another critical consideration is the size of the diasporas in the respective ACP states as the diasporic communities often operate as an extension of the home market, co-creators of source content and a major lever into global markets.

One of the key challenges with the study is accessing comparable data on the economic and financial performance of the creative sector across the ACP regions. Given the absence of data on financing the study will focus on regional data in the broad groupings of Africa, the Caribbean and the Pacific. The analysis for Africa will not be further disaggregated into the four sub-regions except for the use of trade data. This is because the only general data that is available across regions is information on trade performance. As such the study uses trade performance data to assess the size and contribution of the cultural/creative economy in the respective regions and countries. In effect the trade performance data is used as a proxy to assess the level of finance-readiness in the various regions and countries.

One of the key indicators derived from the trade data is the trade coverage ratio (TCR). The TCR measures the magnitude of exports of cultural goods compared to imports. A figure below 100 indicates that the country is a net importer, as such any increases in the number depict growth in exports relative to imports. This data gives some insight into the absorptive capacity for finance of the cultural economy in the respective countries. So in effect countries with a high TCR are considered countries with fairly sophisticated industry stakeholders on account of their export capacity in creative goods. There is no consistent and widespread data for trade in services and so there is a limitation to the use of the TCR measurement. Where there is data on trade in services this would be taken into account to supplement the TCR. This is a useful approach as some small ACP countries lack creative goods export capacity but enjoy services-based export capacity.

Limitations of study

As such the study as defined is very ambitious given the paucity of general data and information on the cultural sector throughout the developing world and specifically in the ACP regions. The challenges of finding relevant information on the financing of the cultural sector is even more evident given that this is an under-developed area of research. This issue is even more critical given that this is a desk study and there is no opportunity and resources to visit and interview the key stakeholders involved in the various financing mechanisms. As such much of the assessments of the various financing mechanisms are based on the available information.

There is also much variability between and within the ACP regions and as such it would be very difficult to generalize about the six ACP regions. Some countries have a fairly advanced cultural industries sector and have access to financing mechanisms that are more innovative. Others have a largely underdeveloped sector and the mechanisms for financing are similarly weak.

Given these limitations the study will aim to assess the transferability of the various existing funding mechanisms at the ACP level and internationally. The study will also identify innovative solutions implemented by various organizations which have the potential to aid in increased economic profitability for the cultural sector as well as the sustainability of the identified funding mechanisms.

Where possible the study will aim to highlight the differences between the funding mechanisms existing in the ACP regions where possible. In many respects there is very little information that is available to differentiate the sub-regions in Africa (West Africa, CEMAC, Southern Africa Development Community, East African Community, Eastern and Southern Africa), in particular. As such the study will largely give focus to mechanisms across Africa, the Caribbean and the Pacific. In this regard, the study will examine the range of funding mechanisms in place from debt, equity and export financing to new platforms such as crowdfunding, angel investing and venture capital schemes. The role of grant and seed funding will also be examined along with indirect mechanisms such as tax breaks and tariff waivers.

The following data collection methods are employed on a phased basis:

- Desk Research – Data on the cultural industries funding mechanisms will be gathered by online and offline research, including websites, literature and other sources. The downside is that it might not always be easy to ascertain how up to date the information is if the websites are not regularly updated. Also, some institutions may not share critical information on funding/financing mechanisms.
- Questionnaire to ACP Ministries (i.e. Culture, Trade) and other stakeholders in order to better understand the public alternative funding mechanisms and collect data on existing measures and incentive policies. A list of guiding questions that

would inform the proposed survey instrument may be found in Appendix II. The response rate will be determined on the accessibility and availability of the respondents. The response rate for international internet based surveys are notoriously low, especially where there is no face to face component and so this is a key inherent limitation to the study.

- Semi-structured oral interviews with relevant concerned stakeholders. A preliminary list of these stakeholders is included in Appendix I. The interviews will be conducted in person, via Skype or telephone depending on the availability and geographical location of the respondent. The response rate will be determined on the accessibility and availability of the respondents. Accessing key stakeholders across multiple time zones, geographic spaces and cultural/linguistic contexts presents a major challenge and another key limitation.

Criteria for Best Practices and Transferability

Funding and access to finance is often one of the key challenges identified by all sectors. While it is true to say that the creative industries has specific issues that impact negatively on the funding/financing scenario it is nonetheless critical to identify what are the most appropriate criteria to assess best practices.

At the top of the list of criteria for financing mechanisms would be the issue of whether creative entrepreneurs can make a return on the investment. This issue applies whether the funds are concessionary financing or market based credit. In short the issue is about ensuring that the best use of the resources are made. The concept of return on investment can be broadened to include criteria like does the funding lead to further investment, increased employment, improved production quality, expanded export earnings and markets.

The next big criteria is that of accessibility of funding. Is it easy for potential applicants or industry personnel and firms to meet the criteria for financing? Are the funds released in a timely and speedy manner? Are the available sources of finance at the required scale or quantum?

Another big issue would be whether the available financing packages are affordable and flexible for the client group. Key questions would include the following: what is the interest rate and what is the repayment schedule and is there a grace period before payments are to start? And, last but not least, does the applicant have the capacity to repay?

The final criteria is whether the source of funding/financing is sustainable. It is well recognized that short term financing projects have low impact on the recipient group. Funding and financing schemes take a number of years to achieve viability and operational excellence. As such a key criteria for best practice would be the length of the programme as well as the reporting structures and methodologies of the donors or financiers.

Grant Funding in ACP Regions

Grant funding is one of the key areas of funding at the national and international level. There is no available and consistent data on grant funding at the national level throughout the ACP regions. One of the areas where there is data is from the International Fund for Cultural Diversity (IFCD). The IFCD is a multi-donor fund established under [Article 18](#) of the 2005 Convention on the Protection and Promotion of the Diversity of Cultural Expressions. Its purpose is to promote sustainable development and poverty reduction in developing countries that are Parties to the 2005 Convention.⁸

The following table provides data on the quantum and purpose of funding which ACP countries were able to access in the funding. No Pacific countries were on the list of recipients. The African countries that received funding includes Benin, Burkina Faso, Cameroon, Chad, Cote d'Ivoire, Kenya, Madagascar, Malawi, Mozambique, Namibia, Niger, Republic of Congo, Senegal, South Africa, Togo, Zimbabwe (see Table 2). There was also a regional project entitled "Empowering African youth to harness the potential of the music sector" which was hosted in Cameroon, Congo, Cote d'Ivoire, Democratic Republic of the Congo, Kenya, Malawi, Mozambique, and United Republic of Tanzania. The Caribbean countries that have benefitted from the IFCD are Bahamas, Barbados, Cuba, Haiti, Jamaica, St. Lucia, St. Vincent and the Grenadines and a multi-region project Haiti, Kenya, Nigeria and Serbia.

Grant funding is critical to promote experimentation and innovation in the creative sector, particularly for the promotion of young artists, new artforms and for building human resource and institutional capacities. In this regard, each country through its ministries of culture, trade and so should be encouraged to strategically target these areas for investment. International donor funding is relatively small compared to the needs in ACP countries. As such ACP governments and stakeholders should be encouraged to move from ad hoc approaches to funding towards more strategic funding mechanisms that have stronger capacity building potential.

The main aim of this report is to highlight and analyze the appropriateness of various funding and financing mechanisms.

⁸ <http://en.unesco.org/creativity/ifcd/discover-projects/what-ifcd>

Table 2: List of ACP Beneficiaries in International Fund for Cultural Diversity funded projects, 2010-2015

Country	Project Title	Amount (USD)	Funding Cycle
African Recipients			
Benin	Developing new business models for the music industry	20,000	2010
Burkina Faso	Festival to support new theatre projects	35,000	2010
	Promoting the role of culture in national development	60,813	2010
	Decentralization and the cultural policies: a new model of governance for culture in Burkina Faso	100,000	2013
Cameroon	Databank on African audiovisual productions	80,000	2010
	Offering opportunities to women with disabilities in Cameroon's cultural industries	32,701	2012
	Decentralization, the diversity of cultural expressions and local policies: a new paradigm for local development strategies in Cameroon	78,560	2012
Chad	Professionalizing performing artists	100,000	2010
	"Emerging Youth": Strengthening sub-regional cooperation and promoting young talents in the African music sector	57,007	2014
Cote d'Ivoire	Developing the cultural potential of Yopougon	29,892	2010
	Creating a cultural industry around balafons in Cote d'Ivoire	50,885	2012
Kenya	Developing and promoting stone sculpture production	35,000	2010
	Mapping Kenya's cultural industries	100,000	2010
	Broadening opportunities for indigenous people in Kenya's cultural industries	95,547	2011
Madagascar	Consolidating the production and sale of lambahoany	26,563	2010
	Supporting book publishers	44,985	2010
Malawi	Strengthening the cultural industries in Malawi	10,000	2010
	Building a viable and sustainable film industry in Malawi	42,490	2013
Mali	Promoting the 2005 Convention	67,268	2010
Mozambique	Combating youth employment through the cultural industries	65,000	2010
Namibia	Promoting artistic expressions by vulnerable groups	5,000	2010
Niger	Training theatre professionals	30,588	2010
	Capacity building to promote emerging cultural industries in Niger	80,000	2011
Republic of Congo	Training Congolese artists in ICTs	50,000	2010
Senegal	Training laboratory for digital creation	50,000	2010
	Yakaar: a training centre for performing arts	40,000	2010
South Africa	Unlocking funding to support cultural industries	59,935	2010
	Encouraging creative entrepreneurship in South Africa through recycled arts	81,000	2011

	ArtSANow: Offering cultural operators and policy-makers real-time information on creative industries in South Africa	99,318	2012
	Theatre4Youth: Bringing theatre closer to youth in South Africa	98,252	2013
	Advocacy and information sharing: promoting the creative sector in South Africa	73,514	2013
Togo	Supporting Togolese artisans	29,500	2010
	Devising a strategic plan to implement cultural policies in Togo	98,698	2011
Zimbabwe	Measuring the economic contribution of Zimbabwe's cultural industries	99,023	2011
	Management and business training for Zimbabwe's cultural professionals and arts associations	97,365	2012
	Developing a national strategy on copyright	92,928	2013
	Strengthening local cultural policy in Zimbabwe	99,465	2015
Regional project – Cameroon, Congo, Cote d'Ivoire, Democratic Republic of the Congo, Kenya, Malawi, Mozambique, United Republic of Tanzania	Empowering African youth to harness the potential of the music sector	98,756	2014

Caribbean Recipients			
Barbados	Promoting the export of Caribbean music to North American markets	100,000	2011
Cuba	Survey of audiovisual production in Latin America and the Caribbean	45,080	2010
	Promoting Afro-Cuban cultural expressions among youth	93,101	2012
Grenada	Developing a comprehensive cultural policy	42,000	2010
Haiti	Mapping the Haitian music industry	85,080	2015
Jamaica	Towards the revision of the National Cultural policy in Jamaica	60,201	2015
Saint Lucia	Supporting the steel pan art form	49,664	2010
	Measuring the social and economic contribution of the cultural industries in Saint Lucia	54,522	2013
Saint Vincent and the Grenadines	National cultural policy reform in Saint Vincent and the Grenadines	43,605	2011
Multi Region Projects – Haiti, Kenya, Nigeria and Serbia	Strengthening minority-language publishing industries in Haiti, Kenya, Nigeria and Serbia	100,000	2013

Africa Case Study

Situational Overview

The creative and cultural industries in Africa have been described as “relatively small and fragmented” (UNCTAD 2011, p.11). However, UNCTAD showed in 2008 that the rate of growth of the sector of the continent was 13.9% while the exports of creative goods only accounted 1% of global exports (Experience Africa 2015). The importance of the creative industry in the region was clearly articulated in 1992 Plan of Action on the Cultural and Creative Industries in Africa (AU 1992), however, the reality of implementation has been slow. A notable concern emanating from that report, in that period, was the need for financial mechanisms to support the implementation of the action plan as well as the entrepreneurs (p. 20). To date, public funds for the development of the industries continue to lag behind other areas such as education (UNCTAD 2011, p.20). However, the private sector and non-profit agencies have stepped in to provide resources it does not appear that the void can be filled by the government sector in the near future.

However, notwithstanding the development of financing mechanism within Africa, the continent faces a number of challenges in order to improve the access of financial resources to entrepreneurs in the creative economy. The high duties and taxes on equipment for the industry while imported products have been said to have easy market access into the continent has made competition with cultural imports difficult (Agboton 2015).

However, notwithstanding the financing issue, **the lack of formality of the creative and cultural industries** was raised by the UNCTAD as being **a major hindrance to the development of the industry** (2008, p.44). For example, in the recording industry, the image presented below shows how few countries in the region actual have an established music industry.

Table 2.1 Features of the African music industry

	Established industry	Emerging/ previously established industry	Embryonic industry	Craft-like scale	Unclear evidence of industry
Performance industry	Congo Democratic Republic of the Congo Kenya Mali Senegal South Africa United Republic of Tanzania	Botswana Burkina Faso Cameroon Equatorial Guinea Gambia Guinea Bissau Ivory Coast Madagascar Zambia Zimbabwe	Benin Cape Verde Central African Republic Ghana Mauritius Mozambique Namibia Uganda	Angola Gabon Malawi Niger Seychelles Swaziland Togo	Burundi Chad Djibouti Eritrea Ethiopia Lesotho Liberia Mauritania Rwanda Sierra Leone Somalia Sudan
Total	16 %	24 %	17 %	16 %	27 %
Recording industry	South Africa Zimbabwe	Cameroon Cape Verde Ivory Coast Kenya Madagascar Mali Mauritius Senegal United Republic of Tanzania Zambia	Benin Botswana Burkina Faso Central African Republic Congo Democratic Republic of the Congo Equatorial Guinea Ghana Guinea Bissau Malawi Mozambique Namibia Uganda	Gabon Gambia Niger Seychelles Togo	Angola Burundi Chad Djibouti Eritrea Ethiopia Lesotho Liberia Mauritania Rwanda Sierra Leone Somalia Sudan Swaziland
Total	3%	26%	27%	11%	32%
Average	9%	26%	22%	14%	30%

(Source: UNCTAD 2008, Retrieved from http://unctad.org/en/docs/ditc20082cer_en.pdf)

In addition, there is an **informal economy that actively circumvents the formal economy** which is said to employ 350, 000 persons with an income generation of US \$4.2 billion in 2013 (EY 2015, p. 71). It was also noted that culture is said to be considered separate from the 'economic dimension' (Ibid). However, notwithstanding the difficult and obstacles to overcome before the industry can make an impactful contribution to the economies of the region, the wealth of culture and willingness to embrace new opportunities is said to be Africa's greatest asset (Ibid).

Trade Performance

The trade performance in the Africa ACP region is such that there are few territories having significant export earnings. Figures 1 and 2 shows the trade coverage ratio for several African countries most of which are net importers. This is typical for most developing country regions. In this regard, Nigeria is an outlier to the pattern within Africa in that it is the only country with a trade coverage ratio above 100 meaning that it is a net exporter. Nigeria is a large country with strong industrial capabilities that benefits from a sizable internal market and external diasporas. The other countries with

relative trade capabilities with a TCR over 30 are Botswana, Madagascar, Mauritius, South Africa, Uganda, Zambia and Zimbabwe. While these countries are net importers the data suggests that there are some potential for export expansion.

