FRAMING THE SHOT

KEY TRENDS IN AFRICAN FILM

2018

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234 media

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PREFACE

A Long Overdue Research Report

When we started research on the film industry of Sub-Saharan Africa, virtually no comprehensive data was available on the subject. This is hard to believe, especially in view of the significant potential that a strong film industry has – not only to tell inspiring stories, but also to unlock commercial value. In order for upcoming film-makers to be able to make use of this potential, they must understand the context in which they operate and they must be aware of its challenges and opportunities. Policy-makers have the chance to create a supportive environment that will allow local film-making and international collaboration to thrive.

In other words, Dayo Ogunyemi's research was long overdue. His #FramingTheShot study not only analyzes the current situation, but also suggests actions that could lead the way. It further highlights the importance of pan-African and inter-continental exchange. One of our main goals at the Goethe-Institut is to facilitate such exchange and to contribute to an increase of connections, ideas and discussions across borders. This is why, for over 20 years, we have been working together closely with film-makers from the African continent in organizing screenings, festivals, workshops and co-productions. The aim is to support film within the creative industries and to undo stereotypes through visual storytelling. We do this through training and networking initiatives, as well as through the support of interdisciplinary and pan-African collaborations, such as the short film series *African Metropolis* or the Virtual Reality package *New Dimensions – Virtual Reality Africa.*

We are therefore very happy to introduce the #FramingTheShot report to film-makers, policy-makers and a wider public. The research was made possible through special funds for creative industries of the Federal Foreign Office of Germany. Our heartfelt thanks go to Dayo Ogunyemi and all partners that helped realize this publication, as well as to the industry professionals who made themselves available to share their very important insights into film-making in Africa today.

— Noemie Njangiru,
Regional Coordinator for Culture and Development
at the Goethe-Institut Johannesburg

AUTHOR AND PARTNERS

Dayo Ogunyemi Bio

Dayo Ogunyemi is a creative entrepreneur and founder of *234 Media*, a firm that develops enterprises and makes principal investments in the media, entertainment and technology sectors.

As part of a *234 Media* investment, Dayo built and operated East Africa's then largest cinema chain and an affiliated film distribution company through which he acquired and released art and independent films including Djo Munga's *Viva Riva,* Michel Hazanavicius's *The Artist* and Kevin McDonald's *Bob Marley* biopic.

Under *234 Media's* Studio Africa banner, Dayo serves as producer for films by leading and emerging African directors and has participated in the Cannes Producers Network and Cinefondation Atelier programs.

Over the past 15 years, Dayo has worked and lived in all three regions of sub- Saharan Africa. He has advised African governments and regional economic communities on policy, legislation and regulations relating to e-commerce, intellectual property, technology and the creative industries. He served as a founding board member of the African Film Academy, organizer of the African Movie Academy Awards, and on the board of the UN Economic Commission for Africa's Information Society Initiative.

Dayo earned an SB from the Massachusetts Institute of Technology, a Juris Doctor from Columbia Law and an MBA from Columbia Business School. He is admitted to the New York Bar.

Report Partners

This report, *Framing The Shot: Key Trends in African Film 2018,* was conducted by *234 Media,* directed by Dayo Ogunyemi, in partnership with the *Goethe-Institut,* with support from the *German Federal Foreign Office.*

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About *234 Media*

234 Media shapes and creates compelling narratives of Africa and its global diaspora by developing and investing in innovative projects. The firm's activities span the breadth of Africa's creative and technology scenes – tech start-ups, fashion and apparel firms, event producers, content aggregators, film production and distribution companies.

It has made media investments in more than five African countries with a focus on the intellectual property value chain for audio-visual content — financing, packaging, producing, distributing, marketing and aggregating film and other content to mass-markets in Africa and the rest of the world.

About *The Goethe-Institut*

The Goethe-Institut is the Federal Republic of Germany's cultural institute, active worldwide. Its mandate is to promote the study of German abroad and to encourage international cultural exchange. Today it is represented in 98 countries. Supporting the local cultural scenes and strengthening pan-African dialogue through the arts are part of its mission on the African continent, where it operates 22 offices. For more than 20 years, the *Goethe-Institut* has been working together closely with filmmakers from the African continent in organizing screenings, festivals, workshops and co-productions. The aim is to support film within the creative industries and to undo stereotypes through visual storytelling. *The Goethe-Institut* does this with training and networking initiatives, as well as through supporting interdisciplinary and pan-African collaborations.

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I. INTRODUCTION

> **"It is good for the future of film that Africa exists"**
>
> — Djibril Diop Mambety

Foreword

This *Framing the Shot* report aims to fill the substantial gap in information and analysis about the fast-changing film industry in sub-Saharan Africa ("Africa"). For too long, Africa's film industry has been the subject of many anecdotes and much supposition; the absence of credible, comprehensive data has led to wasted resources and lost opportunities which the continent can scarcely afford.

A single report cannot fully address the gaps in information and knowledge that have accumulated with respect to African film, but we commit to improve the scope, quality and value of the *Framing The Shot* report progressively. Our belief is that in the hands of filmmakers, policymakers and investors, this report will help drive scalable and sustainable growth in film and other creative industries. It is our intention that the insight and analysis that this annual report provides will constitute a major step towards supporting artists and creative entrepreneurs in and from Africa — including, importantly, the African diaspora. Filmmakers and audiences from the various African diasporas — spanning from the 16th century to current times and including the Caribbean, Brazil, Germany, and the US — have a critical but under-recognized role to play in the success of African film; they and their continental counterparts have much to gain culturally and economically by pooling ideas, know-how, and market access.

> **"In the hands of filmmakers, policymakers and investors, this report will help drive scalable and sustainable growth in film and other creative industries."**

With an average age of 18, Africa has the world's youngest population. The film industry, as well as other creative and knowledge industries, will be especially important for job creation in Africa as it prepares for demographic waves that will give it the world's largest workforce within a generation and more than a third of the world's population by 2100. As African countries navigate these demographic waves, developing African film will also help strengthen their economies, cultures and communities. From a creative and

> **"Filmmakers and audiences from the various African diasporas have a critical but under-recognized role to play in the success of African film."**

commercial standpoint, the cross-cutting digital skillsets and collaborative teamwork that filmmaking requires and develops will provide a potent catalyst for African countries to shift to higher value knowledge-intensive production — a necessity, if the demographic trends are to drive a socio-cultural and economic boom.

These important demographic trends are not shaping Africa's future in a vacuum. Technology — for instance, the camera enabled mobile phone — is rapidly democratizing the digital tools of film and audio-visual production and consumption, enabling Africans to both create and consume content — often across geographic, cultural and linguistic borders — at mass adoption rates that would have been unimaginable 30 years ago.

The primacy of the creative process as well as its cultural context could help African countries build a defensible

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> **“…the AfCFTA offers great promise as a growth catalyst for the film and other knowledge industries, driving intra-African and export-oriented trade which could lead to significant job creation and economic growth.”**

position against global competition much more easily than it could, say, with hardware and other manufactured goods.

Our advocacy in this regard does not require nor suggest that African countries should not develop stronger capabilities in STEM areas including software development or in the manufacture of hardware and other goods. We simply emphasize the fact that among the knowledge industries that African countries must develop, film and related audio-visual services offer the strongest fit between current production capabilities and market needs and demands in Africa and internationally. Further, film is a zero-mass product which faces fewer trade and logistical barriers than physical exports — yet another reason for African countries to prioritize developing their creative industries.

We urge players in Africa's public and private sectors — especially governments, financial institutions and investors — to provide an enabling environment and support for the film and creative industries to strengthen, scale up and achieve their full potential. This includes policy-making at the national level as well as important continent-wide initiatives like the Continental Free Trade Agreement ("AfCFTA"). Indeed, the AfCFTA offers great promise as a growth catalyst for the film and other knowledge industries, driving intra-African and export-oriented trade which could lead to significant job creation and economic growth — if policymakers and the film industry engage urgently and robustly on its possibilities.

For governments, policymakers, creatives and citizens, the imperative should be clear — Africa is already far behind all other regions in the world, especially India and China, in terms of film production quality, volume and revenue. If African countries (along with the African diaspora) do not plan, invest and collaborate today, the trade deficit around content consumption will widen and the opportunity to shape the tastes and preferences of future generations of Africans will be lost. Instead, the likely future scenario will be that Africa permanently becomes a continent that produces very little content to exchange culturally and commercially with the rest of the world, instead consuming cultural products made in the US, India, China and elsewhere. Africa and the whole world would be worse off for this loss in diversity of perspective, story and artistic texture.

— Dayo Ogunyemi
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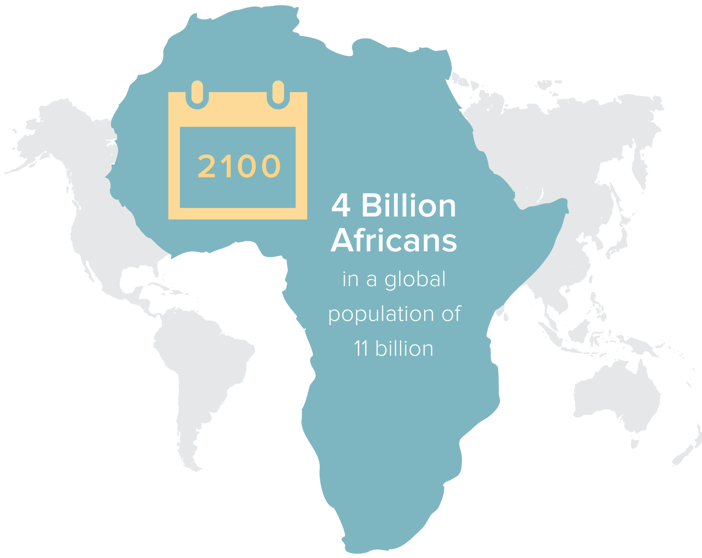
> **“If African countries (along with the African diaspora) do not plan, invest and collaborate today, the trade deficit around content consumption will widen and the opportunity to shape the tastes and preferences of future generations of Africans will be lost.”**

INTRODUCTION: AFRICA BY THE NUMBERS

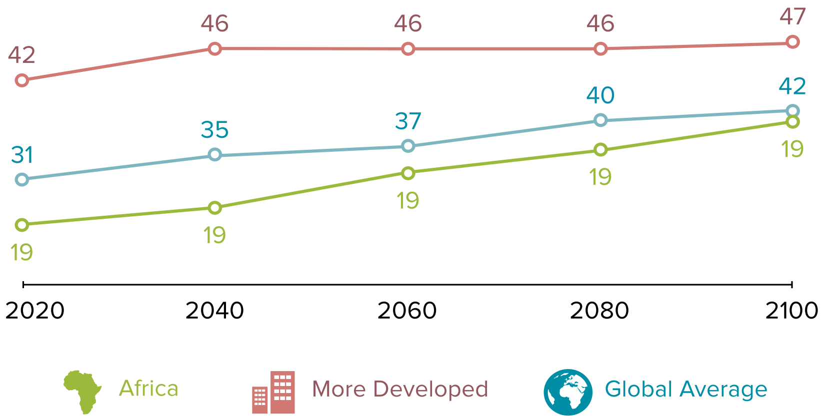
Africa by the Numbers



Why is African cinema worth studying? Because numbers matter. By 2100, Africa will have 4 billion people (more than 1/3rd of the world's population), up from 1.2 billion people (1/6th of the global total) in 2017.

With an average age of 18, Africa has the world's youngest population and by 2100 will have the world's largest share of young adults (demographics which have perennially proven to be the prime consumers of film).

CHART 1 - MEDIAN AGE IN YEARS



> **Film is economically important in Africa; in the continent's 2 largest countries, it contributes over $1 billion to annual GDP and generates a significant number of jobs.**

Film is economically important in Africa; in the continent's 2 largest countries, it contributes over $1 billion to annual GDP and generates a significant number of jobs:

- **Nigeria:** estimates of the GDP contribution of the sector range from $600 million[1] to $3.4 billion[2] and as high as 1 million jobs[3]
- **South Africa:** R5.4 billion ($440 million) GDP contribution in 2016 and 21,626 jobs[4]

Currently, however, box office revenues — a bellwether for commercial success in film — are low in Africa because it has too few cinema screens:

- **Nigeria:** $12 million in 2017, 33% attributable to national films
- **South Africa:** $89.6 million in 2017, 3.8% attributable to national films

If Africa were to follow China's example and invest extensively in cinema infrastructure, we estimate that annual box office revenues across Africa could rise to $1.5 to $2 billion; with Nigeria and South Africa accounting for as much as $500 million.

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[1] US International Trade Commission, 2014
[2] National Bureau of Statistics, Nigeria
[3] National Bureau of Statistics, Nigeria
[4] National Film and Video Foundation

AfCFTA and Intra-African Trade in Film

Across Sub-Saharan Africa, more and more movies are being made. From Sudan to Senegal, the democratization of access to digital cameras has had a positive impact on film output. However, the dispersion of these efforts across national borders diffuses and dilutes this impact. African film desperately needs to pool production resources as well as audiences, and the African Continental Free Trade Area (AfCFTA), introduced by the African Union under the leadership of Rwandan President, Paul Kagame, could help achieve these goals.[5] With well-crafted policies for the film industry and support by African trade and development institutions like the African Development Bank (ADB) and African Export-Import (AFREXIM) Bank, the AfCFTA could serve as a growth catalyst for African film and audio-visual productions.

For example, local content rules are often viewed as impractical and are generally disregarded by broadcasters in many African countries. However, robust local content provisions could be combined with a preferential "passport" which would treat audiovisual productions from AfCFTA member countries as local content and stimulate African content production. Over time, this could be tweaked to require increasing levels of "local country" input into passport productions, much as co-production treaties currently provide. This, and similar policies focused on film finance and distribution, should form a significant component of the strategies that member states have been urged to develop with particular relevance for the "Phase Two" negotiations for the AfCFTA — scheduled to begin in late 2018 — which are to focus on provisions for investment, competition and intellectual property rights.

> **"Robust local content provisions could be combined with a preferential "passport" which would treat audiovisual productions from AfCFTA member countries as local content and stimulate African content production."**

> **"African film desperately needs to pool production resources as well as audiences, and the AfCFTA could help achieve these goals."**

[5] The agreement was signed by 44 of Africa's 55 countries in March 2018 but must still be ratified before it will take effect.

INTRODUCTION: SUMMARY

Summary

Africa is the final frontier for film — the world's last large, underdeveloped market. It has the world's youngest population and will soon have the largest young adult population in the world — the demographic group most closely identified as prime consumers of film in different countries and cultures. Africa's population has enthusiastically embraced technology and this has had a transformative impact on the production and consumption of film in Africa. It has rendered many traditional approaches to media obsolete, especially with respect to distribution and monetization.

While Africa lags behind the rest of the world in television penetration rates as well as in broadcast and cinema infrastructure (in both absolute and per capita terms), the mobile phone revolution has put screens into the hands of the vast majority of people in Africa. For the first time ever — eclipsing radio and television — the potential to access a mass audience covering the majority of the population in African countries is within reach. As has occurred elsewhere, mobile devices and the internet have created the tantalizing possibility for filmmakers and other creatives to easily reach audiences anywhere in the world.

Still, there is a major chasm to cross before this possibility becomes a reality, much less one that equitably benefits African filmmakers. The pathways that mobile devices open to Africa's population are controlled by telecommunications firms with limited content experience. The platforms — Facebook, YouTube, Instagram, Netflix, and iTunes — through which Africans access content are almost all controlled by entities outside Africa and are already dominated by content created outside Africa. Within Africa, their network effects and opaque social media algorithms amplify and propagate the choices and tastes of a global "mainstream" from which African creators and consumers are largely sidelined. Thus, digital platforms may have enabled a democratization of **access** to content, but they have also narrowed the range of that content that consumers are most likely to see, effectively concentrating the **supply** of content.

> "Is it acceptable or wise for the success of African content and culture to be largely determined — even before a line of dialogue is spoken or a single frame shot — by opaque, even invisible, algorithms?"

MAYFAIR DIRECTOR: SARA BLECHER

In a world increasingly dominated by a shrinking number of digital platforms with great network (and perhaps monopoly) power, is it acceptable or wise for the success of African content and culture to be largely determined — even before a line of dialogue is spoken or a single frame shot — by opaque, even invisible, algorithms? This world already exists, driven by algorithms that are, in the worst case, actively exclusionary because Africa is an insignificant market and consideration for the business interests that determine these algorithms or are, in the best case, passively shaped by global consumer preferences which still effectively exclude Africa.

