



Project ACT-Nollywood: The Journey So Far

January 2015



Nigeria's Film Industry ("Nollywood") Is A Significant Contributor To The Nigerian Economy

Nollywood By The Numbers:

- The Nigerian film industry is estimated to contribute US\$9 billion to Nigeria's GDP of US\$ 510bn. This is over 1.4% of national GDP (NBS, 2013 and 2014).
- US\$590* million is the estimated annual revenue of the Nigerian film industry
- The Nigerian film industry employs 250,000 directly and 1 million people indirectly (World Bank 2011) making Nollywood the largest employer after agriculture. The average film production employs 130 persons
- US\$25,000 – US\$70,000* is the average cost of Nollywood films
- Actor incomes remains low on average – ranging between US\$1,000 – US\$ 4,000* per film (notable exceptions are the few "superstars")
- 56%* of films are in indigenous languages and 44% in English – which explains the industry's success story as a key export
- Piracy continues to hamper the growth of the industry – it is estimated by the World Bank that for every legitimate copy sold, nine others are pirated. Most of the exported copies are pirated hence limited returns to the filmmakers and Government also not generating revenue from this export

Film-Making Builds on Africa's Story-Telling Culture – If Properly Managed, Nollywood Has The Potential For Significant Job Creation As Formalization In The Sector Increases!

* Sources: BBC, New York Times, UNESCO survey



The Film Industry Is Stifled By Piracy And Limited Technical & Financial Capacity

- The Nigerian Film Industry Faces Challenges In 3 Key Areas:
 - **Distribution**
 - 'Piracy' and poor Intellectual Property protection:
 - Lack of enforcement of IPR laws / limited empowerment of the regulators (NCC and NFVCB) and little/weak collaboration with Nigerian Police/ Customs
 - Inadequate regulation: e.g., penalties are too low to constitute a credible threat
 - Antiquated Regulation: online distribution is excluded from regulation (yet it is a growing distribution channel)
 - Ineffective regulation of broadcasters
 - Limited number of affordable cinema outlets across Nigeria (largest cinema group has 52 screens)
 - **Access to finance:** Limited formal/institutional capital channeled to movie production due to a typical nano/micro nature of film enterprises and poor IPR enforcement (affecting the risk profile of investment and its return prospects). Most movies are self financed by directors/ producers / distributors
 - **Technical Capacity and Production Quality:** Technical skills and equipment availability are scarce (e.g. screenwriting, sound, editing) affecting quality.



Project ACT Attempts To Ease Some Of The Film Industry's Key Growth Constraints

- Project ACT aims to encourage the growth of Nigeria's film industry to continue to be a significant employment generator, a key contributor to GDP and a major ambassador of the "Made-In-Nigeria" brand
- Promotes key components of the film value chain with grants to industry practitioners in the following areas:
 - Technical Capacity Strengthening
 - Film Financing
 - Co-Financing of Viable Distribution Channels
- 3 Billion Naira Project in 3 funds:
 - Capacity Building Fund - CBF (300 Million Naira)
 - Film Production Fund - FPF (700 Million Naira)
 - Innovative Distribution Fund - IDF (2 Billion Naira)
- Online application: <http://www.projectactnollywood.com.ng/>
- Process based on merit and strict adherence to published guidelines
- Interviews held with candidates when required (FPF, IDF and CBF-Institutions)
- Target: Nigerian filmmakers / production companies regularly registered (CBF, FPF) and companies operating or investing in film distribution (IDF)



Project ACT Has Set Specific Targets And A Functional Monitoring & Evaluation Framework

- Project ACT has 3 long-term goals:
 1. Improve the quality of Nigerian film content
 2. Create more jobs in the film industry
 3. Increase income generated along the movie value chain
- To achieve these goals, ACT set desired outcomes (& indicators) such as:
 1. Improve the skills in the film industry
 - ❖ With 80% of target beneficiaries actively using the newly acquired skills in their tasks
 2. Increase the number of Nigerian movies released
 - ❖ With 30 movies released within 6 months from ACT disbursement
 3. Increase investment in Nigerian films
 - ❖ With 3 movies produced in international partnership
 4. Improve the quality of laws, regulation and policies that support the film industry
 - ❖ With adequate budget provided for the enforcement of existing regulation
- To achieve the desired outcomes, ACT set 4 outputs & 5 targets (detailed in the next page)
- The Project put in place a Monitoring & Evaluation (M&E) system to measure the impact of this grant scheme and gather industry data that can inform projections and future policy and regulatory reforms.