Figure 1: Cultural Goods Trade Coverage - African ACP Part I, various years Source: UNESCO Trade Flows 2015

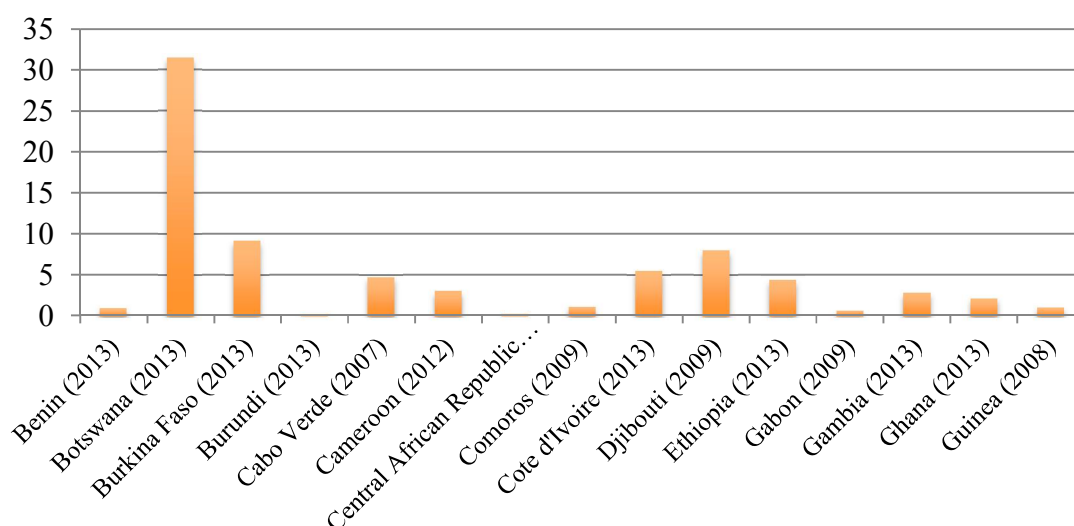
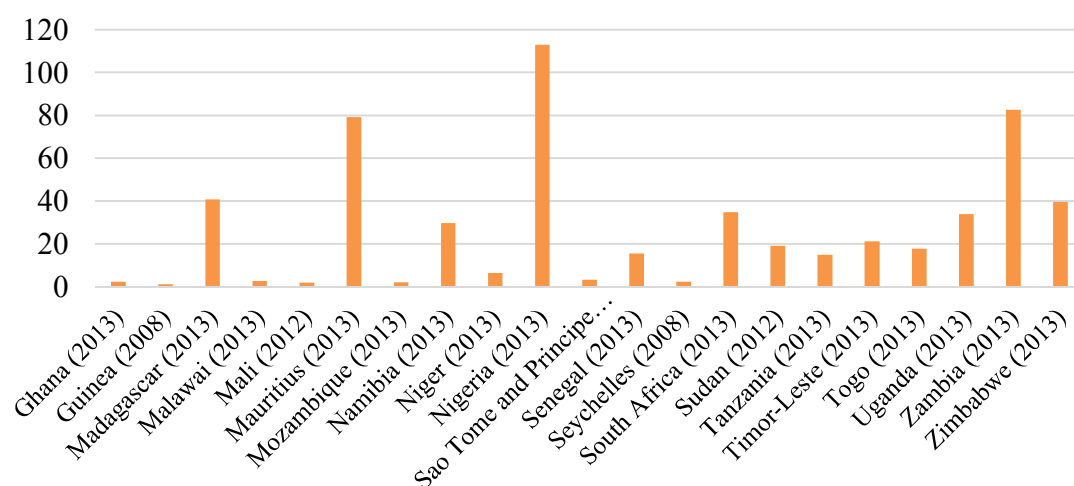


Figure 2: Cultural Goods Trade Coverage - African ACP Part II, various years Source: UNESCO Trade Flows 2015



The analysis generated by the TCR is borne out when the export of cultural goods is isolated. Figure 3 provides data on the exports for West Africa and it shows that Nigeria is way ahead of its neighbors in the creative industries sector. Nigeria's export earnings are estimated to be US\$154 million in 2013. None of the other West African countries generated exports above US\$10 million.

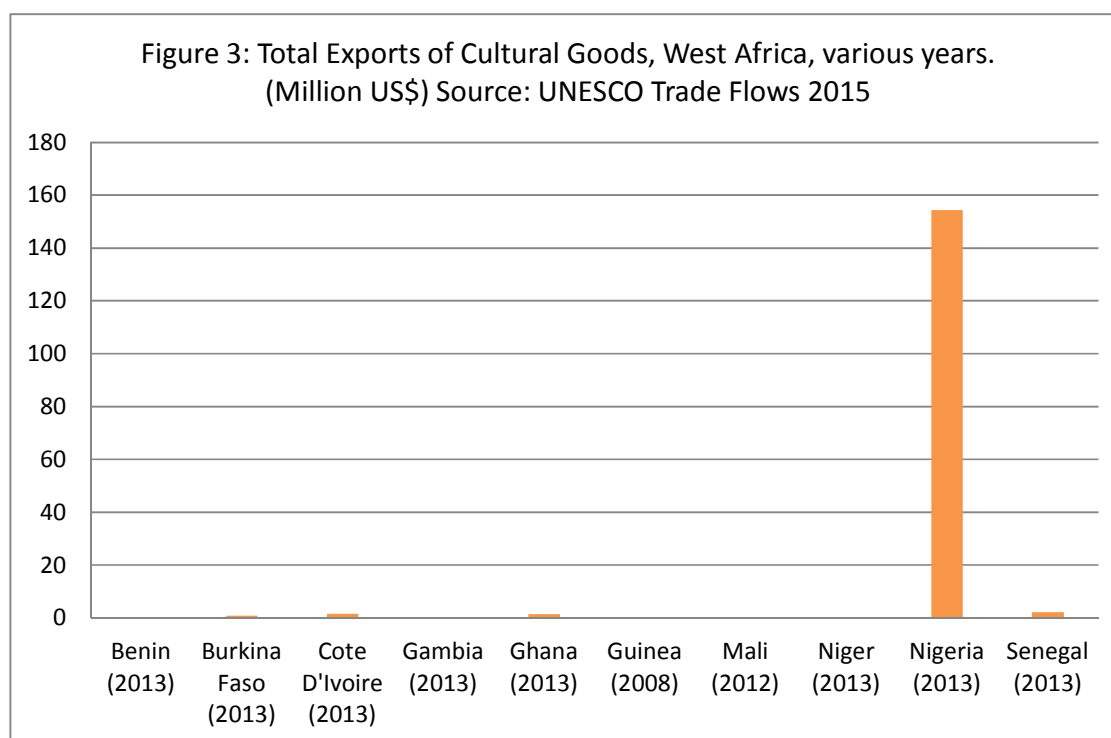


Figure 4 provides data for the Central Africa region. What is evident is that this region is not a major export region in that none of the countries register exports more than \$1 million. Given the size of populations these earnings are considered relatively small. It does suggest that is huge potential for growth.

The East African region has higher levels of exports compared to the Central Africa region (see Figure 5). For example, the largest exporter from East Africa is Kenya with approximately \$17 million. The other major exporters are Uganda (\$7.5 million) and Tanzania (\$4.4 million). Burundi and Rwanda are very small exporters.

The Eastern and South African region has a few key exporters. Zambia tops the list with earnings of \$22 million in 2013 (see Figure 6). The other top exporters were Zimbabwe (\$16 million) and Madagascar (\$5.5 million). Sudan (\$4 million) and Ethiopia (\$3 million) are the next largest exporters.

The Southern African region (SADC) has the country with the highest level of exports among all African countries (see Figure 7). South Africa generated exports of \$256 million. The neighboring countries with some exports are Namibia (\$12.6 million) and Botswana (\$9.5 million).

Figure 4: Total Exports of Cultural Goods, Central Africa, various years. (Million US\$)

Source: UNESCO Trade Flows 2015

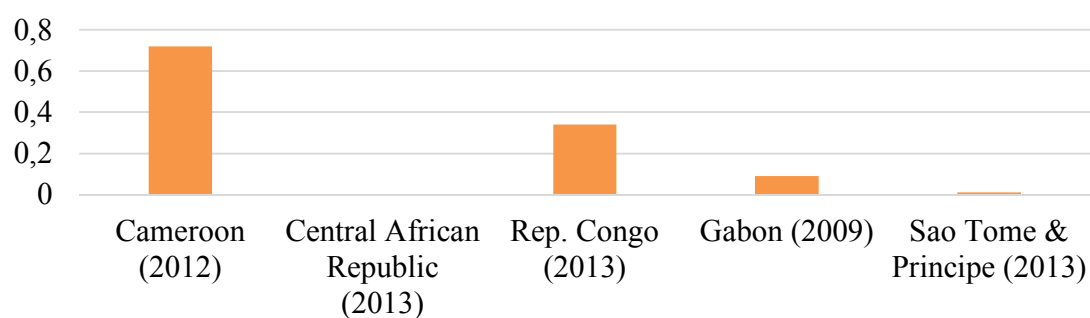


Figure 5: Total Exports of Cultural Goods, Africa East African Community (EAC), various years. (Million US\$) Source: UNESCO Trade Flows 2015

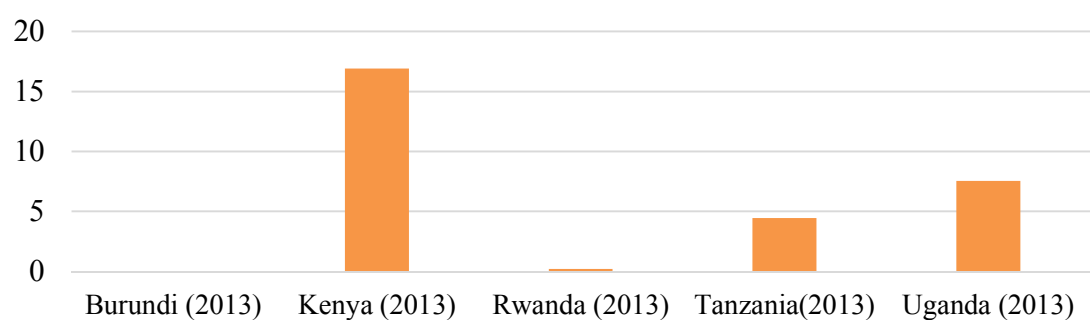


Figure 6: Total Exports of Cultural Goods, ACP Eastern and Southern African (ESA) Group, various years. (Million US\$) Source: UNESCO Trade Flows 2015

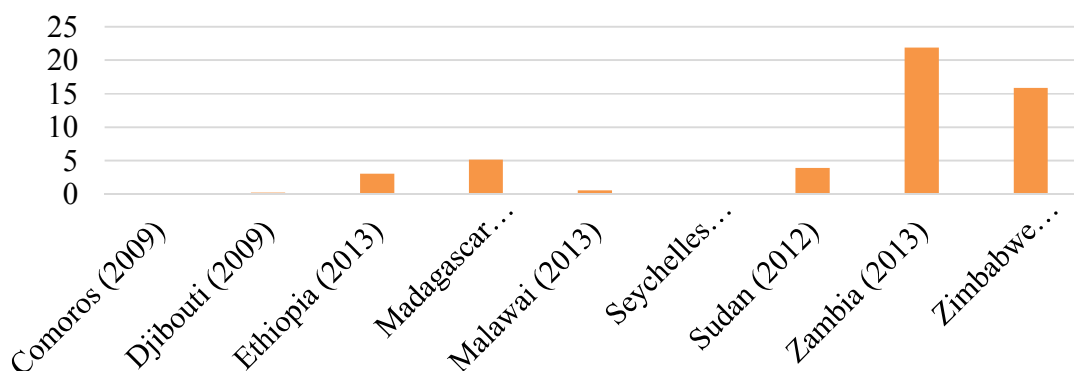
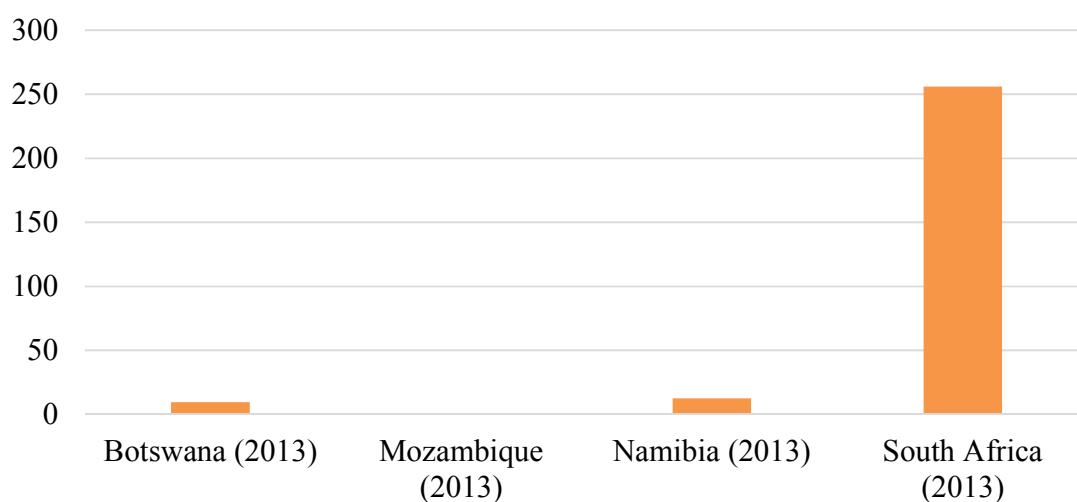


Figure 7: Total Exports of Cultural Goods, Southern African Development Community (SADC), various years. (Million US\$) Source: UNESCO Trade Flows 2015



The other area for which there is some data is in creative services exports (see Figure 12 below). Three African countries are captured: Mozambique (\$11 million), Mali (\$2.6 million) and Guinea (\$0.56 million).

What is evident from the above analysis is that in each of the respective ACP regions in Africa there is one country that dominates the trade and economic landscape in the creative industries sector. For example, South Africa is the largest player in SADC, Nigeria in West Africa and Kenya in East Africa. In the other regions the level of economic activity is of a lower order and the disparity among countries is not as high. These conclusions have much significance for the implementation of a creative industries financing strategy because it suggests that the market and export potential is

stronger in some regions/countries and embryonic in others. This differentiation among the regions is also evident in the policy context.

Funding and Financing Policy Context

The policy context for financing and business and trade support is quite diverse and dynamic. In terms of the latter there are **a range of policy initiatives**. In the area of trade policy one of the key concerns is that of **tariffs on imported equipment**. Tariff levels tend to be high, for example, the duties on phonographs is 140%, 100% on book making machinery, and 70% on imported equipment and instruments. There is also the challenge of **non-tariff measures** such as high entertainment taxes which average 40%.⁹ These challenges are further compounded by intense competition from imports weak intellectual property rights and poor access to financing.¹⁰

These issues suggest that there is much scope for alternative and innovative funding/financing mechanisms. This has been signaled in the OAU Cultural Action Plan – Priority Area 5 – seeks to create an investment and financial system, in collaboration with banks, geared towards the cultural industry. **Grant funding** is generally commonplace however it is often not directed towards commercial orientation or export development. Funding is also being made available to assist entrepreneurs that participate in international events, for example, **mobility grants** (Mawred 2012)

One of the related challenges facing the sector is the absence of data (e.g. size of economic sectors, purchasing patterns of consumers, return on investment) **that could be used as basis for business and strategic planning as well as risk assessment**. In such a scenario it is quite difficult for emerging entrepreneurs and small firms to access credit from traditional sources when there is little or no access to economic and marketing intelligence which could be used to justify investments and assess potential return on investment.

This issue is of supreme importance because **the predominant mode for funding is directed at grants for non-commercial activity, principally**. This point is made in an UNCTAD study of the creative sector in Zambia where they argue that “as in the great majority of countries, the cultural and creative industries are heavily dependent on public funds and incentives, mainly because traditionally they have been seen predominantly from a cultural rather than a commercial point of view.”¹¹ The study goes on to elaborate that outside of the grant funds offer by the National Arts Council in Zambia access to financing is virtually non-existent:

⁹ (OAU and UNESCO 1992).

¹⁰ (DOEN Culture)

¹¹ UNCTAD. (2011). “Strengthening the Creative Industries for Development in Zambia”. *Multi-Agency Pilot Project: ACP/EC/ILO/UNCTAD/UNESCO*. Retrieved from http://unctad.org/en/Docs/ditctab20091_en.pdf. Pp. 22.

Many small and micro creative enterprises do not have access to credit facilities or to loans and investment which would make their business viable, and from which artists and creators would be able to make a living exclusively from their creative or artistic works, like any other professional. A major obstacle for local medium-sized businesses – particularly in non-traditional sectors such as creative industries – has been the high cost of domestic borrowing from local financial institutions, both for investment and working capital.¹²

The case of Zambia is typical of most African countries and developing countries generally. An UNCTAD study of the creative sector in Mozambique, for example, argues that:

“Noteworthy policies and projects have been undertaken in support of the creative industries in some developing countries, but few could be identified as models for systematic and strategic support to build and strengthen their competitiveness. The potential for boosting sustainable socio-economic growth and employment through the creative industries in developing countries remains mostly untapped.”¹³

This argument is made against the backdrop that the share of the national budget allocated to the cultural sector was 0.3 percent in 2009 and the government does not have any specific public funding programme in place to support industrial development of the creative industries. This is in spite of the commercial potential of the film and fashion sectors. The film sector does attract some external funding from the French Embassy which established a fund for film and audiovisual production in 2004. The fund is valued at 90,000 euros and has been tapped to fund one fiction film and three documentaries over the years.¹⁴ An internationally funded programme with greater resources is the UK/Nigeria exchange programme which involves a partnership of 70 Nigerian and British artists, institutions and organizations. The programme began in September 2015 and has generated more than 30 projects and 340 events in the areas of art, fashion, design, theatre, dance, music, literature and film some of which will be featured in the UK.¹⁵ However, the key point is that for most African creative entrepreneurs the framework conditions for industrial upgrading and global value chain participation remain very weak. This point is well elaborated in the study of the Tanzanian audiovisual sector which argues that:

The industry faces numerous barriers to local and global market participation, including lack of production facilities, poor market organization, inadequate rules and regulations, limited understanding of global markets, the problem of

¹² Ibid. p. 22.

¹³ UNCTAD. (2011). “Strengthening the Creative Industries for Development in Mozambique”. *Multi-Agency Pilot Project: ACP/EC/ILO/UNCTAD/UNESCO*. Retrieved from http://unctad.org/en/Docs/ditctab20092_en.pdf. P. 7.

¹⁴ Ibid. p. 45.