> **“The mobile phone revolution has put screens into the hands of the vast majority of people in Africa. For the first time ever, the potential to access a mass audience covering the majority of the population in African countries is within reach.”**

With the prospect that Africa's population will increase from one-sixth of the world's population today to more than one-third by 2100, the implications for cultural and commercial creativity are non-trivial. In this context, it is important to emphasize that Africa's film potential isn't just to present an untapped consumer market but to develop into a major film producer and a driver for economic growth and cultural diversity in Africa and the rest of the world. It could be argued that in the past, African cinema's main challenge was making films. Today, the challenge is more about reaching audiences effectively and turning those audiences — on the continent and internationally — into markets that support the sustainability of African cinema. With an eye to a future in which Africa will have 4 billion citizens, successfully addressing this challenge could drive economic growth in Africa and contribute to the artistic and cultural diversity of the world.

It is instructive to look at how two other large emerging economies — India and China — have approached their film industries. For a century, India's film industry — the most prolific in the world — has been built around physical cinemas. Its massive population primarily consumes Indian-language content — less than 10% of content consumed in India is

> **“In the past, African cinema's main challenge was making films. Today, the challenge is more about reaching audiences effectively.”**

in English or other non-Indian languages. Similarly, China's approach to its film industry and digital platforms is revealing.

Over the past decade, China has accelerated a strategic plan for its film industry centered around building cinemas. From a mere 1,000 or so cinema screens two decades ago, it now has more than 50,000 screens — the most in the world. Within a decade, this has pushed up its annual box office revenues from $660 million to $8.2 billion, second only to the US. On the digital front, it has excluded or set strict entry and operating conditions for the major digital platforms.

In our view, these facts support a conclusion that far from leapfrogging to a digital age in which African filmmakers beam their creations to rapt audiences around the world, creating a sustainable film industry in Africa will require investing in the fundamental building block of every successful film industry in the world — an effective network of brick and mortar cinemas. Our analysis suggests that the annual box office revenue potential in Nigeria and South Africa alone could be as high as $500 million and for all of Africa, could rise to $1.5 to $2 billion. Even if African film productions captured only a fraction of this

market share, it would be transformative for the film industry. It would attract finance by providing a predictable path to break-even in national and continental markets as well as a strong base from which to grow earnings from other territories and release windows.

African countries must holistically solve the challenge of developing and satisfying potential audiences for film by creating economically sustainable ways of producing films as well as building effective pathways to audiences and markets. Filmmakers, policymakers and investors in Africa must adopt an ecosystem approach that can accumulate the knowledge and capital required to accomplish this.

> “Creating a sustainable film industry in Africa will require investing in the fundamental building block of every successful film industry in the world — an effective network of brick and mortar cinemas.”

> “The annual box office revenue potential in Nigeria and South Africa alone could be as high as $500 million and for all of Africa, could rise to $1.5 to $2 billion.”

To this end, three key interlinked issues that affect the film industry in Africa must be addressed:

1. **Effective distribution** — major investments are required to address the major infrastructure deficits — in cinema exhibition, digital and broadcast platforms — that hamper effective film and audio-visual distribution in Africa

2. **Business skills and capacity** — industry-specific business skills, especially for capital raising and post-completion/distribution, must be incubated to complement the creative and technical skills that African filmmakers have developed

3. **Access to finance** — access to capital, a necessary catalyst which could fuel a virtuous cycle that strengthens distribution and business skills, must be improved

These three issues cannot be dealt with in isolation because the distribution and access to finance challenges are fundamentally and inextricably linked. An approach that prioritizes and sequences investments to address critical gaps in business skillsets and capacity as well as in distribution infrastructure will successfully attract additional capital to grow the industry. Such an approach would decisively set the film industry in Africa on a path to sustainability and prosperity.

MAYFAIR DIRECTOR: SARA BLECHER

INTRODUCTION: A NOTE ON SCOPE

A Note on Scope

The scope of this study is centered on the economic dimensions of the film industry in sub-Saharan African countries. Film straddles sectors and industries described variously as creative, knowledge and cultural. Practically, film is situated firmly alongside television within the audio-visual production sector, which also includes digital and other video production. However, this study focuses solely on film — fiction and documentary features (especially as intended for commercial release) as well as shorts (though, globally, the commercial intent and impact of short films has always been limited).

In the past decade, an accelerating trend has blurred the lines between television programming and film in terms of development, production, budgets and consumption. Several factors — technology, notably — have driven this cultural and commercial evolution in consumption and production. It is therefore valid to ask whether drawing a line between film and television is arbitrary or even illusory. Certainly, there are a wide variety of creatives — professional and amateurs — across categories including comedians and musicians that are creating audiovisual content that is voraciously consumed across Africa. Further, with consumer spending on pay television in Sub-Saharan Africa forecast to grow from $4.2 billion in 2016 to $6.6 billion in 2022[6], television is a major component of the audio-visual landscape in Africa and many common factors fluidly impact the production of television and other audio-visual content.

> “With consumer spending on pay television in sub-saharan Africa forecast to grow from $4.2 billion in 2016 to $6.6 billion in 2022, television is a major component of the audio-visual landscape in Africa and many common factors fluidly impact the production of television and other audio-visual content.”

So, why exclude television and other audiovisual content from the ambit of this study? Working from a small institutional and information base, we believe that it is useful to isolate film from other kinds of content. This enables us to tease out critical opportunities unique to film — like the potentially transformative role that cinema infrastructure could play in providing a commercial base for the African film industry.

Furthermore, the television broadcast industry in sub-Saharan Africa is complex. Africa has the world's lowest television penetration rates, a situation not unrelated to the fact that free-to-air broadcasting was typically a de jure monopoly (usually held by the state) in most countries. Many such monopolies often broadcasted bland, uninspiring programming derisively (and accurately) dubbed “Mr. President TV.” In the three decades since broadcasting has been liberalized in most countries, television broadcasting has remained concentrated in a few public and private hands. Pay television, for its part, has been a virtual monopoly in most African markets — dominated by Naspers' twin subsidiaries, Multichoice and M-Net, in Anglophone countries, and by Canal Plus in Francophone countries. Further, only a small percentage — by volume and value — of the content that these pay television players deliver is produced in Africa.

Unlike film (and professional and user-generated digital video production), television programming in Africa is rarely created independently of the broadcasters that must distribute it. As its free-to-air broadcasters largely eschew content production, much of the television programming produced in African countries is commissioned, licensed or otherwise funded by a tiny handful of powerful players. This distorts the economic insight that can be drawn from television's recent growth spurts in Africa, so we shall save that analysis for future editions of the *Framing the Shot* report.

> “Unlike film (and professional and user generated digital video production), television programming in Africa is rarely created independently of the broadcasters that must distribute it.”

[6] Source: Digital TV Research

INTRODUCTION: STUDY OVERVIEW

Study Overview

The goal of this study is to analyze the opportunities and challenges of the film industry in Africa and to lay a foundation for actionable interventions to improve its sustainability. The study acknowledges that films are works of art and cultural expression but focuses on their industrial and commercial aspects in search of a path to **sustainable** success. Filmmakers are the primary intended beneficiaries of this study. As artists and cultural producers, filmmakers constitute the frontline stakeholders in any future configuration of the film industries in African countries. A first look at the sustainability of African film must therefore answer the threshold question of whether the sector is able to attract and sustain African filmmakers and their individual filmmaking visions, irrespective of how their specific choices straddle the lines between art and commerce.

A close follow-up question must interrogate the issue of audiences for film in Africa. This issue encompasses the effectiveness of distribution — how filmmakers access audiences and how consumers access films in Africa. It also involves the issues of audience development — the feedback and interplay between what filmmakers create, what audiences learn to appreciate and prefer, and how those preferences develop. All this must be underpinned by the economic sustainability of the interlinked processes of creation and consumption.

Economic sustainability speaks to how best to effectively support the film industry in Africa:

- How to consistently finance the creation of film — from idea to production
- How to turn the audiences for African film — at home on the continent, and internationally — into addressable markets, in spite of the major gaps in the distribution ecosystem and infrastructure for film in Africa

“The goal of this study is to analyze the opportunities and challenges of the film industry in Africa and to lay a foundation for actionable interventions to improve its sustainability.”

“African cinema must forge a path to success that takes advantage of the continent’s growth opportunities, in spite of the many challenges that African filmmakers face relative to their peers.”

African cinema must forge a path to success that takes advantage of the continent’s growth opportunities, in spite of the many challenges that African filmmakers face relative to their peers. **To this end, the *Framing the Shot* report catalogs and analyses the major opportunities and challenges that Africa’s film industries face through four substantive parts:**

1. A survey of African filmmakers and general analysis of the African film landscape
2. Country studies of Africa’s two largest film industries: Nigeria and South Africa
3. Case studies — snapshots of three African films from development through completion, a comparison of the commercial performance of an African and a European film, and lessons drawn from the diaspora — specifically African-American film
4. Conclusions on African film in the global industry context and recommendations on priority steps to address the main opportunities and challenges identified

AISSA'S STORY DIRECTOR: IQUO ESSIEN

II. FILMMAKER SURVEY

> **"It's bad enough when a country gets colonized, but when the people do as well....? That's the end, really, that's the end."**
>
> — Tsitsi Dangarembga

II. FILMMAKER SURVEY

Africa's 1.3 billion people share more than 1,000 ethnicities and languages, spread over 55 countries. With this incredible diversity of cultures, voices and experiences, it is hard to conduct a truly inclusive study, even of a small, specialized sub-group like filmmakers. The constraints of time and other resources necessitate the limited breadth of this study in this regard. Therefore, we acknowledge that this study cannot claim to adequately cover the full range of experiences and perspectives that exist in the film industry in Africa, given its diversity. This issue of diversity and inclusiveness is a critical issue that African film, like the continent itself, must engage fully with.

Structurally, film (like other creative sectors) in Africa is largely artisanal. By and large, it is individuals — typically working informally through ad-hoc director- or producer-driven teams or in small enterprises — that make the vast majority of films in Africa. However, investors and capital sources require a fair degree of formalization and organization before they will provide regular access to the finance that the African film industry desperately requires to grow and thrive. This fundamental tension limits the growth and scale of the industry and stymies many efforts to support it. Without understanding and addressing the tensions between these two structural realities, stakeholders cannot craft the solutions and design interventions that would favorably benefit a large number of creatives in Africa as well as their audiences. For this reason, we begin the study with the perspective of the filmmaker.

Over a period of two years, we conducted in-person interviews with professionally active African filmmakers from 10 countries to assess the state of the film industry in the countries in which they worked. These interviews covered various dimensions of filmmaking in Africa with a view to identifying its major challenges and opportunities. Distilling and ranking the issues explored, we identified the following 6 key challenges:

1. Access to Finance

Finance was the most important challenge raised by filmmakers across all countries. Although some countries — notably, Senegal — were adjudged to have vastly improved public sector funding to filmmakers, the filmmakers universally cited finance as the single biggest obstacle to getting their films made. Independent filmmakers around the world all face this challenge, but the experience of the filmmakers surveyed — particularly the contrasts drawn by those who have worked professionally in Western and African countries — suggests that raising finance for films is especially difficult in Africa. This difficulty contributes to long fallow cycles between making films and makes it impossible for most to earn a steady living solely from filmmaking.

2. Distribution

Distribution was a close second to finance on the list of key challenges; several respondents observed that it is closely and fundamentally tied to the challenge of raising finance. Some context is necessary to understand both filmmakers' accounts and our analysis. Distribution is used here as a catch-all for activities — theatrical exhibition, marketing and promotion for various release windows, as well as licensing, sales and revenue generation on other distribution channels including broadcast, VOD and other digital platforms — that can justifiably be separated into distinct groups. In many Western film economies, many of these activities have evolved over time into specialized functions. However, with the paucity of effective paths to building markets between film producers and audiences, there are good reasons to group them together for our analysis.

Many filmmakers brought up the dearth of cinema screens in their countries. Exhibition infrastructure, as evidenced by cinema screen penetration ratios, is low in every country in Africa. This places a ceiling on what film releases can earn in domestic cinemas. Further, Hollywood films typically receive prioritized access to existing screens, limiting the opportunities for African films to play. With limited screen slots, it becomes illogical to incur significant P&A (print & advertising — a somewhat anachronistic proxy for marketing) expenditures. Lower P&A spending hampers film performances, especially compared to international films, and leads circularly to exhibitors refusing to provide screen slots because "local films don't do well."

> **"Exhibition infrastructure, as evidenced by cinema screen penetration ratios, is low in every country in Africa. This places a ceiling on what film releases can earn in domestic cinemas."**

Complaints about this issue were strongest from filmmakers in South Africa, which, ironically, has Africa's highest screen density. These complaints must have some validity because in 2017, South African film productions earned less at the local box office than their counterparts did in Nigeria — in spite of the fact that South Africa boasts annual box office revenues 7 times as high as Nigeria's and has a screen density per capita that is 18 times larger than Nigeria's.

With respect to distribution via digital platforms, the high cost of data and consumption devices stymies the potential effectiveness of digital platforms in Africa. Many filmmakers had hoped that the internet would help them grow audiences and earnings for their films but the results have largely been disappointing. Further, as several filmmakers pointed out, many digital platforms (VOD/OTT as well as purportedly open internet platforms), are likely to perpetuate or intensify the challenges that African films face compared to films from other regions. For example, in Africa, platforms like Netflix, iTunes and YouTube — despite their disparate business models — primarily sell international content that has already generated an economic return in larger markets outside Africa. African films tend to have little effective access to these external markets and must rely on domestic and continental audiences to break-even. But even in Africa, African content is effectively marginalized on these platforms. So, as an unintended consequence, enabling affordable access to international film and television content in Africa through digital platforms could adversely affect local production just as the dumping of manufactured goods does.

All these concerns are worsened by the fact that the owners of conduits in Africa — satellite and other digital television firms as well as telecommunications firms — primarily carry international content and have relatively little experience with original content. Further, they have few incentives to develop or support African film, especially since the small size of legal film consumption in Africa means that they can often acquire more recognizable international content for much lower costs than can other territories in the world. Of course, audiences that are fed a constant diet of this international content solidify their taste and affinity for it, leading to a self-reinforcing cycle of dependency.

3. Business Capacity

The filmmakers surveyed highlighted the dearth of specialized business skills in Africa — from raising capital from investors and other financiers at the outset of the development process to managing administrative and financial matters during production, and successfully negotiating licenses with distributors, sales agents and broadcasters after completion. Several observed that it was especially difficult to get critical market intelligence — for instance, to determine what broadcasters or VOD platforms in potentially lucrative international markets were willing to pay in licensing fees. A couple of established filmmakers noted that with the long, multi-year development cycles they faced, the insight, skills and relationships built up from their previous films had often become stale and irrelevant by the time they had a newly completed film to take to market. This dearth of business skills and capacity combines in a devastating negative feedback loop with the finance and distribution challenges — the less a filmmaker had of any one factor, the more difficult it was to secure any of the others.

“This dearth of business skills and capacity combines in a devastating negative feedback loop with the finance and distribution challenges — the less a filmmaker had of any one factor, the more difficult it was to secure any of the others.”

Although almost all of the filmmakers felt that better business skills would help them become significantly more successful, almost none were interested in acquiring such skills themselves. When we described the accelerator/incubator model that has gained some popularity in the technology sectors, many were open to the idea of acquiring capacity through that model. Some pointed out that, unlike technology firms, filmmakers tend to have an episodic approach to production so it would be easier to outsource the business skills, just as some post-completion functions are handed over to sales agents.

4. Policy Environment

Even in countries with film industries as different in their orientation along the artistic-cultural and commercial spectrum as Senegal and South Africa on one hand and Nigeria on the other, most filmmakers believed that their governments weren't doing enough policy-wise to support the development of a successful film ecosystem. Through both cultural and commercial lenses, the respondents felt that much more could be done to support the film industries — often citing examples of approaches taken in other African countries that they perceived as successful. Ironically, filmmakers from Kenya, South Africa and Senegal repeatedly referenced the perceived commercial success of Nigerian film which they imagined was backstopped by robust government support, while Nigerian filmmakers pointed enviously to extensive state support in the form of grants, rebates and other incentives in South Africa. Clearly, a lot more can and ought to be done to research, document and share the best industry support practices with governments and policymakers.

