



Transforming Africa's Trade

African Export-Import Bank  
Banque Africaine d'Import-Export

# Afreximbank Film Development Financing Facility



## 1. Introduction

Cultural and Creative Industries (CCIs) have become a powerful transformative force in the world today. They are among the most rapidly growing sectors in the global economy, in terms of income generation, job creation and export earnings. In line with global trends, Africa's CCIs are rapidly evolving into platforms for promoting innovation, enhancing services and reducing unemployment. Critically, cultural and creative industries in Africa have the potential to contribute immensely to economic diversification and resilience; this is especially true in Africa's resource-rich countries, some of which are particularly vulnerable to commodity price fluctuations.

The global film industry was estimated to be worth US\$ 136 billion as at the end of 2018. Africa's current share of this market is estimated to be US\$ 2.9 billion, or 2%, even though the continent is already home to the world's third largest movie industry by volume. The underlying reason for this incongruity is the limited capacity for African films to compete in 'high value markets' i.e. markets where the aggregate spend on film consumption is highest, such as Western Europe, North America and China.

Afreximbank acknowledges the prominent role creative industries can play in shaping the direction and volume of trade flows in Africa, as well as the sizeable opportunity that exists to increase Africa's share of the global market for creative exports (which currently stands at 1%). In this regard, the Bank's creative economy strategy identifies the intersection between cultural product development and the 'borderless' digital economy as the confluence with the highest potential for impact. It is in this context that a specialized product to support Africa's film development value chain has been developed.

This inability to compete is attributable to various impediments in Africa's film value chain, including skills gaps, inadequate infrastructure, lack of film development financing and limitations in distribution capacity. Against this backdrop, this product is intended to use Afreximbank's financing capabilities to mitigate the gaps in Africa's film value chain and enable the continent export content globally.





## 2. Purpose

The Film Development Financing Facility is a debt financing solution aimed at supporting the development and production of films produced by African entities. This financing arrangement is aimed at supporting film development and production for producers with a track record of successful film production where additional sources such as “pre-sales” of film distribution rights or studio financing are available. The film financing facility will also be available to producers who merely package a project and assign the rights to an ‘aggregator’ production company.

It is envisaged that the film financing solution will have an impact on all elements of the value chain, from capacity development through to distribution. This is expected to uplift the overall quality of African film content and make it more attractive to global audiences. In addition, the product is intended to encourage African film producers to develop ‘edutainment’ content that showcases African culture and heritage.

## 3. Eligibility

### 3.1 Eligible Countries and Entities (“Eligible Countries” and “Eligible Entities”)

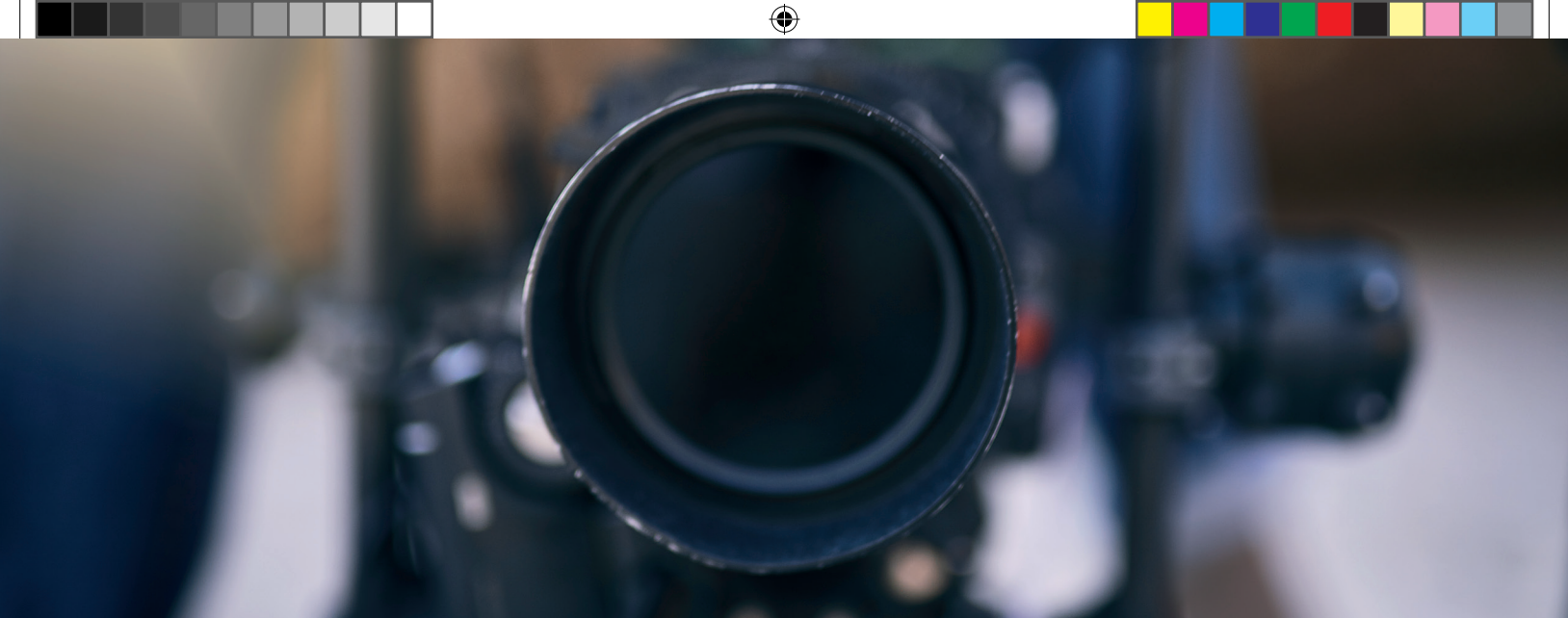
- (i) Africa based i.e. enterprises (public or private) registered on the African continent and bound by company laws of one of Afreximbank’s participating states.
- (ii) Entities either fully or partly owned by Africans in the diaspora, provided proof of link to an African in Diaspora is established.
- (iii) Joint Venture Partnerships in which any of the entities defined in 3.1(i) or 3.1(ii) is involved.