¹⁵ British Council. (2015). “UK/Nigeria 2015-16”. Available at <https://www.britishcouncil.org/ng-uk-nigeria-2015-16>.

language, and lack of bargaining power and commercial relationships. Hence, the majority of local film-makers and producers are isolated and left to operate in marginal economic areas such as micro and informal enterprises. Their problems are magnified by the lack of access to networks that can help them compete in the global film business.¹⁶

Doen Foundation

In response to the limitations of the existing frameworks of local and external funding one of the key recommendations has been for the **establishment of funding and microfinancing targeted at cultural organizations, SMEs and start-ups**. For example, the Dutch Doen Foundation has established a large presence for funding the creative sector in Africa. The Doen Foundation, which sources its funding from Dutch Postcode Lottery, BankGiro Lottery, VriendenLoterij provides funding under three themes: Green, Social and Creative. Under the creative industries theme DOEN funds directly organizations like the Arterial Network, African Synergy, Art Moves Africa and the Arts Collaboratory.

The Doen Foundation provides grant financing to institutions in the creative and cultural sector in countries like Uganda, Kenya, Mali, South Africa as well as an African writers workshop in the UK. The funding is granted under three frameworks: project, programme and institutional subsidies. The following table 3 outlines the funding provided to African organizations for the fiscal year 2015. The total granted was 1.8 million, approximately twenty-one percent of the total funds dedicated to the creative sector by Doen in 2015. The funds granted are broken down into institutional subsidies accounting for approximately seventy percent of the funds. The next biggest area was programme subsidies to the tune of 380,000 as compared with project subsidies of 314,000.

Table 3: Doen Foundation Creative Grant Funding

Recipient Organization	Countries	Programme Subsidy	Project Subsidy	Institutional Subsidy
African Writers Trust	Great Britain	120,000		
Arterial Network	South Africa			450,000
Festival sur le Niger	Mali			540,000
Jabulani Arts	Uganda		15,000	

¹⁶ See Mhando, Martin R.; Kipeja, Laurian, "Creative/Cultural industries financing in Africa: A Tanzanian film value chain study" *Journal of African Cinemas*. 2010, Vol. 2 Issue 1: 3-25.

Kuwa Urban Spaces by People	Kenya		40,000	
Native Travel Festival	Uganda		60,000	
Reseau KYA	Mali		31,000	
Sarakasi Trust	Kenya			40,000
Slum Festival Ltd	Uganda		46,000	
The Theatre Company	Kenya	260,000		
Union Nationales des Cineastes Maliens	Mali		38,500	
32° East - Ugandan Arts Trust	Uganda			171,000
Doualt Art	Cameroon			171,000
Centre Soliel d'Afrique	Mali			171,000
Ker Thosianne	Senegal			171,000
Kulturforum Sud Nord	Benin		15,000	
Raw Material Company	Senegal		68,500	
Total Funds Granted		380,000	314,000	1,714,000
Grand Total		2,408,000		

Source: DOEN Foundation Annual Report 2015

Screenwriting Labs in East Africa

The Doen Foundation will for the second year be funding the 2016 series of Maisha Screenwriting Labs in East Africa (Kenya, Rwanda, Tanzania, and Uganda). The 8-day intensive programs in each of the four target countries will offer fifteen scholarships in each country where the selected participants will work with internationally renowned mentors to refine their work and broaden their horizons on the film business and the art of filmmaking. The winning scripts receive an award of \$ 5,000 to produce their short film.

Microfinance in Mali

The Doen Foundation also offers funding through microfinance institutions in Mali that ended in 2010. What was offered were two types of **loan packages** (see Table 4). There were short term loans of between US\$200 and \$2,000 which had fixed term. The second loan type was longer term with flexible terms and up to a maximum of US\$10,000. What is notable is that the microfinance programme also included business training along with financial derisking measures such as loan guarantees.

Table 4: Microfinance in Mali (ended in 2010)

Loan Type	Conditions
1. Short Term – USD 200 – 2000	Fixed terms (waiting period ½ year, interest approx. 2% and loan guarantees in the form of money, household equipment or third party)
2. Longer Term – USD 10,000	Flexible Terms (longer grace period, alternative term of loans and extra business training)

Southern African SME Fund

Another key area where the Doen Foundation has made a contribution is in the funding of SME in the creative sector in Southern Africa region. The targeted countries are Malawi, Namibia and Zambia. The fund has attracted co-sponsorship from the International Financial Corporation, the African Development Bank, Proparco, FMO and Business Partners Limited. What is intriguing about the funding programme is that it goes beyond an investment-only paradigm to offer added-value solutions that aid in bridging the information and networking asymmetries that most SMEs suffer from.

Table 5: SME Financing Programme in Southern Africa

Countries and Funds	Sponsors	Structure and Purpose
Malawi - MWK 37 million and MWK 740 million	International Financial Corporation, Stitching DOEN, African Development Bank, Proparco, FMO and Business Partners Limited	The fund provides integrated investment and added-value solutions for small and medium entrepreneurs, from single-owner businesses to partnerships and multi-owner ventures. The Fund is managed by Business Partners International – a subsidiary of Business Partners Limited, South Africa's leading investment company for small and medium enterprises.
Namibia – N\$550,000 and N\$ 11 million		
Zambia – ZMW575,000 and ZMW 11.5 million		

Nigerian Import Export Bank

The Nigerian Import Export Bank (NEXIM) has provided loans and other funding schemes to entrepreneurs in the cultural/creative industries. The NEXIM bank has a facility targeted at the cultural/creative sector entitled Nigerian Creative Arts and

Entertainment Facility Loan.¹⁷ The Creative Arts and Entertainment Industry Facility is designed to achieve the following strategic objectives:

1. Harnessing Nigerian cultural diversity and talents in a structured manner to ensure the orderly growth and development and the conservation of the nation's cultural heritage,
2. Enhancing the abilities of players in the entertainment sector to collectively benefit from Government support programme for the industry
3. Improving quality at all stages of the value chain from production to post-production and retail distribution, thereby deepening creative entertainment value chain and diversifying revenue streams in the industry.
4. Promoting the creation of a viable and sustainable industry, thereby enhancing employment generation and wealth creation potentials of the sector and performance of small and growing businesses in the country;
5. Broadening Nigerian export basket through formal and non traditional exports of Intellectual Property products and services;
6. Attracting investment capital to the industry towards the development of modern studios and/or broadcast/media facilities.

The sectors targeted for this facility includes the following list of industry areas. The following table 6 also provides a checklist of all the documents required for an application as well as information on eligibility criteria and length of the facility.

Table 6: NEXIM Lending Policies

Sectors, Industry Value Chains and Service Areas ¹⁸	Document Checklist for Application
<ul style="list-style-type: none"> • Music (Production & Distribution) • Film (Production, Distribution, Exhibition) • Television (Production, Distribution, Exhibition) • Radio (Production & Distribution) • Fashion (Production, Distribution, Exhibition) • Distribution / Exhibition Infrastructure and Platforms • Development of production platforms and facilities • Acquisition of hi-tech production equipment and ancillary facilities 	<ul style="list-style-type: none"> • Letter of Application; • Company Incorporation Documents; • Feasibility Report / Business Plan; • Valuation Report on collateral to be pledged • Land and Building • Equipment • Intellectual Property • Past Audited Accounts and most recent Management Account, where the last audited account is more than 3 months old or Statement of Affairs • Evidence of marketing / distribution arrangements • Pro-forma Invoice(s), where applicable • Bills of Quantity / Production Budget, where applicable
<p>Eligibility Criteria:</p> <ol style="list-style-type: none"> 1. Any Company in Nigeria can benefit from the facility provided that it is legally registered / incorporated in Nigeria, 	

¹⁷ For further information see : <http://www.neximbank.com.ng/products/nceil-loan/>

¹⁸ The following information is sourced from <http://www.neximbank.com.ng/products/nceil-loan/>

2. It operates in the entertainment and creative industry,
3. It is not owned by government (federal, State or local),
4. It is not an oligarch business interest that may interfere with content policy for its own interests.

Length of the Loan Facility:

- Up to 7 years, inclusive of a moratorium period depending on transaction / activity

The Culture Bank in Cabo Verde

The Culture Bank in Cabo Verde presents another useful example of cultural industries financing, particularly in a small country. The analysis below in the table 7 indicates that the bank has had several challenges of which lack of financial resources is a key concern. Another major concern is the capacity of the bank to interface effectively with potential clients.

Table 7: Goals, Diagnosis and Recommendations

Description of Culture Bank ¹⁹	Diagnosis
Created with the aim of “contributing to the preservation, protection and enhancement of the Cabo Verde’s cultural heritage” by refundable and non-refundable financing, cultural projects aimed at income generation through culture, for education and cultural training, to conduct studies and research of cultural character and the creation, production and dissemination of cultural products across the country, favoring artists, cultural operators and small entrepreneurs.	Unsatisfactory resources for the demand of financing / credit by the cultural and creative sectors; incipient dialogue with financial institutions and development agencies; difficulty of access from professionals and entrepreneurs to the resources of the Bank of Culture because of bureaucracy hurdles and poor capillary action of the Bank in the islands. Currently there are branches of the Bank of Culture in all the islands except on the Isle of May. And there are branches in all municipalities, with the exception of the interior of Santiago. This is a successful protocol with the House of the Citizen.
<p>Recommendations for strengthening and expansion of the Bank of Culture:</p> <ol style="list-style-type: none"> 1. To develop a mechanism to increase FAAC resources by creating contributions / fees to be charged from associated tourism services, telecommunications, cable television and the internet. 2. To integrate resources from contributions / fees previously mentioned, with the operations of the Bank of Culture in partnership with a financial institution (as deemed by the ministry of Culture) to strengthen cultural developments (as developed in conjunction with the Agency for Development Enterprise and Innovation - ADEI from the supply of credit and oriented micro financing). 3. To establish a committee composed of bank financial staff, artist representative, representative from the Ministry of Culture to assess together the viability of providing credit lines to the creative entrepreneur. 	

¹⁹ The following information is sourced from UNCTAD (2015) Cabo Verde Creative Economy: Leveraging Culture and Creativity for Sustainable Development. United Nations, New York.
http://unctad.org/en/PublicationsLibrary/webditcted2014d1_en.pdf

4. To allocate resources of the strengthened FAAC for the management of the cultural facilities of the Cabo Verde network, including the National museum Network, libraries network, cultural centers, halls and other cultural facilities.

The Cultural Industries Guarantee Fund

The Cultural Industries Guarantee Fund (CIGF) was created by the International Francophony Organisation (IFO) in Lomé in 2003 to facilitate the access of cultural enterprises in West Africa to bank financing for cultural projects. The Guarantee Fund was initially established in five francophone West African states: Burkina Faso, Côte d'Ivoire, Mali, Senegal and Togo.²⁰ Management of the funds are entrusted to the ECOWAS Investment and Development Bank (EBID) which is based in Lomé, Togo.²¹ On September 14, 2009, the IFO and the EBID signed a memorandum of understanding and agreed to increase the capital of the CIGF to €1 300 000, which includes a contribution of € 650 000 from EBID.²² They also agreed to extend coverage to all fifteen ECOWAS member states.²³ The CIGF guarantees financing for projects costing between \$ 1 million CFA francs and 155 million CFA francs.²⁴

According to an interview provided to Ouestaf News by Head of the CIGF, Mr. Mohamed Diallo, the CIGF works as follows.²⁵ The cultural entrepreneur requests a loan from a bank. The CIGF intervenes if the Bank requests a guarantee from CIGF. The Bank will forward to the CIGF the following documents: a warranty claim, the applicant's loan application, a feasibility study or business plan and a technical note containing the banker's risk assessment. If all of the information is provided by the applicant, CIGF's assessment of the application only takes a month.

The Fund suffered some setbacks at the start. First, there was lack of communication and information sharing among stakeholders.²⁶ Second, applicants did not come forward because of the level of distrust.²⁷ The CIGF has provided guarantees in the following ECOWAS states: Burkina Faso, Cote D'Ivoire, Niger, Senegal and Togo in the

²⁰ <http://www.africultures.com/php/index.php?nav=murmure&no=744>

²¹ <http://www.hiouamoularet.blogspot.com/2013/07/fonds-de-garantie-des-industries.html>

²² http://www.ouestaf.com/Des-garanties-disponibles-pour-des-projets-culturels-jusqu-a-a-hauteur-de-155-millions-FCFA-Trois-questions-a-Mohamed_a2775.html

²³ http://www.bidc-ebid.org/en/documents/press_14sept2009_OIF_cotonou.pdf

²⁴ http://www.ouestaf.com/Des-garanties-disponibles-pour-des-projets-culturels-jusqu-a-a-hauteur-de-155-millions-FCFA-Trois-questions-a-Mohamed_a2775.html

²⁵ http://www.ouestaf.com/Des-garanties-disponibles-pour-des-projets-culturels-jusqu-a-a-hauteur-de-155-millions-FCFA-Trois-questions-a-Mohamed_a2775.html

²⁶ Developing Cultural Industries: Learning from the Palimpsest of Practice By Christiaan De Beukelaer https://static1.squarespace.com/static/526e5978e4b0b83086a1fede/t/54eb8b86e4b032bc08378ec0/1424722822043/CPRA_Christiaan+De+Beukelaer_Developing+Cultural+Industries.pdf

²⁷ Funding Culture, Managing Risks by UNESCO

http://www.unesco.org/new/fileadmin/MULTIMEDIA/FIELD/Brussels/pdf/funding_culture_managing_the_risk.pdf

audiovisual, film, literature and music.²⁸ Executives of the financial institutions in recipient countries receive training in the techniques of financial and economic analysis of the cultural projects and how to conduct market research.²⁹

The HEVA Fund

One of the key examples which addresses the problem of building market synergies and which has the potential for replication is the HEVA Fund that operates out of Kenya and is being offered across East Africa. The HEVA Fund aims to catalyze the growth strategies of early stage ventures, optimize creative sector value chains, provide working capital and cash flow solutions as well as a bridge to follow-on financing for creative sector SME's. The Fund has two modalities:

1. The HEVA Startup Fund:

- a. Every March and September, HEVA invests in East Africa's early stage (post-revenue) creative businesses operating in Kenya, with plans to roll out in Uganda, Rwanda and Tanzania.
- b. This facility looks to assist businesses to increase their production capacities, launch new product lines, invest in new technology or expand their distribution networks and a runway to investor readiness. Businesses undertaking their first applications can receive up to KES 1,000,000 in flexible debt, and a tailored finance package of up to KES 10,000,000 in subsequent applications. Alongside this finance facility we provide business consultations and support, legal advice as well as exchange learning opportunities.
- c. In 2016/2017 HEVA plans to make investments in businesses operating within the fashion, commercial photography, crafts and interior design value chains. We are also running pilot investments in music and visual arts value chains.

2. The HEVA Growth Fund:

- a. The HEVA Growth Fund will provide working capital solutions, supply chain finance, cash flow solutions, capital investment and follow on financing of up to KES 30,000,000 available to creative SME's all year round. This facility will offer second level financing solutions in equity, debt, convertibles, mezzanine products, guarantees or matching funds for store roll-outs, new plant and machinery, funding an acquisition or an export drive, equity release and more.

²⁸ http://www.ouestaf.com/Des-garanties-disponibles-pour-des-projets-culturels-jusqu-a-a-hauteur-de-155-millions-FCFA-Trois-questions-a-Mohamed_a2775.html

²⁹ <http://www.africultures.com/php/index.php?nav=murmure&no=744>

The HEVA Fund goes beyond providing access to finance to offer a range of business support facilities to creative businesses. An example of this is the investment in the fashion value chain where HEVA invested in 6 Kenyan fashion businesses with the goal of expanding their commercialization potential.

Box 1: The Fashion Value Chain in Kenya – A HEVA Fund Initiative

Financing and Capitalization

90% of our respondents relied on self-financing and savings to start their ventures. Only 10% of respondents received support from family and friends. The average initial capital invested into the respective businesses amounts to KES 1,600,000. The highest contribution was at KES 10,000,000 and the least was at KES 25,000.

Access to Credit

50% of our respondents had accessed credit either informally or from a formal financier. 50% of respondents were reluctant to apply for credit from commercial banks for many reasons including: complicated paperwork, previous applications declined due to lack of collateral, lack of understanding of how loans work, uncertainty over loan eligibility, as well as uncertainty on whether the business would have sufficient cash flow to manage the repayment.

Banking

90% of the respondents managed separate bank accounts for their businesses. 10% of the respondents used their personal bank account for all transactions but looked to set up a separate account for the business soon.

Membership, Savings and Credit Schemes

10% of our respondents are members of a savings scheme. 20% are members of the Association of Fashion Designers (AFAD)—a self-organized guild. Another 20% are members of the African Cotton and Textile Federation (ACTIF) and are enjoying the events, exhibitions and opportunities afforded to the members.

Equity Investment

All our respondents indicated their openness to investors. 60% of the respondents had some reservations on the level of control over the creative process and the business that they would allow an investor to have. Most respondents indicated that they would be willing to give not more than 50% equity in their ventures. The respondents would require investments in order to increase production, develop new products, retain employees with specialized skills, acquire new machinery, adopt new technology, develop new distribution systems, explore new markets, acquire new retail and workshop space, invest in marketing, design shop fronts and promote their brands.