> “Ironically, filmmakers from Kenya, South Africa and Senegal repeatedly referenced the perceived commercial success of Nigerian film which they imagined was backstopped by robust government support, while Nigerian filmmakers pointed enviously to extensive state support in the form of grants, rebates and other incentives in South Africa.”

5. Technical and Creative Skills and Mentorship

Although there were major variations among countries, filmmakers identified significant gaps in technical and creative skills but also emphasized mentorship gaps that are hard to fill given the hands-on nature of learning the craft of filmmaking. Interestingly, several respondents referred to the existence of pan-African programs or workshops for developing these skills and relationships but suggested that more local efforts were also needed, especially given the limited duration and scope of the programs and the relatively high logistical costs of participating in them.

6. Audience Development

Although several filmmakers saw audience development as a subset of the challenges around distribution, enough filmmakers identified it as a related but distinct issue to place it sixth on the list of key challenges. Interestingly, filmmakers' concerns about audience development weren't limited to consumers but also extended to professionals working in and servicing the film industry. Several respondents mentioned the frustration of dealing with cast and crew who were unfamiliar with both classic and contemporary cinema references. One young filmmaker put it poignantly — “I've heard and read about many classic African films, but I can't find them to watch anywhere!”

Opportunities

Analyzing the range of issues raised by respondents, it is clear that improving the African film industry requires a holistic approach. Addressing the main challenges the film industry faces — access to finance, effective marketing, sales and distribution, developing technical, creative, and business skills and capacity, developing audiences and markets — will not work in isolation. The entire filmmaking ecosystem and value chain must be addressed.

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To date, most efforts supporting the film industry in Africa have been focused on production. This assertion should be qualified — we consider that providing cultural and commercial funding for film production, while falling under access to finance, is ultimately a production intervention. Likewise, supporting the development of creative and technical skills falls under education and capacity development but the lion's share of this support has been targeted at the production value chain. Indeed, these cumulative interventions appear to have generated enough momentum to sustain the progress made in film production in many African countries. By contrast, distribution and marketing have received limited funding. We do not suggest that no further support should be provided to production, but note that the expected returns from further interventions targeted at production will plateau until more severe deficits in critical areas like distribution, marketing and film-specific business skills are addressed.

It is also clear that it will be necessary to develop shared solutions across the continent. Africa's extensive market fragmentation is worsened by the near complete absence of formal frameworks for collaboration on film production and distribution. This needs to be addressed in an organized manner, and as we discuss in the introduction of this report, the African Continental Free Trade Agreement provides a powerful opportunity to highlight and address this issue. As access to finance is constrained and distribution is both limited and dominated on all channels by international content, developing effective means of collaboration across African countries must become a burning platform.

While there are many language and cultural differences across Africa's many countries, there are also many shared experiences and perspectives. Respondents generally agreed that some of the strongest opportunities lay in collaborating across borders — creatively and commercially. Several filmmakers enthusiastically discussed films or projects in which they purposefully cast actors from other African countries or incorporated story or location elements to appeal to other African audiences. A non-exhaustive list of such film productions over the past several years suggests that this type of cross-border collaboration is happening organically:

Ghana/Nigeria:
- *A Letter To Adam* (cast)
- *Potato Pohtato* (cast)

South Africa/Nigeria:
- *Man on Ground* (cast, production team)
- *A Hotel Called Memory* (cast, production team)
- *Happiness is a Four Letter Word* (cast)
- *Ayanda* (cast)
- *10 Days in Sun City* (cast, production team)

South Africa/DRC:
- *Viva Riva* (production team)

Senegal/DRC:
- *Félicité* (production team)

These and other films have been made in spite of the absence of co-production treaties between African countries and with few domestic incentives to leverage in any case (South Africa being a notable exception). A formalized effort to encourage and support co-production would help. This would include:
- increasing access to finance, leaning heavily on the countries with deeper capital pools and markets
- strengthening business and technical skills
- disseminating knowledge and know-how
- developing collective go-to-market strategies to attract continental and international audiences

Prioritizing Pan-African possibilities for filmmaking and audience development would benefit filmmakers and audiences in all countries in Africa, even if this cooperation aligned initially along regional or cultural affinity and shared languages.

From a big picture perspective, some of the best chances for developing Africa's film industry lie in building common ground, especially between the two largest film industries and markets — Nigeria and South Africa. This may be of limited comfort to the 75% of sub-Saharan Africa that lives outside these two countries, but with close to 250 million consumers and $730 billion in GDP combined, Nigeria and South Africa present a compelling starting point. Among the wealthier, well-educated socio-economic groups in both countries, English is a common lingua franca and there are strong shared psychographics — strong internet and social media usages and common musical tastes. Indeed, over the the past five years, the music industry has demonstrated the ability to create products (both nationally and collaboratively) that appeal to growing audiences in both countries.

Nigeria and South Africa are the focus of the next section of this report which takes a deeper dive into their film industries.

> **"Some of the best chances for developing Africa's film industry lie in building common ground, especially between the two largest film industries and markets...with close to 250 million consumers and $730 billion in GDP combined, Nigeria and South Africa present a compelling starting point."**

THE BODA BODA THIEVES DIRECTOR: DON MUGISHA

III. COUNTRY STUDIES

> "African cinema doesn't have an African industry at all and that's where our problem arises."
>
> — Jihan El-Tahri

COUNTRY STUDIES: THEATRICAL EXHIBITION IN CONTEXT

This section of the study explores salient aspects of the film industries in Nigeria and South Africa, examining three key issues — finance, production and distribution. Although theatrical exhibition falls under distribution within the film value chain, as we noted earlier, it may uniquely hold the key to building a successful film industry in Africa. At any rate, we deem it sufficiently important for the growth and commercial sustainability of the film industries in Nigeria and South Africa that we begin by summarizing and analyzing it in its own right.

Theatrical Exhibition in Context

In spite of vast changes in the structure of the global film industry, theatrical exhibition (screening movies in cinemas) remains an important bellwether for its commercial success. To use a recent example, the remarkable success of *Black Panther* in 2018 would be impossible without the theatrical window, in which it has earned over $1.3 billion worldwide. *Black Panther* demonstrates that for commercial feature films, the theatrical window remains an important component of the value chain — aside from the direct revenues it delivers, it generates awareness even with non-cinema-going audiences and primes the pump for the successful exploitation of other revenue windows. Further, no movie-producing nation has been able to attain commercial success without a significant theatrical exhibition base, whether this base is dominated by local films (like India) or includes a sizable foreign (usually Hollywood) element (like China and many other countries). This is a significant challenge for every country in sub-Saharan Africa — cinema infrastructure is severely underdeveloped and, in many countries, what limited theatrical exhibition exists is completely dominated by foreign movies.

> **“The remarkable success of *Black Panther* in 2018 would be impossible without the theatrical window, in which it has earned over $1.3 billion worldwide.”**

For this reason, the size, structure and performance of the formal cinema markets in Nigeria and South Africa (the two largest economies in Africa) are relevant for an analysis of the commercial scalability and sustainability of their film industries (also the two largest in Africa). First, though, it's important to understand the recent history of the Nigerian and South African exhibition markets.

Exhibition in Nigeria

Cinema was introduced in Nigeria during the colonial era and evolved from the screening of British films through mobile cinemas in rural areas and in a handful of cinemas in larger urban areas. In the post-independence period, urban cinema grew as city populations swelled. Local language productions — for instance, Yoruba cinema, which draws on a regional traveling theater tradition — burgeoned alongside popular international English-language productions as well as Chinese martial arts films and Indian melodramas. As Nigeria's economy faltered in the mid-1980s, a collapsing currency and unfavorable foreign exchange rates made imports increasingly untenable, leading to a shriveling up of foreign film supply and, eventually, the shuttering of cinema houses. As cinemas were shuttered, many were converted into churches and shops (especially in southern Nigeria) and by the start of the 1990s, cinemas had practically died off.

The return of democracy and an oil boom in the early 2000s helped spark private investment in cinemas that largely catered to an expanding upper-middle class in Lagos and Abuja, respectively, Nigeria's commercial and political capitals. The new cinemas, all multiplexes built in shopping malls (also newly introduced in the country), were entirely focused on Hollywood content. Indeed, the first new cinema developer — South Africa's Nu Metro Cinemas — simply sought to replicate its South African model in Nigeria. After Nu Metro failed, the company that acquired its sites remained opposed to screening Nollywood movies. Not until the Nigerian naira dropped in value as oil prices faltered around 2015, did an aggressive new entrant embrace domestic film productions as a currency-neutral means of ensuring film supply. At this point, the share of domestic films in the Nigeria box office began to grow to significant levels.

Exhibition in South Africa

The racial segregation that apartheid imposed on all aspects of social and economic life in South Africa directly affected the evolution of theatrical exhibition. In 1969, 20th Century Fox sold off its South African cinema operations — in part because the growth of the civil rights movement in its US home made it increasingly untenable for it to operate whites-only cinemas elsewhere in the world. The Fox cinemas were acquired by Sanlam, a South African insurance firm and major commercial real estate developer that already owned Ster Theaters and Films. With a nod to its near-monopoly status, the apartheid government required Sanlam to manage Ster Theaters and its newly acquired Fox assets (renamed Kinekor) separately. A belated technology development, the introduction of television in 1976, soon changed things. Although television was already a mature technology — Nigeria had introduced television nearly two decades earlier, in 1959 —the apartheid government had resisted its introduction for fear it would loosen the government's grip on the country.

As television grew, it ate away at cinema attendances, so the government eventually permitted Sanlam to merge its cinema operations under the Ster-Kinekor brand and it continued building and operating racially-segregated cinemas through the 1980s. As apartheid was forced into its death throes in the early 1990s, and with the advent of full democracy in 1994, racially-segregated cinemas ended in South Africa.

However, the impact of apartheid's political geography has endured — many of the existing cinemas were in formerly whites-only areas and cinema operators have been content to wait for a black middle-class to gradually integrate these areas. Indeed, in the quarter century since apartheid ended, industry leader Ster-Kinekor has only built a handful of screens in majority black areas — notably, a multiplex in Soweto, South Africa's most famous township and already a mixed middle- and working-class community. The vast majority of South Africa's black population — in poorer townships and rural areas remain underserved by cinemas to this day.

> **“The impact of apartheid's political geography has endured.”**

> **“In the quarter century since apartheid ended, industry leader Ster-Kinekor has only built a handful of screens in majority black areas.”**

Unsurprisingly, as technology — pay television, gaming, and the internet — has brought wealthier South Africans — white, black and Indian — a plethora of entertainment options, cinema revenues have stagnated as effective marketing and audience development have eluded the major cinema chains. Apart from irregular peaks around the release of breakout Hollywood films like *Black Panther* and the *Fast and Furious* and *Star Wars* franchises, box office revenues have stayed more or less flat in South Africa over the past decade. More worryingly, cinema attendance has slightly shrunk; the cinema chains have supported their revenues by imposing higher prices on this shrinking base — both inflationary and from the introduction of new products including 3D projection and premium seating.

COUNTRY STUDIES: UNPACKING THE NUMBERS

Unpacking the Numbers

Having established the context in which cinema exhibition evolved in Nigeria and South Africa, we present and analyze various theatrical exhibition statistics in the table and charts that follow. We do this in comparison to a reference group including the US (which boasts the world's largest movie production expenditure and box office revenues), China (which has the world's second largest box office revenues) and India (which is the world's most prolific feature film producer and has the largest number of annual box office admissions). Although both China and India are much more populous than Nigeria and South Africa, comparing their cinema statistics on a per capita basis offers some analytical insight. We pair China and South Africa since they have similar GDP per capita numbers; and pair Nigeria and India for the same reason.

TABLE 1 - EXHIBITION AND OTHER KEY STATISTICS - 2017

	NIGERIA	SOUTH AFRICA	USA	CHINA	INDIA
POPULATION (UN)	190,886,311	56,717,156	324,459,463	1,409,517,397	1,339,180,127
GDP ($ BILLIONS)	381	351	19,306	12,182	2,654
GDP PER CAPITA (IMF)	1,994	6,180	59,501	8,643	1,982
SCREENS	142	782	40,393	50,776	11,209
SCREENS/MILLION PEOPLE	0.74	13.79	124.49	36.02	8.37
PEOPLE/SCREEN	1,344,270	72,528	8,033	27,760	119,474
% MULTIPLEXES	>95%	>95%	>95%	>95%	29%
GROSS BOX OFFICE ($)	12,049,002	89,550,000	10,524,800,000	8,270,000,000	1,600,000,000
AVERAGE TICKET (AT) PRICE ($)	3.03	4.5	8.60	5.10	0.8
AT PRICE AS % OF GDPPC	0.15%	0.07%	0.01%	0.06%	0.04%
ADMISSIONS	3,983,141	19,900,000	1,216,750,000	1,620,000,000	1,980,000,000
ADMISSIONS/SCREEN	28,050	25,448	30,123	31,905	176,644
GBO/SCREEN ($)	84,852	114,514	260,560	162,872	142,742
DOMESTIC BO/SCREEN	28,256	4,352	239,976	87,625	132,750
DOMESTIC MARKET SHARE	33.3%	3.8%	92.1%	53.8%	93%
ADMISSIONS/CAPITA	0.02	0.35	3.75	1.15	1.48
GBO/CAPITA (S)	0.06	1.58	32.44	5.87	1.19
DOMESTIC BO/CAPITA	0.02	0.06	29.88	3.16	1.11
GBOPC (% OF GDP PC)	0.0032%	0.0255%	0.0545%	0.0679%	0.0603%
DOM. THEATRICAL RELEASES	87	23	777	970	1,986
CO-PRODUCTION TREATIES	0	10	0	NA	10

Sources: United Nations, International Monetary Fund, European Audiovisual Observatory, industry discussions, 234 Media analysis

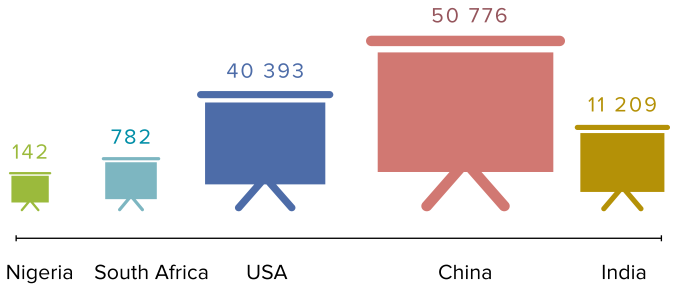
These statistics offer a variety of bases for evaluating the opportunities and challenges that theatrical exhibition presents in these countries. We analyze the numbers in order to derive insights as to how building cinema infrastructure, diversifying content and modifying pricing could affect movie consumption and the size of the box office in Nigeria and South Africa. China offers a powerful example that suggests for Nigeria and South Africa (as for much of sub-Saharan Africa), that a major expansion of theatrical exhibition is among the most viable paths to developing a robust domestic film industry.

We must nonetheless be measured about the inferences we draw — Nigeria and South Africa do not have the resources that China has mustered towards its impressive cinema growth. Also, although Nigeria (and sub-Saharan Africa in general) has comparable GDP per capita levels to India, the box office window in India is not the only way movies and other audio-visual content are consumed. India has a robust pay and free-to-air (advertising-supported) television economy, while Nigeria does not (nor does much of sub-Saharan Africa, with the notable exception of South Africa). Complicating matters further, there are good reasons to assume that content consumption in India is significantly underreported — from tax-avoidance among cinema operators to piracy of television signals. Nevertheless, this data offers a starting point for rational analysis of the performance and potential of the film industries in Nigeria and South Africa.

As noted earlier, countries have rarely developed successful movie industries without the advantage of a strong domestic cinema market as a base to build from. Unremarkably, the strength of a country's domestic cinema market is directly related to the breadth of its cinema infrastructure.