Project ACT Out-Performed Against Output Targets

Output A: Training System Developed Or Supported By Project ACT

Target 1 - Number of People Attending Training Courses 100 (by Dec 2014)

- ❖ Number of industry practitioners who attended training course via CBF grants was 206 as at Dec 2014
- ❖ Additional trainees are to be identified in Jan/Feb 2014 as a result of the re-opened CBF platform

Target 2 - Number of training institute supported: 5 (by Dec 2014)

- ❖ The number of film schools supported by CBF is 7

Output B: Film Production System Strengthened Or Developed

Target 3 - Number of movie scripts funded: 40 (by Dec 2014)

- ❖ The number of films supported by FPF as at Dec 2014 is 93

Output C: Film Distribution System Strengthened With Support From ACT

Target 4 - Number of distribution projects implemented: 5 (2014-2015)

- ❖ IDF launched on 19 January 2015

Output D: New or Improved Legislation, Regulation or Policies To Support Film Industry Drafted

Target 5 - Improved legislation/regulation for film distribution (2014-15)

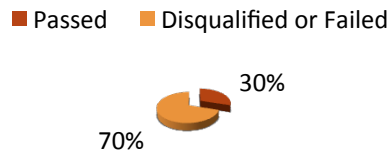
- ❖ Consultations on distribution held in Kano, Asaba, Abuja, Lagos and with NCC & NFVCB



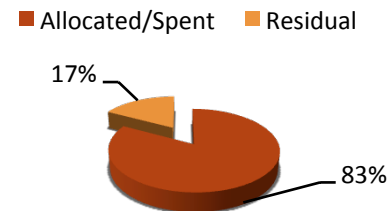
CBF Enhanced The Capacity Of 206 Industry Practitioners And 7 Film Schools

- CBF subsidizes film training to improve the capacity of industry practitioners which should translate into an improvement in the quality of films produced
 - CBF supports the improvement in the quality of film schools (curriculum and equipment) and facilitates standardization of curricula (accreditation with NBTE pre-condition to access grants)
 - 760 Applicants at 1st Jan 2015 of whom 684 processed in 2014 (1st round) and an additional 76 received in Dec 2014 (2nd round)
 - 206 individuals benefited from training grants (from 1st round of 684 applicants)
 - 7 film schools were successful among 27 applying institutes
- Overall, 30% of CBF applicants were successful (incl. individuals and institutions)

CBF Summary of Passed & Failed - 1^o Round (Sample: 711)



CBF Summary of Funds Deployment (Sample: N300 Million)



- The balance of the CBF will be allocated after the completion of the assessment of 2nd round applications received between Dec 2014 – Jan 2015

83% of Capacity Building Fund Has Been Allocated / Disbursed



CBF Performance Measurements

DESCRIPTION	INDIVIDUALS	INSTITUTIONS
Amount Disbursed	N 140 Million (rounded off) N 139,358,198.76 (precise figure)	N23 Million
Amount approved (in Pipeline for Disbursement)	0	N85.5 Million
Number of Applications Received	760 (684 until July 2014 and processed by Dec 2014 + 76 new applications received in Dec 2014 after CBF platform re-opening)	27
Number Failed	220	12
Number Disqualified	128	4
Number Passed	206	7



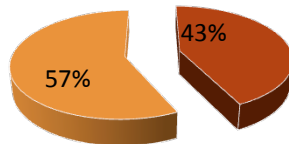
FPF Co-Financed 93 Movie Projects

- FPF subsidizes viable films to inject energy into Nigeria's film production, stimulate the industry's growth and actualize its employment potential
- 93 films (out of 217 processed) were approved for funding.

The Average Grant Amount Approved Is N 7.39 Million Per Film

FPF Summary - Passed & Failed
(Sample: 217)

■ Passed ■ Failed



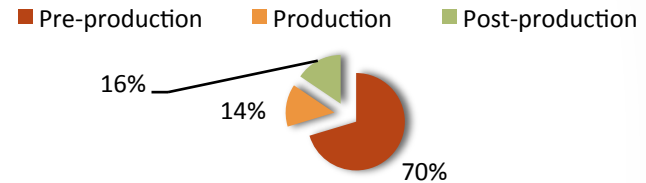
- 93% of FPF funds have been allocated to date.



Most FPF Projects Are Drama Movies

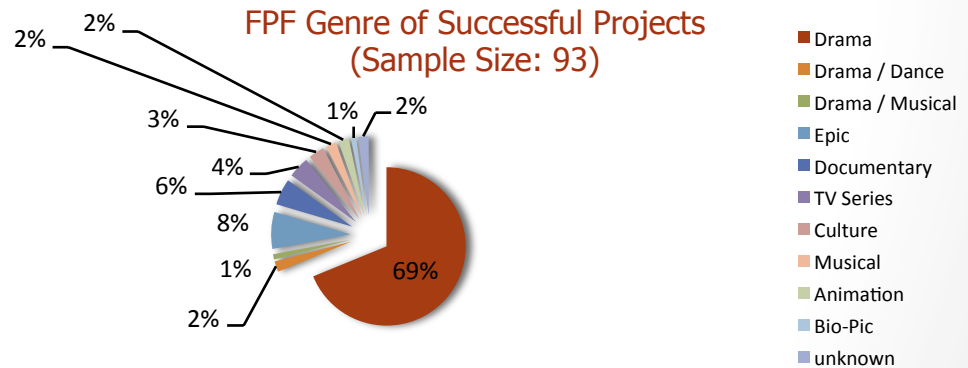
Production Stage	No of Applications	Average Grant Awarded	Minimum Grant Awarded	Maximum Grant Awarded
Pre-production	68	6,720,588	3,500,000	15,000,000
Production	13	7,038,462	5,000,000	12,000,000
Post-production	12	8,416,667	5,000,000	15,000,000
	93	7,391,905		

FPF Financial Allocation to Successful Projects by Stage of Production



- 72% of successful movies are drama films (broadly defined), 8% are epic movies, 6% documentaries and 4% tv series formats. There are 2 animation films (one in 2D and one in 3D), 2 musicals and 1 biopic movie.