Accounting and Tax Compliance

40% of the respondents have hired a full- time or a part-time staffer to perform the accounting and bookkeeping support duties as well as tax and licensing compliance. The rest of the companies are looking to comply as they hire an accountant.

Intervention

HEVA has competitively recruited and hired a credit officer to offer regular one-on-one accounting and monitoring support for the businesses in our portfolio. This is necessary as part of our due diligence in order to assist with compliance, support the achievement of milestones, and ensure repayment of the debt facility offered.

Source: HEVA, Fashion Value Chain Report 2016: A HEVA Report on the State of the Fashion Value Chain in Kenya, page 33.

Crowdfunding

Another mode of innovative financing that has emerged in Africa is crowdfunding, online platforms that crowdsource projects and causes to raise monetary contributions and investments often small amounts from a large number of persons. The aim is to provide capital for worthy social projects and interesting business ventures either through donations, rewards-based projects, equity-based projects or peer-peer lending. The top African countries in the crowdfunding arena are South Africa, Nigeria and Kenya. The standout examples of crowdfunding platforms are ThundaFund from South Africa, StartCrunch from Nigeria, and M-Changa from Kenya.³⁰ M-Changa, is a pan-African crowdfunder and has taken the crowdfunding concept to the mobile platform and has attracted funding from the Bill and Melinda Gates Fund and Microsoft for its innovation.

These innovative funding organizations have emerged as new modes of financing for start-up firms and initiatives. What share of their business is generated from the creative sector is difficult to measure. What is noted in a study of crowdfunding in Africa is that funding for creative and innovative projects accounts for seventeen percent while funding for arts and entertainment amounts to two percent of the total crowdfunding in 2015. The rewards-based approach to crowdfunding has worked best for creative and innovative campaigns and arts and entertainment projects, each accounting for thirty eight percent and eight percent, respectively.³¹ The types of projects that fall under the creative and innovation campaigns range from films and videos, arts performance and events, design, publishing and other projects. How this differentiates from Art and Entertainment as a category is not clear but if the two categories are combined then it means that close to twenty percent of total crowdfunding in Africa is going to the creative sector. This is very significant and worth further encouragement and support.

Crowdfunding through Africa Unsigned

Africa Unsigned is an Amsterdam-based website which utilizes crowd-funding to attract funding for music projects that are not found in mainstream record stores and commercial radio. In effect it allows the general music loving public to raise funds for African and African diaspora musicians and bands by pooling their money online. The way it works is that fans are invited to invest in a music project by purchasing shares worth Euro 5. Once a project has achieved 5,000 “believers” or shareholders and earned Euro 25,000, an album can then be made which is then sent to each believer. Africa Unsigned works with a network of studios and NGOs in Senegal, Kenya, South Africa, Zimbabwe and Mali that guide the scouting process and facilitate the promotion of the artists. In 2012 Africa Unsigned shifted its business model from running a crowdfunding platform to facilitating interactive music campaigns. The Africa Unsigned business model is based on the crowdfunding concept of Sellaband.com and has the following partners in the foundation Wisdom of Crowds: UpToYouToo in Kenya, Niyel in

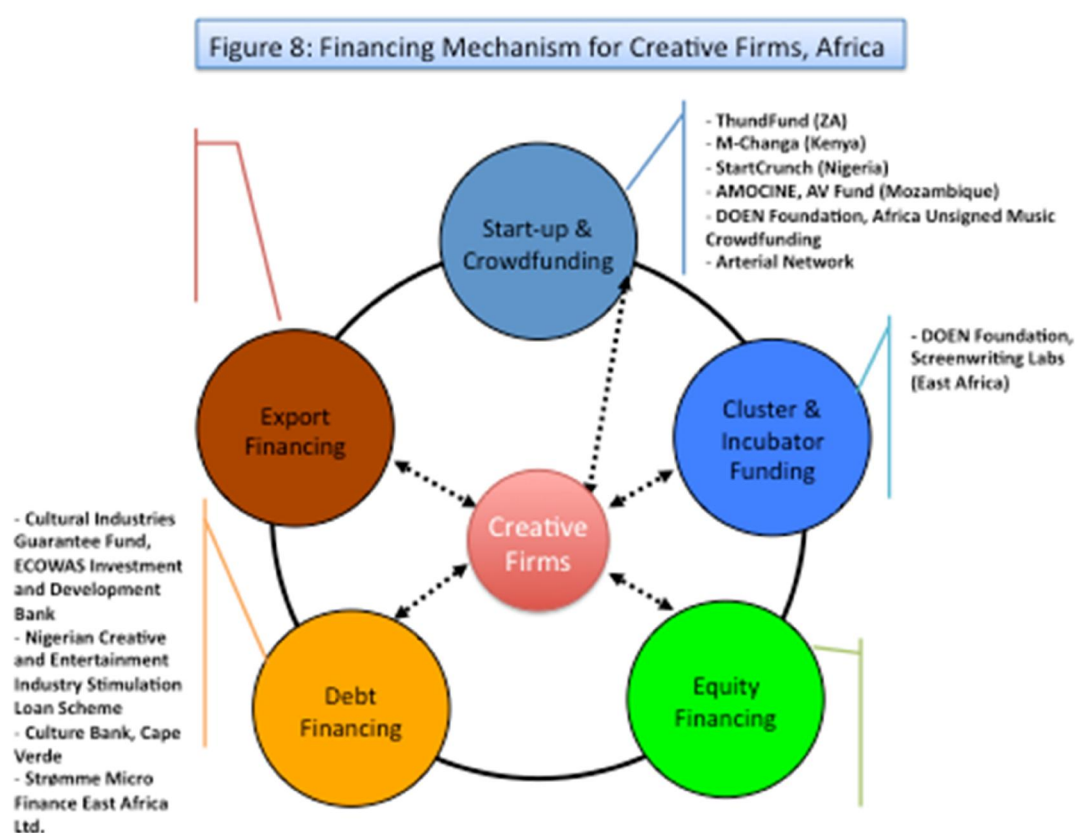
³⁰ For further details see <http://afrikstart.com/report/wp-content/uploads/2016/09/Afrikstart-Crowdfunding-In-Africa-Report.pdf>

³¹ <http://afrikstart.com/report/wp-content/uploads/2016/09/Afrikstart-Crowdfunding-In-Africa-Report.pdf>

Senegal, Tuvalu Media, a television production house and Pim Betist, Founder of SellaBand.com.³²

Crowdfunding through City Soiree

Another example of a crowdfunding programme that targets the creative sector is that of CitySoirée which is an arts and entertainment platform that crowdfunds musicians for private live concerts.³³ CitySoirée is estimated to be ranked the 11th top crowdfunding fundraiser in Africa.



³² Drawn from information on the Womex website: https://www.womex.com/virtual/africa_unsigned_bv

³³ <http://www.citysoiree.co.za/secret-soiree/>

Caribbean Case Study

Situational Overview

The creative industries of the Caribbean are estimated to contribute 5% of the region's GDP, employing 3% of the region's labor force. (WIPO 2013, p. 9). There is much diversity in the regional creative industries given the different stages of development with some countries having more exposure to international markets and exporting. Generally, it can be argued that the sector is poorly served in terms of access to finance (Chaitoo 2013).

In Jamaica, the creative industries is said to be the 3rd largest employer of its nationals. It's film industry is overseen by the Jamaica Film Commission who estimates that over 150 films are shot in Jamaica each year including American's Next Top Model and a BBC drama titled Small Island (JAMPRO). The value of Jamaica's renowned music industry is estimated at USD 130 million (Ibid). Similarly in Trinidad and Tobago, the music industry, well known for soca, calypso and other indigenous sounds has generated approximately TT\$169 million in revenue annually employing approximately 5,600 persons (Ministry of Trade and Industry 2015). The fashion industry is said to comprise of 210 companies, employing 1465 persons and revenues of TT \$266 million as of 2014 (Ibid). Trinidad and Tobago Carnival is estimated to earn approximately US \$100 million annually (ACS 2014). Festival tourism is notably large across the islands as most hold music festivals annually. The foreign exchange earnings from the industries, estimated at 2006, can be seen below.

ESTIMATES OF FOREIGN EXCHANGE EARNINGS OF CREATIVE INDUSTRIES IN JAMAICA, TRINIDAD AND TOBAGO, BARBADOS AND THE OECS (2005)
(US\$ MILLION)

Country/regional grouping	Foreign exchange earnings (US\$ million)	Activity
Jamaica	80-100	Recording industry
Trinidad and Tobago	50-60	Live performance
Barbados	20-25	Festival tourism
OECS	20-25	

Source: Mapping the creative and cultural industries in the Caribbean (CARICOM, 2006).

(ECLAC 2012 p. 31)

Where financing in the industry is concerned, inconsistent government support and difficulties in obtaining private financing pose the biggest challenge. Additionally, there is said to be disconnect between the needs of the industry and the level of facilitation by the public sector. However, there has been rising interest in the creative industries by governments and regional organizations. Sectors like fashion, music and the audiovisual sectors have been attracting investment (Lanzafame, Francesco, Quartesan, Alessandra and Monica Romis, p. 2007).

Trade Performance

The Caribbean region has a strong tradition of cultural production and export. However, the data on trade performance shows that no Caribbean country is a net exporter. The Dominican Republic and Cuba are the two countries with the highest TCR. The Dominican Republic is at 98 and Cuba is at 93. The other Caribbean countries are far behind these two countries. Barbados (33), Guyana (25) and Trinidad and Tobago (21) are the next best performing countries. The other countries such as Jamaica, Suriname and Dominica have a TCR hovering around 10 (see Figure 9).

When it comes to the export of cultural goods the data shows that the Dominican Republic is the largest exporter by a significant margin. Figure 9 shows that the Dominican Republic had exports of \$211 million in 2013. The next export earners are Cuba (\$16 million), Barbados (\$9.5 million), Jamaica (\$8 million) and Trinidad and Tobago (\$5 million). These economies have seen a decline in goods exports with the advent of the digital age (see Figure 10).

Figure 9: Cultural Goods Trade Coverage - Caribbean ACP, various years Source: UNESCO Trade Flows 2015

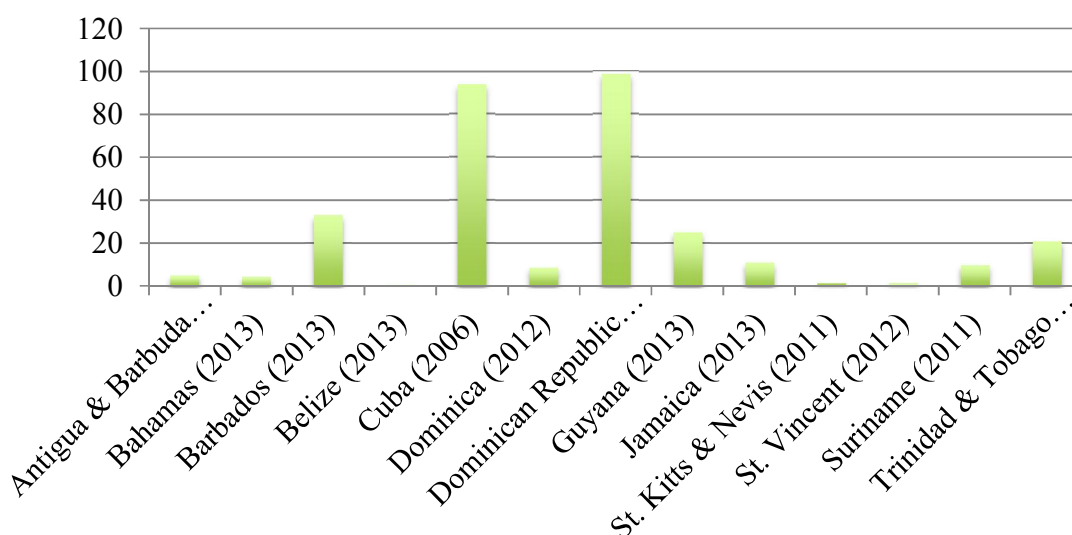
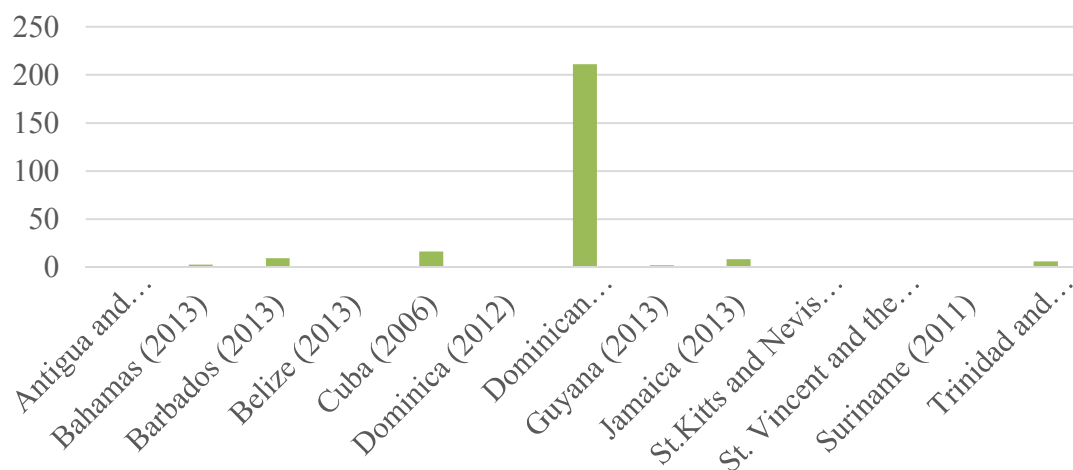
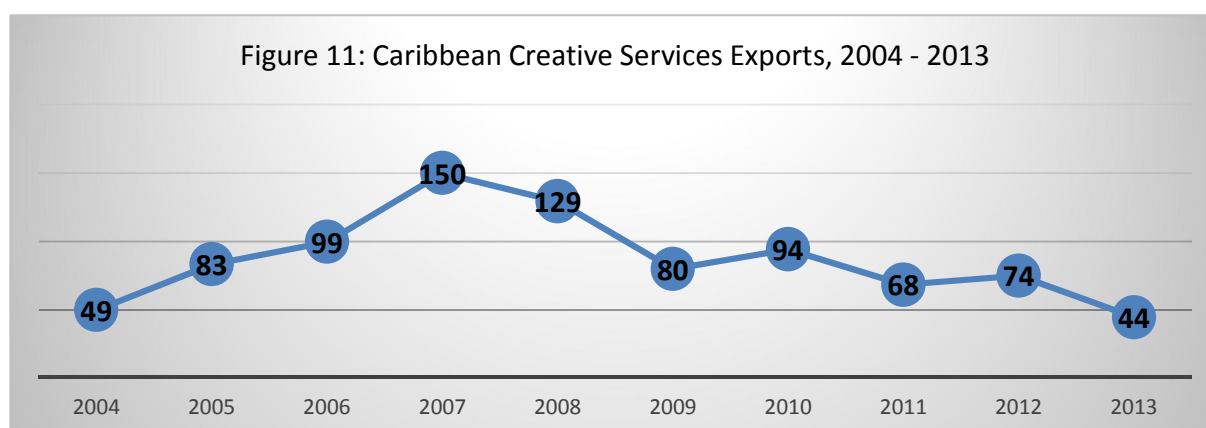


Figure 10: Total Exports of Cultural Goods, Caribbean Forum (CARIFORUM) various years. (Million US\$) Source: UNESCO Trade Flows 2015



An increasing share of earnings have emerged in the services sector for the top exporting countries like Jamaica, Belize, Barbados and Dominican Republic. As Figure 11 below shows the earnings from creative services exports have fluctuated between 2004 and 2013. Exports peaked in 2007 at US\$ 150 million and thereafter experienced a precipitous decline to \$44 million in 2013.