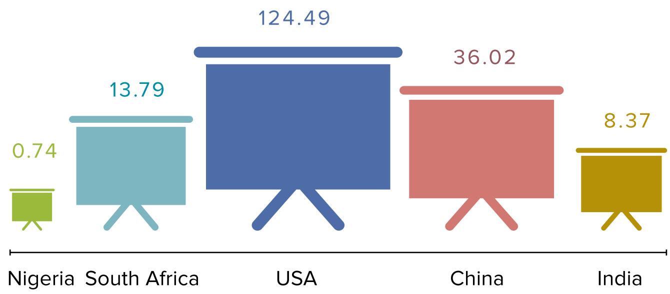
With 782 screens compared to Nigeria's 142, South Africa appears to have a strong cinema network. Indeed, it has the most extensive such network in Africa. However, comparing South Africa to the US, China, and India, all of whom have developed successful movie industries, reveals a lot. Chart 2 tells the tale of the tape — the US, which has a population 6 times the size of South Africa's, has 50 times as many screens; China, with a population 25 times the size of South Africa's, has 65 times as many screens. South Africa only compares favorably to India, which has a population 24 times the size of South Africa's but has only 14 times as many screens.

CHART 2 - CINEMA SCREENS



The extent of the problem that Africa faces becomes starker when we explicitly measure screen density — the number of screens each country has relative to its population.

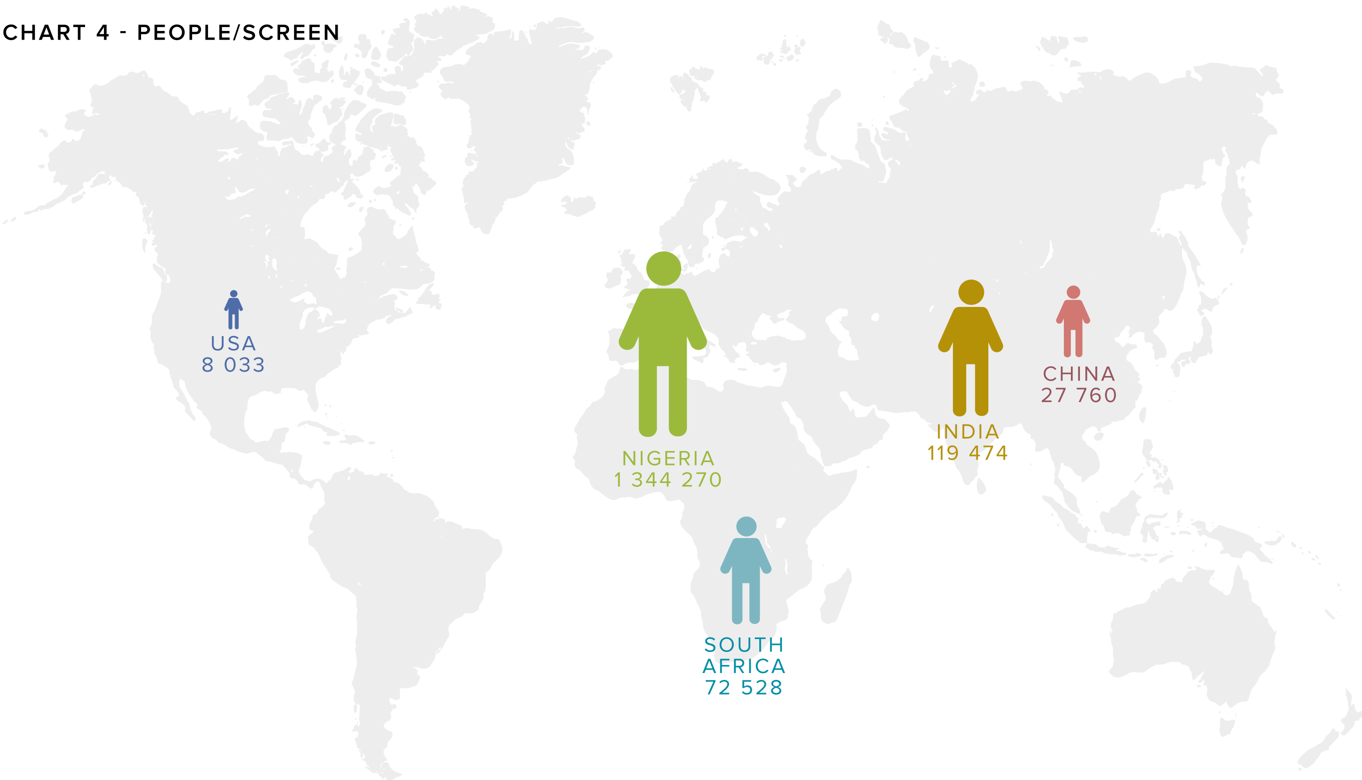
CHART 3 - SCREENS PER MILLION PEOPLE



As Chart 3 shows, despite having the largest screen network in Africa, South Africa is significantly under-screened; China — which has a similar GDP per capita — has 2.6 times as many screens per capita. Nigeria is clearly severely under-screened — on a per capita basis, India has 11 times as many screens even though it has a lower GDP per capita. Even South Africa has 18 times as many screens as Nigeria has, on a per capita basis. Chart 4, below, presents an alternate way to visualize these differences in screen density.

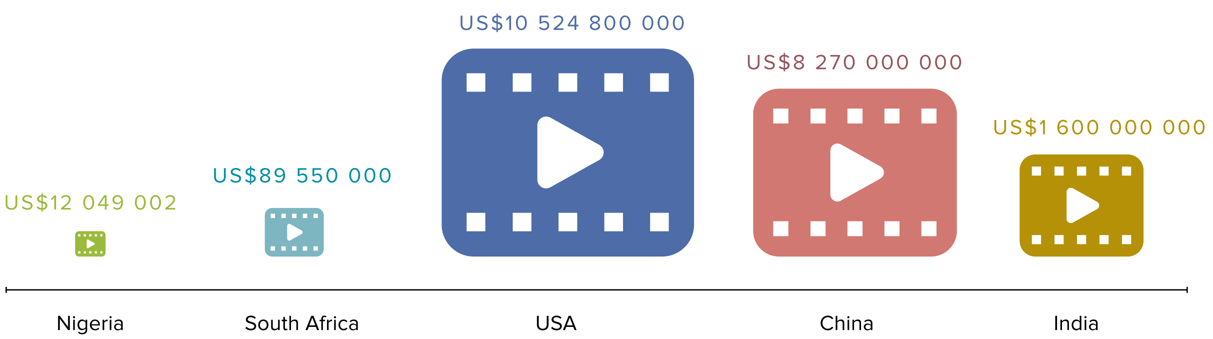
> **"Despite having the largest screen network in Africa, South Africa is significantly under-screened; China — which has a similar GDP per capita — has 2.6 times as many screens per capita."**

CHART 4 - PEOPLE/SCREEN



With this perspective on Nigeria's and South Africa's deficits in cinema infrastructure, we are well-equipped to further analyze theatrical exhibition in both countries.

CHART 5 - BOX OFFICE (BO) REVENUE



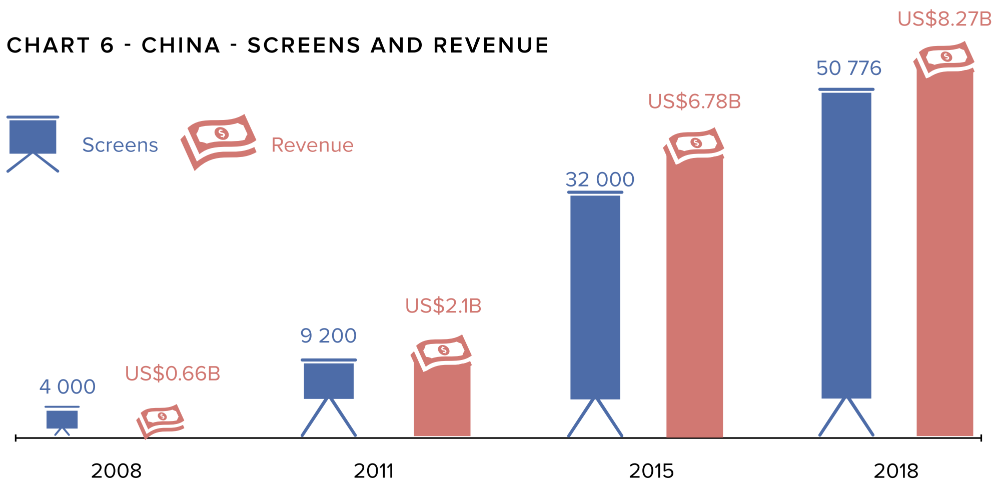
Nigeria and South Africa have the largest box office revenues in sub-Saharan Africa. However, as Chart 5 shows, these revenues are dwarfed on an absolute scale by the US, China and India. Again, we need some context to garner insight from these numbers. As we detail in the respective country sections, both countries have had very different experiences in the decades running up to the present. Nigeria, building up a modern multiplex-centered cinema system from scratch, has tripled its cinema screens since 2000, and has rapidly grown its box office takings (albeit from a small base). By contrast, in the past decade, South Africa, which also has a multiplex-centered system, has built few new screens and has had more or less flat box office revenues over the past decade.

China provides a great reference point for projecting plausible paths for theatrical exhibition in sub-Saharan Africa based on box office numbers and cinema infrastructure. Unlike the US and India, China's impressive number of screens is almost entirely newly built. In fact, just two decades ago, China had fewer cinema screens than Africa and unimpressive box office revenues to match. Starting in the early 2000s, an aggressive development plan saw its cinema infrastructure grow from roughly 1,000 screens in 2003 to 4,000 screens in 2008 and over 50,000 screens in 2018. As Chart 6 shows, over the past decade, Chinese annual box office revenues have grown from $660m to $8.2 billion, and it is now the second largest theatrical exhibition market in the world.

But even if we believe that Africa can emulate China's growth example, what signposts exist along the way? How many new cinema screens should Nigeria and South Africa build and how big are their potential box office revenues? Admissions per capita give us a good sense of how common cinema attendance is in each country and how much room there is to grow.

Chart 7 reveals the gap between Nigeria, South Africa and the rest of the reference group in terms of annual admissions per capita. Pairing the countries by GDP per capita, Indians attend cinema 74 times as frequently as Nigerians while the Chinese attend more than 3 times as frequently as South Africans.

CHART 6 - CHINA - SCREENS AND REVENUE



> "China's cinema infrastructure grew from roughly 1,000 screens in 2003 to 4,000 screens in 2008 and over 50,000 screens in 2018."

CHART 7 - ANNUAL ADMISSIONS PER CAPITA

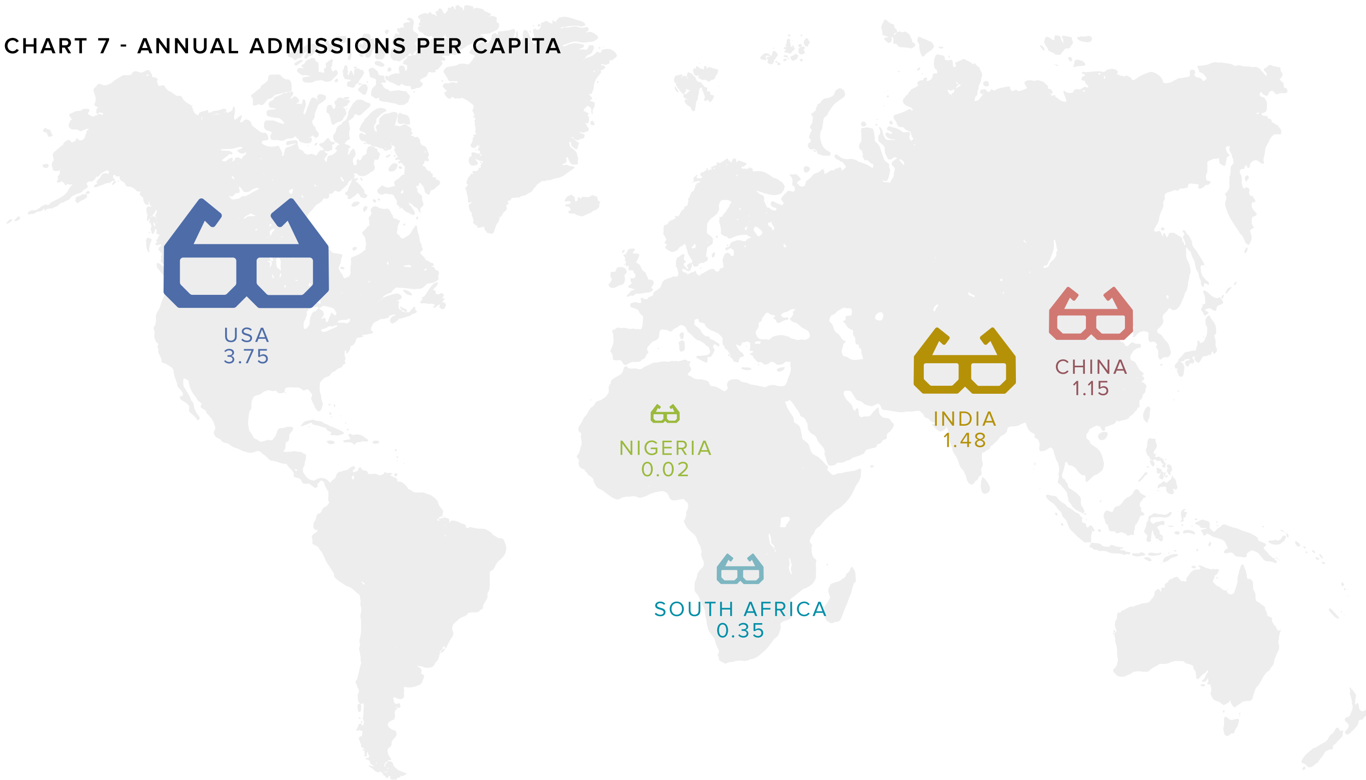
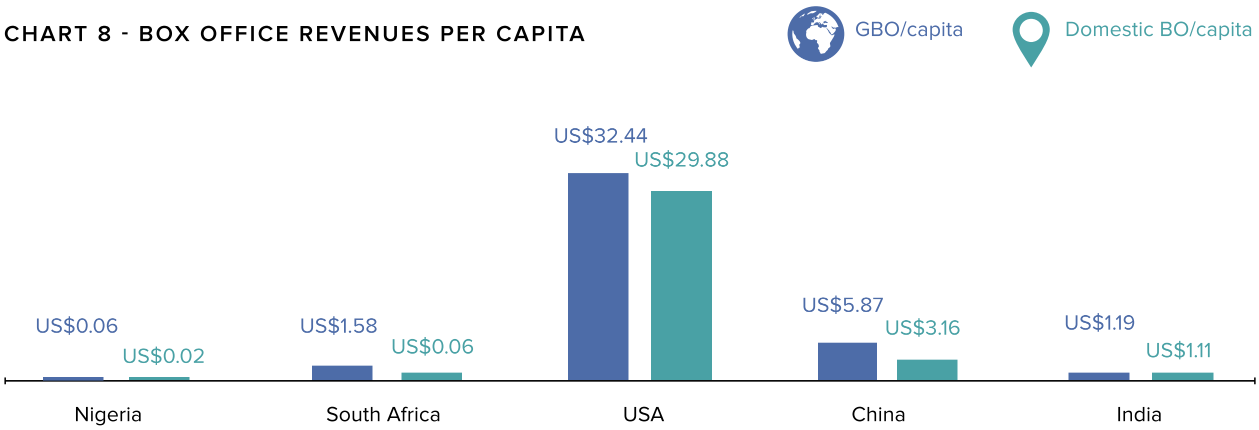


CHART 8 - BOX OFFICE REVENUES PER CAPITA



Going further, box office revenues per capita reflect the interrelation between differences in infrastructure, pricing of tickets and willingness to consume for cinema in the reference group. Thus, a plausible interpretation of Chart 8 above is that if Nigeria — which has a slightly higher GDP per capita than India — had comparable cinema infrastructure, pricing and willingness to consume as India, it could achieve similar box office revenues on a per capita basis. Pairing South Africa with China in the same fashion, one might expect a similar boost in cinema revenues per capita.