FPF Genre of Successful Projects (Sample Size: 93)





FPF Scorecard

Description	Number	% / Notes
Number of Applications (including empty & incomplete ones)	398	
Number of Applications Assessed	217	55% of all applications in the portal
Failed Before Interview Stage	86	40% of all applications reviewed by assessors
Interviewed	131	60% of all applications reviewed by assessors
Number that passed interview (conditional to submission and successful review of post interview documents)	111	85% of applicants interviewed
Number that submitted post interview (PI) documents and therefore were subject to PI review	101	91% of those that provisionally passed interview stage
Number that did not submit PI documentation and were disqualified	10	9% of those that provisionally passed interview stage
Total number of successful applicants & committed funds at 8 Dec 2014 (Round 1 + Round 2)	93	Average: N 7.39 Million / applicant of which: 68 films in pre-production NGN 457,000,000 13 films in production NGN 91,500,000 12 films in post production NGN 101,000,000



A Large Film Database, Greater Industry's Formalization & Planning Skills Are Additional Project ACT's Wins

- Database of 1,000 film industry stakeholders compiled (217 production companies, 27 film schools and 760 film practitioners) to assist and inform dialogue on policy/regulation
- Incentives to business formalization and tax compliance embedded in application process:
 - Greater formalization of production outfits previously operating largely informally
 - Tax registration and up-to-date tax clearance required from all beneficiaries
 - Greater incentives to standardization of film curricula and institutes across Nigeria (accreditation with the National Board for Technical Education (NBTE) is a condition for CBF disbursement to film schools)
- FPF facilitated also skills development in business plan preparation (tools to assist in fundraising): workshops were organized throughout 2014 (in Lagos, Abuja and Kano) to assist FPF applicants in filling the business templates required as part of the application process.
- Overall Project ACT's application process instilled discipline and planning skills that are hoped will benefit film industry stakeholders beyond the life of Project ACT (e.g., to access other film funding).



IDF Is Now Open For Applications

- IDF facilitates film distribution through grant co-financing of viable projects at national, regional and local level.
- Additional expected benefits of IDF are to:
 - Attract third party financing and facilitate the flow of funds into film distribution (e.g., IDF grants effectively increase the Sponsors equity in the project hence reducing the risk taken by banks)
 - Facilitate the policy dialogue between government and industry stakeholders to identify distribution challenges, priorities and “quick wins” (e.g., consultations held in 2014 in Asaba, Kano, Abuja and Lagos)
 - Facilitate intergovernmental discussion & collaboration on distribution, esp. property rights regulation and enforcement
- IDF Target Group is Nigerian companies operating (or planning to operate) in film distribution with a sound business plan and proven co-financing abilities
- Timeframe: IDF launched on **19 January 2014** for an initial period of 2 months
- Application form and guidelines available on www.projectactnollywood.com.ng



IDF Projects Can Be Wide Ranged And Include A Community Window

- Fund Size: NGN 2 Billion
- Grant Size: Maximum NGN 50 Million (larger grants may be considered where applicable)
- Grants not larger than applicant's equity contribution
- Examples of possible projects include:
 - Online distribution (including phone applications)
 - Exhibition infrastructure such as cinemas
 - Technology based (e.g. digital, Blu-ray, etc.)
 - Replication plants (jackets, CDs)
 - Standard studios (rationale being that they provide the enabling infrastructure to support the sectors growth)
- Community Window: to empower distributors at the micro/community level upon whom national distributors of the physical platform rely, some 5-10% of IDF is targeted at licensed community-level distributors with proven track record and with a credible commercial proposition that require expansion. Maximum grant amount for the community segment is capped at N5 million.



Closing Remarks

- Project ACT's grant is a short-term intervention that aims to support industry stakeholders along the value chain on a merit basis and through a transparent and objective online application process.
- To date Project ACT has benefited 306 Nigerian film practitioners, between film schools (7), production outfits (93) and individual filmmakers that undertook training (206).
- Project ACT is also facilitating a industry-government and inter-governmental debate on the policy measures that must be put in place and/or enforced to assist the growth of the Nigerian movie industry.
- Indirectly, it also encourages the formalization of film enterprises and their regulatory compliance.
- Finally, it enables the collection of key film industry data required to inform policy and regulatory improvements to assist the film industry's growth and that stand to benefit the wider creative industries in Nigeria.



THANK YOU

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