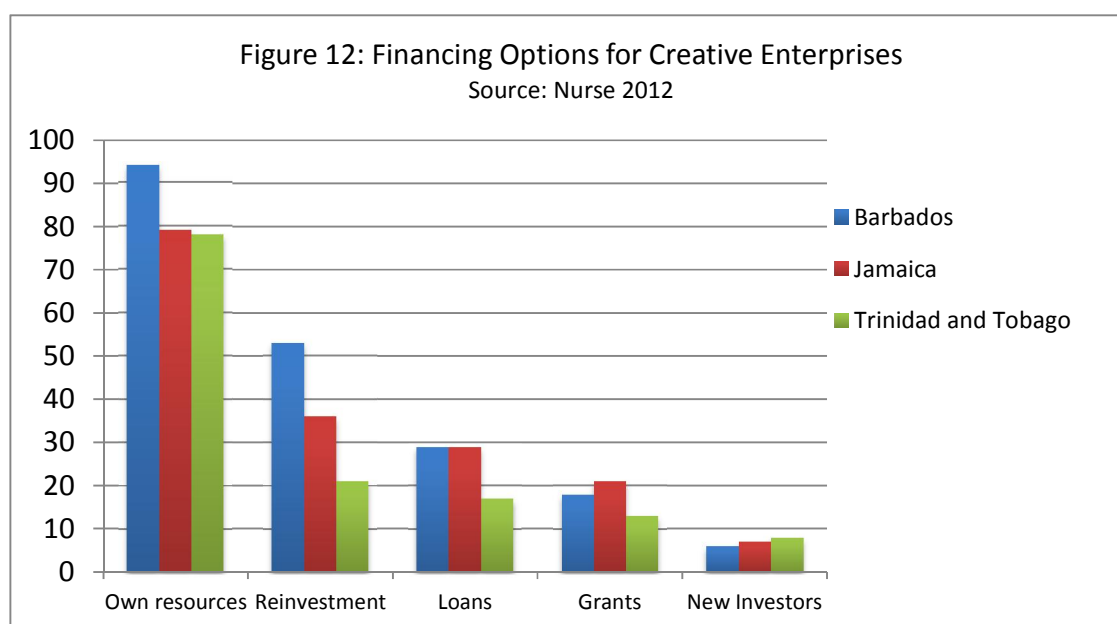
Figure 11: Caribbean Creative Services Exports, 2004 - 2013



Funding and Financing Policy Context

Facilitating access to finance is a key element of the enterprise development process in the Caribbean. In an IDRC commissioned study of 2012 which focused on creative entrepreneurship in Barbados, Jamaica and Trinidad and Tobago it was identified that own-resources or self-financing were the main source of investment for most enterprises (see Figure 12). In most cases it is equity financing from family, friends and

colleagues that are the main source of finance particularly for emerging artists as well as small and startup companies. The next biggest sources of financing came from reinvestment, loans, grants and new investors. The key highlight that differentiates one country from another is that loans were more important in Barbados and grants in the case of Jamaica. Reinvestment was relatively low in the case of Trinidad and Tobago.

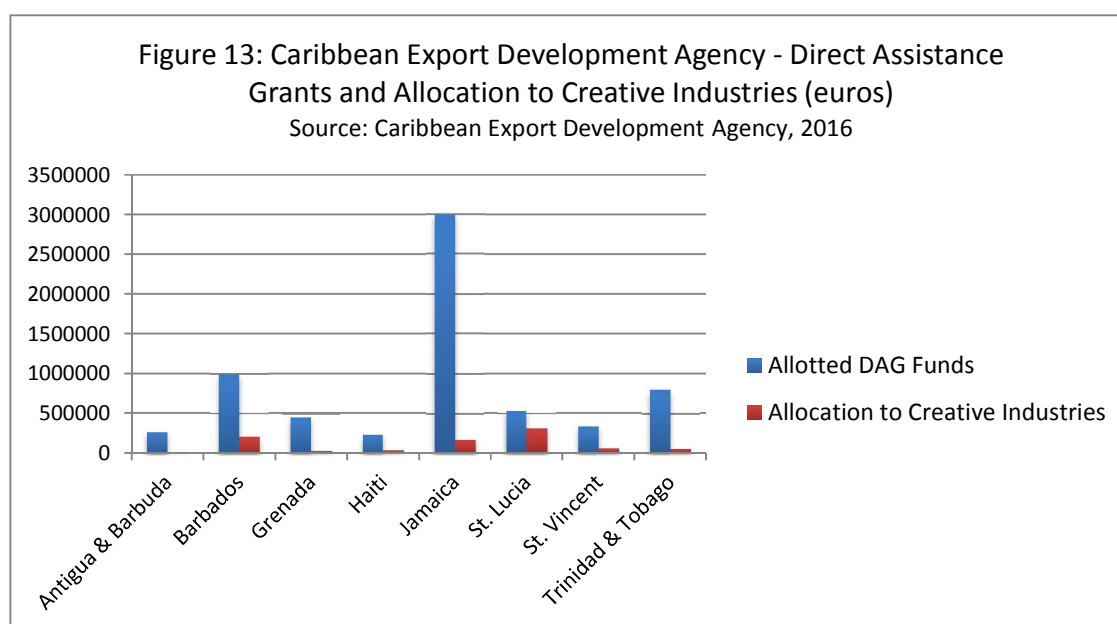


As illustrated in the chart above own-resources is an important form of equity financing in the region which is not peculiar to the creative sector. Nonetheless it is an indispensable source of financing as it offers higher risk ventures an opportunity to get off the ground. This is often the only option available where venture capital and other alternative forms of financing are underdeveloped. This would also apply to innovative approaches like crowd funding and angel investing which are becoming more ubiquitous in developed market economies.

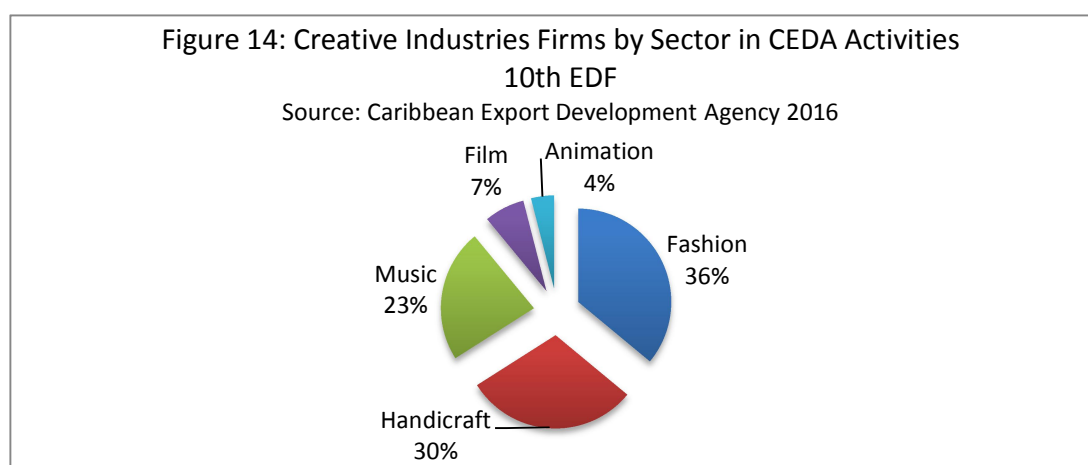
From a trade facilitation standpoint business support organizations play a critical role in minimizing some of the risk associated with the creative sector by offering a range of financing services that could include market development grants, export assistance grants, business competitions as well as reimbursable grants.

The **Caribbean Export Development Agency (CEDA)** offers a range of services along these lines. For example, the CEDA provides a Direct Assistance Grants scheme targeted at SMEs across the region and for multiple export sectors. As the chart below illustrates the share of funds allocated to the creative industries has been relatively small in most territories averaging five percent across the board. The countries with the highest shares for the creative industries were St. Lucia, Barbados, St. Vincent, Haiti and Jamaica.

These financing and supporting trade services help emerging firms to structure their business propositions at an early stage for example through the requirements of having a business plan or a feasibility study. This is important to note, as the DAGs are one of the main sources of alternative financing targeted in part at the creative industries (see Figure 13).



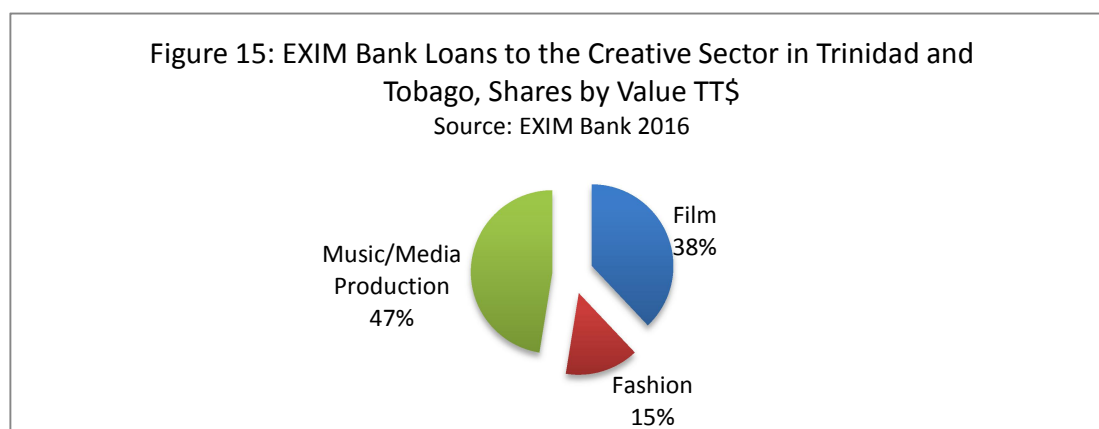
The funding to the creative sector over the period can be broken down by sector. As Figure 14 shows the sectors which attracted the greatest share of funding was fashion with 36 percent followed by handicraft (30%), music (24%), film (14%) and animation (7%).



Other innovative options that apply to firms with some track record is a **"pre-sales agreement"** which either facilitates a direct payment from a distributor at a discounted

rate or allows the firm to use the contract as collateral for a loan with a bank. Here it is the marketability of the artist/producer or the company's production team that makes the difference in the quantum of funds available. This approach to financing is an emerging option among national development banks and other financial institutions like the EXIM banks.

An example of the execution of this approach is evident in the loan portfolio of the Trinidad and Tobago EXIM Bank. The EXIM Bank uses sales contracts for firms in the film, fashion and music/media production industry as a form of collateral for financing working capital in the last three years. The EXIM Bank has disbursed a total of TT\$ 13.7 million to thirteen projects: 5 in film; 3 in fashion; and 5 in music/media productions (see Figure 15). The following chart provides a breakdown of the disbursements by sector. Music and media productions attracted the largest share with forty-seven percent of the disbursements while film and fashion gained, thirty-eight and fifteen percent respectively.



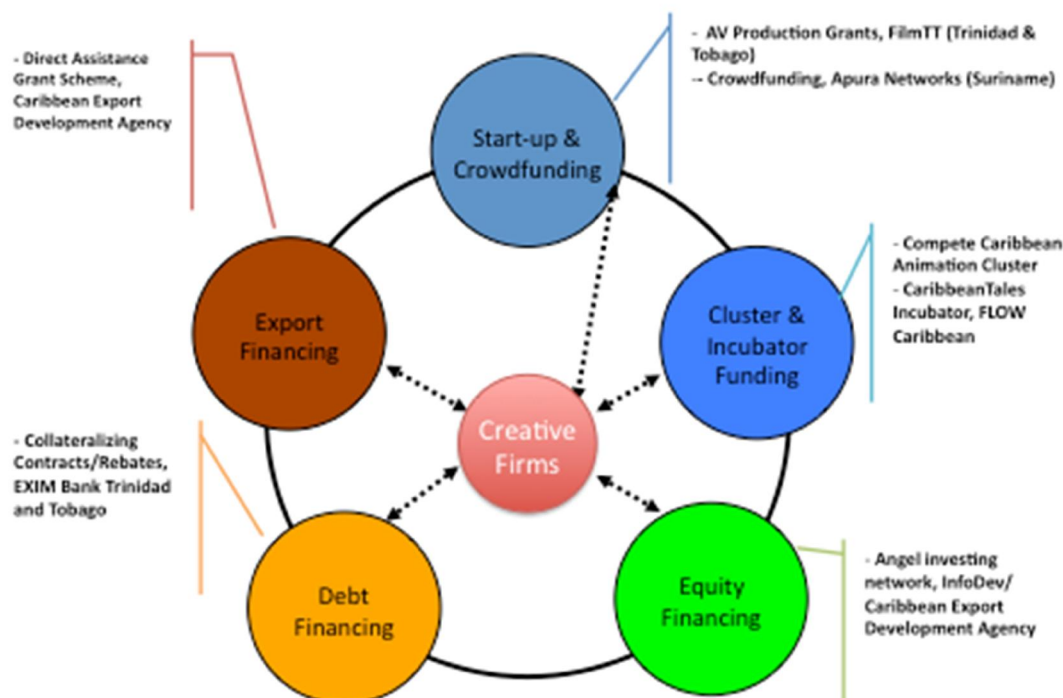
Another avenue open to established firms in the audiovisual sector is **tax incentives** from overseas or on-location shoots which are often offered through film commissions (see Table 8). Various cities and governments offer tax rebates for filming in a particular destination, which often helps to brand a tourism location. The tax rebates relate only to the local expenses such as employment of local actors, rental and use of local equipment purchase of local goods and services. A city like Toronto has been able to attract a significant quantum of work from Hollywood on this basis as well aid in the development of local creation by home-based filmmakers. Several ACP countries (e.g. Bahamas, Belize, Fiji, Jamaica, Kenya, Mauritius, Trinidad and Tobago) apply the same model and are able to attract a number of film projects to shoot on-location. The EXIM Bank has used the film rebate as a source of collateral and has granted loans to the tune of 80% of the value of the rebate.

Table 8: List of ACP Countries with Film Commissions and Incentives for On-Location Filming

Countries	Incentives for On-Location Filming
Bahamas	No information published.
Belize	No information published.
Fiji	Several great incentives on offer. The Tax Rebate (similar to Australian tax offset): If a fully-funded production expends in Fiji a minimum FJ\$250,000 of qualifying Fiji production expenditure representing at least 47% of the budget, then it can claim back 47% of its Fiji expenditure. This incentive is straight forward to implement. F1/F2 scheme: allows producers to raise money from Fiji taxpayers who get either 125% (F2 AVP) or 150% (F1 AVP) tax deduction.
Jamaica	17.5% tax waiver on all goods and services purchased in Jamaica.
Kenya	No information published.
Mauritius	No information published.
Trinidad and Tobago	The Trinidad and Tobago Film Commission offers up to 50% cash rebate and on-location support and service to international film crews. The Commission acts as a liaison with government agencies, production houses, the community and the industry. Support and service is provided from initial contact to close of production.
Source: Association of Film Commissions International http://www.afci.org/film-commissions/film	

One of the core means of financing in the book publishing and music recording sectors is **artist advances**. These financial advances for example in the music industry would cover the upfront costs of recording, touring, video production, marketing and promotion. Advances are recoupable expenses often from royalties earned on the exploitation of the copyright whether in terms of public performance licensing (e.g. use in broadcasting or in a restaurant, bar, concert, airline) or synchronization rights (e.g. use in a movie, TV programme, advertisement, video game). In this approach to financing the burden of risk is undertaken by the recording company or the book publisher. This is a welcome scenario for an emerging artist but this is becoming less available in the new economic context and it is a very rare option in most developing countries.

Figure 16: Financing Mechanism for Creative Firms, Caribbean



The above figure 16 provides a summary analysis of the key examples of alternative or innovative funding or financing frameworks. What the examples illustrate is that there is a wide array of funding or financing mechanisms that are in operation in the five areas identified: start-up funding and crowdfunding, cluster funding, debt and equity financing, and export financing. The key challenge is that most of the financing mechanisms operate in silos and have limited linkages with wider market penetration initiatives. As such there is an absence of end-to-end business support and trade facilitation mechanisms. This suggests that the problem is more than financing to effect the desired transformation in the sector.

Pacific Case Study

Situational Overview

Culture in the Pacific Islands is still informed by traditional practices and everyday life through cultural ceremonies and cultural events. The region has become a net importer of culture mainly due to lack of access to technology. Imported cultural products, particularly in the areas of music, film and craft, have overtaken local cultural products.³⁴ It is argued that the creative industries in the Pacific are faced with the challenge of being globally competitive. The key constraints include limited creative industries expertise, lack of “formal training and qualifications of personnel, limited entrepreneurship, disincentives such as poor copyright regimes, and lack of capital and investment.”³⁵

For the region some of the required policies for economic transformation include funding for the development of cultural sectors, addressing “the slow clearance of export goods through ports and customs, lengthy and complicated inspection and paperwork, and the lack (high expense) of quality raw materials.”³⁶

It is suggested that access to finance is a key challenge, especially for musicians, designers and dancers who have no physical collateral. This is further exacerbated by the economic context of contracting economies and the reduction in funds to support the arts. This scenario is compounded by insufficient financial support from the private sector. With reduced access to financing creative entrepreneurs and arts institutions have been forced to become innovative in sourcing finance.

In this milieu the legitimacy of a creative economy has evolved and is taking shape (George, Helene and Letila Mitchell 2012, p. 19-20). In 2008, approximately 75% of the creative exports from this region were design with a 130% growth in the sector's exports between 2002 and 2008.