CHART 9 — BOX OFFICE REVENUES PER CAPITA AS A % OF GDP PC

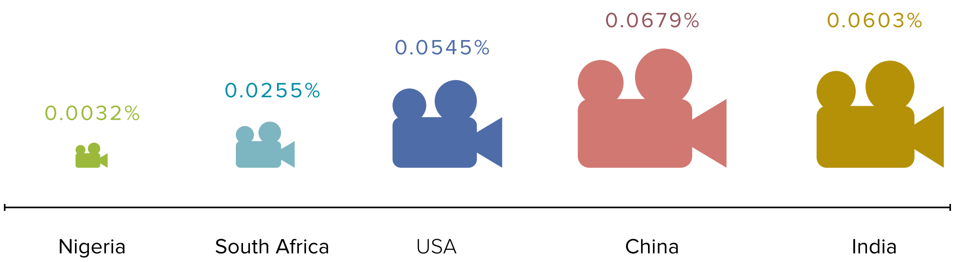


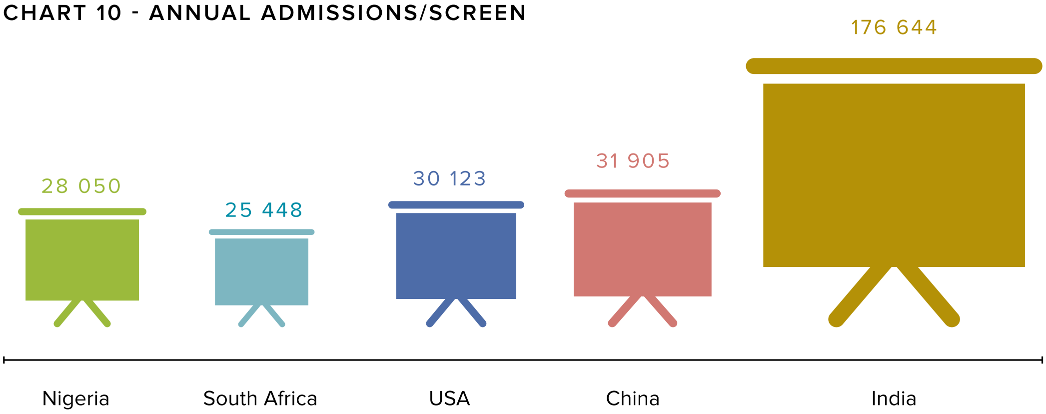
Chart 9 above, attempts to normalize these comparisons by expressing box office revenues per capita as a percentage of GDP per capita. To simplify, Chart 9 gives us a rough proxy for what, on average, each person in a given country spends annually on cinema tickets as a percentage of her annual income. This analysis reveals some commonalities in cinema consumption across the reference group. The US, China and India — all countries in which cinema attendance is a popular leisure activity (average annual admissions per capita >1) — cluster closely together with their box office consumption per capita averaging 0.0609% of annual GDP per capita; South Africa is at least half as low and Nigeria is 17-21 times smaller.

As we've noted, the numbers in Nigeria and South Africa reflect issues around infrastructure and the accessibility and attractiveness of cinema among leisure options that consumers are willing to pay for. They give us some idea about how reasonable the pairing assumptions are and also give us

> Single-screen cinemas account for 8,000 of India's screens. Multiplexes are relatively new in India and make up only 29% of screens, although they now contribute to about half of Indian gross box office revenues. By inference, the bulk of cinema tickets in India are sold at less than 20% of the average ticket price in Nigeria, the next lowest in the reference group, and much less than 10% of the average ticket price in the US, which is the highest in the group.

a basis for estimating what the potential market size would be if other factors were comparable to the reference group. In South Africa's case, raising the average cinema spend per capita as a percentage of GDP per capita to 0.0609% would more than double its annual box office to $214 million. Doing the same for Nigeria would increase its annual box office to $229 million. Examining how existing cinema infrastructure in Nigeria and South Africa currently performs enables us to evaluate the quality of these growth hypotheses.

CHART 10 - ANNUAL ADMISSIONS/SCREEN



Annual admissions per screen data offers some insight into the relative efficiency of existing cinema infrastructure in the reference group, independent of the adequacy of that infrastructure in aggregate. Interestingly, Nigeria and South Africa have roughly comparable levels of admissions per screen to the US and China — all four countries are in a band from 25,000 to 32,000 admissions per screen. This could be interpreted as a bullish case for expanding the number of screens in Nigeria and South Africa. India is the only outlier in the reference group, far outstripping all the other countries. This reflects its unique cinema model — it is largely independent of Hollywood content (non-Indian films account for just 7% of its box office) and it is able to drive much higher cinema attendance than the other countries in the reference group by offering much lower average ticket prices — $0.80 per ticket compared to $3 (Nigeria), $4.50 (South Africa), $5.10 (China) and $8.60 (US). As previously mentioned, Indian box office revenues are underreported — some estimates are that actual numbers may be twice as high as reported.

As remarkable as this is, it doesn't fully capture the differences between India's model and the multiplex-centered model that is prevalent in the reference group. Single-screen cinemas account for 8,000 of India's screens. Multiplexes are relatively new in India and make up only 29% of screens, although they now contribute to about half of Indian gross box office revenues. By inference, the bulk of cinema tickets in India are sold at less than 20% of the average ticket price in Nigeria, the next lowest in the reference group, and much less than 10% of the average ticket price in the US, which is the highest in the group. This raises some interesting questions about product pricing in Nigeria and South Africa where, like India, relatively small proportions of the population can afford cinema tickets higher than $3.

Indeed, as Chart 11 shows, when we look at average ticket price as a percentage of GDP per capita, we see that purchasing a cinema ticket as currently priced in Nigeria and South Africa would require the average person in those countries to spend more of their income than would be the case in other countries in the reference group. Combined with the insight from Chart 9, this suggests a wider, more affordable range of cinemas — perhaps similar to the mix in India — could both broaden and deepen cinema consumption in Nigeria and South Africa.

“This suggests a wider, more affordable range of cinemas — similar to the mix in India — could both broaden and deepen cinema consumption in Nigeria and South Africa.”

CHART 11 - AVERAGE TICKET PRICE AS % OF INDEXED GDP

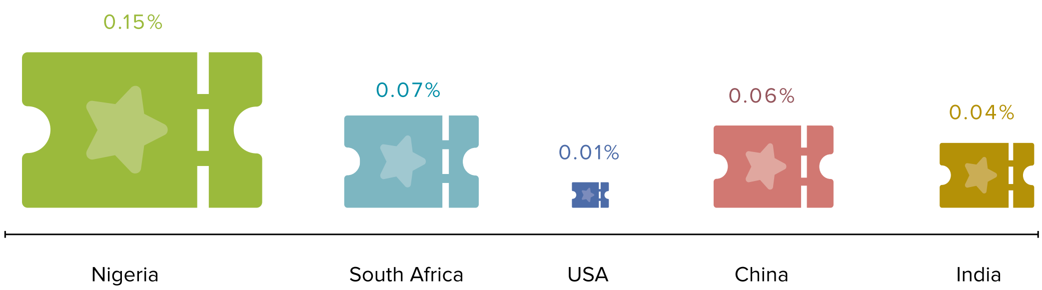
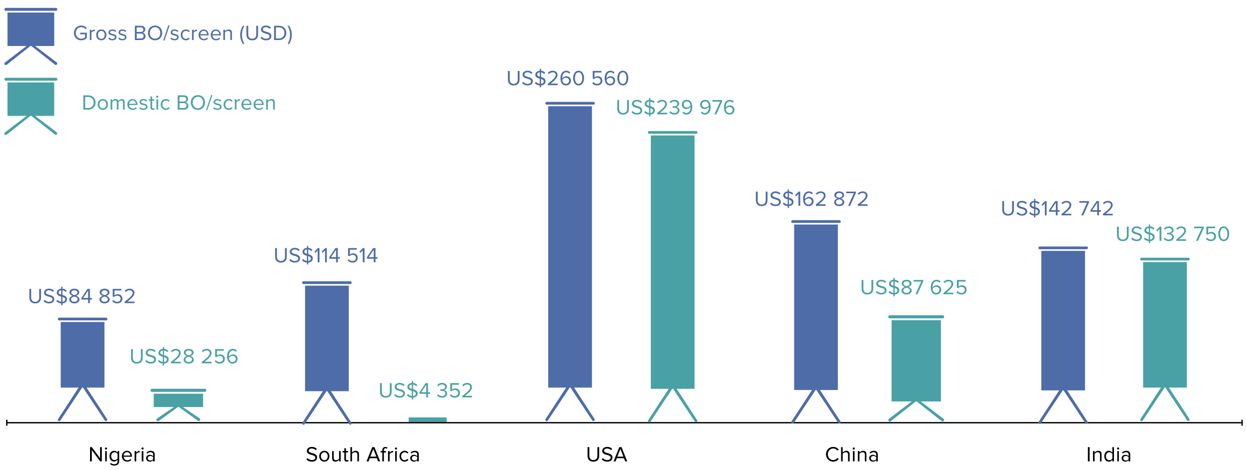


CHART 12 - BOX OFFICE (BO) REVENUE PER SCREEN



Box office revenue per screen extends our insight about how efficiently the existing cinema infrastructure is utilized in the reference group. As Chart 12 shows, Nigeria and South Africa have the lowest revenues per screen in the reference group. Except for India, the revenues per screen roughly correlate to GDP per capita. Looking at the domestic movie revenue per screen, however, South Africa sticks out — its box office revenues per screen for domestic films are one-sixth of Nigeria’s and one-twentieth of China’s (the third lowest in the group). This reflects South Africa’s status as a statistical outlier when it comes to domestic share of box office — at 3.8%, it is roughly one-tenth of Nigeria's (the next lowest in the group). This point, which will be examined in more detail in the South Africa industry analysis that follows, speaks to a curious characteristic of South African film — in spite of two decades of robust public support for film production (certainly compared to Nigeria), local productions have struggled at the box office. This supports the broad argument we make that decision makers have insufficiently appreciated the importance of marketing and promotion as well as other activities attributable to the distribution within the film industry value chain. South Africa's experience strongly suggests that beyond production, more attention and investments must be channeled towards the post-completion value chain.

"South Africa's box office revenues per screen for domestic films are one-sixth of Nigeria's and one-twentieth of China's (the third lowest in the group). This reflects South Africa's status as a statistical outlier when it comes to domestic share of box office — at 3.8%, it is roughly one-tenth of Nigeria's (the next lowest in the group)."

Although much has been made of the prolific nature of film production in Nigeria, Nigerian films had poor access to the relatively small number of cinema screens built in the country from the 2000s. Although Nigerian films found growing audiences outside the country, on the continent and in diasporas around the world, much of this market growth was based on piracy and very little of this consumption was monetized. While Nigerian filmmakers hoped that the new cinemas would offer them new sources of income, it wasn't until Nigeria's currency depreciated significantly around 2015 that the growing box office share of domestic films accelerated — growing to 20% in 2015 and 33% by 2017.

In a sense, this is history repeating itself — the naira's devaluation in the mid-1980s led to the collapse of cinemas as foreign films became too expensive to import and led to the rise of a new industry — Nollywood — with production and consumption built wholly on the then new and affordable technology of videotapes.

Nigeria's situation contrasts sharply with South Africa where domestic films perennially hover between 4-6% of the domestic box office. This stubbornly remains the case, despite South Africa's industry boasting technical skills, facilities, and equipment that far surpass Nigeria's (South Africa is a regular destination for Hollywood and US TV productions, competing with Australia and Hungary), more extensive cinema infrastructure, and long-standing production-focused support for film production including grant funding, concessionary loans and a production rebate (effectively, a grant).

Having analyzed the current state and potential market size of theatrical exhibition in Nigeria and South Africa, we dig deeper into the film industries of both countries, examining the entire movie value chain.

COUNTRY STUDIES: THE NIGERIAN FILM INDUSTRY

The Nigerian Film Industry

Nigeria's film industry, which operates a star-system, encompasses Nollywood productions as well as regional variants that are dominated by Yoruba, Hausa and Igbo language films but made in a staggering number of Nigeria's 250 languages. As discussed earlier, the industry (which is frequently conflated with its important Nollywood sub-sector) came to age as cinemas collapsed and television stagnated in the wake of a severe economic downturn in the 1980s. Produced and distributed on videotape, Nollywood quickly grew in popularity in the 1990s as fans flocked to purchase movies featuring star actors drawn from the moribund television sector. Structurally, therefore, Nollywood and Nigeria's regional film sectors developed on a distribution model centered on the sale of physical media — first, videotapes, then, as optical media emerged, VCDs and DVDs.

From Nigeria, Nollywood spread across Africa in two waves:

- a first wave from the late 1990s, driven by the export — soon supplanted by local piracy — of VCDs and DVDs to other African countries
- a second wave ushered in from the mid 2000s, when South African media giant, Naspers, responded to the growing popularity of Nollywood by creating a channel exclusively featuring Nollywood films on its MNET subsidiary. Naspers placed this channel on its Multichoice subsidiary's DSTV satellite TV platform — Africa's largest and, at the time, the only one with a truly pan-continental reach.

PUMZI DIRECTOR: WANURI KAHIU

Neither of these distribution waves resulted in strong revenue growth for Nollywood, particularly because the MNET/Multichoice wave was characterized by low license fees and coincided with the rise of technology-driven piracy which devastated Nollywood's old physical media distribution channels in its home market. Furthermore, many free-to-air TV broadcasters across Africa, taking note of Nollywood's growing popularity on Multichoice's DSTV platform, built up audiences with Nollywood content for which they paid very low license fees or none at all — counting on Nollywood's low institutional capacity to detect, much less fight, unauthorized broadcasts in other countries.

As described in the theatrical exhibition section above, as foreign exchange rates became more unfavorable, Nigerian cinemas partially pivoted towards domestic film. In 2017, Nigerian film productions captured 33% of box office revenues, an all-time high in the modern multiplex era. In response, film production in Nigeria is splitting into two broad categories:

- higher budget productions targeting domestic cinema release and licensing to international platforms including VOD, in-flight entertainment and broadcast
- lower budget productions still based on VCD/DVD releases and piecemeal licensing activity

The future growth of the Nigerian film industry will be highly dependent on its ability to:

- develop a strong domestic distribution value-chain
- successfully monetize its popularity in the rest of Africa
- make and sustain inroads into lucrative international markets (with the global African diaspora as a core focus)

In Nigeria, the film industry's strengths include:

- a strong and vibrant actor-driven star system
- a fiercely entrepreneurial can-do ethos
- a large established domestic audience base
- a large established continental and international audience base

Its weaknesses include:

- extreme fragmentation and weak collective and institutional capacity to address key challenges and opportunities
- extremely poor access to formal sources of finance
- virulent organized piracy of domestic and international content on physical and digital media
- limited incentives to invest in significantly improving productions skills, facilities and equipment
- a small and largely unsuitable multiplex-centered cinema exhibition infrastructure base that:
    - is priced beyond the means of the 22% of Nigerians that earn more than $20,000 a year
    - has capital and operating expenditures that are too high to profitably scale beyond middle-class enclaves
    - is constrained by the small number of modern malls in Nigeria

Opportunities:

The Nigerian film industry's biggest challenge is also its greatest opportunity — how to build efficient, profitable distribution channels. Unlike the industries in many other countries in Africa, the Nigerian film industry has scale and recognition. It simply needs to convert its established domestic, continental and international audiences into lucrative markets. With effective distribution infrastructure and related business capacities around marketing and licensing, it can monetize its popular appeal and high consumption (mostly piracy) across the continent and diaspora, and use that as a base to broaden its international revenues.

> **"Unlike the industries in many other countries in Africa, the Nigerian film industry has scale and recognition. It simply needs to convert its established domestic, continental and international audiences into lucrative markets."**

Production

Nigeria has the continent's most prolific film industry, second only to India in output. With a strong entrepreneurial ethos in its DNA, the industry pumps out between 1500 and 2500 films a year. Although Nollywood was once stereotyped by the poor production values of the films popularized on DSTV and free-to-air television, the Nigerian film industry's technical quality has improved, although with the sheer volume of productions, there is a very high variance in technical skills and production values.