### 3.2 Eligible Items

- (i) Development of an African film (or slate of films), media or audio-visual material for export into intra and extra African distribution territories, where there are offtake agreement(s) in place with content distributor(s)
- (ii) Development of an African film (or slate of films), media or audio-visual material by an African producer in the diaspora, where there are offtake agreement(s) in place with content distributor(s)
- (iii) Co-productions between African producers and non-African investors, in a scenario where the latter require risk-bearing support to facilitate their participation in African film development.
- (iv) Development of film institutes and other related capacity building programs with viable commercial/sustainability models.
- (v) Purchase of film equipment either for lease, or to enhance capacity within an African film production company i.e. modern filming equipment, improved film set infrastructure, cutting-edge audio-visual technology etc.
- (vi) Scaling up of existing African film distribution channels (such as digital streaming platforms) to enable them access new markets
- (vii) Construction of cinemas and theatres on a turn-key basis
- (viii) The Facility will NOT be used to support the production of content such as pornographic material, or any other content that does not promote African values.







### 3.3 General Eligibility

**Qualifying entities must;**

- (i) Have an established track record (minimum of 3 titles or US\$1m in revenues at the time of application) of commercially successful films which has been distributed across intra and (or) extra African territories.
- (ii) Be either the lead producer on the project or have signed a co-production (or service) agreement with an international production company.
- (iii) Other conditions as outlined in the Bank's Risk Management Policies and Procedures (RMPP).

## 4. Qualifying Instruments

### 4.1 Direct advances as follows

- to the Borrower for the purpose of film production;
- to the Borrower for the purpose of equipment acquisition
- to the Borrower for the purpose of (digital) platform development or expansion
- to the Borrower for the purpose of development/ expansion of capacity building infrastructure (digital or physical), and;
- to the Borrower for the purpose of construction during the relay phase of studios

### 4.2 Lines of Credit as follows

- to banks or other financial institutions in African countries for on lending to sub-borrowers specifically for film, media / audio-visual content financing

### 4.3 Standby Letters of Credit (SBLCs) as follows

- to banks or other financial institutions in African countries who act as loan providers (LPs) in construction projects. The LP will be responsible for structuring loans for the development of turn-key cinemas, studios, and theatres, leveraging their extensive experience in that area. In this regard, they shall provide the 'Original Facility' (OF) to support the project.

### 4.4 Guarantees as follows

- Up to 50% of cost outlay to local and foreign entities that wish to finance the production and/or distribution of African content but require risk-sharing support to enable their participation.

### 4.5 Project Finance as follows

- direct financing for the construction of physical film-related infrastructure projects such as cinemas, film studios and theatres OR the development of digital infrastructure (such as streaming platforms).

### 4.6 Bid and Tender Bonds as follows

- On behalf of film producers with a proven track record to support bids and tenders for the award of contracts (e.g. for the production of commercials and documentaries etc.) from institutional promoters in both the public and private sector.

## 5. Final Maturity

Each transaction or utilization will be for a maturity to be agreed between the parties; provided the final maturity does not exceed the Final Maturity for Loans and Advances as from time to time in force, as set out in the Bank's Risk Management Policies and Procedures.

## 6. How to Apply

Send a description of the proposed Film Development Financing Facility stating whether it is new or an extension of an existing facility, its purpose, amount and currency, tenor and proposed security or collateral to be offered, and the rationale for Afreximbank support.

All enquiries and applications may be addressed to the Managing Director, Intra-African Trade Initiative, Afreximbank.

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