³⁴ George, Helene and Letila Mitchell. (2012). “Situational Analysis of Cultural Industries in the Pacific”. *Secretariat of the Pacific Community*. P. 27. Retrieved from http://www.spc.int/hdp/index2.php?option=com_docman&task=doc_view&gid=307&Itemid=4

³⁵ George, Helene and Letila Mitchell. (2012). “Situational Analysis of Cultural Industries in the Pacific”. *Secretariat of the Pacific Community*. P. 22. Retrieved from http://www.spc.int/hdp/index2.php?option=com_docman&task=doc_view&gid=307&Itemid=4

³⁶ McComb, Jessie F. (2012). “Development and Marketing Strategies for Pacific and Cultural Industries”. *Secretariat of the Pacific Community*. P. 39. Retrieved from http://www.spc.int/hdp/index2.php?option=com_docman&task=doc_view&gid=305&Itemid=4

Figure 17: Oceania and SIDS Creative Exports

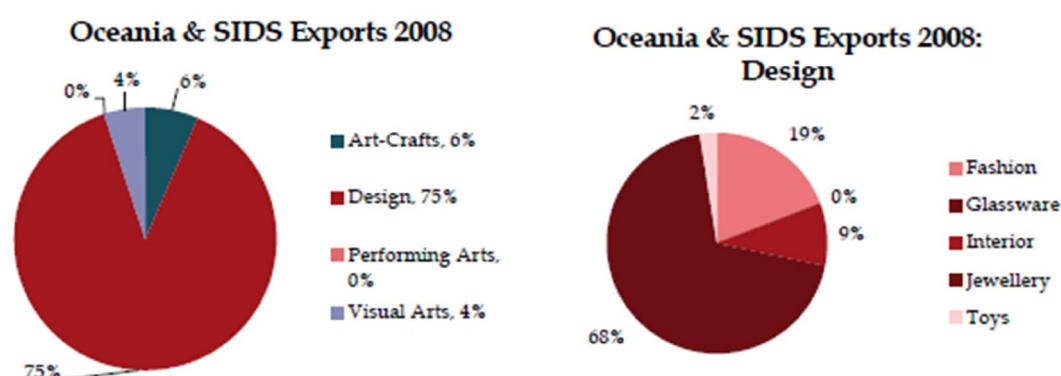


Figure 2: Oceania & SIDS Combined Cultural Industry Exports, 2008

Figure 3: Oceania & SIDS Combined Design Export Categories, 2008

(McComb, Jessie F. 2012, p.11)

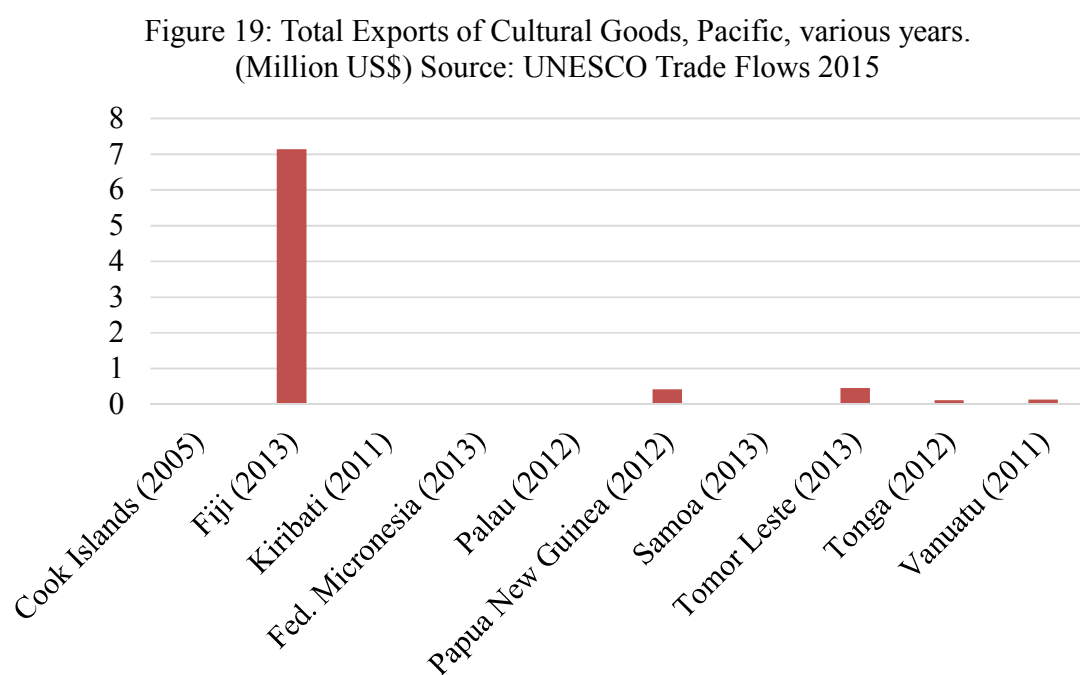
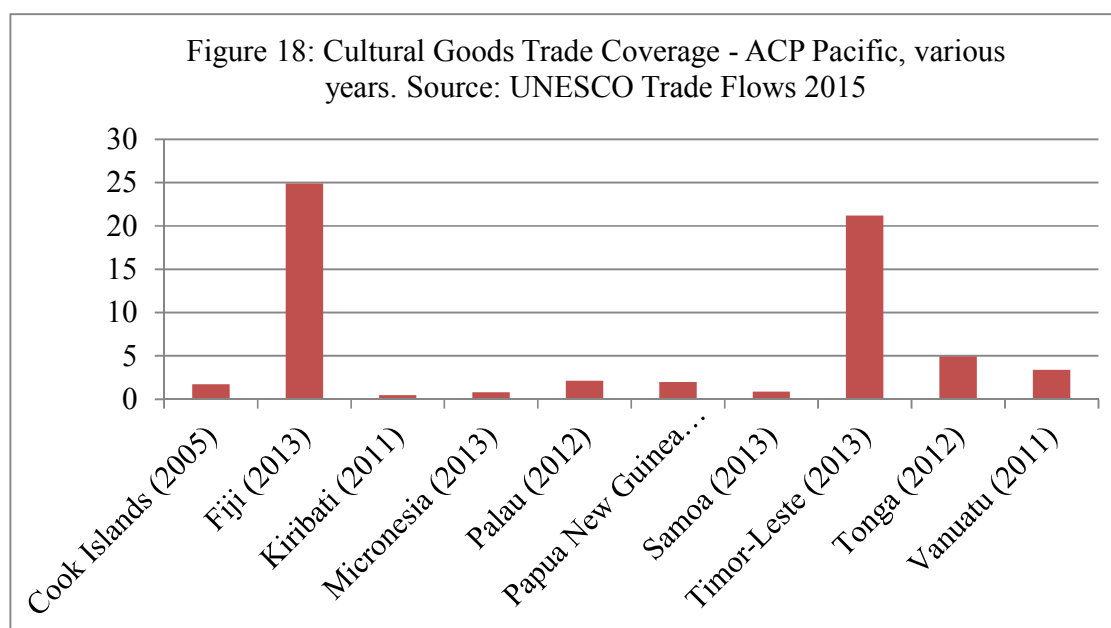
The Pacific region is well known for its traditional arts and craft exports. An example of this is the export of what Tongans call “ritual valuables” (hand-made textiles, such as fine mats and barkcloths that only women produce and exchange) and ritual foods (grown by men). These products are used for cultural and ceremonial purposes. Ritual valuables and ritual foods are among the most desirable trade items for both the tourism market as well as Pacific island diasporic communities in countries like New Zealand, Australia, UK, Canada, and Japan, along with Hawai‘i and other parts United States.³⁷

Trade Performance

These societies are generally considered as small island developing states (except for Papua New Guinea) with small internal markets. These countries often have relatively large diaspora communities as well. The Pacific region countries are net importers based on the TCR. As figure 18 illustrates the best performing countries are Fiji (25) and Timor-Leste (21). All of the other Pacific territories have a TCR of less than 5 with Tonga and Vanuatu at the top of the list.

The export data provides a parallel picture. The main exporter is Fiji by a significant margin. Fiji’s cultural goods exports are approximately \$7 million whereas the exports of the other Pacific countries do not exceed \$0.5 million. While it is recognized that there is a problem of under-reporting in cultural statistics the data suggests that the cultural sector is relatively small in the Pacific region when compared with other ACP regions (see Figure 19). This is evident in the goods sector as well as in creative services exports. Fiji is the only country in the Pacific for which there is data on services exports. The export earnings is estimated at \$0.79 million for the year 2007.

³⁷ Ping-Ann Addo, "Tongan Women and Migratory Circuits of Wealth and Value(s)" forthcoming in *Migration, Mobility and Displacement Journal*.



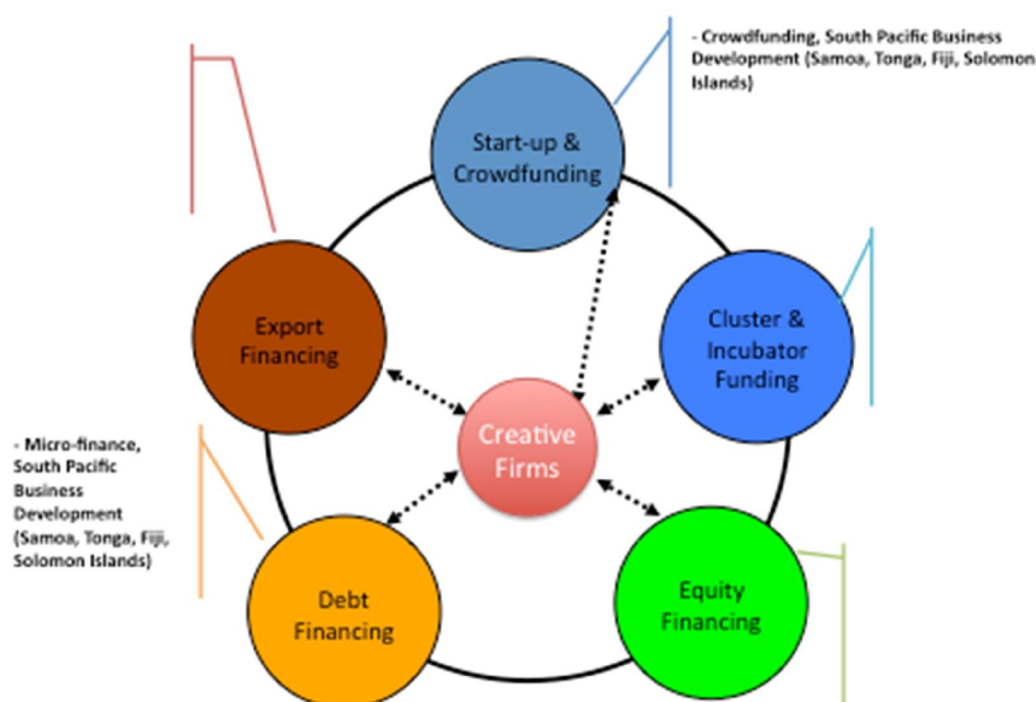
Funding and Financing Policy Context

The creative sector has attracted increased interest from the international donors community. Organizations like AusAid, New Zealand Aid and the European Union have identified the creative sector as a potential area for economic diversification and tool for development. International donors and agencies have targeted the creative sector as a medium for socio-economic development, however, lack of infrastructure, education and

supporting institutions hinder most countries' ability to fully develop the sector (Ibid). It is interesting to note that territories like French Polynesia and Guam have much more support from mainland than self-governing countries who have continued to prioritize cultural preservation over the development of a commercially viable sector (Ibid, p. 45).

Financing options for the Pacific islands, especially the self-governing ones, is difficult. The lack of bank-worthy collateral has been said to be the most difficult while public subventions towards culture continue to dwindle. One major supporter of the cultural industries is the **South Pacific Business Development** Ltd which offers **microfinancing and crowdfunding** in several Pacific territories (e.g. Samoa, Tonga, Fiji, Solomon Islands). The SPBD provides small, unsecured loans of around US\$400 to groups of rural women, who invest these loans into businesses based on their existing livelihood skills. They are provided with training and ongoing business coaching. The SPBD has also partnered with online organizations which facilitate crowdfunding which allows the public and diasporic communities to fund lending (see Figure 20).

Figure 20: Financing Mechanism for Creative Firms, Pacific



Framework for Action/Implementation

Key Issues and Challenges

The above analysis of the three ACP regions provides a panoramic view of the trade and financing context for the cultural and creative industries. The trade analysis provides an important benchmark to assess the absorptive capacity for financing. The review of the trade performance, utilizing export capacity as a proxy for commercial potential, points out that the ACP countries with significant export capacity are in the minority. In Africa the top exporters are Nigeria, South Africa, Kenya, Zambia and Zimbabwe. This suggests that a cluster approach to industry financing may be the most appropriate modality as individual countries lack the critical mass in terms of financially viable creative industries firms.

In the Caribbean the list of countries that have export values that indicate commercial prospects are Cuba, Dominican Republic, Jamaica, Trinidad and Tobago, and Barbados. In the Caribbean context there are already several regional approaches to financing and facilitating trade in the creative industries. What is required here is a more systematic and enlarged strategy to achieve the required market penetration and economic viability.

In the Pacific context Fiji is the dominant cultural economy by a significant margin. Regionalism is a challenge in the Pacific given the vast distances between territories. A strategy focused on tapping into the respective diasporas may prove to be more efficacious. Nonetheless, there is scope for clustering to aid in the process of industrial upgrading and the promotion of start-up firms. In this regard, Fiji may be the most appropriate venue for creating a creative industry hub.

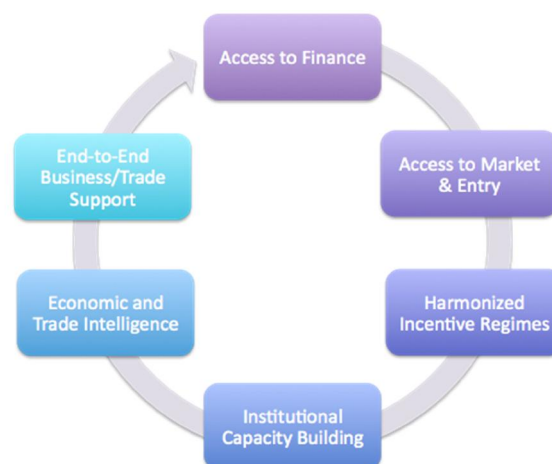
What is evident is that there is an array of financing schemes and mechanisms in operation. What is illustrated in the below figure is the financing scenario in the five core areas of start-up and crowd financing, cluster and incubator funding, equity financing, debt financing and export financing. With the exception of a few programs (e.g. Caribbean Export, South Pacific Business Development, DOEN Foundation, HEVA Fund) the funding and financing is largely focused on the national level.

As such the scenario for funding and financing is highly variable by country and region. These programmes and mechanisms do offer opportunities to creative entrepreneurs in a context where there are few other options. However, these types of funding tend to be sporadic one-off investments that lack the required sustainability and transferability if an industry is to be generated. They also don't offer end-to-end facilitation which takes producers to the marketplace. As such it can be argued that the provision of long-term, market-oriented business facilitation is the missing dimension in the funding/financing scenario. The notion that all the creative requires is funding and financing is a misnomer in that international best practice suggests that the sector requires the facilitation of a wide range of services focused on industrial upgrade and market penetration to make the investments pay-off. This is the crux of the matter and the above analysis suggests

that status quo management or tinkering around the edges will not generate significant benefits.

The key challenges identified in the case studies are:

- The return on investment tends to be low with a few exceptions hence the perception of high risk.
- Access to finance is a critical challenge but it is not a standalone issue.
- Most financial institutions do not have a suitable framework for creative industries.
- Ad hoc incentive regimes with little or no monitoring of performance or relevance are having limited impact.
- Most countries have weak industrial and export capabilities which constrain investment.
- Limited distribution is a key challenge across all sectors and all ACP regions.



Assessment and Key Recommendations

Incentive measures promoting indirect public funding

There are no sources that collate data on the range of incentive measures within the ACP regions. The UNESCO Convention has instituted a reporting process for member countries to supply this information in a systematic way through the quadrennial reporting structure.

In general it is observed that the incentive mechanisms are not being monitored in terms of performance and contribution to the industrial upgrade of the sector. The available evidence suggest that the incentives are having a limited impact on the sector except in the area of the audiovisual sector where incentives are facilitated by the institutional capacity of film commissions that are able to attract foreign firms for on-location filming. The film commissions also promote domestic entrepreneurship through production grants. This illustrates the point that incentives are more successful if they are related to global outreach, export marketing and enterprise development.

Key recommendations:

- Integrate incentives schemes into wider industrial and innovation policies.
- Strengthen the public awareness campaigns for incentive schemes to improve the uptake of the mechanisms.

- Governments should establish mechanisms to monitor the performance of incentive schemes and adjust them accordingly.

The involvement of banking institutions in funding culture

The role of banking institutions has been generally limited because traditional banking modes of operation do not provide an adequate framework for facilitating access to finance. Traditional banking structures require forms of collateral that do not take into account receivables or intellectual property and other forms of intangible capital as forms of collateral. Repayment periods (e.g. monthly repayments) also tend to be inflexible and not in keeping with the flows of income in the creative sector. In addition, firms in the sector require business support services that are outside of the remit of commercial banking.

The tradition of risk averse banking can be ameliorated through the provision of credit guarantee schemes like that offered by CIGF in West Africa. In this way commercial banks can play a more critical role in building a financial ecosystem that allows for affordable and flexible financing. The key advantage that commercial banks offer is their wide geographic dispersal and range of banking services.