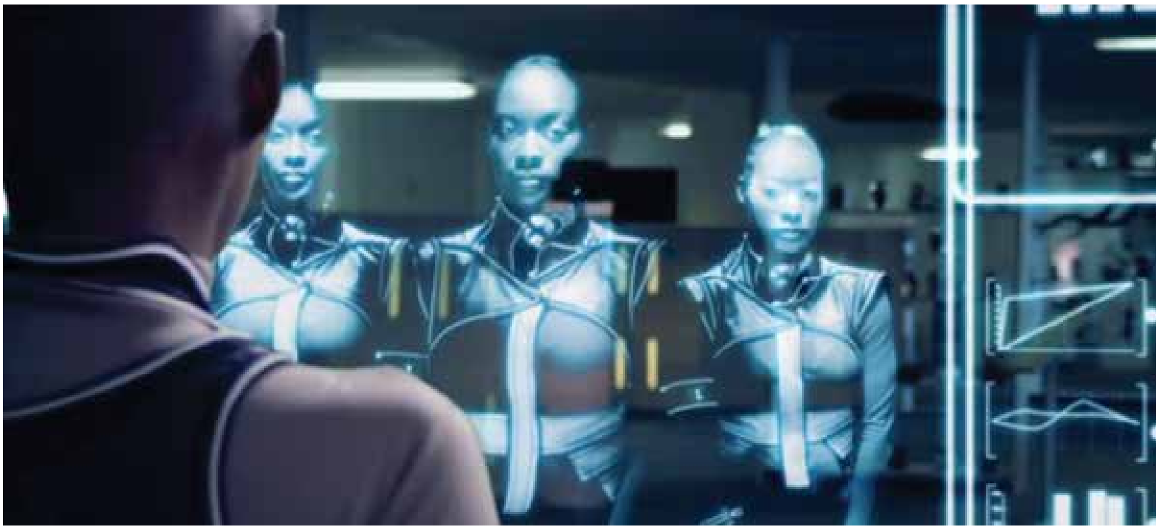
Distribution

- Domestic theatrical exhibition has been detailed earlier
- Authorized sales in physical media have dropped drastically in the past decade, a casualty of runaway piracy. Producers could once rely on selling hundreds of thousands of VCDs or DVDs in a 4-6 week window before piracy kicked in, but today that safe period has dwindled down to two weeks or less
- Although a local platform, Iroko, appears more popular than Netflix, VOD platforms have performed poorly in Nigeria. Unlike South Africa, Nigeria never had extensive fixed line telecommunications infrastructure covering the last-mile. Very few homes — even in wealthy neighborhoods in major cities — have fixed broadband infrastructure and data on Nigeria's ubiquitous mobile networks is both expensive and unable to cope well with the heavy demands of internet video
- The weakness of Nigeria's broadcast sector continues to be a problem for the film industry. The state broadcaster, NTA, and private stations have long operated a system that required producers to purchase broadcast airtime to flight their films; unsurprisingly, few movie producers have experience using television as a revenue window

Finance

- For a country with a large film industry, Nigeria has surprisingly few film finance options. Starting in the late 2000s, the government introduced some public sector funding programs but these were focused almost exclusively on production and have had little impact
- Over the past decade, a number of private sector banks have set up desks or programs for funding the film and entertainment industry but also have not achieved any sustained success
- The Nigerian film industry could strongly benefit from informed and consistent policymaking and incentives that support long-term capacity building and infrastructure which would support the expansion of capital available to the entire film industry value chain. Such incentives and support would need to be carefully crafted so that they apply only to domestic film, unlike previous efforts that essentially rewarded efforts that increased the penetration of Hollywood in the country

“Producers could once rely on selling hundreds of thousands of VCDs or DVDs in a 4-6 week window before piracy kicked in, but today that safe period has dwindled down to two weeks or less.”



PUMZI DIRECTOR: WANURI KAHIU

COUNTRY STUDIES: THE SOUTH AFRICAN FILM INDUSTRY

The South African Film Industry

The film industry in South Africa can be categorized into different sub-sectors:

- a sizable, outward-oriented world-class film services sector that successfully provides competitive services to international film and television productions
- a small, inward-oriented domestic production sector comprising:
  - a close-knit and successful Afrikaans film sector with robust, reliable theatrical demand (but limited room to grow given its linguistic and cultural appeal)
  - a creatively and technically competent independent television production sector
  - a technically competent independent film production sector that encompasses English-language and indigenous-language productions

In practice, there is a tremendous amount of overlap between these sectors — the film services firms provide production and post-production services to domestic film productions, almost all the actors and writers used in independent film productions are drawn from the television world. Still, this classification helps to explain why, as described earlier, South African film productions, as a whole, have been unable to find sustained economic success after more than two decades of public sector support. The domestic travails of independent film productions, other than Afrikaans films, is telling — these films are rarely afforded a favorable number of screens and time slots in an exhibition market that has maintained its institutional hostility towards black audiences and is generally poor at marketing. For films by and about black South Africans, there are the further complications that players in the post-completion value chain are unfamiliar with the differing

> “The biggest gap that the South African film industry faces with respect to finance is that there is a surprisingly limited amount of private sector funding directed toward film, despite numerous favorable incentives.”

VAYA DIRECTOR: AKIN OMOTOSO

aesthetic tastes of the various socio-economic demographics that black South Africans fall into. Further, films made in indigenous languages face markets that are fragmented across language and geography in complex ways. None of these issues are insurmountable but, for whatever reasons, players in the distribution chain simply have not dedicated sufficient resources to solving them.

In South Africa, the film industry's strengths include:

- a strong production skill and capacity base
- world-class facilities and equipment
- extensive public sector incentives and funding
- significant cinema infrastructure

Its weaknesses include:

- public sector incentives that are skewed heavily towards production and do little to enhance the post-completion value-chain
- a cinema exhibition structure still hobbled by the enduring spatial geography of apartheid
- insufficient entrepreneurial zeal for local productions
- creative and technical skills outstrip business skills required to maximize value in the post-completion value chain
- cultural support perspective and public subsidies temper drive for profitability
- a weak, television-centered star system for actors

Opportunities:

- external expansion — English-language content, in particular, could cross over to continental and international audiences
- audience development possibilities — South Africa has large, untapped markets in townships and rural areas
- potential to serve as a continental center of excellence for production and post-production that could drive the growth and diversity of its industry

Production

South Africa has the continent's most sophisticated film industry with very strong technical skills and capabilities and world-class facilities and equipment. This is a result of multiple factors:

- long-standing government support for production (local, co-productions and foreign)
- deep industry experience supporting foreign productions from principal photography to post-production, including sound, visual effects (VFX) and grading
- a broadcast television sector that is much more robust than other African countries because it:
    - has the highest television penetration rates on the continent
    - has a strong and well-structured advertising model (tied to TV penetration and the sophistication of the South African economy)
    - is the home market for the largest continental pay television player, who can afford to subsidize domestic programming preferences with service revenues from smaller, less competitive continental markets for whom content programming decisions can be made on a take it or leave it basis since there are few alternatives

Distribution

- Domestic theatrical exhibition has been detailed earlier
- Physical media has tapered off significantly in the last five years.
- Numerous domestic VOD platforms have faltered, Netflix has built up a healthy following among middle class and upper-middle class demographics.
- Broadcast has been a strong redoubt for the industry but onerous licensing terms by Naspers/MNET, especially as state broadcaster SABC faltered, have placed constraints on filmmakers' ability to license internationally.
- Critically, sales and marketing skills and capacity remain low.

Finance

- South Africa's film industry has the continent's widest and deepest range of finance options — public sector funding in the form of grants, production incentives, rebates and tax incentives — as well as broadcast financing opportunities through licensing, sales and content commissions.
- In the 2015/16 period, the Department of Trade and Industry approved ZAR847 million in production incentives and a further ZAR816 million in 2016/2017. The incentive program has had some challenges in recent years, but is currently being revised.
- The biggest gap that the South African film industry faces with respect to finance is that there is a surprisingly limited amount of private sector funding directed toward film, despite numerous favorable incentives — including tax incentives that

> **“If South Africa is to achieve its policy goals for film, the generous incentive system that is primarily centered around production must be extended equitably and at scale to the post-completion value-chain — sales, marketing and distribution.”**

provide that investors enjoy tax-free earnings for ten years from their investments in film productions. Talking to potential investors, there is a pervasive perspective that South African films do not make money.

- It is fair to say that the South African film industry suffers from a limited number of monetization options, a situation worsened by weak domestic and international distribution capabilities. The fact that public sector financing is available on favorable terms means that many filmmakers are content to complete films which fail to recoup their budgets. Effectively, public funding subsidizes filmmaking. Yet, there appear to be insufficient incentives for filmmakers and other industry stakeholders to beef up the value chain beyond production. It's unsurprising in this context, that South African films capture a mere 3.8% of box office revenues and rarely make commercial impact outside South Africa. However, poor financial performance is not a foregone outcome nor are the circumstances that conspire to depress returns from South African film immutable.
- There are no private sector financial services institutions who specialize in funding the film industry, although there are insurance companies who play important roles in the industry. The Industrial Development Corporation (IDC) has had a film unit for more than a decade which has provided finance for capital investments in the film industry as well as invested in film productions. However, its results have been decidedly mixed. The new IDC leadership has committed to improving the institution's support for the film industry and completely overhauled the unit in 2017. While it is too early to assess the performance of the new team, a recent change in leadership at the NFVF brings hope that collaborative efforts between the two institutions, such as the Emerging Black Filmmakers Transformation Fund (EBFTF) will start to deliver results.

Solutions

The South African government invests in film for a variety of reasons, including to drive job creation and economic growth and to transform a sector that is one of the most visible consequences of apartheid. A fair assessment of these policy objectives based on outcomes is that they have not been achieved.

If South Africa is to achieve its policy goals for film, the generous incentive system that is primarily centered around production must be extended equitably and at scale to the post-completion value-chain — sales, marketing and distribution. Further, effective carrots and sticks must be directed at the operators of existing cinema infrastructure to level the playing field between local and foreign content.

For filmmakers and audiences that continue to endure the historical disadvantages meted out under apartheid, more must be done. Cinema infrastructure must be extended to underserved townships in order to unlock latent spending power on film. One of the most promising ways in which South Africa can do this is to support entrepreneurs and SMEs to close the gaps in distribution capacity and the deficits in exhibition infrastructure in townships and rural areas. This would help advance South Africa's policy goals of increasing the participation of Previously Disadvantaged Individuals (PDIs) in the film value chain. It would also expand active film audiences beyond the 32% of South Africans who are middle-class, give a better return on investment on the government's longstanding support for film education and production, and attract new private sector capital at scale to the film production and distribution value-chain.

Conclusion on Exhibition

For South Africa and Nigeria (and indeed most of sub-Saharan Africa) the imperatives are the same even if the specifics will vary from country to country:

- extend cinema infrastructure:
  - introduce lower cost, lower priced cinema tiers
  - roll out screens in close proximity to underserved customer segments
- understand the various customer segments and serve them better:
  - improve marketing and promotion
  - release more responsive content, especially more domestic films

Easy to prescribe, difficult — but not impossible — to execute.

VIVA RIVA DIRECTOR: DJO MUNGA

IV. FILM CASE STUDIES

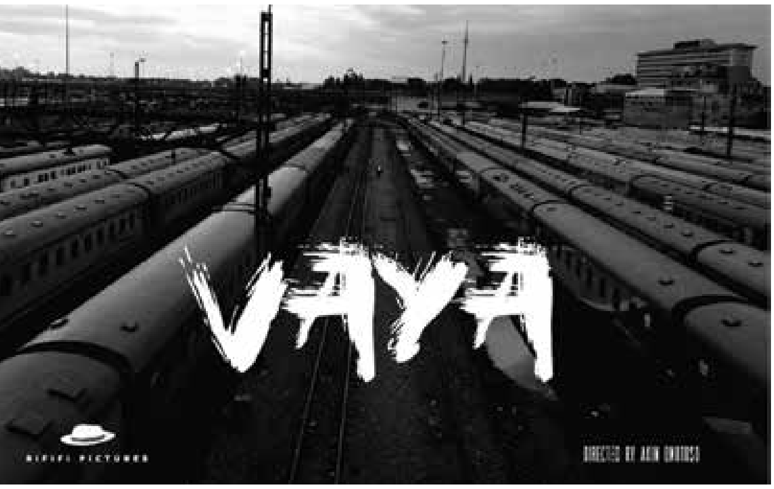
"The development of Africa will not happen without the effective participation of women"

— Ousmane Sembene

FILM CASE STUDIES

The path from developing an idea to turning it into a completed film is often a long and complicated one. For aspiring and experienced filmmakers alike, the gap between starting and completing a film can be a very difficult one to bridge. In many countries in Africa, there isn't a clear path to developing the numerous skills — creative, technical, business — that are required to make a film. And when filmmakers manage to complete a film, there is a new range of challenges to confront, especially on a continent that produces relatively few films and has limited distribution options. Even experienced filmmakers sometimes have to search for answers about post-production and post-completion strategies — building an audience for a new film, distribution, navigating film festivals and sales agents.

"In many countries in Africa, there isn't a clear path to developing the numerous skills — creative, technical, business — that are required to make a film. And when filmmakers manage to complete a film, there is a new range of challenges to confront, especially on a continent that produces relatively few films and has limited distribution options."



VAYA DIRECTOR: AKIN OMOTOSO

The repeat filmmakers we surveyed report that it has typically taken them between two and ten years to make their next film, making it hard to master or maintain the range of skills required for successful film-making. For technical skills, filmmakers, as creative entrepreneurs, can pull together teams from the available pool of filmmaking crews. For business skills, this task is much more difficult as there are very few specialists within Africa and few independent filmmakers make films in sufficient volume to justify developing or hiring the skillset in-house. Even gathering market intelligence on budgets and how much films have made in publicly visible windows like exhibition is challenging.

The following film case studies seek to provide snapshots of the processes that three African filmmakers have undergone in making their films. Finally, to demonstrate the real world implications of the challenges we have identified, we compare the contrasting post-completion trajectories of two recent films — one European and one African — made for similar budgets.

"The repeat filmmakers we surveyed report that it has typically taken them between two and ten years to make their next film, making it hard to master or maintain the range of skills required for successful film-making."

FILM CASE STUDIES: GETTING IT MADE: 3 FILM SNAPSHOTS

Getting It Made: 3 Film Snapshots

1. *Aissa's Story*

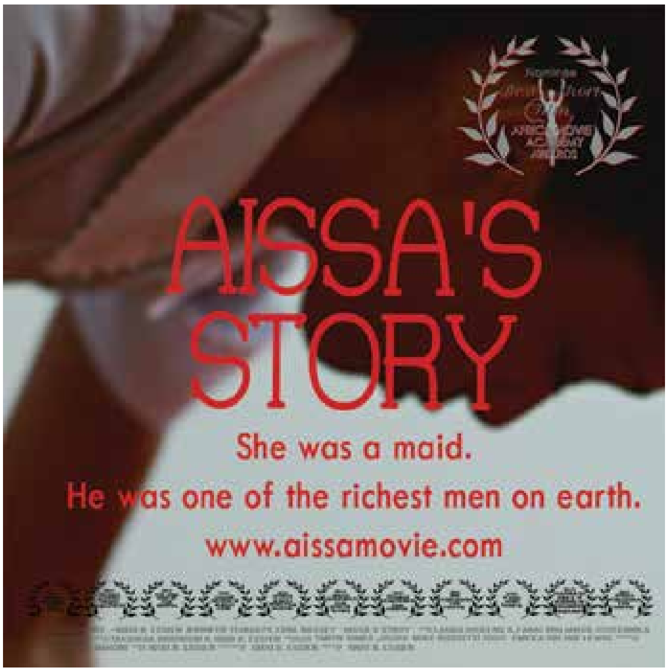
Category:	Short Film
Genre:	Drama
Year of Release:	2013
Length:	00:15:04

Synopsis: Inspired by the New York v. Strauss-Kahn case, *Aissa's Story* is a film about an African immigrant housekeeper and single mother struggling to move on with her life months after a criminal case against the wealthy hotel guest who sexually assaulted her is dismissed.

About the Filmmaker: Iquo Essien is a Nigerian-American writer and director. She is currently adapting *Aissa's Story* into a feature film; writing Elizabeth's Daughter, a memoir about losing her mother to cancer; and finding herself through writing. Ms. Essien attended the Graduate Film Program at NYU/Tisch School of the Arts.

Making the Film: In 2011, years before the #MeToo and #TimesUp movements would signal a new era of zero-tolerance for sexual assault, Iquo read a news story about IMF head Dominique Strauss-Kahn, front-runner for president in upcoming elections in France, who was arrested on charges that he sexually assaulted a housekeeper at a Manhattan hotel. She followed the unfolding story keenly, captivated by the housekeeper's life story and awed at her courage and resolve not to keep silent. When the criminal case against Strauss-Kahn collapsed and the housekeeper's life imploded in the aftermath, Iquo decided she had to tell this story. She always knew that she would eventually make it as a feature film but first had to figure out how to effectively capture its pathos in a short.

Post-Completion Path: *Aissa's Story* enjoyed a strong festival and award run — it was an official short film selection at FESPACO 2015 and a regional semifinalist in the 2013 Student Academy Awards. Its other awards and citations include: 2015 Pan-African Film and Television Festival of Ouagadougou (FESPACO, Special Mention for Thomas Sankara Prize), 2015 Cascade Festival of African Films, 2015 CinéSud African Short Film Festival, 2014 Lights, Camera, Africa!!! Film Festival, 2014 African International Film Festival (Winner, Best Student Short), 2014 African-American Women in Cinema Festival International Day (Third Place), 2014 African Film Festival New York, 2014 Spike Lee Film Production Fund Winner, 2013 Student Academy Awards Regional Semifinalist, and 2013 First Run Film Festival Award for Acting (Jennifer Tchiakpe).



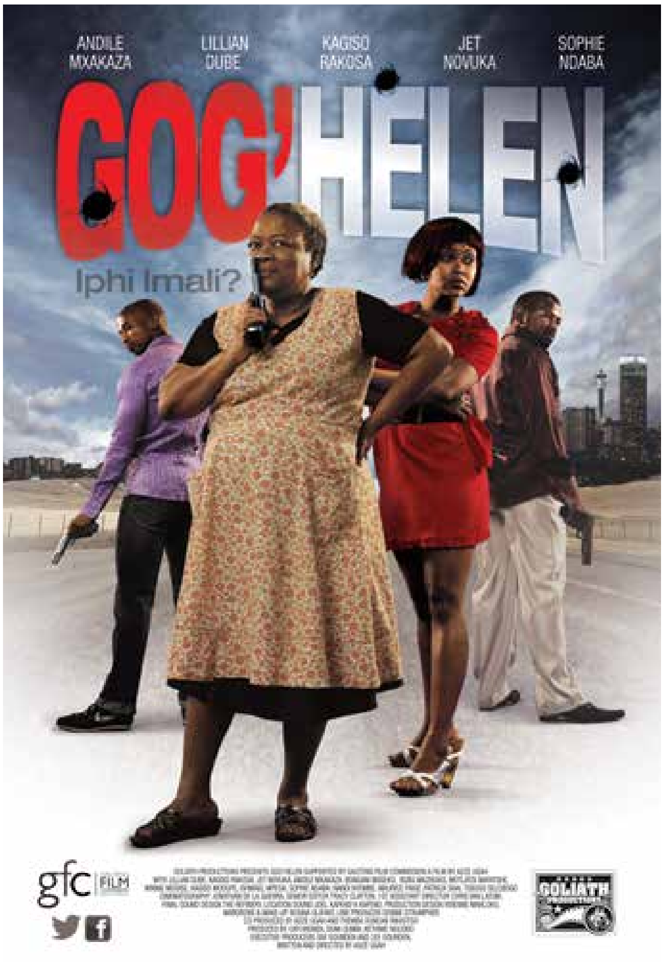
1. *Gog' Helen*

Category:	Feature Film
Genre:	Action, Comedy
Year of Release:	2012
Length:	01:15:00

Synopsis: In one of Johannesburg's many shantytowns, *Gog'Helen* lives a quiet life that is turned upside down when her only relative, Agnes, unwittingly throws away an old mattress stuffed with her life savings. The race to recover the mattress pits grandmother and granddaughter against nosey neighbors and pitiless gangsters and uncovers secrets that threaten to tear apart all that remains of their small family.

About the Filmmaker: Adze Ugah is a Nigerian writer, director and producer based in South Africa. *Gog' Helen,* was his first fiction feature in South Africa. After obtaining a professional diploma from the National Film Institute in Jos, Nigeria, Adze moved to South Africa where he earned an honors degree at the School of Motion Picture Medium and Live Performance (AFDA). He has worked as a director for more than a decade in the South African film and television industry, notably with *Jacob's Cross,* the award-winning South Africa-Nigeria drama series, and *Isibaya,* the multiple award-winning South African daily drama. In 2017, his comedy, *10 Days in Sun City,* shot in South Africa, snagged the #2 box office revenue slot in Nigeria, outperforming Hollywood blockbusters including *The Fate of the Furious, Thor: Ragnarok,* and *Justice League*. His other feature directorial credits have all been released theatrically in South Africa and include *Mrs Right Guy,* a rom-com, *All About Love,* as well as the forthcoming *Looking For Love,* also a rom-com.

Making the Film: In 2010, after attending a Robert McKee Story workshop, Adze was inspired to write a movie screenplay to cater to underserved South African mass audiences. That script was *Gog' Helen,* a genre he describes as "squatter camp noir." A writer/producer friend of his read the script and offered to make the film for ZAR500,000 — just under $60,000 at the time and not even enough to cover the equipment cost! But after reworking the screenplay to fit the budget limitations and calling in favors from cast and crew, *Gog'Helen* was ready to go into production.



"The audience response at DIFF made it clear that Gog' Helen spoke powerfully to a huge demographic that was not usually catered for at festivals or commercial cinemas."

Adze shot the film in 10 days as scheduled and then went through the same bootstrapping process for post-production. By June 2012, he had a complete film and *Gog'Helen* premiered at the Durban International Film Festival (DIFF) the same year. The audience response at DIFF made it clear that the film spoke powerfully to a huge demographic that was not usually catered for at festivals or commercial cinemas.

Post-Completion Path: Adze and his producers approached the existing cinema chains in South Africa through an independent distribution company (one of just three in the country at the time) but got a tough reception. South Africa's

> "The South African distribution and exhibition sector was simply not positioned to service films made for black audiences, a consequence of the legacy of apartheid."

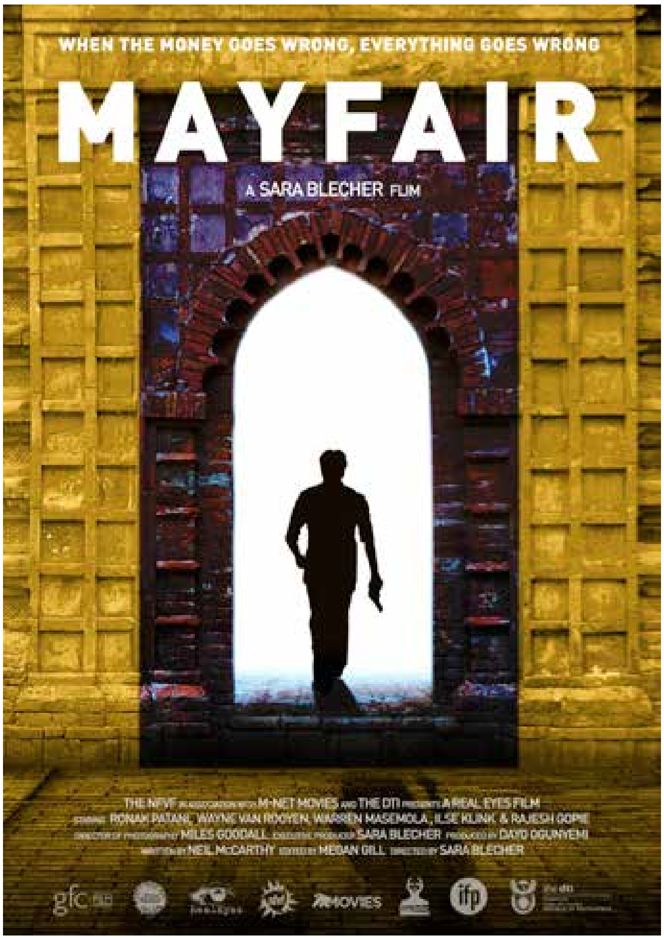
800 screens were largely positioned for Hollywood and Afrikaans releases; the contracts offered would have given the producers a mere 30 per cent of the box office takings while requiring them to pay over ZAR1 million in prints and advertising costs out of this share. Further, *Gog'Helen* would have played for just 3 to 4 weeks on about 20 screens because the exhibitors were retaining screen slots for big budget Hollywood releases. From Adze's perspective, it seemed that every element that could ensure a film's success at the box office would not be made available to his film. As he put it bluntly, "the South African distribution and exhibition sector was simply not positioned to service films made for black audiences, a consequence of the legacy of apartheid."

Gog' Helen was thus limited to a DVD release. Although the DVD sales weren't spectacular, the producers felt it offered a better risk-reward profile than cinema. As Adze's bootstrapping approach limited the cash outlays for the production, the film made its budget back through TV sales and some licensing deals. Given the subsequent success of films targeted at similar demographics, the production team wonders what could have happened if *Gog'Helen* had received a more supportive cinema reception.

GOG' HELEN **DIRECTOR: ADZE UGAH**

1. *Mayfair*

Category:	Feature Film
Genre:	Action, Drama
Year of Release:	2018 (projected)
Length:	01:34:00



Synopsis: Fired from his work at a refugee camp, Zaid Randera, do-gooder and prodigal son, returns home to Mayfair where his overbearing father, Aziz (businessman and occasional money launderer), is facing death threats. Bitter at his father and reluctant to get his hands dirty, how far will Zaid go to protect his family?

About the Filmmaker: Sara Blecher is a South African director and producer whose path took her from journalism to documentary filmmaking and then fiction features. *Mayfair,* her fourth fiction feature, was developed over two years, following a prolific 2015 in which she released two award-winning films — *Dis Ek Anna,* and *Ayanda* (which Ava Duvernay's Array picked up for distribution in the US). Her debut feature, *Otelo Burning,* won 17 international awards and was named by CNN as one of the top ten African films of the decade. She is a founder and board chair of SWIFT, a not-for-profit organization for women in the film and television industry in South Africa, which spear-headed an industry-wide campaign against sexual harassment long before the #MeToo and #TimesUp movements gathered steam in the US.

Making the Film: Sara's production company was one of the early recipients of slate funding from South Africa's National Film and Video Foundation (NFVF), an experiment to provide experienced filmmakers with a path to making films regularly. The NFVF slate funding covered about 10% of the budget, with the balance coming from private investors, pre-sales to a broadcaster and a production finance deal by a South African production services firm.

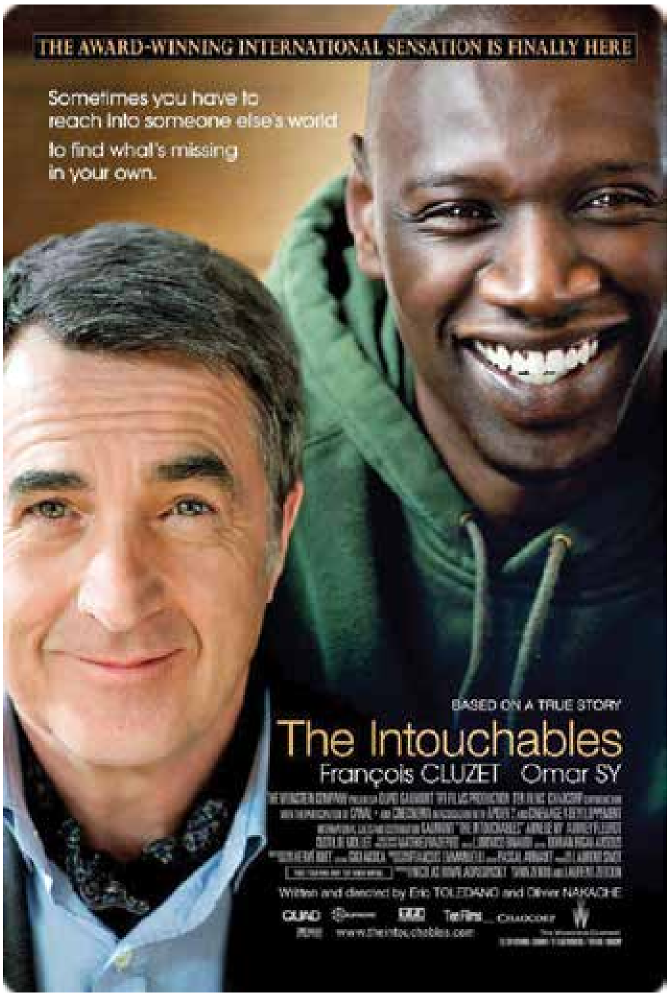
The budget for *Mayfair* was about ZAR9 million, and benefited, as many South African films do, from the, South African Department of Trade and Investment's production incentive, which covered 35% of the film's budget. Development — screenplay, casting, crewing and securing financing — took place over a two year period and 4 weeks of principal photography commenced in April 2017.

Editing was completed between June and September 2017, with the bulk of post-production — including grading, scoring and sound mixing — taking place between October 2017 and December 2017. Some additional post-production occurred in March and April 2018.

Post-Completion Path: *Mayfair* was completed in June 2018 and began its festival run in July 2018 with a world premiere at BIFAN, a prominent genre festival in South Korea.

FILM CASE STUDIES: A TALE OF TWO FILMS

A Tale of Two Films



- Budget — $10.8m
- Domestic Release — 194 theaters
- Domestic Admissions — 20 million
- Rest of World Admissions — 30 million
- Commercially Released in — 49 Countries
- Box Office (Domestic) — $166m
- Box Office (ROW) — $260m
- Box Office (Global) — $426m
- Global BO as % of Budget — 3944%

- Budget — $10m
- Domestic Release — 10 theaters
- Domestic Admissions — 61,000
- Rest of World Admissions — 38,000
- Commercially Released in — 4 Countries
- Box Office (Domestic) — $368,000
- Box Office (ROW) — $306,393
- Box Office (Global) — $674,393
- Global BO as % of Budget — 6.7%

The fate of two films — both made for around $10 million, both starring lead actors of African descent — puts real faces on some of the challenges that the African film industry faces.

The commercial destinies of both films were set before the first frames were shot. Their drastically different fates demonstrate several of the observations we have made — without a strong domestic market, it is tough for films to break even, much less conquer the world.

Intouchables, a 2011 French comedy, starred Omar Sy, an actor born in France to parents from Senegal and Mauritania. Within a month of *Intouchables'* release in France, it boasted 17 million admissions. It would top 20 million admissions — the second highest in French cinema history — and garner $166 million in box office revenues by the end of its theatrical run in France. Theatrical releases in another 49 countries would push its box office revenues to $426 million — a stunning 3944% of its production budget.

Half of A Yellow Sun, a Nigerian drama, had an auspicious start as the adaptation of an acclaimed novel. The producers, keen on setting a new bar for Nigerian film, assembled an impressive ensemble cast including prominent Nigerian actors as well as actors from the African diaspora. Shot in Nigeria in 2013, the film starred Chiewetel Ejiofor, born 7 months before Omar Sy in the UK to Nigerian parents. Ejiofor would go on to earn an Oscar nomination for his role as Solomon Northup in another 2013 film, *12 Years a Slave*. After *Half of a Yellow Sun* premiered at the Toronto International Film Festival (where *12 Years A Slave also played*), it would secure modest theatrical runs in the UK, New Zealand and the US, drumming up $306,393 in box office revenues. In Nigeria, where tussles between the producers and the film censorship board delayed its release, the film would earn a further $368,000 in the cinemas, for a total of $674,393 in box office revenues — noteworthy for a Nigerian film production but a paltry 6.7% of its production budget.

Although *Intouchables* and *Half of A Yellow Sun* are in different genres, the real story is in their "home" markets — the fact that *Intouchables* could open on 194 screens in France and achieve 20 million admissions (equivalent to nearly one-third of the entire population of France) while *Half of a Yellow Sun* could only open at the 10 or so cinemas in Nigeria, achieving 60,000 admissions (less than 0.03% of Nigeria's population). Ultimately, the commercial destinies of both films were set before the first frames were shot. Their drastically different fates demonstrate several of the observations we have made — without a strong domestic market, it is tough for films to break even, much less conquer the world; it's hard for a film industry to master or efficiently outsource critical post-completion aspects of the film value chain — sales, marketing and distribution — when it has not accumulated the lessons that experience delivers over years of film releases.

FILM CASE STUDIES: LESSONS FROM AFRICAN-AMERICAN CINEMA

Lessons from African-American Cinema

African cinema can draw powerful lessons from African-American cinema — particularly the indefatigable struggles that African-American filmmakers have engaged in just to get on a level playing field in the world's most powerful and dominant film industry. It has taken a century to get to the point where Hollywood could produce and unabashedly back a film, set in a mythical African country, with a black writer/director and a majority black cast — all the way to delivering over $1 billion in the box office. Indeed, although *Black Panther's* groundbreaking theatrical run had strong support from global audiences of all nationalities and colors, there is no questioning the fact that the extraordinary levels of support it got from a core African-American audience in its home market underpinned that success.