Key recommendations:

- Establish credit guarantee schemes among regional and development bank banks which can be implemented by commercial banks.
- Provide training for commercial banks and development banks on how receivables and intellectual property can be used as forms of collateral.
- Institute flexible repayment schemes among regional, development and commercial banks.

The extent to which private investment supports the ACP cultural sector

Private investment by creative entrepreneurs is the main source of financing of the creative sector. In most countries own financing accounts for as much as 80 – 90% of the financing. This is particularly the case for start-up firms and early stage operations. The firms that have a successful track record are able to access traditional forms of financing once their accounting and business planning conforms to banking requirements.

Corporate investment from outside of the creative sector is an important area of financing but largely relies on business sponsorship from large local firms (e.g. breweries) and from transnational companies (e.g. telecoms operators). In the most instances the form of business sponsorships are focused on promotional initiatives of the sponsors and do not directly focus on industrial development or market expansion.

Key Recommendations:

- Provide training for creative entrepreneurs on accounting and business planning.
- Provide training on how to prepare proposals for corporate sponsorship.

Mixed funding models

Creative entrepreneurs require multiple and mixed forms of funding depending on stage of development:

- Early stage or start-up firms need seed capital and grants funds to kick start there businesses
- Cluster financing is need to facilitate economies of scale and scope and to foster learning and collaboration among firms
- Debt financing is attractive to established firms that have a track record and export capabilities
- Equity financing and angel investing are favorable to established firms that have a track record and export capabilities
 - Export financing is key to achieve market penetration

Key recommendations:

- Establish start-up and grant funds targeted at young entrepreneurs.
- Promote cluster programmes targeted at specific sectors.
- Institute credit gaurantee schemes among regional, development and commercial banks to increase the affordability of debt financing.
- Facilitate the growth of angel investing networks for creative enterprises.
- Expand funding access for creative enterprises among export development and promotion agencies.

The impact of crowdfunding

Crowdfunding has significant growth potential once countries are able to build trust in online financing and achieve a higher level of ecommerce and online personal banking.

The growth of crowdfunding is most notable in Africa. There are several crowdfunding platforms that target the creative sector and it is estimated that 20% of the funds raised are dedicated to creative and arts related projects.

The experience of Africa is not as yet replicated in the Caribbean and the Pacific. These are smaller societies and the crowdfunding modality has not taken off as yet.

Crowdfunding success also requires the operators to tap into the diaspora market to be successful. It is here where there is greater demand for crowdfunding activities as this

market generally has a higher level of access to online banking services and greater familiarity with crowdfunding models.

Key recommendations:

- Promote crowdfunding operators through the provision of matching funding programmes.
- Promote training on digital entrepreneurship among creative enterprises.
- Crowdfunding firms should target diasporic communities as part of the marketing campaign.

Innovative solutions implemented by organisations for increased economic profitability

The innovation in financing comes from restructuring the requirements for financing to include factors that would allow for derisking investment.

Given the limitations of traditional banking systems there is a clear need to explore mixed and alternative funding models.

Key recommendations:

- Promote the use of intellectual property as a mode of collateral among banks.
- Promote the use of receivables and sales contracts as a mode of collateral.
- Institute the use of rebates as a mode of collateral.
- Encourage banks to provide longer-term repayment periods.
- Encourage flexible repayment installments, for example, allowance for bullet installments.
- Establish low interest loans under written by development banks.
- Establish credit guarantees from development banks which can be accessed through commercial banks.

To what extent do the identified innovative and alternative funding mechanisms provide sustainable support to the sector?

A key issue in the sustainability debate is that most creative entrepreneurs require more than access to finance to be successful. They need access to market and market integration support to achieve market penetration. As such sustainability comes from creating end-to-end business and trade support. Most of the financing mechanisms operate as stand-alone programmes and consequently do not achieve the desired level of sustainability in the sector.

Key recommendations:

- Improved access to finance should be twinned with access to market.
- Facilitate innovative financial instruments to attract and sustain investments.
- Harmonize and update incentives and trade regimes.
- Strengthen export, distribution & institutional capabilities and linkages.
- Facilitate end-to-end business and trade support.
- Generate economic and market intelligence.
- Access to finance needs to be linked to a process of business coaching.

The overarching recommendation is that **the framework for financing should include trade governance**. It is premised on the above analysis that finance by itself will not be sufficient to achieve the required transformation. **The recommendation is that end-to-end services in the above listed seven identified areas are need and that this should be provided at a regional level to achieve critical mass.**

In terms of an action and implementation plan for the creative sector in the ACP it is recommended that the following modes of financing be instituted at the regional level, for example, through regional development banks and regional industry associations or agencies that can play such a role. It is also envisaged that the best practices from among organizations operating in the ACP can be replicated and transferable to other regions and institutions.

- In the areas of start-up funding, crowdfunding, clusters and incubators this report is recommending the adoption/adaptation and replication of the best practices of the HEVA Fund (Kenya and East Africa), Compete Caribbean.(Caribbean), the South Pacific Business Development limited and the programmes of the Doen Foundation in East and Southern Africa.
- Regional development banks can facilitate debt and equity financing including by offering credit guarantees that could be executed through commercial banks. The ACP financing agencies whose best practices are recommended for adoption/adaptation and replication are the Cultural Industries Guarantee Fund (West Africa), NEXIM Bank (Nigeria) and EXIM Bank (Trinidad and Tobago).
- This report recommends that the area of export financing can be facilitated through export promotion agencies which are to be found in most countries and regions in the ACP. An example of best practice is that of the Caribbean Export Development Agency which facilitates export promotion among creative enterprises in the region.

Recommended Financing Mechanism	Transferable Institutional Models Operating in the ACP
<ul style="list-style-type: none"> Start-up funding, crowdfunding, microfinance, clusters & incubators should be facilitated through regional or industry associations. 	<ul style="list-style-type: none"> HEVA Fund (Kenya and East Africa) Compete Caribbean (CARICOM) South Pacific Business Development Ltd (Pacific) Doen Foundation (East Africa and Southern Africa)
<ul style="list-style-type: none"> Regional development banks can facilitate debt and equity financing including by offering credit guarantees which could be executed through commercial banks. 	<ul style="list-style-type: none"> Cultural Industries Guarantee Fund (West Africa) NEXIM Bank (Nigeria) EXIM Bank (Trinidad and Tobago)
<ul style="list-style-type: none"> Export financing can be facilitated through export promotion agencies 	<ul style="list-style-type: none"> Caribbean Export Development Agency

Conclusion

The report examines the scope for promoting alternative and innovative funding and financing mechanisms in the ACP. The focus has been identifying best practices employed within the ACP regions that have replication value throughout the ACP. The report looks at the multiple forms of funding and financing that have been categorized into five key areas (e.g. start-up funding and crowdfunding, cluster funding, debt financing, equity financing and export financing). What is observed is that there is much diversity in the types of financing mechanisms in the ACP. There is much differentiation among ACP countries and regions depending on the depth of creative entrepreneurship and financial infrastructure. As such there is no one size that fits all countries. What is recommended is a regional approach to ensure the sustainability of the proposed programmes. Regionalism allows for the creation of creative hubs in countries that are the most advanced in the respective regions.

A sectoral approach is also recommended given that each sub-sector has its own business models, value-chain modalities and modes of market entry. The key recommendations are considered implementable given that the report is not calling for the creation of any new institutions. What it does call for is greater collaboration and synergies between existing institutions. From this standpoint the key innovation being

proposed is that of achieving critical mass in each of the respective ACP regions. This is a trend that is observed and the report is suggesting that there is scope for accelerating and further systematizing such approaches. Implementing such initiatives has a strong potential to improve the profitability and sustainability of the creative sector in the ACP.

Appendices

Appendix I - List of Proposed Stakeholders

Africa

African Development Bank Group (AfDB)

Cultural & Creative Industries Federation of South Africa

BASA (Business Arts South Africa)

Arterial Network – William Codjo (SG) – William@arterialnetwork.org

Culture Fund of Zimbabwe Trust - Farai Mpfunya (Director) - faraim@culturefund.co.zw

ARPIC (Burkina Faso) – Emile Zida (Coordonnateur) - emilezida@yahoo.fr

UEMOA – Komlan Agbo (Directeur du Patrimoine Culturel et des Arts) – kagbo@uemoa.int

Association Culture et Développement (France): Francisco d'Almeida
(ajf.dalmeida@culture-developpement.asso.fr) and Valeria Marcolin
(valeria.marcolin@gmail.com)

HEVA Fund - Amal Mohamed (Program Manager) - programs@hevafund.com

Chris Addy-Nayo (coordinator project implemented by CeCast, Ghana):
chanadeconsult@gmail.com

Other resource Persons :

Mike van Graan (former director AFAl) - mike@afai.org.za ;

Belisa Rodrigues (former Business Manager AFAl) - rodrigues.belisa@gmail.com

Nicky du Plessis (consultant and director Cultural Radius): nicky@culturalradius.co.za

Avril Joffe (consultant and member UNESCO's Expert Facility): Avril.Joffe@wits.ac.za / avril@caj.co.za

Valérie Oka (consultant in charge of CCI at the Ministry of Regional Integration in Ivory Coast) - zuloga.voka@yahoo.fr

Ayeta Anne Wangusa (Africa Coordinator IFACCA) - ayeta.wangusa@cdea.or.tz

Toussaint Tiendrebeogo (OIF's Programme Specialist, in charge of development policies of the cultural and creative industries) - Toussaint.Tiendrebeogo@francophonie.org

Peter Rorvik (former SG of Arterial Network) - peter.rorvik@gmail.com

Frédéric Jacquemin – director Africalia – frederic.jacquemin@africalia.be

Lupwishi Mbuyamba – Executive Director of the Observatory of Cultural Policies in Africa – director@ocpanet.org / l.mbuyamba@gmail.com

Other representatives to be contacted: UNESCO, IFACCA, FICDC,...

Caribbean

Barbados Cultural Industries Development Authority (BCIDA)

Barbados Investment Development Corporation (BIDC)

Caribbean Development Bank (CDB)

Caribbean Export Development Agency (CEDA)

JAMPRO

Jamaica National Cultural and Creative industries commission

Trinidad & Tobago Coalition of Service Industries (TTCSI)

Inter American Development Bank

Pacific Region

Pacific Islands Forum – Glynis Miller - GlynisM@forumsec.org

Pacific Islands Development Bank

Pacific Community (SPC) – Elise Huffer (Culture Advisor) - EliseH@spc.int

Fiji Arts Council

Appendix II – Guiding Grid of Questions

SURVEY STUDY ON ALTERNATIVE AND INNOVATIVE FUNDING MECHANISMS OF THE ACP CULTURAL SECTOR

The ACP Cultures+ Programme, implemented by the ACP Secretariat and financed by the EU, has launched a study on alternative and innovative funding mechanisms of the ACP cultural sector.

Data and information on indirect public and private funding mechanisms of the ACP cultural sector are being collected. All information will be aggregated and kept under the strictest confidence.

Your precious collaboration in this process, considering your position of responsibility in the Arts/Culture and Trade sector in your country, would be highly appreciated.

We would be grateful if you can respond electronically to the survey hereafter and send it by the **19th of August 2016** at the latest to the following e-mail:

keithnurse@me.com, (with cc to dncorriekordas@acp.int, c/o of the Political Affairs and Human Development Department of the ACP Secretariat, and to charlotte.morantin@acp.int, Cultural Policies expert of the ACPCultures+ Programme)

A. Incentive measures promoting indirect public funding

What incentive measures aimed at promoting indirect public funding are available in your country?

How have the identified regulatory and tax measures encouraged or hindered the production and commercialisation of cultural goods and services and had an incentive effect on investment in the cultural industries sector?

What tax measures have been put in place in your country (tax cuts, tax relief, tax deductions, tax incentives including those for the consumption of culture³⁸ etc.)? Which sectors are given priority for these measures?

What other direct tax instruments can be put in place as incentive measures (tax shelter, tax exemption for the purchase of art works ...) to encourage private sector support to the ACP cultural industries?

What measures or mechanisms encouraging cultural sponsorship, corporate sponsorship, and social responsibility programmes of companies exist or can be developed in order to contribute to the consolidation of ACP cultural industries³⁹?

Does corporate sponsorship have real added value for cultural funding in your country?

What types of other indirect public funding mechanisms have been set up (support to platforms or semi-public organisations, financing expertise, coaching...) and by what type of actors?

³⁸ Tax incentives for the consumption of culture are measures covering all forms of cultural consumption. They can take the form of VAT reductions on the purchase of cultural goods or tax deductions when buying art works, etc.

³⁹ Although a cultural enterprise is not directly a beneficiary of these funds, they have an indirect impact on contractors and partners (suppliers) of the supported organisations.

B. The involvement of banking institutions in funding culture

How can access to bank financing be improved and which mechanisms can be put in place to encourage banks to accept the risk of financial fragility of a large number of ACP cultural professionals?

What economic trigger role can guarantee and investment funds, or interest rate reduction measures play in supporting creative enterprises at ACP level?

What flexible loan possibilities for companies, debt financing, loans with 0% interest rates and bank guarantees exist for the cultural sector in ACP countries and/or are being developed as a support mechanism for ACP cultural industries?

Which challenges are facing cultural operators in accessing bank financing? Are there any particularities by region? What solutions can be addressed?

C. The extent to which private investment supports the ACP cultural sector

What types of investors are involved in the sector (business angels, foundations, sponsors) in your country?

What mechanisms are being set up by investors (sponsoring, micro credit, donations, equity investment, public-private initiatives...)?

What is the impact of the implemented measures under partnership agreements with cultural operators?

Which cultural industries and which sectors are primarily affected by these measures?

Are some regions/territories more favourable?

What are the main obstacles faced by private investors in your country?

What are the risks associated with this type of investment for cultural operators?

D. Mixed funding models

What are the mixed funding models (public-private) for culture in place in your country?

To what extent do these funding opportunities meet the sector's specificities?

To which extent are these models being used? Has there been any evolution in their use?

E. To what extent do the identified innovative and alternative funding mechanisms provide sustainable support to the sector?

Are the main identified mechanisms implemented over the longer term and on a regular basis?

Are the strategies that accompany them set up as part of a long-term vision?

Can cultural actors benefit recurrently from these mechanisms?

Appendix III – Mapping

Category of the Mechanism	Name of the Mechanism	Name of the Organization / Implementer / Sponsors	Region	Country/ies	Design Considerations: Organization/structure/implementation model, objectives of the mechanism, achieved results, type of support, selection criteria for support, operational modalities.	Implementation Issues: Tools and resources (financial, human and technical), area of intervention, type of targeted and reached beneficiaries, sustainability, implementation procedures and modalities, development and transposition/transferability modalities.	Impact Factors: specific needs these mechanisms respond to, conditions and prerequisites, available funding/grants, types of structures supported, number of produced works, number of structures benefiting from the mechanism, financial mass, type of partnerships in place
Start-up & Crowdfunding	Crowdfunding	M-Changa	Africa	Kenya	Culture-based product that reflects the Harambee-culture in Kenya and other countries in East Africa. A fundraiser management platform that provides cutting edge end-to-end management tools to enhance fundraising success and that combines mobile money transactions with smart SMS-based fundraising functionality. USD 10 million raised by mid-2016.	Beneficiaries include anyone in Kenya	Participants must have Safaricom MPESA, Airtel Money or Equitel registered SIM cards can donate. In addition, anyone in the world can donate via Paypal, SimbaPay and Credit Card

Grant funding Project-related technical assistance (e.g. funding of business coaching or business plans) Crowdfunding Business competitions & prizes		Africa Unsigned	Africa	Africa	Africa Unsigned is an Amsterdam-based website which utilizes crowd-funding to attract funding for music projects that are not found in mainstream record stores and commercial radio. In effect it allows the general music loving public to raise funds for African and African diaspora musicians and bands by pooling their money online.	fans are invited to invest in a music project by purchasing shares worth Euro 5. Once a project has achieved 5,000 “believers” or shareholders and earned Euro 25,000, an album can then be made which is then sent to each believer. Africa Unsigned works with a network of studios and NGOs in Senegal, Kenya, South Africa, Zimbabwe and Mali that guide the scouting process and facilitate the promotion of the artists	In 2012 Africa Unsigned shifted its business model from running a crowdfunding platform to facilitating interactive music campaigns. The Africa Unsigned business model is based on the crowdfunding concept of Sellaband.com and has the following partners in the foundation Wisdom of Crowds: UpToYouToo in Kenya, Niyel in Senegal, Tuvalu Media, a television production house and Pim Betist, Founder of SellaBand.com.
	Crowdfunding	StartCrunch	Africa	Nigeria	An all-or-nothing or keep what you raise rewards based crowdfunding platform. StartCrunch.com is managed by FASMICRO which is registered in U.S. and Nigeria.	Anyone can pledge finances to Nigerian based projects.	Except when perks involve equity transfer in which case U.S. backers are technically prevented from backing , the site is

							open to anyone for creating or funding projects. Must be 18 or older.
		CitySoirée	Africa	Africa	CitySoirée which is an arts and entertainment platform that crowdfunds musicians for private live concerts	Beneficiaries are musicians and bands who provide live music performances.	CitySoirée is estimated to be ranked the 11th top crowdfunding fundraiser in Africa.
	Arts Development Fund	National Arts Council	Africa	Zambia	The NAC has set up the Arts Development Fund which benefits individuals and associations with small projects, new associations, and other specific arts projects...In the future, scholarship requires from individual arts will also be handled from this fund	Beneficiaries include associations with art projects. Associations then disburse funds to their members.	All arts associations must have an audit made of their accounts before they receive funding from the NAC.
	Fomento de Empresas Culturales y Creativas – FOMECC	Interarts, Spanish Agency for International Cooperation towards Development (AECID) and local agents	Africa	Western Africa, Latin America, Spain	The objective is to raise awareness, research, conduct training and promote management to stimulate the production of cultural goods and services. Three phases (implementation, consolidation, marketing). 2008-present	Beneficiaries are cultural and creative entrepreneurs. Green-housing of entrepreneurial projects having completed a first development stage is done during this phase of the Program. Green-housing includes carrying out all the relevant tasks to achieve business deals, participation in	Respond to call for proposals. About five Senegal cultural associations and businesses were listed on the FOMECC website as having been supported by the program through training, etc.