> "It has taken a century to get to the point where Hollywood could produce and unabashedly back a film, set in a mythical African country, with a black writer/director and a majority black cast — all the way to delivering over $1 billion in the box office."

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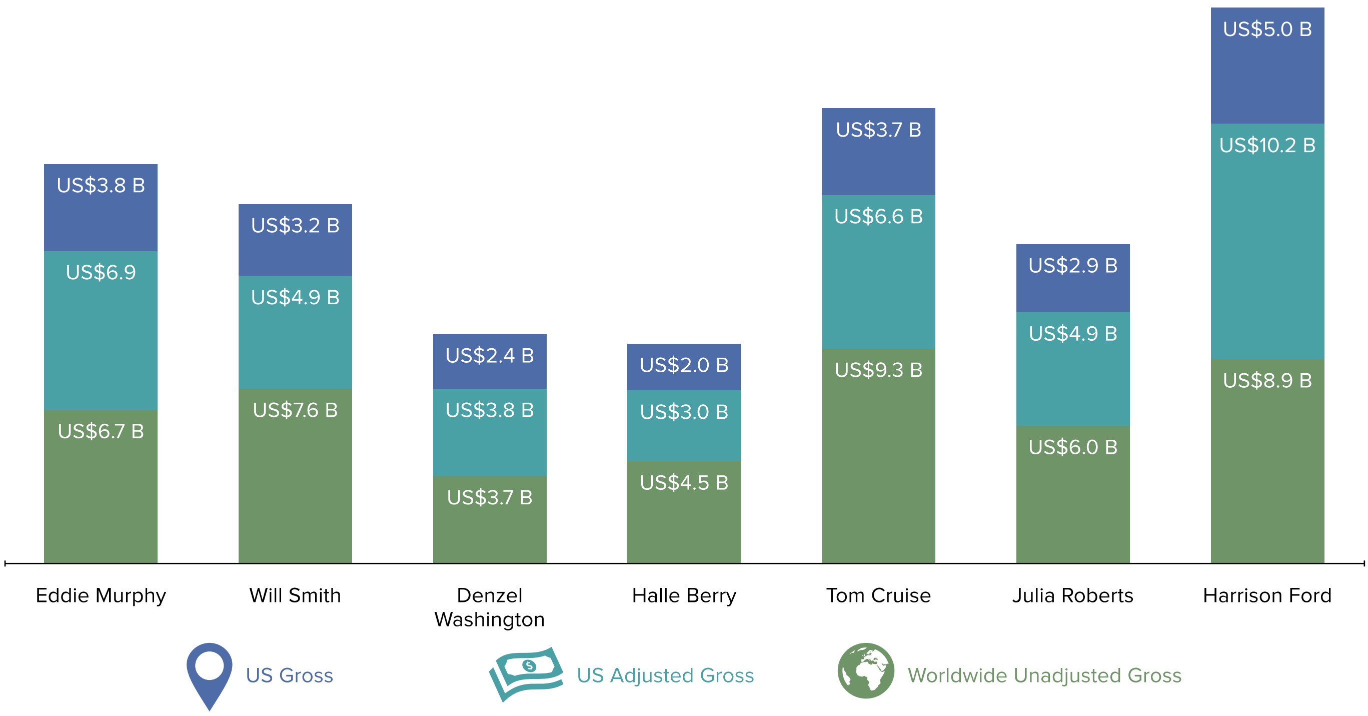
The current phase of assured filmmaking within and outside the Hollywood studio system by the likes of Barry Jenkins, Jordan Peele, Ava Duvernay and Ryan Coogler comes after hard-fought (and continuing) battles around access to finance and audiences. Over more than a century, African-American cinema has fought for its existence, starting during the era in which segregation flourished following the US Supreme Court's 1896 decision in Plessy v. Ferguson. African-American cinema started with "race films" — movies made between 1915 and the 1950s usually by white-led production teams with all black casts for black audiences. This was followed by an uneasy period from the 1950s — coinciding with the civil rights movement and the dismantling of the Jim Crow laws that enforced racial segregation in the US — in which tentative on-

CHART 13 — LIFETIME BOX OFFICE GROSS FOR SELECTED US ACTORS

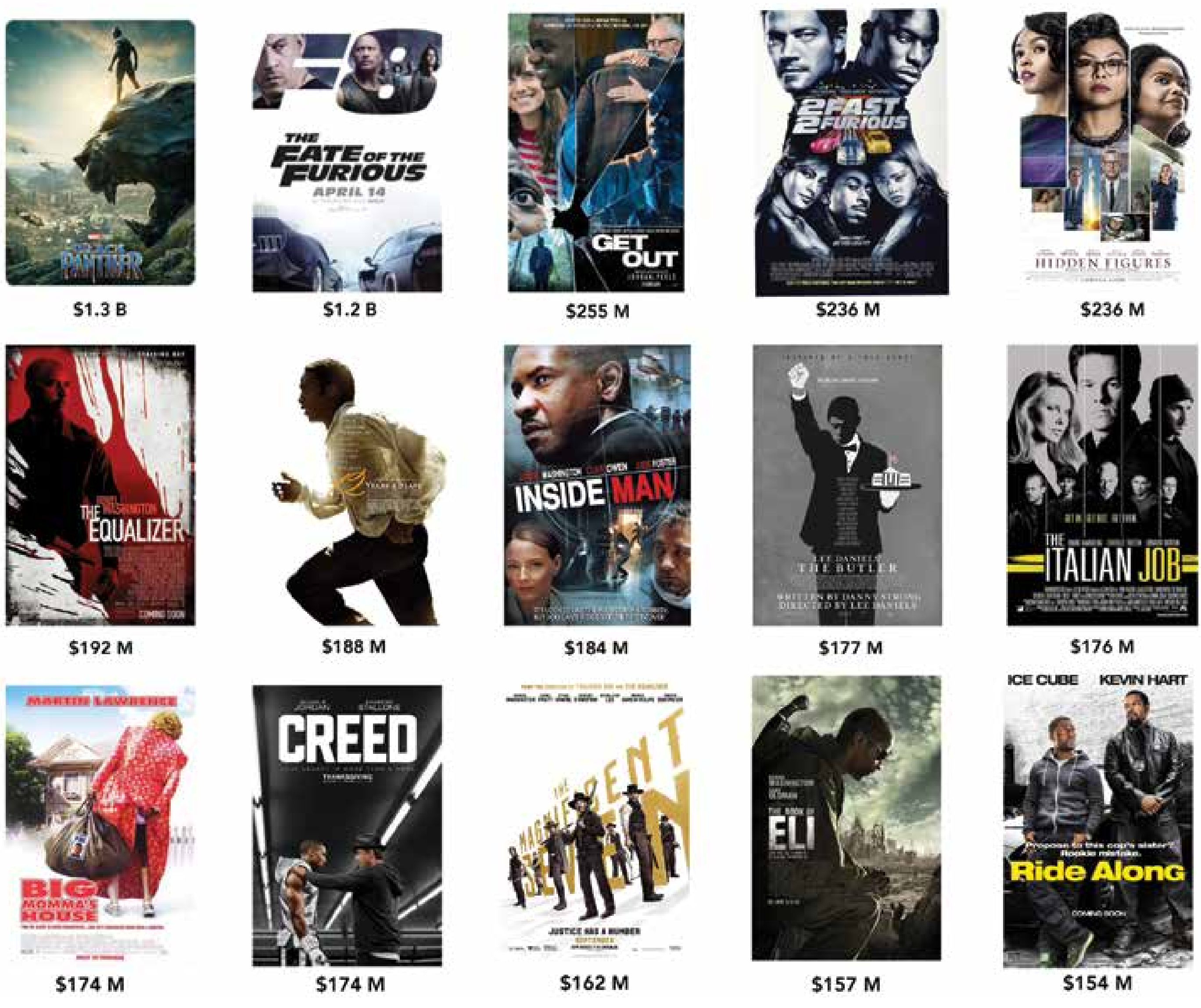


Source: Box Office Mojo

screen integration introduced the likes of Sidney Poitier and Harry Belafonte. By the 1970s, the emergence of blaxploitation films reflected the limited access that black filmmakers had to major film production resources and mainstream audiences as well as the limited and stereotypical on-screen roles that Hollywood allotted to African-Americans. Contemporaneously, the "LA Rebellion" was driven by talented cineastes like Jamaa Fanaka, Charles Burnett, Julie Dash and Haile Gerima. The LA Rebellion ran from the late 1960s to the early 1990s, closing out with Dash's *Daughters of the Dust* (1991) and Gerima's *Sankofa* (1993). A new, partially overlapping, wave of commercial features was kickstarted in the late 1980s by directors like Spike Lee and Robert Townsend, expanded in the 1990s by the likes of John Singleton, Gina Prince-Bythewood and the Hughes Brothers and heightened by the consistent mainstream success of F Gary Gray, Antoine Fuqua, and producer Will Packard, among others, by the 2000s.

In spite of periodic crossover successes — and the mainstream successes of Eddie Murphy (starting in the 1980s) and

FIGURE 1 - ALL TOP US STUDIO RELEASES (WW BOX OFFICE >$150M) WITH AT LEAST A BLACK DIRECTOR OR WRITER OR PRODUCER



Source: Box Office Mojo

Will Smith (starting in the 1990s) — US major studios rarely cast black actors in lead roles in big budget productions. Even when they did, with a few exceptions, the received wisdom was that films with black leads 'don't travel' (despite the contrary suggestion of chart 13 above). Indeed, this axiom became self-fulfilling because films with black leads or majority black casts received very little support from the US major studio releases for international release, even when they were made by successful white directors — *Red Tails* (George Lucas) and *Amistad* (Steven Spielberg). The studios almost never backed big budget films with black leads and black directors nor big budget films with a black director and a black writer or producer. Since these studio practices changed, especially in the past five years, there have been dramatic improvements in worldwide gross from major films with black leads, directors, writers and producers.

The recent boost to the performance of African-American helmed films like *Black Panther* is not just due to bigger budgets or to improvements in quality, but to the major studios finally putting their full marketing and distribution might to support them — especially domestically in the US. The recent successes of *Black Panther* and much smaller budget films like *Get Out* and *Moonlight* are welcome but do not mean that African-American filmmakers have suddenly reached a new level of artistry. It is more that the gatekeepers in the US film industry — those who control access to finance, production budgets, release slots, P&A budgets — are now providing a more level playing field and paying attention to the actual preferences of audiences in the US and around the world rather than received wisdoms peddled as far back as the blaxploitation era and earlier. It is this leveling of the playing field — access to finance combined with equitable access to the screens of the world's strongest domestic box office market — that truly distinguishes this latest wave of African-American cinema.

Having gained a better understanding of the opportunities and challenges facing African film by reviewing the global and African film landscapes, surveying African filmmakers and analyzing the film industries of Nigeria and South Africa, the critical question arises — what can and should be done to strengthen the African film industry? We tackle this question in the next and final section of this report.

"The recent successes of *Black Panther* and much smaller budget films like *Get Out* and *Moonlight* are welcome but do not mean that African-American filmmakers have suddenly reached a new level of artistry. It is more that the gatekeepers in the US film industry — those who control access to finance, production budgets, release slots, P&A budgets — are now providing a more level playing field."

I AM NOT A WITCH DIRECTOR: RUNGANO NYONI

V. CONCLUSION

CONCLUSION: KEY RECOMMENDATIONS

Key Recommendations

What can be done to transform film in Africa into a robust and sustainable industry that rewards creativity, drives job creation and economic growth and delights and enlightens audiences?

Our three key recommendations are:

1. Improve access to finance
2. Develop film-specific business skills and capabilities
3. Develop effective distribution

As we have noted, these challenges are fundamentally inter-linked and have to be addressed holistically; attacking them in isolation will not work.

1. Access to Finance

- Work with institutional investors to improve understanding of film industry:
  - DFIs
  - Commercial banks
  - Other financial services firms
- Establish film funds
- Improve filmmaker/team understanding of finance sector

2. Film-Specific Business Skills & Capabilities

- Improve understanding of target audience and path to market
- Formalize capital-raising approach for film projects
- Develop and utilize project management approach to film production
- Improve market intelligence as well as deal negotiation and execution skills

> “We further recommend that the key activities under business skills and capacity be organized and delivered through an accelerator/incubator model.”

We further recommend that the key activities under business skills and capacity be organized and delivered through an accelerator/incubator model for the following reasons:

- it enables pooling of high quality resources, even across countries
- the model has been fairly successful for technology in Africa and film has an established market and a more predictable, replicable production path than new technology

3. Distribution

- Extend infrastructure:
  - cinema
  - digital and other platforms
- Improve marketing and promotion — effectively segment current and potential customers, price appropriately and create better product-market fit
- Strengthen both intra-African and international sales and licensing activities

If these issues are effectively addressed, they will transform the African film industry and amplify its cultural, creative, and commercial impact. While the scale and specific choices of intervention will affect outcomes, the following are plausible short-term outcomes to the various intervention options:

> "Achieve $8-$12 million box office increase for every 100 screens built, up to a potential market size of $1.5 to $2 billion across all of Africa."

Short-term Outcome Scenarios (2-4 years)

1. Do nothing:
- 5 to 10% organic revenue growth with significant variability
- Enduring challenge of access to capital
- Dwindling viable distribution options

2. Launch/support Accelerator/Incubator:
- Better fund-raising capabilities, 2-3x increase in a ccessible capital
- Improve the volume of films produced and reduce intervals between films
- 10-20% of projects will successfully sell internationally
- 2-4x increase in industry revenues, largely driven by international sales from a handful of high-value releases

3. Support film funds with seed capital and incentives:
- Crowd in additional private sector capital (2-4x committed capital)
- Gain the ability to direct significant funding towards critical distribution needs as well as production

4. Expand infrastructure:
- Achieve $8-$12 million box office increase for every 100 screens built, up to a potential market size of $1.5 to $2 billion across all of Africa
- Grow "domestic" share of box office in to the 20% - 50% range, depending on the policies and incen-tives that are implemented in support of domestic films

I AM NOT A WITCH DIRECTOR: RUNGANO NYONI

CONCLUSION: SUSTAINABLY STRENGTHENING AFRICAN FILM

Sustainably Strengthening African Film

The three key solutions we have identified are simple enough to understand — improve distribution, business skills and access to finance. However, these solutions are more complex to execute successfully; the inquiry cannot simply be about **what** to do, but also **how** to do it. The outcomes of these straightforward recommendations will also depend on the interplay between the specific strategies chosen, the quality of the implementing teams, and the quantum of resources provided for implementation. With this context, we share some final observations about African film.

Whether audiences can be turned into markets that can viably support African creatives is largely dependent on the quality and scale of distribution and marketing resources that bridges creatives and their potential consumers. Distribution and marketing have historically been under-resourced and underdeveloped for African and diasporan film. Consequently, it has been difficult to consistently turn the audiences that exist for these films into readily addressable markets. This is true, for example, for African-American cinema, in spite of a quarter century of commercial success within the broader Hollywood machine. This explains the powerful and historically problematic roles that intermediaries play between creators and consumers — problematic, since very few of these intermediaries, corporate or individual, are African.

The consequences for African filmmakers mirror those that African-American filmmakers have faced in the past half-century, especially with unsympathetic gatekeepers to critical resources like finance, distribution, and marketing and promotion. It also highlights the problematic paradigm of the control model that underpins the political economy of cultural production and distribution. Digital platforms have created new reward possibilities — centered around profit, acclaim, and cultural solidarity — but are unlikely to lead to long-term alignment in favor of African and diasporan filmmakers and audiences.

“Whether audiences can be turned into markets that can viably support African creatives is largely dependent on the quality and scale of distribution and marketing that bridges creatives and their potential consumers.”

African film and other creative economies are at an exciting but critical point in time. The right choices will help creativity and commerce flourish in the creative sector of Africa and its diasporas. Institutions and individuals in Africa and its diaspora must shoulder the bulk of the responsibility of sustaining (funding, promoting, distributing, documenting) the growth and development of African and diasporan art and creative output. A failure to step up would cede the opportunity to create a vibrant, sustainable market from what is likely — given Africa's demographic trends — to be the world's largest audience by the end of this century.

“African film and other creative economies are at an exciting but critical point in time. The right choices will help creativity and commerce flourish in the creative sector of Africa and its diasporas.”

FRAMING THE SHOT

KEY TRENDS IN AFRICAN FILM

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