						tenders as well as links with networks and production chains; it also entails specialized advice sessions in accordance with the concrete needs of the entrepreneurs.	
	AV Fund, AMOCINE	French Embassy	Africa	Mozambique	AMOCINE has a small fund of 90,000 euros for film and audio-visual production, which is financed through the French Embassy. This fund was established in 2004.	Beneficiaries include film and audio-visual production.	There has been two editions and the fund has supported one fiction film and three documentaries.
	Arterial Network	Various sponsors including Sitchting Doen, Swedish Institute, Norwegian Minister of Foreign Affairs, Francophonie, etc.	Africa	Chapters across Africa	Established as a member-based, non-profit organisation, Arterial Network operates all across the continent, and is led by an elected Steering Committee which represents the five regions of the continent. Its Continental Secretariat is based in Cape Town, South Africa. Implementation model includes Capacity Building, Advocacy and Research and Knowledge Management. African Fund for the Arts and Culture. Funding and financing of the cultural policy	The network includes African Artists, entrepreneurs, cultural NGO and enterprises based on African continent. Full membership is open to any African artist or cultural NGO or enterprise based in Africa that subscribes to Arterial Network's aims and agrees to abide by its principles. NO membership fee. Associate Membership available to partners and Africans that are living abroad.	Members must be active in Africa's creative and cultural sectors. Since its establishment in March 2007, Arterial Network has grown to become one of the largest intercultural networks on the continent. Several trainings, workshops, recognition awards, and other such activities and events are available

							to members.
		Development Bank of Southern Africa (DBSA)	Africa	Africa	Various Projects on the cultural industries	Varies	Varies
		Africa Development Bank (ADB)	Africa	Africa	Various Projects on the cultural industries (i.e. Fashionomics)	Varies	Varies
		World Bank	ACP	ACP	Various Projects on the cultural industries	Varies	Varies
		British Council	Africa		British funded season of arts in Nigeria expected to begin in September 2015 with more than 30 projects and 340 events in the areas of art, fashion, design, theatre, dance, music, literature and film.		
		European Development Fund	ACP	ACP	Various Projects on the cultural industries	Varies	Varies
	CARICOM Foundation for Art and Culture and CARIFORUM Cultural Support	CARICOM	Caribbean	Caribbean	Proposed merger of the CARICOM Foundation of Art and Culture with the CARIFORUM Cultural Support Fund. the CARICOM Foundation for Art and Culture was established by Intergovernmental Agreement in 1996 and the CARIFORUM Cultural Support Fund established in 2003.	Developing a sustained pool of resources to support a range of cultural projects and programmes in the Region – from CARIFESTA to commemorative events, to infrastructural	n/a

	Fund					development.	
	AV Production Grants	Film Company Limited (FilmTT)	Caribbean	Trinidad and Tobago	state agency established in 2006 to facilitate the development of the film industry in Trinidad and Tobago. It provides logistical support and film commission services such as location scouting and research and acts as a liaison. Production Assistance and Script Development Programme (PASD) Scheme provides grants as well.	Trinidad and Tobago nationals and permanent residents are also eligible to apply for marketing support for locally produced, completed content. PASD's call for proposals is available for scripts for films, sitcoms, etc.	Eligible expenses include travel costs (airfare and accommodation) for one producer and one director of an eligible project, marketing materials for dissemination at the event and prints for exhibition at the event. PASD is available for TT citizens/residents only.
	Project Awards	National Endowment for the Arts	Pacific	Samoa	The US National Endowment for the Arts awards grants for cultural projects. American Samoa benefits from this annual arts funder. In 2016, it won an award to support performances of "Glory Denied" by composer Tom Cipullo, an Imagine Your Parks project.	Beneficiaries are US states and territories submitting projects to the National Endowment for the Arts.	American Samoa received a \$10,000 award. Award sizes varies and is available to all US states and territories.
Cluster and Incubator Funding	Arts Collaboratory	Tajwaal International Mobility Grant	Africa	Africa	To encourage individuals and organizations in the private sector to support culture through the creation of a domestic cultural support funds in Arab States. Founded 2004. Designed for Arab artists to support international travel,	Beneficiaries include Arab artists and creative writers so as to enable them to produce their works and present them to the public	Value of support provided ranged from ranges from 5,000 Euros to 350,000 Euros

					touring their work, and cultural exchange of all types with grants of up to 8,000 USD” (Ibid).		
Peer schemes, Cooperative initiatives, - Incubators/, ccelerators, Donor grants	Animati on Cluster	Compete Caribbean	Caribb ean	Caribbean	The animation cluster comprises three studios West Toonz in Barbados, St. Lucia-based Malifinis and GSW Animation out of Jamaica. The general objective of the programme is to support the advancement and positioning of the Caribbean as a renowned location for the global provision of world class production and post production animation outsourcing services. The associated goal is to increase productivity and sustainably compete in national, regional and international markets	Beneficiaries were competitively selected as a result of a call for proposals under the Compete Caribbean Program's Enterprise Innovation Challenge Fund (EICF) Support to Cluster Initiatives Window and an assessment of the submitted cluster competitiveness improvement plan.	Cluster awards of around \$500k. Cluster must include counterpart financing of at least 20% of the cost of the project

	Caribbean Tales Incubator Program	Caribbean Tales and Flow	Caribbean	Caribbean	The CaribbeanTales Incubator (CTI) is a year-round development and production hub for Caribbean and Caribbean Diaspora Producers that aims to create strong, compelling and sustainable content for the global market. The ultimate goal of the CTI is to increase the pool of world-class indigenous film and television content so as to build the region's audio visual capacity. Founded in 2010.	Call for applications held on an annual basis for Caribbean citizens and residents. The CTI program is open to filmmakers, producers, writers, animators media practitioners and cultural entrepreneurs across all disciplines, from the Caribbean and its Diaspora including Africa, India and South and Central America. Up to 15 participants will be selected on a competitive basis based on the quality of their independent media/art work, and/or contributions to the Regional film industry.	Scholarships made possible through the CaribbeanTales Scholarship Fund will be available for successful applicants on a competitive basis. has hosted over eighty (80) filmmakers from around the region and the Diaspora.
Equity Financing	Angel Investment Network	InfoDev and Caribbean Export Development Agency	Caribbean	Caribbean			

Venture capital Angel investing IP as equity Loan guarantees Unsecured loans (e.g. kicker type)	First Angels Jamaica	Inter-American Development Bank and World Bank (InfoDev)	Caribbean	Jamaica	The network is geared towards helping growth-oriented entrepreneurs with capital and mentorship. created in July 2014 recognising the challenges that entrepreneurs face in accessing growth capital and the need to fill a critical gap in the ecosystem for venture capital in Jamaica. received a grant from the Xcala Programme, funded by the Multilateral Investment Fund (MIF) of the Inter-American Development Bank, which supports the development of angel investment networks through Latin America and the Caribbean.	Beneficiaries include innovating start-ups that can grow quickly in sales and value, creating jobs along the way. The entrepreneurs leading these companies should be planning to ultimately “exit” the company either through a merger, acquisition, or an IPO.	First Angels has already recruited 13 investor members and 2 Associate Members: KPMG and Hart Muirhead Fatta; held three pitch events and received presentations from 7 entrepreneurs. Its first investment in a Jamaican startup will be concluded
Debt Financing	Doen International Culture Program	Sticting Doen Foundation	Africa	Africa	Provides financing to institutions providing funding to the creative and cultural sector. Program worth 9.2 million Euros	Support provided to: Arterial Network, African Synergy, Art Moves Africa and the Arab Fund for Arts and Culture and Arts Collaboratory	Funding varies.
Loan guarantees Interest rate subsidies Concessionary financing Microfinance	Microfinance	The Strømme Foundation	Africa	East Africa	Goal is to eradicate poverty though providing opportunities and partnerships to support the poor to cross the poverty line through Education and Micro finance interventions in East Africa. Strømme MircoFinance AS (SMF AS) specializes in	Provides funding directly to entrepreneurs. Partner institutions can benefit from loans through direct capital injection of loan amounts for working	Provided financial and non-financial services to 26 partners in 2015. Biggest loan portfolio was in Uganda, Tanzania, and Kenya.

IP as collateral Collateralizing contracts					microfinance.	capital and from institutional development loans to finance and develop their institution's capacity to deliver the required services. These include purchase of assets, system improvement / upgrades, Branch renovations, among other initiatives.	
		Culture Bank of Cape Verde	Africa	South Africa	Provides loans and other funding schemes to entrepreneurs in the industry. Aimed not only at facilitating access to financing in a more democratic and transparent way, but also at creating a spirit of entrepreneurship in artists. Guaranty fund that allows the small entrepreneur to go directly to the bank and submit a project which is evaluated according to its intangible value.	Beneficiaries include cultural entrepreneurs.	

	Nigerian Creative and Entertainment Industry Stimulation Loan Scheme ((NCEILS))	Nigerian Government, African Development Bank, Nexim Bank	Africa	Nigeria	In 2010, the Nigerian government created a \$500 million loan facility, the Nigerian Creative and Entertainment Industry Stimulation Loan Scheme, backed by the African Development Bank, which included \$200 million for Nollywood distributed through the Bank of Industry and Nexim Bank. a) The facility is for the funding of capital and intangible assets, b) The facility is for a tenor of up to 10 years tenor. c) The facility is made available in Naira and repayable in Naira. d) The facility can be used to refinance existing debt of operators in the creative / entertainment industry that are adjudged uncompetitive and detrimental to the sustainable growth of the sector.	Support provided to: i. Film (Production, Distribution, Exhibition) ii. Television (Production, Distribution, Exhibition) iii. Radio (Production, Distribution, Exhibition) iv. Fashion (Production, Distribution, Exhibition) v. Distribution Infrastructure / Platforms	The fund's earlier beneficiary was Tony Abulu, a New York-based Nigerian who has worked in the entertainment industry for three decades..."My movie was a budget of \$1 million and I was able to get a loan of \$250,000 from the government". Eligible: a) Film production b) Film export market development and proper distribution network / system c) Development of distribution infrastructure / platforms d) Development of production platforms and facilities e) Acquisition of hi-tech production equipment and ancillary facilities)
--	---	---	--------	---------	---	---	--

							Existing project refinancing (where it is demonstrable that jobs will be saved / additional jobs will be created) g) Others (As may be specified from time to time)
	Cultural Industries Guarantee Fund	ECOWAS Investment and Development Bank	Africa	West African States	A financial institution established by the 15 Member States of the Economic Community of West African States (ECOWAS) . Its mission is to promote economic integration in all fields of economic activity, particularly industry, transport, telecommunications, energy, agriculture, natural resources, commerce, monetary and financial questions, social and cultural matters.	Beneficiaries include cultural entrepreneurs and artists seeking to access funding for their projects.	Cultural Industry Guarantee Fund established by Francophone West African countries in conjunction with ECOWAS Bank for Investment and Development (EBID), which was intended to facilitate bank financing of cultural industries in the francophone states.

		EXIM Bank Trinidad and Tobago	Caribbean	Trinidad and Tobago	EXIMBANK is a profitable, state owned financial institution working with local and regional financial institutions and pursuing a business philosophy of promoting selective and controlled expansion of the export sector. To provide a wide range of attractive and effective trade finance products to the export sector that will satisfy market needs, while facilitating regional penetration and expansion at the same time positioning our clients to take advantage of global opportunities.	Supports creative entrepreneurs seeking access to loans to support their artistic projects.	For example, facilitated loan to Machel Montano's administrative company, Xtatik Ltd in the making of the film Bazodee.
	Microfinance	South Pacific Business Development	Pacific	Samoa, Tonga, Fiji, Solomon Islands	SPBD is a network of microfinance organizations working in Fiji, Samoa, Tonga and the Solomon Islands dedicated to eradicating poverty by empowering women in poor rural villages with the opportunity to start, grow and maintain sustainable, income generating micro-enterprises.	SPBD has been working closely with institutions and individual investors for the past 14 years in structuring different types of loans that benefit both parties' goals. SBD also works with top business schools in US and Europe, partners with financial institutions, associations, and other financial partners.	Over 19,000 women micro-entrepreneurs served . Over 127,000 loans worth appx US\$72 million loans disbursed since inception. Members experience higher income, better housing, enhanced education for children, less vulnerability to personal and

							economic shocks, and enhanced self-esteem.
		HEVA Start-up Fund	Africa	Kenya and East Africa	The HEVA Fund catalyzes the growth strategies of early stage ventures, optimize creative sector value chains, provide working capital and cash flow solutions as well as a bridge to follow-on financing for creative sector SME's	The HEVA Start-up Fund assist businesses to increase their production capacities, launch new product lines, invest in new technology or expand their distribution networks and a runway to investor readiness.	Businesses undertaking their first applications can receive up to KES 1,000,000 in flexible debt, and a tailored finance package of up to KES 10,000,000 in subsequent applications. Alongside this finance facility HEVA provides business consultations and support, legal advice as well as exchange learning opportunities.
		HEVA Growth Fund	Africa	Kenya and East Africa	a. The HEVA Growth Fund will provide working capital solutions, supply chain finance, cash flow solutions, capital investment and follow on financing of up to KES 30,000,000.	This facility offers second level financing solutions in equity, debt, convertibles, mezzanine products, guarantees or matching funds for store roll-outs, new plant and machinery, funding an acquisition or an export drive,	Offers year round financing to SMEs. The HEVA Fund goes beyond providing access to finance to offer a range of business support facilities to creative businesses.

						equity release and more.	
Export Financing	Nigerian Creative Arts and Entertainment Loan Facility	Nigerian Import Export Bank (NEXIM)	Africa	Nigeria	The objectives are: 1. Harnessing Nigerian cultural diversity and talents in a structured manner to ensure the orderly growth and development and the conservation of the nation's cultural heritage, 2. Enhancing the abilities of players in the entertainment sector to collectively benefit from Government support programme for the industry 3. Improving quality at all stages of the value chain from production to post-production and retail distribution, thereby deepening creative entertainment value chain and diversifying revenue streams in the industry. 4. Promoting the creation of a viable and sustainable industry, thereby enhancing employment generation and wealth creation potentials of the sector and performance of small and growing businesses in the country; 5. Broadening Nigerian export basket through formal and non-traditional exports of Intellectual Property products and services; 6. Attracting	Any Company in Nigeria can benefit from the facility provided that it is legally registered / incorporated in Nigeria, it operates in the entertainment and creative industry, it is not owned by government (federal, State or local), it is not an oligarch business interest that may interfere with content policy for its own interests. Funding under this facility covers all segments of the creative arts / entertainment industry and across the value chains. Up to 7 years, inclusive of a moratorium period depending on transaction / activity. Support provided to 1. Music (Production & Distribution) 2. Film (Production, Distribution,	Funding to the film industry with 'light' collateral'.

					investment capital to the industry towards the development of modern studios and/or broadcast/media facilities;	Exhibition) 3. Television (Production, Distribution, Exhibition) 4. Radio (Production & Distribution) 5. Fashion (Production, Distribution, Exhibition) 6. Distribution / Exhibition Infrastructure and Platforms 7. Development of production platforms and facilities 8. Acquisition of hi-tech production equipment and ancillary facilities	
Export grants Export/Production rebates Trade fair support- Inbound and outbound trade missions- Economic & marketing intelligence	Direct Assistance Grant Scheme	Caribbean Export Development Agency	Caribbean	Caribbean	DAGS is a reimbursement grant funding facility specifically designed to provide financial assistance.	Beneficiaries include firms, individuals, business support organizations with the potential to export their products and services. Categories include market research and testing, packaging and design, Intellectual property, product and service development, equipment	Eligibility includes that applicants must be a firm legally registered and operating in a CARIFORUM member country, operational for at least 2 years, able to finance and sustain their projects and be exporting or demonstrate

						modernization, etc.	potential to export. Funding amounts available include regular procedures (max of 30k EU) and accelerated procedures (max of 5k euros).